

New Yorkers For Children, Inc.

Financial Report
December 31, 2020

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RSM US LLP

Independent Auditor's Report

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, 2020, 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, 2020, 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 22, 2021

New Yorkers For Children, Inc.

**Statement of Financial Position
December 31, 2020**

Assets

Cash and cash equivalents	\$ 3,316,370
Contributions receivable	1,934,874
Investments	2,149,060
Prepaid expenses and other current assets	72,144
Property and equipment, net of accumulated depreciation	13,578
Restricted investments	850,950
Security deposit	29,655

Total assets \$ 8,366,631

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$ 680,471
Grants payable	1,870
Total liabilities	<u><u>682,341</u></u>

Commitments

Net assets:

Without donor restrictions	3,041,941
With donor restrictions:	
Purpose and time restrictions	3,791,399
Perpetual in nature	850,950
	<u><u>4,642,349</u></u>

Total net assets 7,684,290

Total liabilities and net assets \$ 8,366,631

See notes to financial statements.

New Yorkers For Children, Inc.

**Statement of Activities
Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Individual contributions	\$ 404,631	\$ 74,310	\$ 478,941
Foundation and business organization contributions	2,435,525	2,100,197	4,535,722
Government grant	151,500	171,801	323,301
Donated materials and services	191,583	-	191,583
Net investment gain	16,049	113,093	129,142
Net assets released from restrictions	2,093,490	(2,093,490)	-
Total support and revenue	5,292,778	365,911	5,658,689
Expenses:			
Program services	4,226,759	-	4,226,759
Management and general	590,085	-	590,085
Fundraising	123,232	-	123,232
Total expenses	4,940,076	-	4,940,076
Change in net assets	352,702	365,911	718,613
Net assets:			
Beginning of year	2,689,239	4,276,438	6,965,677
End of year	<u>\$ 3,041,941</u>	<u>\$ 4,642,349</u>	<u>\$ 7,684,290</u>

See notes to financial statements.

New Yorkers For Children, Inc.

**Statement of Functional Expenses
Year Ended December 31, 2020**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 411,380	\$ 280,890	\$ 25,816	\$ 718,086
Payroll taxes and employee benefits	103,424	69,862	6,420	179,706
Back-to-School packages	103,397	-	-	103,397
Depreciation	10,944	969	89	12,002
Indirect event expenses	-	-	2,700	2,700
Insurance	-	11,504	-	11,504
Miscellaneous expenses	17,405	500	475	18,380
Occupancy	68,622	75,765	6,962	151,349
Office expenses	6,855	18,939	2,998	28,792
Printing and postage	2,135	743	68	2,946
Professional fees	24,298	71,453	77,684	173,435
Program events	869	-	-	869
Program service consultants	1,642,219	-	-	1,642,219
Program stipends	673,344	-	-	673,344
Program supplies	889,265	-	-	889,265
Program transportation	1,743	104	20	1,867
Program tuition and tutoring	98,632	-	-	98,632
Scholarships	40,000	-	-	40,000
In-kind services and materials	132,227	59,356	-	191,583
Total expenses	\$ 4,226,759	\$ 590,085	\$ 123,232	\$ 4,940,076

See notes to financial statements.

New Yorkers For Children, Inc.

**Statement of Cash Flows
Year Ended December 31, 2020**

Cash flows from operating activities:	
Change in net assets	\$ 718,613
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	12,002
Net realized and unrealized gains on investments	(71,920)
Changes in operating assets and liabilities:	
Contributions receivable	(11,417)
Prepaid expenses	(7,083)
Accounts payable and accrued expenses	433,918
Net cash provided by operating activities	<u>1,074,113</u>
Cash flows from investing activities:	
Purchases of investments	(54,921)
Purchases of property and equipment	(4,769)
Net cash used in investing activities	<u>(59,690)</u>
Net increase in cash and cash equivalents	1,014,423
Cash and cash equivalents:	
Beginning of year	<u>2,301,947</u>
End of year	<u>\$ 3,316,370</u>

See notes to financial statements.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 1. Organization

Founded in 1996 as the nonprofit partner to the Administration for Children's Services (ACS), New Yorkers For Children, Inc. (NYFC) protects, ensures and promotes the safety and well-being of New York City (NYC) children and families with an emphasis on youth in foster care.

To achieve the highest impact for young people transitioning out of foster care, NYFC strategically partners with ACS and many nonprofit organizations in NYC 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 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.

The Charles Evans Emergency Education Fund assists youth, ages 21 to 27, who were formerly involved in the foster care system in New York City, in completing or furthering their education. This fund ensures youth who encounter an unforeseen or unusual financial emergency will be able to continue their education without interruption.

The In-Care Emergency Fund assists youth under the care of NYC's foster care system in completing or furthering their education. In 2018, this fund was created through the generous support of an anonymous donor. This fund ensures youth who encounter an unforeseen or unusual financial emergency will be able to continue their education without interruption.

The Spirit Awards are one-time scholarships awarded each year to young people in foster care who are succeeding in college. The recipients are young people who have demonstrated outstanding leadership skills, a commitment to community, and the determination and ability to overcome barriers to academic success.

The Financial Empowerment Fund aims to help college students ease the financial burden of pursuing their education. Each scholarship recipient will meet with a Financial Coach, provided by First Republic Bank, throughout the award year, where they will receive instruction on navigating student loan debt and learn how to establish credit.

LifeSet is based on the Youth Villages LifeSet model, a program dedicated to improving outcomes for youth aging out of foster care and juvenile justice. NYFC, via community partner agencies, implements this outcome-focused, intensive time-limited and well-researched approach, which targets young adults ages 17 to 22 who have been involved in the foster care, juvenile justice and/or mental health systems as young adults and who find themselves needing the necessary skills and resources to move forward to their fullest potential.

New Yorkers For Children, Inc.

Notes to Financial Statements

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. 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 contributions are recognized when received. Restricted contributions are recorded as restricted support and net assets with donor restrictions if they are received with donor stipulations that limit the use of the contributed assets. When a donor or sponsor restriction expires (i.e., when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities.

Contributions having restrictions which are met in the period they are received are reported as net assets without donor restrictions in the statement of financial position.

Special events: Due to the COVID-19 pandemic and related in-person gathering restrictions, NYFC cancelled its in-person Fall Gala event in 2020. Instead, a digital fall fundraising campaign was held to support NYFC. Contributions received are recorded in the individual, and foundation and business organization contributions line items in the statement of activities.

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 11.

NYFC receives contributed services of volunteers that 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 for which the significant inputs are observable.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Level 3: Instruments for which the significant inputs 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, ranging from three to five years.

Net asset classification: Net assets, revenues, gains and losses are classified based on the existence and/or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets which are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions: Net assets which are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires (i.e., when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both).

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 (IRC) and has been classified as an organization other than a private foundation under IRC 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, 2020, NYFC did not owe any UBIT.

Management has evaluated NYFC's tax positions for all open tax years and has concluded that it has 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 these estimates.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Risks and uncertainties: The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of society throughout the world. The continued spread of COVID-19 may adversely impact the local, regional, national and world economies. The extent to which COVID-19 impacts NYFC's activities will depend on future developments, which are highly uncertain and cannot be predicted. NYFC was able to operate in a remote environment during COVID-19 and swiftly transitioned the majority of operations to be electronic and virtual since March 2020. All NYFC programs continued to operate during this time virtually. NYFC offices were open one day per week for limited hours for essential transactions. There was no interruption to any services during this time. As a result of the COVID-19 pandemic, NYFC received an additional \$1,846,324 in emergency cash assistance grants to support youth and families in foster care during the year ended December 31, 2020.

Recently adopted accounting pronouncement: In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. NYFC adopted the ASU during 2020. The standard did not have a significant impact on the financial statements.

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 balance sheet 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 income statement. In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842) Codification Improvements*, which exempts entities from having to provide the interim disclosures required by Accounting Standard Codification (ASC) 250-10-50-3 in the fiscal year in which a company adopts the new leases standard. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*, which defers the effective date of ASU 2016-02 for NYFC to fiscal years beginning after December 15, 2021. Early adoption is permitted. NYFC is currently evaluating the impact of pending adoption of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU increases transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. Under the standard, contributed nonfinancial assets will be presented as a separate line item in the balance sheet, apart from contributions of cash and other financial assets. Additional disclosures are required, including a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets, and expanded disclosures for each category. The amendments in this ASU are applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. NYFC is in the process of evaluating the impact of adopting the ASU.

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 22, 2021, the date the financial statements were available to be issued.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 3. Liquidity and Availability of Resources

The following represents NYFC's available financial assets as of December 31, 2020, to meet general expenditures over the next 12 months:

Financial assets at December 31, 2020:

Cash and cash equivalents	\$ 1,244,529
Contributions receivable	23,370
Investments	1,501,340
Total available financial assets at December 31, 2020	<u>\$ 2,769,239</u>

NYFC has a policy to maintain liquid assets to meet 50% of annual general operating expenditures, which include any administrative and general expenses, as well as fundraising expenses for the upcoming year (and exclude donor-restricted funds and donor-restricted grant expenses).

NYFC has various sources of liquidity at its disposal to meet its current general operating expenditures. These liquid assets include cash and cash equivalents, contribution income in receivables due in less than one year and investments convertible to cash in the next 12 months. NYFC's management team and the Finance and Investment Committee of its Board of Directors (Board) meet on a quarterly basis to monitor liquidity required to meet its operating needs and to review the financial health of NYFC.

Note 4. Contributions Receivable

Unconditional contributions receivable have been recorded in the accompanying financial statements at their estimated realizable value. Receivables that are payable over one year have been discounted to their present value.

Amounts due:

Within one year or less	\$ 1,538,213
In more than one year and less than five years	400,000
	<u>1,938,213</u>
Less discount to present value	(3,339)
Contributions receivable, net	<u>\$ 1,934,874</u>

As of December 31, 2020, NYFC had outstanding unrecorded conditional grants of \$3,446,176. NYFC will recognize the revenue over the remaining grant period when the conditions for recognizing the revenue are met.

Note 5. Investments and Fair Value Measurements

Investments are presented in the financial statements at fair value. All investments of NYFC as of December 31, 2020, as shown below, are classified as Level 1 in the valuation hierarchy of fair value measurements.

Cash equivalents	\$ 536,828
Exchange traded funds	1,234,795
Mutual funds	1,228,387
Total investments at fair value	<u>\$ 3,000,010</u>

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 5. Investments and Fair Value Measurements (Continued)

Cash equivalents carrying amount approximates fair value because the instruments are liquid in nature. Exchange-traded funds 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.

NYFC invests in exchange-traded funds 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 statement of financial position.

Note 6. Property and Equipment

Property and equipment consist of the following as of December 31, 2020:

Computers and other equipment	\$ 17,250
Computer software and website	71,638
	<u>88,888</u>
Less accumulated depreciation	(75,310)
	<u>\$ 13,578</u>

NYFC incurred \$12,002 of depreciation expense in the year ended December 31, 2020.

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes as of December 31, 2020:

	<u>Balance</u>
Subject to expenditure for specific purpose:	
ACS grants under NYFC's management	\$ 1,043,835
NYFC grants	2,220,449
COVID-19 emergency grants to youth and families	259,620
	<u>3,523,904</u>
Endowment:	
Perpetual in nature	850,950
Accumulated endowment income restricted for the educational needs of youth in foster care	267,495
	<u>1,118,445</u>
Total net assets with donor restrictions	<u>\$ 4,642,349</u>

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 7. Net Assets With Donor Restrictions (Continued)

Net assets with donor restrictions were released from restrictions during the year ended December 31, 2020, by incurring expenses satisfying the restricted purposes, passage of time or occurrence of other events are as follows:

	<u>Releases</u>
ACS grants under NYFC's management	\$ 357,954
NYFC grants	1,550,202
COVID-19 emergency grants to youth and families	185,334
	<u>\$ 2,093,490</u>

Note 8. 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 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 retains in perpetuity the original value of the gifts donated.

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, 2020.

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 original donor-restricted gift amounts and amounts required to be held in perpetuity by the donor, which is allowable under the donor guidelines. The spending amount is based on needs and funding availability. As of December 31, 2020, any unspent donor-restricted investment income was added to net assets with donor restrictions.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 8. Endowment (Continued)

During the year ended December 31, 2020, NYFC had the following endowment-related activities:

	<u>With Donor Restrictions</u>
Endowment funds, beginning of year	\$ 1,012,852
Net investment gain	113,093
Releases from restrictions	<u>(7,500)</u>
Endowment funds, end of year	<u>\$ 1,118,445</u>

Note 9. Lease Commitments

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%. In June 2020, NYFC extended this lease for a six-month period, beginning September 1, 2020, at \$7,365 per month with no rent escalations. In November 2020, NYFC extended this lease for a one-year period, beginning March 1, 2021, at \$7,365 per month with no rent escalations.

Rent expense incurred during the year ended December 31, 2020, totaled \$120,106. Rent expense is included in occupancy in the statement of functional expenses.

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

2021	\$ 88,380
2022	<u>14,730</u>
	<u>\$ 103,110</u>

Note 10. Concentrations of Credit Risk and Support

NYFC maintains its cash balances in one nationally recognized financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. NYFC's uninsured cash balances totaled \$3,066,370 at December 31, 2020. NYFC has not experienced any losses in such accounts.

Approximately 39% of total contributions revenue recognized during the year ended December 31, 2020, were attributed to two donors, and approximately 76% of contributions receivable as of December 31, 2020, were attributed to four donors.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 11. In-Kind Services and Materials

The estimated fair value of in-kind services and materials received by NYFC, by purpose, is as follows for the year ended December 31, 2020:

Program expense	\$ 132,227
Management and general	59,356
	<u>\$ 191,583</u>

Note 12. Functional Allocation of Expenses

Certain expenses are attributable to more than one program or supporting function. The following expenses are allocated consistently based on salary expenses. Salary expense allocation is supported by the employees' timesheets.

- Payroll taxes and employee benefits
- Depreciation
- Occupancy costs
- Office expenses

Note 13. 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 IRC. 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, 2020, was \$34,346.

Note 14. Lines of Credit

Pursuant to an agreement with Amazon.com, NYFC has a \$9,000 unsecured line of credit available. There was no amount outstanding on the line of credit as of December 31, 2020. A finance charge is payable monthly on outstanding balances at an interest rate of 2% as of December 31, 2020.

Pursuant to an agreement with Dell Business Credit, NYFC has a \$165,000 unsecured line of credit available. There was no amount outstanding on the line of credit as of December 31, 2020. Interest is payable monthly on outstanding balances at an interest rate of 22.99% as of December 31, 2020.

Note 15. Paycheck Protection Program Loan

On May 1, 2020, NYFC was granted a loan in the amount of \$151,500 from the U.S. Small Business Administration (SBA) pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which was enacted March 27, 2020. Under the terms of the PPP, PPP loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 15. Paycheck Protection Program Loan (Continued)

NYFC treated the PPP loan in accordance with ASC 958-605, an acceptable method per the AICPA issued Technical Question and Answer 3200.18, Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program. Under ASC 958-605, proceeds are recognized as a refundable advance when received and as contribution revenue when the conditions for forgiveness have been substantially met or explicitly waived. NYFC used the entire loan proceeds for eligible purposes during 2020 and received approval by the SBA of NYFC's loan forgiveness application on December 11, 2020. As a result of the loan forgiveness, NYFC recognized \$151,500 of contribution revenue for the year ended December 31, 2020.

Conditions necessary for forgiveness of the loan could be audited by the SBA up to six years subsequent to granting forgiveness. NYFC does not anticipate any future findings that would cause any portion of the loan to be ineligible for forgiveness.

Note 16. Related Party Transactions

Two members of NYFC's Board were also the executive employees of ACS during the year ended December 31, 2020.

NYFC received pro bono legal services from two members of the Board during the year ended December 31, 2020.

Note 17. Subsequent Events

In February 2021, NYFC received \$145,413 in funding from the SBA under the PPP established by the CARES Act. The loan, or a portion thereof, is eligible for forgiveness by the SBA if the qualifying entity meets certain conditions. Whether an entity qualifies for a PPP loan, and whether it meets the necessary conditions for forgiveness, requires careful consideration of the PPP requirements and the individual entity's facts and circumstances. As guidance requires funds are spent prior to forgiveness, NYFC has not applied for loan forgiveness as of June 22, 2021. The loan will be accounted for in accordance with ASC Subtopic 958-605 as a conditional contribution in line with FASB guidance for treatment of PPP loans made to nonprofit entities where loan forgiveness is expected.

In April 2021, NYFC received a \$1.2 million grant from the Doris Duke Charitable Foundation. The purpose of this grant is to expand and deepen NYFC's signature Nick's Scholars Scholarship Program, the related support and programming around this program, and to build a strong operational foundation for its future sustainability.