

New Yorkers For Children, Inc.

Financial Report
December 31, 2021

Contents

Independent auditor's report	1-2
<hr/>	
Financial statements	
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7-16



RSM US LLP

Independent Auditor's Report

Board of Directors
New Yorkers For Children, Inc.

Opinion

We have audited the financial statements of New Yorkers For Children, Inc. (NYFC), which comprise the statement of financial position as of December 31, 2021, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NYFC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NYFC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NYFC's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NYFC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NYFC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RSM US LLP

New York, New York
June 28, 2022

New Yorkers For Children, Inc.

**Statement of Financial Position
December 31, 2021**

Assets

Cash and cash equivalents	\$ 7,091,016
Contributions receivable	2,547,279
Investments	2,393,076
Prepaid expenses and other current assets	108,956
Property and equipment, net of accumulated depreciation	19,070
Restricted investments	850,950
Security deposit	29,655
Total assets	\$ 13,040,002

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$ 868,148
Grants payable	1,620
Total liabilities	869,768

Commitments

Net assets:

Without donor restrictions	3,613,281
With donor restrictions:	
Purpose and time restrictions	7,706,003
Perpetual in nature	850,950
	8,556,953

Total net assets **12,170,234**

Total liabilities and net assets **\$ 13,040,002**

See notes to financial statements.

New Yorkers For Children, Inc.

**Statement of Activities
Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Individual contributions	\$ 529,963	\$ 6,230	\$ 536,193
Foundation and business organization contributions	883,067	6,856,925	7,739,992
Government grant	147,492	-	147,492
Donated materials and services	88,521	-	88,521
Net investment gain	141,190	113,099	254,289
Net assets released from restrictions	3,061,650	(3,061,650)	-
Total support and revenue	4,851,883	3,914,604	8,766,487
Expenses:			
Program services	3,544,697	-	3,544,697
Management and general	657,210	-	657,210
Fundraising	78,636	-	78,636
Total expenses	4,280,543	-	4,280,543
Change in net assets	571,340	3,914,604	4,485,944
Net assets:			
Beginning of year	3,041,941	4,642,349	7,684,290
End of year	<u>\$ 3,613,281</u>	<u>\$ 8,556,953</u>	<u>\$ 12,170,234</u>

See notes to financial statements.

New Yorkers For Children, Inc.

**Statement of Functional Expenses
Year Ended December 31, 2021**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 400,080	\$ 338,861	\$ 12,518	\$ 751,459
Payroll taxes and employee benefits	109,278	47,104	1,745	158,127
Back-to-School packages	92,018	-	-	92,018
Depreciation	9,774	818	30	10,622
Insurance	-	5,669	-	5,669
Miscellaneous expenses	7,750	1,600	-	9,350
Occupancy	62,173	52,656	1,950	116,779
Office expenses	7,162	25,627	3,442	36,231
Printing and postage	716	480	1,529	2,725
Professional fees	44,965	130,474	57,382	232,821
Program events	95	-	-	95
Program service consultants	2,290,957	-	-	2,290,957
Program stipends	114,683	-	-	114,683
Program supplies	283,769	-	-	283,769
Program transportation	378	499	40	917
Program tuition and tutoring	48,300	-	-	48,300
Scholarships	37,500	-	-	37,500
In-kind services and materials	35,099	53,422	-	88,521
Total expenses	\$ 3,544,697	\$ 657,210	\$ 78,636	\$ 4,280,543

See notes to financial statements.

New Yorkers For Children, Inc.

**Statement of Cash Flows
Year Ended December 31, 2021**

Cash flows from operating activities:	
Change in net assets	\$ 4,485,944
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	10,622
Net realized and unrealized gains on investments	(198,834)
Forgiveness of Paycheck Protection Program loan	(145,413)
Changes in operating assets and liabilities:	
Contributions receivable	(612,405)
Prepaid expenses	(36,812)
Accounts payable and accrued expenses	187,677
Grants payable	(250)
Net cash provided by operating activities	<u>3,690,529</u>
Cash flows from investing activities:	
Purchases of investments	(55,182)
Sales of investments	10,000
Purchases of property and equipment	(16,114)
Net cash used in investing activities	<u>(61,296)</u>
Cash flows from financing activities:	
Proceeds from Paycheck Protection Program loan	145,413
Net cash used in financing activities	<u>145,413</u>
Net increase in cash and cash equivalents	3,774,646
Cash and cash equivalents:	
Beginning of year	<u>3,316,370</u>
End of year	<u>\$ 7,091,016</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 NYC, 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 from NYC 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.

The YAB Peer Mentoring Program has been relaunched by NYFC to support foster youth in all aspects of their lives. The program offers youth the opportunity to become trained peer mentors. Once certified, peer mentors can visit foster care agencies and offer workshops to youth groups and mentees. The training is based on a curriculum co-authored by NYFC, and is a guide to promote the ongoing effort to support youth and young adults transitioning through foster care into adulthood. This curriculum is an interactive approach that sheds light on the perspective of current and transitioning foster youth. The five modules of this curriculum were designed around Peer-to-Peer Relationship Building, Self-Care/Mental Health, Education, Finances/Money Management, and Housing.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 1. Organization (Continued)

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.

The NYC Small Grants Program provides subgrants to eight smaller organizations who are carrying out direct service, policy change, or research work in key areas including mental health, caregiver support, education and career development, and support for victims of sex trafficking. NYFC provides these organizations with targeted financial and technical support to grow their services offerings, and in doing so enrich the quality of public services across NYC for youth and families.

The Post-Permanency Support Program (PPSP) provides essential post-adoption/guardianship services to families, improving outcomes for children. Through three qualified providers, the PPSP provides 80-100 families annually with a range of services, including adoption/guardianship-competent programming, trauma-informed care, peer-to-peer support groups, mentorship opportunities, a variety of workshops, and more.

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 did not hold a special event in 2021. 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.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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.

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).

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.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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, 2021, 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.

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 continues to operate all its programs under a hybrid schedule. Some services are provided in-person while others are provided remotely. Services are provided to accommodate client needs. The NYFC offices are open for operations 5-days a week. NYFC continues to operate programs to support youth dealing with the after math of the pandemic. As a result of the continued outreach for funding to support COVID-related participant needs, NYFC received \$96,800 in emergency cash assistance grants to support youth in foster care during the year ended December 31, 2021.

Recent accounting pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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 28, 2022, the date the financial statements were available to be issued.

Note 3. Liquidity and Availability of Resources

The following represents NYFC's available financial assets as of December 31, 2021, to meet general expenditures over the next 12 months:

Financial assets at December 31, 2021:

Cash and cash equivalents	\$ 1,595,576
Contributions receivable	66,054
Investments	1,642,221
Total available financial assets at December 31, 2021	<u>\$ 3,303,851</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 are discounted to their present value. Contributions receivable of \$2,547,279 at December 31, 2021, are due within one year or less, with \$0 related present value discount.

As of December 31, 2021, NYFC had outstanding unrecorded conditional grants of \$2,711,674. NYFC will recognize the revenue over the remaining grant period when the conditions for recognizing the revenue are met.

New Yorkers For Children, Inc.

Notes to Financial Statements

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, 2021, as shown below, are classified as Level 1 in the valuation hierarchy of fair value measurements.

Cash equivalents	\$ 405,283
Exchange traded funds	1,318,078
Mutual funds	1,520,665
Total investments at fair value	<u>\$ 3,244,026</u>

Total investments at fair value per the statement of financial position as of December 31, 2021, are as follows:

Investments	\$ 2,393,076
Restricted investments	850,950
Total investments at fair value	<u>\$ 3,244,026</u>

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, 2021:

Computers and other equipment	\$ 17,250
Computer software and website	87,752
	<u>105,002</u>
Less accumulated depreciation	(85,932)
	<u>\$ 19,070</u>

NYFC incurred \$10,622 of depreciation expense in the year ended December 31, 2021.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes as of December 31, 2021:

	<u>Balance</u>
Subject to expenditure for specific purpose:	
ACS grants under NYFC's management	\$ 2,222,658
NYFC grants	5,063,810
COVID-19 emergency grants to youth and families	43,941
	<u>7,330,409</u>
Endowment:	
Perpetual in nature	850,950
Accumulated endowment income restricted for the educational needs of youth in foster care	375,594
	<u>1,226,544</u>
Total net assets with donor restrictions	<u>\$ 8,556,953</u>

Net assets with donor restrictions were released from restrictions during the year ended December 31, 2021, 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	\$ 894,329
NYFC grants	1,998,103
COVID-19 emergency grants to youth and families	169,218
	<u>\$ 3,061,650</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, 2021.

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.

New Yorkers For Children, Inc.

Notes to Financial Statements

Note 8. Endowment (Continued)

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, 2021, any unspent donor-restricted investment income was added to net assets with donor restrictions.

During the year ended December 31, 2021, NYFC had the following endowment-related activities:

	<u>With Donor Restrictions</u>
Endowment funds, beginning of year	\$ 1,118,445
Net investment gain	113,099
Releases from restrictions	(5,000)
Endowment funds, end of year	<u>\$ 1,226,544</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, 2021, totaled \$88,380. Rent expense is included in occupancy in the statement of functional expenses.

There were no future minimum rental commitments under this lease agreement as of December 31, 2021. See Note 17 for further information on the lease NYFC entered into in March 2022.

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 \$6,841,016 at December 31, 2021. NYFC has not experienced any losses in such accounts.

Approximately 67% of total contributions revenue recognized during the year ended December 31, 2021, were attributed to four donors, and approximately 74% of contributions receivable as of December 31, 2021, were attributed to three 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, 2021:

Program expense	\$ 35,099
Management and general	53,422
	<u>\$ 88,521</u>

Note 12. Functional Allocation of Expenses

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

- 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, 2021, was \$29,348.

Note 14. Lines of Credit

Pursuant to an agreement with Amazon.com, NYFC has a \$33,000 unsecured line of credit available. There was no amount outstanding on the line of credit as of December 31, 2021. A finance charge is payable monthly on outstanding balances at an interest rate of 2% as of December 31, 2021.

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, 2021. Interest is payable monthly on outstanding balances at an interest rate of 22.99% as of December 31, 2021.

Note 15. Paycheck Protection Program Loan

On February 13, 2021, NYFC was granted a loan in the amount of \$145,413 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, and the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act. 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 American Institute of Certified Public Accountants 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 2021 and received approval by the SBA of NYFC's loan forgiveness application on September 15, 2021. As a result of the loan forgiveness, NYFC recognized \$145,413 of contribution revenue for the year ended December 31, 2021.

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, 2021.

NYFC received pro bono legal services from two law firms during the year ended December 31, 2021. Two board members were partners at these firms as of year-end.

Note 17. Subsequent Events

In March 2022, NYFC entered into a lease agreement for office space in New York City. The lease provided NYFC with the office space beginning April 1, 2022 through March 31, 2027, at approximately \$11,344 per month, with certain rent concessions at the beginning of the lease and annual escalations of approximately 3%.