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# **CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.**

## **Audited Financial Statements**

**March 31, 2023**



## Independent Auditor's Report

To the Board of Directors of  
Citizens' Committee for Children of New York, Inc.

### ***Opinion***

We have audited the accompanying financial statements of Citizens' Committee for Children of New York, Inc. (the "Organization"), which comprise the statement of financial position as of March 31, 2023, and 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 the Organization as of March 31, 2023, and the changes in net assets 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, we:

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

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

***Report on Summarized Comparative Information***

The financial statements of the Organization as of and for the year ended March 31, 2022, were audited by other auditors whose report dated September 9, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022, is consistent, in all material respects with the audited financial statements from which it was derived.

*Sax CPAs LLP*

New York, NY

September 18, 2023

**CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AT MARCH 31, 2023**  
(With comparative totals at March 31, 2022)

	<u>3/31/23</u>	<u>3/31/22</u>
<b>Assets</b>		
Cash and cash equivalents	\$322,150	\$516,858
Investments (Note 3)	2,512,230	2,532,614
Employee retention tax credit receivable (Note 4)	399,668	0
Contributions receivable (Note 5)	420,000	175,000
Prepaid expenses and other assets	114,595	199,626
Cash held for security deposit	127,047	127,021
Fixed assets, net (Note 6)	56,394	83,592
Operating lease right-of-use asset (Note 7)	<u>2,184,829</u>	<u>0</u>
 Total assets	 <u><u>\$6,136,913</u></u>	 <u><u>\$3,634,711</u></u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$283,659	\$228,308
Conditional contributions	897,689	354,147
Line of credit payable (Note 8)	467,916	0
Deferred rent	0	207,671
Operating lease liability (Note 7)	<u>2,442,415</u>	<u>0</u>
Total liabilities	<u><u>4,091,679</u></u>	<u><u>790,126</u></u>
 <b>Net assets:</b>		
Without donor restrictions		
Operating	17,353	378,854
Board designated fund (Note 2c)	<u>1,936,657</u>	<u>2,159,064</u>
Total net assets without donor restrictions	<u><u>1,954,010</u></u>	<u><u>2,537,918</u></u>
With donor restrictions (Note 9)	<u>91,224</u>	<u>306,667</u>
 Total net assets	 <u><u>2,045,234</u></u>	 <u><u>2,844,585</u></u>
 Total liabilities and net assets	 <u><u>\$6,136,913</u></u>	 <u><u>\$3,634,711</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2023**  
(With comparative totals for the year ended March 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 3/31/23	Total 3/31/22
Public support and revenue:				
Contributions	\$2,005,978	\$300,000	\$2,305,978	\$2,345,248
Special event income, net of direct event expenses (Note 10)	1,638,467		1,638,467	1,298,957
Employee retention tax credit (Note 4)	399,668		399,668	0
In-kind contributions (Note 2k)			0	143,109
Other income	10,688		10,688	2,827
Net assets released from restriction	515,443	(515,443)	0	0
Total public support and revenue	<u>4,570,244</u>	<u>(215,443)</u>	<u>4,354,801</u>	<u>3,790,141</u>
Expenses:				
Program services:				
Policy and advocacy	1,928,682		1,928,682	1,878,156
Information and education	2,230,006		2,230,006	1,965,515
Total program services	<u>4,158,688</u>	<u>0</u>	<u>4,158,688</u>	<u>3,843,671</u>
Supporting services:				
Management and general	267,353		267,353	354,490
Fundraising	534,397		534,397	447,433
Total supporting services	<u>801,750</u>	<u>0</u>	<u>801,750</u>	<u>801,923</u>
Total expenses	<u>4,960,438</u>	<u>0</u>	<u>4,960,438</u>	<u>4,645,594</u>
Change in net assets from operations	(390,194)	(215,443)	(605,637)	(855,453)
Non-operating activities:				
Investment return (Note 3)	(133,714)		(133,714)	52,663
Other loss	(60,000)		(60,000)	0
Total non-operating activities	<u>(193,714)</u>	<u>0</u>	<u>(193,714)</u>	<u>52,663</u>
Change in net assets	(583,908)	(215,443)	(799,351)	(802,790)
Net assets - beginning of year	<u>2,537,918</u>	<u>306,667</u>	<u>2,844,585</u>	<u>3,647,375</u>
Net assets - end of year	<u><u>\$1,954,010</u></u>	<u><u>\$91,224</u></u>	<u><u>\$2,045,234</u></u>	<u><u>\$2,844,585</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2023**  
(With comparative totals for the year ended March 31, 2022)

	Program Services			Supporting Services				
	Policy and Advocacy	Information and Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 3/31/23	Total Expenses 3/31/22
Salaries	\$660,932	\$1,230,143	\$1,891,075	\$54,090	\$251,054	\$305,144	\$2,196,219	\$1,948,201
Payroll taxes and employee benefits	269,672	549,833	819,505	15,921	73,797	89,718	909,223	782,222
Professional fees and consultants	523,035	71,989	595,024	142,980	84,808	227,788	822,812	1,048,165
Stipends	36,632	41,196	77,828	500		500	78,328	0
Occupancy	288,139	168,081	456,220	9,604	14,407	24,011	480,231	438,918
Travel and meetings	4,828	8,684	13,512	1,460	817	2,277	15,789	3,313
Supplies and office expenses	6,104	37,548	43,652	649	18,551	19,200	62,852	4,678
Equipment maintenance and repairs	36,579	60,588	97,167	1,219	1,829	3,048	100,215	101,538
IT and telecommunication	7,808	4,589	12,397	319	393	712	13,109	14,551
Special event expenses			0		220,873	220,873	220,873	120,082
Insurance	8,480	4,947	13,427	282	424	706	14,133	12,428
Interest expense			0	21,625		21,625	21,625	0
Dues and subscriptions	16,638	28,136	44,774	335	13,636	13,971	58,745	58,001
Bank processing fees			0	15,734		15,734	15,734	17,736
Other expenses	53,516	14,753	68,269	2,091	489	2,580	70,849	53,204
Bad debt expense			0			0	0	7,402
Depreciation and amortization	16,319	9,519	25,838	544	816	1,360	27,198	35,155
<b>Total expenses</b>	<b>1,928,682</b>	<b>2,230,006</b>	<b>4,158,688</b>	<b>267,353</b>	<b>681,894</b>	<b>949,247</b>	<b>5,107,935</b>	<b>4,645,594</b>
Less: special event expenses with a direct benefit to donor (Note 10)					(147,497)	(147,497)	(147,497)	0
<b>Total expenses for statement of activities</b>	<b>\$1,928,682</b>	<b>\$2,230,006</b>	<b>\$4,158,688</b>	<b>\$267,353</b>	<b>\$534,397</b>	<b>\$801,750</b>	<b>\$4,960,438</b>	<b>\$4,645,594</b>

*The attached notes and auditor's report are an integral part of these financial statements.*

**CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2023**  
(With comparative totals for the year ended March 31, 2022)

	<u>3/31/23</u>	<u>3/31/22</u>
Cash flows from operating activities:		
Change in net assets	(\$799,351)	(\$802,790)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation and amortization	27,198	35,155
Realized and unrealized loss/(gain) on investments	164,146	(33,007)
Changes in assets and liabilities:		
Employee retention tax credit receivable	(399,668)	0
Contributions receivable	(245,000)	267,243
Prepaid expenses and other assets	85,031	(2,453)
Accounts payable and accrued expenses	55,351	20,317
Conditional contributions	543,542	259,147
Operating lease right-of-use asset and liability	257,586	0
Deferred rent	(207,671)	27,685
Net cash flows used for operating activities	<u>(518,836)</u>	<u>(228,703)</u>
Cash flows from investing activities:		
Purchases of fixed assets	0	(9,513)
Transfers to cash account	25,342	604,299
Purchases of investments (including reinvested income)	(169,104)	(135,302)
Net cash flows (used for)/provided by investing activities	<u>(143,762)</u>	<u>459,484</u>
Cash flows from financing activities:		
Proceeds from line of credit	500,000	0
Repayments to line of credit	(32,084)	0
Net cash flows provided by investing activities	<u>467,916</u>	<u>0</u>
Net (decrease)/increase in cash, cash equivalents, and restricted cash	(194,682)	230,781
Cash, cash equivalents, and restricted cash - beginning of year	<u>643,879</u>	<u>413,098</u>
Cash, cash equivalents, and restricted cash - end of year	<u><u>\$449,197</u></u>	<u><u>\$643,879</u></u>
Cash, cash equivalents, and restricted cash		
Cash and cash equivalents	\$322,150	\$516,858
Cash held for security deposit	127,047	127,021
Total cash, cash equivalents, and restricted cash	<u><u>\$449,197</u></u>	<u><u>\$643,879</u></u>
Supplemental information:		
Interest paid	<u>\$21,625</u>	<u>\$0</u>
Taxes paid	<u>\$0</u>	<u>\$0</u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**Note 1 - Organization**

Citizens' Committee for Children of New York, Inc. (the "Organization") is a nonpartisan child advocacy organization that educates and mobilizes New Yorkers to make the city a better place for children. The Organization's advocacy combines public policy research and data analysis with citizen action. The Organization casts light on the issues, educates the public, engages allies, and identifies and promotes practical solutions to ensure that every New York City child is healthy, housed, educated and safe.

The Organization fulfills its mission through the following program areas:

- Policy and Advocacy – The Organization works across many policy issue areas to identify the most pressing problems children face and advance policy, budget, and legislative solutions.
- Information and Education – The Organization has created and maintained "Keeping Track of New York City's Children," the most extensive database available on the status of the city's 2 million children and their families. Data analysis informs the Organization's priorities and is used extensively by parents, professionals, government officials, philanthropists, and others to understand and improve the lives of New York City's children. The Organization also works with communities throughout New York City to create assessments that provide a comprehensive picture of the needs of children and families and available resources that promote their well-being.

The Organization has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation.

**Note 2 - Summary of Significant Accounting Policies**

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred rather than received or paid.

b. Recently Adopted Accounting Standards

Effective April 1, 2022, the Organization adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2022). The Organization also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases.

As a result of implementing FASB ASU No. 2016-02, the Organization recognized right-of-use (“ROU”) assets of \$2,450,512 and lease liabilities of \$2,658,183 on the statement of financial position as of April 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended March 31, 2023.

Effective April 1, 2022, the Organization adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures. Adoption of this standard did not have a material impact on the Organization’s financial statements.

c. Basis of Presentation

The Organization reports information regarding their financial position and activities in the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents all activity without donor-imposed restrictions. In previous years, the board designated a portion of net assets without donor restrictions as an internal source of funds to secure the long-term stability of the Organization.

Activity of the board designated fund was as follows:

	<u>3/31/23</u>	<u>3/31/22</u>
Balance – beginning of year	\$2,159,064	\$2,278,438
Transfers out	(100,432)	(182,472)
Investment return	<u>(121,975)</u>	<u>63,098</u>
Balance – end of year	<u>\$1,936,657</u>	<u>\$2,159,064</u>

As the funds are internally designated, they are reflected on the financial statement as net assets without donor restrictions.

- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor

d. Revenue Recognition

The Organization follows the requirements of the FASB’s Accounting Standards Codification (“ASC”) 958-605 for recording contributions, which are recognized when a contribution becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

The Organization evaluates whether contributions are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for the Organization to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists. Conditional contributions at March 31, 2023 consist of receipts associated with and made prior to a fundraising event that was held after the year-end.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques.

Receivables are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of March 31, 2023.

e. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Non-operating activities are limited to resources that generate return from investments and other losses.

f. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for cash held with an investment custodian for long-term purposes. The Organization has an irrevocable standby letter of credit from a bank in connection with the security deposit required on this lease. A savings account was opened with the bank for this purpose. Cash held in this savings account is treated as restricted cash and reported separately on the statement of financial position.

g. Significant Concentrations

Financial instruments, which potentially subject the Organization to a concentration of credit risk, consist of cash accounts and investments, which have been placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes that the investment policy is prudent for the long-term welfare of the Organization. At times, balances may exceed federally insured limits. At year end and at various times throughout the year, balances were in excess of insured amounts. However, the Organization has not experienced any losses due to bank failure.

Special event income accounted for approximately 38% and 34% of total public support during the years ended March 31, 2023 and 2022, respectively.

h. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses, interest and dividends, and investment fees are included in investment return on the statement of activities.

i. Fixed Assets

Fixed assets, consisting of furniture, office equipment and leasehold improvements, are capitalized in the year acquired and are carried at cost, if purchased, or fair value, if donated. Depreciation and amortization is computed over the estimated useful lives of the assets or life of the lease using the straight-line method. Maintenance and repairs, which neither materially add to the value of the asset nor appreciably prolong its life, are charged to expense as incurred.

j. Leases

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

k. In-Kind Services

Donated marketable securities and other non-cash donations are recorded as contributions at fair value on the date of donation. Donated services are recognized in circumstances where the service creates or enhances a non-financial asset or where those services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind.

The Organization pays for most services requiring specific expertise. Board members and other individuals volunteer their time and perform a variety of services that assist the Organization. These services do not meet the criteria of in-kind services and have not been recorded in the financial statements.

During the year ended March 31, 2022, the Organization received in-kind legal services of \$143,109. The in-kind legal fees were allocated to management and general expenses. The valuation of in-kind contributions was based on the fair market value and on the basis of recent comparable prices for retaining similar services in the New York City Metropolitan area. There were no associated donor restrictions.

There were no in-kind contributions received during the year ended March 31, 2023.

l. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

m. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but to provide for the overall support and direction of the Organization.

Salaries were allocated using time and effort as the basis. The following expenses were allocated using the salary allocation as the basis:

- Payroll taxes and employee benefits
- IT and telecommunication
- Insurance

The following expenses were allocated using the square footage used as the basis:

- Occupancy
- Equipment maintenance and repairs
- Depreciation and amortization

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

n. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending March 31, 2020 and later are subject to examination by applicable taxing authorities.

o. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2022, from which the summarized information was derived.

**Note 3 - Investments and Fair Value Measurements**

Accounting standards establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. That would include data obtained from sources independent of the Organization.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments consist of:

	<u>3/31/23</u>	<u>3/31/22</u>
Level 1 securities:		
Money market funds and other cash	\$713,123	\$515,348
Fixed income	718,915	778,520
Equity securities	<u>1,080,192</u>	<u>1,238,746</u>
Total	<u>\$2,512,230</u>	<u>\$2,532,614</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on. Those methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

The following summarizes investment return:

	<u>3/31/23</u>	<u>3/31/22</u>
Unrealized loss	(\$362,759)	(\$103,124)
Realized gain	198,613	136,131
Interest and dividends	44,244	37,927
Investment fees	<u>(13,812)</u>	<u>(18,271)</u>
Total investment return	<u>(\$133,714)</u>	<u>\$52,663</u>

#### **Note 4 - Employee Retention Tax Credit**

During the year ended March 31, 2023, the Organization claimed the Employee Retention Tax Credit ("ERTC") in the amount of \$399,668. The ERTC was established by the Coronavirus Relief Act issued by Congress during 2020 and allows an employer to obtain fully refundable tax credits through their payroll tax filings for qualified wages paid after March 13, 2020 through December 31, 2021. To be eligible, an employer must have incurred payroll costs to retain employees and have been adversely affected by the COVID-19 pandemic due to having operations suspended by a government order or demonstrating that they had a significant decline in gross receipts. ERTC credits were accounted for as conditional contributions in accordance with FASB ASC 958-605.

The full ERTC claimed of \$399,668 was receivable at March 31, 2023 and collected subsequent to year-end.

#### **Note 5 - Contributions Receivable**

Contributions receivable are due in the following periods:

Year ending:	March 31, 2024	\$270,000
	March 31, 2025	<u>150,000</u>
		<u>\$420,000</u>

Due to its immaterial nature, a discount to present value has not been recorded.

**Note 6 - Fixed Assets**

Fixed assets consist of:

	<u>3/31/23</u>	<u>3/31/22</u>	<u>Useful Life</u>
Computers, equipment, and website	\$404,274	\$404,274	3 – 5 years
Furniture and fixtures	144,673	144,673	7 years
Leasehold improvements	<u>57,770</u>	<u>57,770</u>	Life of lease
	606,717	606,717	
Less: accumulated depreciation and amortization	<u>(550,323)</u>	<u>(523,125)</u>	
Total fixed assets, net	<u>\$56,394</u>	<u>\$83,592</u>	

**Note 7 - Operating Lease Right-of-Use Asset and Operating Lease Liability**

The Organization evaluated current contracts to determine which met the criteria of a lease. The Organization leases office space in New York, NY under a non-cancelable lease which expires on January 15, 2029 and has been determined to be an operating lease. The lease does not include specific extension terms.

The ROU assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of March 31, 2023 was 5.25%. As of March 31, 2022, the weighted average remaining lease term for the Organization's operating lease was approximately 70 months.

For the year ended March 31, 2023, the total operating lease cost was \$452,000. Cash paid for the operating lease for the year ended March 31, 2023 was \$408,000. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2b.

Future required minimum lease payments are as follows:

Year ending:	March 31, 2024	\$417,754
	March 31, 2025	447,451
	March 31, 2026	465,055
	March 31, 2027	476,682
	March 31, 2028	488,599
	Thereafter	<u>584,794</u>
Total		2,880,335
Less: present value discount		<u>(437,920)</u>
Total lease liability at March 31, 2023		<u>\$2,442,415</u>

**Note 8 - Line of Credit Payable**

The Organization has an agreement with a financial institution for a line of credit up to \$500,000. The line of credit matures on May 20, 2031 and accrues interest at 1.75% above the prime rate. As of March 31, 2023, the Organization had an outstanding balance of \$467,916 on the line of credit.

**Note 9 - Net Assets with Donor Restrictions**

The following summarizes the activity of net assets with donor restrictions:

<u>March 31, 2023</u>				
	Balance 4/1/22	Contributions	Released from Restrictions	Balance 3/31/23
Purpose restricted:				
Child Welfare/Juvenile Justice	\$7,500	\$0	(\$7,500)	\$0
Housing & Family				
Homelessness	150,000	0	(150,000)	0
Youth Action	0	150,000	(133,776)	16,224
Keeping Track	41,667	0	(41,667)	0
Mental Health	82,500	0	(82,500)	0
Total purpose restricted	281,667	150,000	(415,443)	16,224
Time restricted	25,000	150,000	(100,000)	75,000
Total	<u>\$306,667</u>	<u>\$300,000</u>	<u>(\$515,443)</u>	<u>\$91,224</u>

  

<u>March 31, 2022</u>				
	Balance 4/1/21	Contributions	Released from Restrictions	Balance 3/31/22
Purpose restricted:				
Child Welfare/Juvenile Justice	\$30,000	\$30,000	(\$52,500)	\$7,500
Housing & Family				
Homelessness	75,000	300,000	(225,000)	150,000
Youth Action	70,000	0	(70,000)	0
Keeping Track	116,667	50,000	(125,000)	41,667
Mental Health	100,000	110,000	(127,500)	82,500
Total purpose restricted	391,667	490,000	(600,000)	281,667
Time restricted	0	50,000	(25,000)	25,000
Total	<u>\$391,667</u>	<u>\$540,000</u>	<u>(\$625,000)</u>	<u>\$306,667</u>

**Note 10 - Special Events**

A summary of the special events proceeds is as follows:

	<u>3/31/23</u>	<u>3/31/22</u>
Gross revenue	\$1,785,964	\$1,298,957
Less: expenses with a direct benefit to donor	<u>(147,497)</u>	<u>(0)</u>
	1,638,467	1,298,957
Less: other event expenses	<u>(73,376)</u>	<u>(120,082)</u>
Total	<u>\$1,565,091</u>	<u>\$1,178,875</u>

**Note 11 - Retirement Plan**

The Organization offers a defined contribution retirement benefit plan for all employees who are over 21 years of age and have been employees of the Organization for at least 1 year. Under the plan, participating employees contribute 2% of their compensation and the Organization contributes 5% of the eligible employees' compensation. Contributions by the Organization to the plan are fully vested and totaled \$105,000 and \$109,000 for the years ended March 31, 2023 and 2022, respectively.

The Organization also offers a supplemental retirement annuity plan for all employees. Under this plan, employee contributions are discretionary with no contributions made by the employer.

**Note 12 - Availability and Liquidity**

The following reflects the Organization's financial assets on March 31, 2023 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:	
Cash and cash equivalents	\$322,150
Investments	2,512,230
Employee retention tax credit receivable	399,668
Contributions receivable due within one year	<u>270,000</u>
Total financial assets	\$3,504,048
Less amounts not available for general expenditures:	
Donor contributions restricted to specific purposes	(16,224)
Board designated reserve fund	<u>(1,936,657)</u>
Total amounts not available for general expenditures	<u>(1,952,881)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,551,167</u>

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, the Organization operates its programs within a board approved budget and relies on contributions and special event income to fund its operations and program activities. Board designated net assets are set aside as an internal source of funds to secure the long-term stability of the Organization. These funds are considered available for general expenditures when the finance committee authorizes a transfer within the pre-approved guidelines set by the board of directors.

In addition, the Organization has an agreement with a financial institution for a line of credit up to \$500,000. As of March 31, 2023, the Organization had an outstanding balance of \$467,916 on the line of credit and the remaining \$32,084 was available to use.

**Note 13 - Subsequent Events**

Subsequent events have been evaluated through September 18, 2023, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.