THE NEW YORK CENTER FOR CHILDREN, INC

FINANCIAL STATEMENTS

(WITH INDEPENDENT AUDITOR'S REPORT)

FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The New York Center for Children, Inc.

We have audited the accompanying financial statements of The New York Center for Children, Inc. (the "Organization"), which comprise the statements of financial position as of March 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 The New York Center for Children, Inc. as of March 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lederer, Levine & Associates, LLC
Lederer, Levine & Associates, LLC

Lyndhurst, NJ
March 19, 2018

THE NEW YORK CENTER FOR CHILDREN, INC
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2017 AND 2016

		2017		2016
ASSETS				
Current Assets				
Cash and cash equivalents (Notes B and F)	$	12,791	$	1,776
Accounts receivable (Note B)		5,500		
Contributions receivable (Notes B and C)		4,997		
Prepaid expenses		2,917		6,941
Total Current Assets		26,205		8,717
Property and equipment, net (Notes B and D)		7,863		11,056
Security deposits		17,000		17,000
Total Assets	$	51,068	$	36,773
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	$	57,492	$	31,094
Refundable advances (Note B)		7,690		19,264
Loan payable - current portion (Note E)		4		4
Total Current Liabilities		65,186		50,362
Loan payable - noncurrent (Note E)		17,085		17,088
Total Liabilities		82,271		67,450
COMMITMENTS AND CONTINGENCIES (Note H)				
NET ASSETS (DEFICIT)				
Unrestricted (Deficit)		(112,915)		(118,585)
Temporarily restricted (Note G)		81,712		87,908
Total Net Assets (Deficit)		(31,203)		(30,677)
Total Liabilities and Net Assets (Deficit)	$	51,068	$	36,773

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

THE NEW YORK CENTER FOR CHILDREN, INC
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Special events - revenue	$ 151,606	$	$ 151,606	$ 156,126	$	$ 156,126
Less: cost of direct benefits to donors	(22,636)		(22,636)	(12,525)		(12,525)
Net revenue from special events	128,970		128,970	143,601		143,601
Contributions:						
Foundation (Note B)	201,912		201,912	189,695		189,695
Corporation (Note B)	36,364		36,364	72,501	20,000	92,501
Individual (Note B)	285,880		285,880	191,987		191,987
Government grants (Note B)	78,215		78,215	72,939		72,939
Program fees	18,340		18,340	17,286		17,286
Net assets released from restrictions	6,196	(6,196)		32,500	(32,500)	
Total Support and Revenue	755,877	(6,196)	749,681	720,509	(12,500)	708,009
EXPENSES:						
Program services	594,508		594,508	587,274		587,274
Management and general	88,695		88,695	80,843		80,843
Fundraising	67,004		67,004	58,281		58,281
Total Expenses	750,207		750,207	726,398		726,398
Change in Net Assets	5,670	(6,196)	(526)	(5,889)	(12,500)	(18,389)
Net Assets - Beginning of Year - As Originally Stated	(118,585)	87,908	(30,677)	(8,585)	17,500	8,915
Prior Period Adjustments (Note J)				(104,111)	82,908	(21,203)
Net Assets (Deficit) - Beginning of Year - Restated	(118,585)	87,908	(30,677)	(112,696)	100,408	(12,288)
Net Assets (Deficit) - End of Year	$ (112,915)	$ 81,712	$ (31,203)	$ (118,585)	$ 87,908	$ (30,677)

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

THE NEW YORK CENTER FOR CHILDREN, INC
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017				2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	$ 309,448	$ 28,441	$ 33,182	$ 371,071	$ 321,179	$ 28,443	$ 33,184	$ 382,806
Payroll taxes	25,680	2,360	2,754	30,794	30,185	2,673	3,119	35,977
Employee benefits (Note I)	31,824	2,925	3,412	38,161	29,703	2,630	3,069	35,402
Total salaries and related costs	366,952	33,726	39,348	440,026	381,067	33,746	39,372	454,185
Professional fees	11,275	21,600	5,850	38,725	15,032	20,782	238	36,052
Occupancy costs (Note H)	173,084	15,908	18,560	207,552	151,773	13,441	15,681	180,895
Conference and training	4,889	157	183	5,229	2,743	152	178	3,073
Repairs and maintenance	4,717	433	506	5,656	3,542	314	366	4,222
Printing and publications	3,916	360	420	4,696	2,450	217	253	2,920
Postage	1,316	121	141	1,578	1,645	146	170	1,961
Telephone	6,803	625	729	8,157	6,602	585	682	7,869
Office expenses	8,791	858	943	10,592	9,718	911	1,004	11,633
Insurance	9,753	2,239		11,992	9,440	2,239		11,679
Interest expense		1,196		1,196				
Depreciation and amortization (Note D)	2,662	245	286	3,193	2,679	237	277	3,193
Other	350	11,227	38	11,615	583	8,073	60	8,716
Total Expenses	$ 594,508	$ 88,695	$ 67,004	$ 750,207	$ 587,274	$ 80,843	$ 58,281	$ 726,398

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

THE NEW YORK CENTER FOR CHILDREN, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2016 AND 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (526)	$ (18,389)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	3,193	3,193
Changes in operating assets and liabilities:		
(Increase) Decrease in assets:		
Accounts receivable	(5,500)	
Contributions receivable	(4,997)	
Prepaid expenses	4,024	(4,771)
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	26,398	(7,908)
Refundable advances	(11,574)	2,794
Net Cash Provided (Used) by Operating Activities	11,018	(25,081)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments		1,110
Net Cash Provided by Investing Activities		1,110
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayments of loan payable	(3)	
Net Cash Used by Financing Activities	(3)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,015	(23,971)
Cash and cash equivalents - beginning of year	1,776	25,747
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 12,791	$ 1,776
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 897	$ - 0 -

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

Note A – Organization and Nature of Activities

The New York Center for Children, Inc. (the "Organization") was incorporated under Section 402 of the Not-For-Profit Corporation law of New York State in 1995. The Organization was organized to evaluate, treat and prevent child abuse and to provide quality medical and mental health services free of charge to children who have been sexually, physically and/or emotionally abused with the goal of helping children overcome the negative effects. The Organization receives its principal revenue from special events and contributions from foundations and individuals.

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization as described in Code sections 509(a)(1) and 170(b)(A)(VI).

Note B – Summary of Significant Accounting Policies

Basis of Accounting

The Organization follows accounting principles generally accepted in the United States of America ("U.S. GAAP"), which include certain specialized requirements for not-for-profit organizations set forth by the Financial Accounting Standards Board.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 19, 2018.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Organization considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. Such estimate is based on management's estimates of historical information and current economic conditions.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided for on the straight line basis over the estimated useful lives of the assets. The Organization capitalizes property and equipment with a useful life of two years or more unless such property and equipment is funded by a grantor, and the grantor retains title to the property and equipment.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue Recognition and Refundable Advances

Revenues from government contracts and program fees are recorded as income in the period that services are performed. Refundable advances consists of amounts received toward future services.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Note B – Summary of Significant Accounting Policies (continued)

Accounting for Uncertainty in Income Taxes

The Organization's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an Organization exempt from income taxes, nor of any exposure to unrelated business income tax.

Fair Value Measurements

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Note C – Contribution Receivable

Contributions receivables at March 31, 2017 are all due within one year. Management expects the receivables to be fully collected, and no allowance for doubtful accounts has been established.

Note D – Property and Equipment

Property and equipment consist of the following as at March 31:

	Estimated Useful Lives	2017	2016
Computers and equipment	5 years	$ 65,078	$ 65,078
Furniture and fixtures	7 years	30,270	30,270
Leasehold and improvements	5 years	3,580	3,580
		98,928	98,928
Less: accumulated depreciation and amortization		(91,065)	(87,872)
		$ 7,863	$ 11,056

Note E – Loan Payable

During the fiscal year ending March 31, 2015, an interest free loan was made to the Organization by a board member. Under US GAAP, below market interest rate ("BMI") loans are required to be reflected at a market interest rate. The difference between the two rates (the discount) is reflected as a temporarily restricted contribution. The stated rate used to establish the fair value of the loan is 7% per annum. The fair value of the outstanding loan balance at March 31, 2017 is as follows:

Balance outstanding at March 31, 2017	$ 99,997
Less: discount	(82,908)
	$ 17,089

Future annual principal payments are as follows for the years ending after March 31, 2017:

March 31, 2018	$ 4
2019	4
2020	5
2021	5
2022	5
Thereafter	17,066
	$ 17,089

Note F – Concentration

For the years ended March 31, 2017 and 2016, respectively, approximately 17% and 20% of the Organization's support and revenue was generated by three fundraising events.

Note G – Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to the following restrictions at March 31:

	2017	2016
Time and program restricted	$	$ 5,000
Time restricted (loan discount)	81,712	82,908
	$ 81,712	$ 87,908

Note H – Commitments and Contingencies

The Organization leases office space under a lease that expires on December 31, 2020. Three of the Organization's Board members are guarantor for this lease.

Future minimum annual rental commitments under noncancelable rental lease obligations are as follows:

For the year ended March 31, 2018	$ 186,000
2019	190,000
2020	195,000
2021	149,000
	$ 720,000

Rent expense amounted to $181,125 and $154,380 for the years ended March 31, 2017 and 2016, respectively.

Note I – Retirement Plan

The Organization maintains a defined contribution retirement plan covering all employees. The Organization provides a 403(b) Plan. Under this plan, the Organization matches participant contributions up to 2% of salary. This match is discretionary. Contributions under this plan vest evenly over a five year period. Retirement plan expense amounted to $3,668 and $2,032 for the years ended March 31, 2017 and 2016, respectively. The participant contribution to the plan vests immediately.

Note J – Prior Period Adjustments

During the year ended March 31, 2016, Management determined that its unrestricted net assets were overstated as of March 31, 2015 as follows:

Loan payable – understated by	$ (17,092)
Accounts payable and accrued expenses – overstated by	12,359
Refundable advances – understated by	(16,470)
	$ (21,203)

Note K – Net Deficit- (Unaudited)

The Organization has incurred deficits over the last several years, resulting in an unrestricted net deficit of approximately $113,000 at March 31, 2017. The Organization's plans to address this deficit are as follows:

- In December, 2017, the Organization entered into a grant agreement with the Office of the District Attorney, New York County. The grant agreement will reimburse the Organization for expenses incurred up to a total amount of approximately $250,000 for the year to end March 31, 2019.

- The Organization anticipates that it will increase its private contributions to the extent that it will achieve a surplus which will increase its net assets by at least $50,000 for the year to end March 31, 2019.