

**THE NEW YORK CENTER FOR CHILDREN, INC
FINANCIAL STATEMENTS
(WITH INDEPENDENT AUDITOR'S REPORT)
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

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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, 2018 and 2017, 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

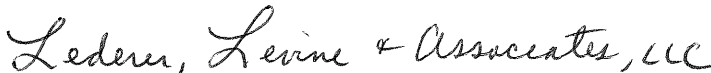
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2018 and 2017, 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

THE NEW YORK CENTER FOR CHILDREN, INC
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents (Notes B and F)	\$ 7,615	\$ 12,791
Accounts receivable (Note B)		5,500
Contributions receivable (Notes B and C)	20,143	4,997
Prepaid expenses	7,373	2,917
Total Current Assets	35,131	26,205
Property and equipment, net (Notes B and D)	7,132	7,863
Security deposits	17,000	17,000
Total Assets	\$ 59,263	\$ 51,068
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ 71,701	\$ 57,492
Refundable advances (Note B)	9,290	7,690
Loan payable - current portion (Note E)	4	4
Total Current Liabilities	80,995	65,186
Loan payable - noncurrent (Note E)	17,081	17,085
Total Liabilities	98,076	82,271
COMMITMENTS AND CONTINGENCIES (Note H)		
NET ASSETS (DEFICIT)		
Unrestricted (Deficit)	(119,329)	(112,915)
Temporarily restricted (Note G)	80,516	81,712
Total Net Assets (Deficit)	(38,813)	(31,203)
Total Liabilities and Net Assets (Deficit)	\$ 59,263	\$ 51,068

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, 2018 AND 2017

	2018		2017		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
SUPPORT AND REVENUE:					
Special events - revenue	\$ 283,700	\$	\$ 283,700	\$	\$ 151,606
Less: cost of direct benefits to donors	(21,286)		(21,286)		(22,636)
Net revenue from special events	262,414		262,414		128,970
Contributions:					
Foundation (Note B)	184,176	20,000	204,176		201,912
Corporation (Note B)	27,538		27,538		36,364
Individual (Note B)	223,765		223,765		285,880
Government grants (Note B)	166,236		166,236		78,215
Program fees	24,797		24,797		18,340
Net assets released from restrictions	21,196	(21,196)		(6,196)	
Total Support and Revenue	910,122	(1,196)	908,926	(6,196)	749,681
EXPENSES:					
Program services	751,812		751,812		594,508
Management and general	96,272		96,272		88,695
Fundraising	68,452		68,452		67,004
Total Expenses	916,536		916,536		750,207
Change in Net Assets	(6,414)	(1,196)	(7,610)	(6,196)	(526)
Net Assets (Deficit) - Beginning of Year	(112,915)	81,712	(31,203)	87,908	(30,677)
Net Assets (Deficit) - End of Year	\$ (119,329)	\$ 80,516	\$ (38,813)	\$ 81,712	\$ (31,203)

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, 2018 AND 2017

	2018			2017				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 411,804	\$ 30,933	\$ 35,887	\$ 478,624	\$ 309,448	\$ 28,441	\$ 33,182	\$ 371,071
Payroll taxes	35,747	2,685	3,115	41,547	25,680	2,360	2,754	30,794
Employee benefits (Note I)	35,343	2,655	3,080	41,078	31,824	2,925	3,412	38,161
Total salaries and related costs	482,894	36,273	42,082	561,249	366,952	33,726	39,348	440,026
Professional fees	14,750	24,949	5,200	44,899	11,275	21,600	5,850	38,725
Occupancy costs (Note H)	194,751	14,629	16,972	226,352	173,084	15,908	18,560	207,552
Conferences and training	2,914	182	210	3,306	4,889	157	183	5,229
Repairs and maintenance	4,877	366	425	5,668	4,717	433	506	5,656
Printing and publications	5,758	432	502	6,692	3,916	360	420	4,696
Postage	1,800	135	157	2,092	1,316	121	141	1,578
Telephone	7,356	553	641	8,550	6,803	625	729	8,157
Office expenses	22,671	1,752	1,976	26,399	8,791	858	943	10,592
Insurance	10,748	2,239		12,987	9,753	2,239		11,992
Interest expense		1,196		1,196		1,196		1,196
Depreciation and amortization (Note D)	2,821	212	246	3,279	2,662	245	286	3,193
Other	472	13,354	41	13,867	350	11,227	38	11,615
Total Expenses	\$ 751,812	\$ 96,272	\$ 68,452	\$ 916,536	\$ 594,508	\$ 88,695	\$ 67,004	\$ 750,207

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, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (7,610)	\$ (526)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	3,279	3,193
Changes in operating assets and liabilities:		
Decrease (Increase) in assets:		
Accounts receivable	5,500	(5,500)
Contributions receivable	(15,146)	(4,997)
Prepaid expenses	(4,456)	4,024
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	14,209	26,398
Refundable advances	1,600	(11,574)
Net Cash (Used) Provided by Operating Activities	(2,624)	11,018
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,548)	
Net Cash Used by Investing Activities	(2,548)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loan payable	10,600	14,000
Principal repayments of loan payable	(10,604)	(14,003)
Net Cash Used by Financing Activities	(4)	(3)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,176)	11,015
Cash and cash equivalents - beginning of year	12,791	1,776
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,615	\$ 12,791
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 1,196	\$ 897

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

THE NEW YORK CENTER FOR CHILDREN, INC
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

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”).

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 February 20, 2019.

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.

**THE NEW YORK CENTER FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017
(continued)**

Note B – Summary of Significant Accounting Policies (continued)

Accounting for Uncertainty in Income Taxes

The Organization has adopted the provisions of the Financial Accounting Standards Board's ("FASB") ASC Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Management has determined that there are no material uncertain tax provisions that require recognition or disclosure in the financial statements.

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 receivable at March 31, 2018 and 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	2018	2017
Computers and equipment	5 years	\$ 67,626	\$ 65,078
Furniture and fixtures	7 years	30,270	30,270
Leasehold improvements	5 years	3,580	3,580
		101,476	98,928
Less: accumulated depreciation and amortization		(94,344)	(91,065)
		\$ 7,132	\$ 7,863

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, 2018 is as follows:

Balance outstanding at March 31, 2018	\$ 99,993
Less: discount	(82,908)
	\$ 17,085

Future annual principal payments are as follows for the years ending:

March 31, 2019		\$	4
2020			5
2021			5
2022			5
2023			6
Thereafter			17,060
			\$ 17,085

In December 2018, the outstanding balance of this loan was forgiven by the Board member. The Board member also graciously contributed all of the payments made against this loan back to the Organization.

THE NEW YORK CENTER FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017
(continued)

Note F – Concentration

For the years ended March 31, 2018 and 2017, respectively, approximately 31% and 17% 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:

	2018	2017
Time restricted (loan discount)	\$ 80,516	\$ 81,712

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 guarantors for this lease.

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

For the year ended March 31, 2019	190,000	
2020	195,000	
2021	149,000	
	\$ 534,000	

Rent expense amounted to \$185,289 and \$181,125 for the years ended March 31, 2018 and 2017, 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 \$6,546 and \$3,668 for the years ended March 31, 2018 and 2017, respectively. The participant contribution to the plan vests immediately.

Note J – Net Deficit- (Unaudited)

The Organization has incurred deficits over the last several years, resulting in an unrestricted net deficit of approximately \$119,000 at March 31, 2018. 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 contributions to the extent that it will achieve a surplus of approximately \$25,000 for the year to end March 31, 2019.