

FIVER CHILDREN'S
FOUNDATION, INC.

For the Year Ending
January 31, 2020

FINANCIAL STATEMENTS

FIVER CHILDREN'S FOUNDATION, INC.

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Independent Auditor's Report

To the Board of Directors of
Fiver Children's Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Fiver Children's Foundation, Inc. (the Foundation) (a nonprofit organization) which comprise the statements of financial position as of January 31, 2020 and 2019, 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 Foundation'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 Foundation'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 Fiver Children's Foundation, Inc. as of January 31, 2020 and 2019, 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.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, in 2018, Fiver Children's Foundation, Inc. adopted ASU 2016-14, "*Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities.*" Our opinion is not modified with respect to this matter.

D'Arcangelo + Co., LLP

June 26, 2020

East Syracuse, New York

FIVER CHILDREN'S FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
January 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 193,640	\$ 291,540
Prepaid Expenses	9,036	1,394
Pledges Receivable	102,685	19,472
Security Deposit	70,000	50,000
Total Current Assets	375,361	362,406
 Property		
Land	278,275	278,275
Buildings and Improvements	4,096,039	3,998,096
Furniture and Equipment	688,774	664,197
Total Property	5,063,088	4,940,568
Less: Accumulated Depreciation	2,480,047	2,344,320
Net Property	2,583,041	2,596,248
 Total Assets	 \$ 2,958,402	 \$ 2,958,654
 Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 27,080	\$ 94,092
Deferred Revenue	10,000	0
Total Current Liabilities	37,080	94,092
 Net Assets		
Without Donor Restriction	2,921,322	2,864,562
Total Net Assets	2,921,322	2,864,562
 Total Liabilities and Net Assets	 \$ 2,958,402	 \$ 2,958,654

The Accompanying Notes are an Integral Part of These Financial Statements.

FIVER CHILDREN'S FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended January 31, 2020 and 2019

	2020			2019		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
Unrestricted Public Support and Revenue						
Fundraising	\$ 960,727	\$ 0	\$ 960,727	\$ 848,074	\$ 0	\$ 848,074
Contributions	1,272,222	130,180	1,402,402	1,306,776	28,864	1,335,640
Interest Income	780	0	780	27	0	27
Unrealized Gain (Loss) on Investments	(208)	0	(208)	(533)	0	(533)
Other Income	44,819	0	44,819	29,130	0	29,130
Released From Restrictions	<u>130,180</u>	<u>(130,180)</u>	<u>0</u>	<u>73,864</u>	<u>(73,864)</u>	<u>0</u>
Total Public Support and Revenue	<u>2,408,520</u>	<u>0</u>	<u>2,408,520</u>	<u>2,257,338</u>	<u>(45,000)</u>	<u>2,212,338</u>
Expenses						
Program Services	1,849,236	0	1,849,236	1,782,897	0	1,782,897
Management and General	114,200	0	114,200	104,017	0	104,017
Fundraising	<u>388,324</u>	<u>0</u>	<u>388,324</u>	<u>396,089</u>	<u>0</u>	<u>396,089</u>
Total Expenses	<u>2,351,760</u>	<u>0</u>	<u>2,351,760</u>	<u>2,283,003</u>	<u>0</u>	<u>2,283,003</u>
Change in Net Assets	56,760	0	56,760	(25,665)	(45,000)	(70,665)
Net Assets, Beginning of Year	<u>2,864,562</u>	<u>0</u>	<u>2,864,562</u>	<u>2,890,227</u>	<u>45,000</u>	<u>2,935,227</u>
Net Assets, End of Year	<u>\$ 2,921,322</u>	<u>\$ 0</u>	<u>\$ 2,921,322</u>	<u>\$ 2,864,562</u>	<u>\$ 0</u>	<u>\$ 2,864,562</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

FIVER CHILDREN'S FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended January 31, 2020

	Program	Management and General	Fundraising	Total
Personnel Costs				
Salaries	\$ 895,416	\$ 48,920	\$ 154,378	\$ 1,098,714
Employee Benefits	53,505	2,976	9,233	65,714
Payroll Taxes	75,099	4,103	12,948	92,150
Total Personnel Costs	1,024,020	55,999	176,559	1,256,578
Other Expenses				
Summer Program	182,706	0	0	182,706
Supplies	34,160	3,039	1,688	38,887
Advertising and Promotion	13,257	0	0	13,257
Professional Fees	11,297	7,532	0	18,829
Telephone	5,632	589	327	6,548
Utilities	21,248	2,224	1,235	24,707
Postage	7,916	588	327	8,831
Rent	211,412	22,125	12,291	245,828
Professional Development	20,563	0	0	20,563
Year-Round Program Expense	42,906	0	0	42,906
Insurance	74,857	6,918	3,843	85,618
Repairs and Maintenance	65,330	0	0	65,330
Special Events	0	0	165,785	165,785
Miscellaneous	17,206	0	0	17,206
Interest	0	2,971	0	2,971
Bank Charges	0	0	19,483	19,483
Total Other Expenses	708,490	45,986	204,979	959,455
Total Expenses Before Other Items	1,732,510	101,985	381,538	2,216,033
Other Items				
Depreciation	116,726	12,215	6,786	135,727
Total Other Items	116,726	12,215	6,786	135,727
Total Expenses	\$ 1,849,236	\$ 114,200	\$ 388,324	\$ 2,351,760

The Accompanying Notes are an Integral Part of These Financial Statements.

FIVER CHILDREN'S FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended January 31, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Costs				
Salaries	\$ 875,685	\$ 41,737	\$ 115,780	\$ 1,033,202
Employee Benefits	64,973	3,097	8,593	76,663
Payroll Taxes	<u>66,902</u>	<u>3,189</u>	<u>8,846</u>	<u>78,937</u>
Total Personnel Costs	<u>1,007,560</u>	<u>48,023</u>	<u>133,219</u>	<u>1,188,802</u>
Other Expenses				
Summer Program	161,336	0	0	161,336
Supplies	29,901	2,736	1,521	34,158
Advertising and Promotion	1,132	0	9,209	10,341
Professional Fees	14,613	9,742	0	24,355
Telephone	6,120	641	356	7,117
Utilities	19,928	2,085	1,159	23,172
Postage	11,866	844	469	13,179
Rent	203,211	21,266	11,815	236,292
Professional Development	44,233	0	0	44,233
Year-Round Program Expense	33,163	0	0	33,163
Insurance	69,905	6,868	3,816	80,589
Repairs and Maintenance	46,561	0	0	46,561
Special Events	0	0	208,775	208,775
Miscellaneous	23,170	0	0	23,170
Interest	0	280	0	280
Bank Charges	<u>0</u>	<u>0</u>	<u>19,343</u>	<u>19,343</u>
Total Other Expenses	<u>665,139</u>	<u>44,462</u>	<u>256,463</u>	<u>966,064</u>
Total Expenses Before Other Items	<u>1,672,699</u>	<u>92,485</u>	<u>389,682</u>	<u>2,154,866</u>
Other Items				
Depreciation	<u>110,198</u>	<u>11,532</u>	<u>6,407</u>	<u>128,137</u>
Total Other Items	<u>110,198</u>	<u>11,532</u>	<u>6,407</u>	<u>128,137</u>
Total Expenses	<u>\$ 1,782,897</u>	<u>\$ 104,017</u>	<u>\$ 396,089</u>	<u>\$ 2,283,003</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

FIVER CHILDREN'S FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended January 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from (Used by) Operating Activities		
Change in Net Assets	\$ 56,760	\$ (70,665)
Adjustments for Noncash Transactions		
Depreciation	135,727	128,137
(Increase) Decrease in Assets		
Security Deposit	(20,000)	0
Prepaid Expenses	(7,642)	(210)
Pledges Receivable	(83,213)	7,922
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Liabilities	(67,012)	29,080
Deferred Revenue	10,000	0
Net Cash from Flows from Operating Activities	<u>24,620</u>	<u>94,264</u>
Cash Flows (Used by) Investing Activities		
Purchase of Property and Equipment	<u>(122,520)</u>	<u>(86,712)</u>
Net Cash Flows (Used by) Investing Activities	<u>(122,520)</u>	<u>(86,712)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(97,900)	7,552
Cash and Cash Equivalents, Beginning of Year	<u>291,540</u>	<u>283,988</u>
Cash and Cash Equivalents, End of Year	<u>\$ 193,640</u>	<u>\$ 291,540</u>
Supplemental Cash Flow Disclosures		
Cash Paid During the Year For:		
Interest	<u>\$ 2,971</u>	<u>\$ 280</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

FIVER CHILDREN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

The Fiver Children's Foundation, Inc. (the Foundation), is a comprehensive youth development organization that makes a 10-year commitment to children from underserved communities throughout New York City and central New York. Through character-building summer and year-round out-of-school time programs, Fiver empowers children to make ethical and healthy decisions, to become engaged citizens, and to succeed in school, careers, and life.

Basis of Presentation

The Foundation prepares financial statements in accordance with the Financial Accounting Standards Board (FASB) standards for not-for-profit organizations (ASC 958-205 and subsections). During 2018, the Organization adopted the provisions of Accounting Standards Update ("ASU") 2016-14: *Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*, which improves the current net asset classification and the related information presented in the consolidated financial statements and notes about the Foundation's liquidity, financial performance, and cash flows.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts and certificates of deposit with maturities of less than 90 days. Included in cash is a money market mutual fund held in an investment account. Donations of stock are deposited into this account; however, it is Management's policy to sell the stock as soon as practicably possible.

Receivables

Pledges receivable as of January 31, 2020 and 2019 in the amount of \$102,685 and \$19,472, respectively, represent unconditional promises to give that are due in one year.

The Foundation considers its receivables, which were recorded at cost, to be fully collectible; accordingly, no allowance for doubtful accounts was required. If amounts became uncollectible, they would be charged to operations when that determination was made.

FIVER CHILDREN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property

Purchased property is recorded at cost, less an allowance for depreciation. Contributed property is recorded at fair value at the date of donation. If donors stipulate how long the asset must be used, the contributions are recorded as restricted support. In the absence of such stipulations, property contributions are recorded as unrestricted support. Depreciation is provided on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	40 Years
Furniture and Equipment	5-10 Years

The Foundation capitalizes all expenditures for property and equipment in excess of \$1,000.

Contributions and Donations

Contributions that are restricted by the donor are reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted contributions are reported as an increase in net assets with restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the Statement of Activities as net assets released from restrictions.

Donations other than cash are recorded at fair market value at the date of the gift.

Donated Services

The Foundation pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs.

Advertising

The cost of advertising is charged to expense as incurred and included in the statements of functional expenses.

FIVER CHILDREN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates.

Net Assets

Financial statement presentation follows the requirements of the Financial Accounting Standards Board. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence of donor imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions -Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions -Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. There were no net assets with donor restrictions for the year ended January 31, 2020 and 2019, respectively.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Other expenses have been allocated as follows:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Benefits	Time and Effort
Contractual and Program	Directly Charged
All Other Expenses	A Percent of Expenses Above to Total Expenses

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform with the current year presentation.

FIVER CHILDREN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Changes in Accounting Standards

ASU No. 2014-09, Revenue from Contracts with Customers and ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients - effective for years beginning after December 15, 2018. The new revenue recognition model replaces virtually all existing revenue recognition guidance. The guidance affects all entities—public, private, and not-for-profit that enter into contracts with customers to transfer goods or services or enter into contracts to transfer nonfinancial assets. Unless those contracts are within the scope of other standards (such as for leases, financial instruments, or insurance contracts), the impact of the new rules must be considered. Due to the COVID-19 pandemic the effective date has been extended for an additional year.

ASU No. 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958): effective for transactions in which the entity serves as a resource recipient to annual periods beginning after December 15, 2018. This update is commonly referred to as revenue recognition of grants and contracts by all entities. This update likely will result in more grants and contracts being accounted for as either contributions or conditional contributions than observed in practice under current guidance. Due to the COVID-19 pandemic the effective date has been extended for an additional year.

NOTE 2 LIQUIDITY AND AVAILABILITY OF FUNDS

The Foundation has \$296,325 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$193,640 and receivables of \$102,685. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The receivables are subject to time restrictions but are expected to be collected within one year.

NOTE 3 INCOME TAX STATUS

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and utilizes January 31 as its fiscal year end. The Foundation has also been determined to be other than a private foundation as described in Section 509(a)(1) of the Code.

FIVER CHILDREN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 PROPERTY

Property consists of the following at January 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 278,275	\$ 278,275
Buildings and Improvements	4,096,039	3,998,096
Furniture and Equipment	688,774	664,197
Less: Accumulated Depreciation	<u>(2,480,047)</u>	<u>(2,344,320)</u>
Net Property	<u>\$ 2,583,041</u>	<u>\$ 2,596,248</u>

NOTE 5 LINE OF CREDIT

In April 2012, the Foundation obtained a \$400,000 line of credit from a bank. The line carries an interest rate equal to the Prime Rate plus 1.00% and is secured by property located in Madison County, New York, equipment, and accounts receivable. There was no outstanding balance on this line as of January 31, 2020 and 2019.

NOTE 6 DEFINED CONTRIBUTION RETIREMENT BENEFIT PLAN

The Foundation maintains a 403(b) retirement plan allowing for pre-tax employee contributions and an elective employer match. The plan covers substantially all full-time permanent employees. During the years ended January 31, 2020 and 2019 matching contributions to the plan were \$0 and \$6,932, respectively.

NOTE 7 OPERATING LEASE

The Foundation leased office space under a non-cancelable agreement that expired in December 2016 and was renewed through December 2023. The lease calls for agreed upon monthly payments, escalating each year. Rent expense is recorded on a straight line basis over the lease term. The Foundation is required to pay annually, an amount equal to 2% of any increase in real estate taxes over the amount of taxes in the first year of the agreement. Rent expense under this agreement was \$245,828 and \$236,292 for the years ended January 31, 2020 and 2019, respectively.

FIVER CHILDREN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 OPERATING LEASE (Continued)

The annual future minimum lease payments under the current contract, which expires in December 2023 for the year ended January 31, is as follows:

2021	\$ 243,237
2022	<u>250,761</u>
	<u>\$ 493,998</u>

NOTE 8 CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances (including money market account balances) with several financial institutions, which act as custodians for these accounts. Cash balances occasionally exceed the amounts insured by the Federal Deposit Insurance Corporation.

NOTE 9 SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 26, 2020, the date on which the financial statements were available to be issued.