

FIVER CHILDREN'S
FOUNDATION, INC.

For the Year Ending
January 31, 2017

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, 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 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, 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.

D'Arcangelo + Co., LLP

May 8, 2017

Syracuse, New York

FIVER CHILDREN'S FOUNDATION, INC.**STATEMENTS OF FINANCIAL POSITION****January 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 274,762	\$ 63,598
Prepaid Expenses	1,383	776
Pledges Receivable	2,729	88,630
Security Deposit	<u>49,317</u>	<u>73,070</u>
Total Current Assets	<u>328,191</u>	<u>226,074</u>
Property		
Land	278,275	278,275
Buildings and Improvements	3,882,444	3,875,883
Furniture and Equipment	<u>543,985</u>	<u>528,056</u>
Total Property	4,704,704	4,682,214
Less: Accumulated Depreciation	<u>2,087,535</u>	<u>1,946,779</u>
Net Property	<u>2,617,169</u>	<u>2,735,435</u>
Total Assets	<u>\$ 2,945,360</u>	<u>\$ 2,961,509</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 55,993	41,895
Line of Credit	<u>0</u>	<u>75,045</u>
Total Current Liabilities	<u>55,993</u>	<u>116,940</u>
Loan Payable	<u>400,000</u>	<u>400,000</u>
Net Assets		
Unrestricted	2,425,137	2,425,882
Temporarily Restricted	<u>64,230</u>	<u>18,687</u>
Total Net Assets	<u>2,489,367</u>	<u>2,444,569</u>
Total Liabilities and Net Assets	<u>\$ 2,945,360</u>	<u>\$ 2,961,509</u>

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Unrestricted Public Support and Revenue		
Fundraising	\$ 605,824	\$ 547,766
Contributions	1,173,630	1,192,935
Interest Income	5	1
Unrealized Gain (Loss) on Investments	70	(446)
Other Income	31,642	22,267
Released From Restrictions	<u>32,687</u>	<u>37,350</u>
Total Public Support and Revenue	<u>1,843,858</u>	<u>1,799,873</u>
Expenses		
Program Services	1,448,173	1,430,144
Management and General	95,584	96,750
Fundraising	<u>300,846</u>	<u>276,291</u>
Total Expenses	<u>1,844,603</u>	<u>1,803,185</u>
Temporarily Restricted		
Restricted Contributions	78,230	33,037
Released From Restrictions	<u>(32,687)</u>	<u>(37,350)</u>
Total Temporarily Restricted	<u>45,543</u>	<u>(4,313)</u>
Change in Net Assets	44,798	(7,625)
Net Assets, Beginning of Year	<u>2,444,569</u>	<u>2,452,194</u>
Net Assets, End of Year	<u>\$ 2,489,367</u>	<u>\$ 2,444,569</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, 2017

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Costs				
Salaries	\$ 670,169	\$ 35,808	\$ 89,686	\$ 795,663
Employee Benefits	32,434	2,009	4,937	39,380
Payroll Taxes	<u>54,367</u>	<u>2,905</u>	<u>7,276</u>	<u>64,548</u>
Total Personnel Costs	756,970	40,722	101,899	899,591
Other Expenses				
Summer Program	155,681	0	0	155,681
Supplies	22,731	2,392	1,329	26,452
Advertising and Promotion	8,614	902	11,732	21,248
Professional Fees	12,448	6,325	0	18,773
Telephone	5,011	524	291	5,826
Utilities	20,925	2,190	1,217	24,332
Postage	8,626	775	431	9,832
Rent	168,646	17,649	9,805	196,100
Professional Development	15,166	0	0	15,166
Year-Round Program Expense	29,594	0	0	29,594
Insurance	61,867	5,693	2,736	70,296
Repairs and Maintenance	48,153	0	0	48,153
Special Events	0	0	148,558	148,558
Miscellaneous	12,691	0	0	12,691
Interest	0	5,744	0	5,744
Bank Charges	<u>0</u>	<u>0</u>	<u>15,810</u>	<u>15,810</u>
Total Other Expenses	<u>570,153</u>	<u>42,194</u>	<u>191,909</u>	<u>804,256</u>
Total Expenses Before Other Items	1,327,123	82,916	293,808	1,703,847
Other Items				
Depreciation	<u>121,050</u>	<u>12,668</u>	<u>7,038</u>	<u>140,756</u>
Total Other Items	<u>121,050</u>	<u>12,668</u>	<u>7,038</u>	<u>140,756</u>
Total Expenses	<u>\$ 1,448,173</u>	<u>\$ 95,584</u>	<u>\$ 300,846</u>	<u>\$ 1,844,603</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, 2016

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Costs				
Salaries	\$ 664,176	\$ 32,425	\$ 83,131	\$ 779,732
Employee Benefits	39,862	1,937	4,967	46,766
Payroll Taxes	<u>55,001</u>	<u>2,767</u>	<u>7,094</u>	<u>64,862</u>
Total Personnel Costs	759,039	37,129	95,192	891,360
Other Expenses				
Summer Program	141,063	0	0	141,063
Supplies	18,920	2,147	1,193	22,260
Advertising and Promotion	11,264	1,014	15,739	28,017
Professional Fees	10,000	11,415	0	21,415
Telephone	5,743	601	334	6,678
Utilities	24,140	2,526	1,403	28,069
Postage	7,619	591	904	9,114
Rent	157,604	16,493	9,163	183,260
Professional Development	28,895	0	0	28,895
Year-Round Program Expense	24,511	0	0	24,511
Insurance	60,951	6,109	3,394	70,454
Repairs and Maintenance	44,699	0	0	44,699
Fiver Benefit	0	0	126,428	126,428
Miscellaneous	14,826	0	0	14,826
Interest	0	6,076	0	6,076
Bank Charges	<u>0</u>	<u>0</u>	<u>15,514</u>	<u>15,514</u>
Total Other Expenses	<u>550,235</u>	<u>46,972</u>	<u>174,072</u>	<u>771,279</u>
Total Expenses Before Other Items	1,309,274	84,101	269,264	1,662,639
Other Items				
Depreciation	<u>120,870</u>	<u>12,649</u>	<u>7,027</u>	<u>140,546</u>
Total Other Items	<u>120,870</u>	<u>12,649</u>	<u>7,027</u>	<u>140,546</u>
Total Expenses	<u>\$ 1,430,144</u>	<u>\$ 96,750</u>	<u>\$ 276,291</u>	<u>\$ 1,803,185</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from (Used by) Operating Activities		
Change in Net Assets	\$ 44,798	\$ (7,625)
Adjustments for Noncash Transactions		
Depreciation	140,756	140,546
(Increase) Decrease in Assets		
Security Deposit	23,753	0
Prepaid Expenses	(607)	(20)
Pledges Receivable	85,901	(62,455)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Liabilities	14,098	10,050
Deferred Revenue	<u>0</u>	<u>(11,258)</u>
Net Cash from Flows from Operating Activities	<u>308,699</u>	<u>69,238</u>
Cash Flows (Used by) Investing Activities		
Purchase of Property and Equipment	<u>(22,490)</u>	<u>(51,989)</u>
Net Cash Flows (Used by) Investing Activities	<u>(22,490)</u>	<u>(51,989)</u>
Cash Flows (Used by) Financing Activities		
Increase (Decrease) in Short-Term Borrowings	<u>(75,045)</u>	<u>(49,955)</u>
Net Cash Flows (Used by) Financing Activities	<u>(75,045)</u>	<u>(49,955)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	211,164	(32,706)
Cash and Cash Equivalents, Beginning of Year	<u>63,598</u>	<u>96,304</u>
Cash and Cash Equivalents, End of Year	<u>\$ 274,762</u>	<u>\$ 63,598</u>

Supplemental Cash Flow Disclosures

Cash Paid During the Year For:		
Interest	<u>\$ 5,744</u>	<u>\$ 6,076</u>
Income Taxes	<u>\$ 0</u>	<u>\$ 0</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 financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by reporting information regarding its financial position and activities according to three classes of net assets: permanently restricted, temporarily restricted, or unrestricted.

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, 2017 and 2016 in the amount of \$2,729 and \$88,630, 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

The Foundation reports contributions as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions are received in the form of cash, and property and equipment. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets 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.

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. Expenses were allocated according to specific identification and management estimates.

Reclassifications

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

NOTE 2 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.

NOTE 3 PROPERTY

Property consists of the following at January 31:

	<u>2017</u>	<u>2016</u>
Land	\$ 278,275	\$ 278,275
Buildings and Improvements	3,882,444	3,875,883
Furniture and Equipment	543,985	528,056
Less: Accumulated Depreciation	<u>(2,087,535)</u>	<u>(1,946,779)</u>
Net Property	<u>\$ 2,617,169</u>	<u>\$ 2,735,435</u>

FIVER CHILDREN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 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 \$-0- and \$75,045 outstanding on this line as of January 31, 2017 and 2016, respectively.

NOTE 5 LOAN PAYABLE

Loan payable represents unsecured loans from a Board Member made to the Foundation through a series of advances. No repayment terms have been specified. The holder has waived all rights to interest during the year.

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, 2017 and 2016 matching contributions to the plan were \$5,484 and \$5,903, 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 \$196,100 and \$183,260 for years ended January 31, 2017 and 2016, respectively.

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

2018	\$ 225,870
2019	231,516
2020	237,303
2021	243,237
2022	<u>250,761</u>
	<u>\$ 1,188,687</u>

FIVER CHILDREN'S FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

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 May 8, 2017, the date on which the financial statements were available to be issued.