

FIVER CHILDREN'S  
FOUNDATION, INC.

For the Year Ending  
January 31, 2019

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, 2019 and 2018, 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, 2019 and 2018, 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 consolidated 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 12, 2019

Syracuse, New York

**FIVER CHILDREN'S FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**January 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 291,540	\$ 283,988
Prepaid Expenses	1,693	1,483
Pledges Receivable	19,472	27,394
Security Deposit	49,701	49,701
Total Current Assets	362,406	362,566
<b>Property</b>		
Land	278,275	278,275
Buildings and Improvements	3,998,096	3,992,059
Furniture and Equipment	664,197	583,522
Total Property	4,940,568	4,853,856
Less: Accumulated Depreciation	2,344,320	2,216,183
Net Property	2,596,248	2,637,673
<b>Total Assets</b>	<b>\$ 2,958,654</b>	<b>\$ 3,000,239</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 94,092	\$ 65,012
<b>Net Assets</b>		
Without Donor Restriction	2,864,562	2,890,227
With Donor Restriction	0	45,000
Total Net Assets	2,864,562	2,935,227
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,958,654</b>	<b>\$ 3,000,239</b>

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, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Unrestricted Public Support and Revenue</b>		
Fundraising	\$ 848,074	\$ 872,033
Contributions	1,306,776	1,594,579
Interest Income	27	27
Unrealized Gain on Investments	(533)	216
Other Income	29,130	28,314
Released From Restrictions	<u>45,000</u>	<u>86,730</u>
Total Public Support and Revenue	<u>2,228,474</u>	<u>2,581,899</u>
<b>Expenses</b>		
Program Services	1,782,897	1,588,389
Management and General	104,017	100,898
Fundraising	<u>396,089</u>	<u>427,522</u>
Total Expenses	<u>2,283,003</u>	<u>2,116,809</u>
<b>Temporarily Restricted</b>		
Restricted Contributions	28,864	67,500
Released From Restrictions	<u>(45,000)</u>	<u>(86,730)</u>
Total Temporarily Restricted	<u>(16,136)</u>	<u>(19,230)</u>
<b>Change in Net Assets</b>	(70,665)	445,860
<b>Net Assets, Beginning of Year</b>	<u>2,935,227</u>	<u>2,489,367</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,864,562</u>	<u>\$ 2,935,227</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, 2019**

	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
<b>Personnel Costs</b>				
Salaries	\$ 875,685	\$ 41,737	\$ 115,780	\$ 1,033,202
Employee Benefits	64,973	3,097	8,593	76,663
Payroll Taxes	66,902	3,189	8,846	78,937
Total Personnel Costs	1,007,560	48,023	133,219	1,188,802
<b>Other Expenses</b>				
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	0	0	19,343	19,343
Total Other Expenses	665,139	44,462	256,463	966,064
<b>Total Expenses Before Other Items</b>	<b>1,672,699</b>	<b>92,485</b>	<b>389,682</b>	<b>2,154,866</b>
<b>Other Items</b>				
Depreciation	110,198	11,532	6,407	128,137
Total Other Items	110,198	11,532	6,407	128,137
<b>Total Expenses</b>	<b>\$ 1,782,897</b>	<b>\$ 104,017</b>	<b>\$ 396,089</b>	<b>\$ 2,283,003</b>

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, 2018**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Personnel Costs</b>				
Salaries	\$ 749,075	\$ 38,909	\$ 140,117	\$ 928,101
Employee Benefits	52,175	2,580	6,791	61,546
Payroll Taxes	<u>64,325</u>	<u>3,181</u>	<u>8,372</u>	<u>75,878</u>
Total Personnel Costs	<u>865,575</u>	<u>44,670</u>	<u>155,280</u>	<u>1,065,525</u>
<b>Other Expenses</b>				
Summer Program	162,750	0	0	162,750
Supplies	29,349	2,689	1,494	33,532
Advertising and Promotion	3,769	394	11,310	15,473
Professional Fees	12,448	8,323	0	20,771
Telephone	4,997	523	291	5,811
Utilities	21,683	2,269	1,261	25,213
Postage	7,457	752	418	8,627
Rent	195,210	20,429	11,349	226,988
Professional Development	16,509	0	0	16,509
Year-Round Program Expense	23,847	0	0	23,847
Insurance	62,768	6,129	3,405	72,302
Repairs and Maintenance	46,136	0	0	46,136
Special Events	0	0	215,815	215,815
Miscellaneous	25,253	0	0	25,253
Interest	0	3,142	0	3,142
Bank Charges	<u>0</u>	<u>0</u>	<u>20,467</u>	<u>20,467</u>
Total Other Expenses	<u>612,176</u>	<u>44,650</u>	<u>265,810</u>	<u>922,636</u>
<b>Total Expenses Before Other Items</b>	<u>1,477,751</u>	<u>89,320</u>	<u>421,090</u>	<u>1,988,161</u>
<b>Other Items</b>				
Depreciation	<u>110,638</u>	<u>11,578</u>	<u>6,432</u>	<u>128,648</u>
Total Other Items	<u>110,638</u>	<u>11,578</u>	<u>6,432</u>	<u>128,648</u>
<b>Total Expenses</b>	<u>\$ 1,588,389</u>	<u>\$ 100,898</u>	<u>\$ 427,522</u>	<u>\$ 2,116,809</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, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from (Used by) Operating Activities</b>		
Change in Net Assets	\$ (70,665)	\$ 445,860
Adjustments for Noncash Transactions		
Depreciation	128,137	128,648
(Increase) Decrease in Assets		
Security Deposit	0	(384)
Prepaid Expenses	(210)	(100)
Pledges Receivable	7,922	(24,665)
Increase in Liabilities		
Accounts Payable and Accrued Liabilities	29,080	9,019
Net Cash from Flows from Operating Activities	<u>94,264</u>	<u>558,378</u>
<b>Cash Flows (Used by) Investing Activities</b>		
Purchase of Property and Equipment	<u>(86,712)</u>	<u>(149,152)</u>
Net Cash Flows (Used by) Investing Activities	<u>(86,712)</u>	<u>(149,152)</u>
<b>Cash Flows (Used by) Financing Activities</b>		
Increase (Decrease) in Short-Term Borrowings	0	0
(Decrease) in Loan Payable	<u>0</u>	<u>(400,000)</u>
Net Cash Flows (Used by) Financing Activities	<u>0</u>	<u>(400,000)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	7,552	9,226
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>283,988</u>	<u>274,762</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 291,540</u>	<u>\$ 283,988</u>

**Supplemental Cash Flow Disclosures**

Cash Paid During the Year For:

Interest	<u>\$ 280</u>	<u>\$ 3,142</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 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, 2019 and 2018 in the amount of \$19,472 and \$27,394, 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 Organization 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. For 2019 and 2018, \$0 and \$45,000 of net assets were restricted, respectively.

#### Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and in the Consolidated 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)

#### Adoption of New Accounting Standard

During 2018, the Foundation adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. These amendments change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the areas of net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows.

The amendments were applied on a retrospective basis to January 31, 2018, except for disclosures about liquidity and availability of resources.

#### 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.

*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.

### NOTE 2 LIQUIDITY AND AVAILABILITY OF FUNDS

The Foundation has \$311,012 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 \$291,540 and receivables of \$19,472. 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.

**FIVER CHILDREN'S FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**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.

**NOTE 4 PROPERTY**

Property consists of the following at January 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 278,275	\$ 278,275
Buildings and Improvements	3,998,096	3,992,059
Furniture and Equipment	664,197	583,522
Less: Accumulated Depreciation	<u>(2,344,320)</u>	<u>(2,216,183)</u>
Net Property	<u>\$ 2,596,248</u>	<u>\$ 2,637,673</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, 2019 and 2018.

**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, 2019 and 2018 matching contributions to the plan were \$6,932 and \$5,512, 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 \$236,292 and \$226,988 for years ended January 31, 2019 and 2018, 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:

2020	237,303
2021	243,237
2022	<u>250,761</u>
	<u>\$ 731,301</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 12, 2019, the date on which the financial statements were available to be issued.