

FIVER CHILDREN'S
FOUNDATION, INC.

For the Year Ending
January 31, 2021

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, 2021 and 2020, 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, 2021 and 2020, 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, the Foundation adopted FASB ASU 2014-09, *Revenue from Contracts with Customers*, along with amendments issued in 2015 and 2016, which is codified in Accounting Standards Codification (ASC) 606 effective February 1, 2020. In addition, as discussed in Note 1 to the financial statements, the Organization adopted ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* effective February 1, 2020. These standards are a comprehensive new revenue recognition model. The Foundation has applied the modified retrospective approach to adoption whereby the standard is applied only to the current period. Our report is not modified with respect to this matter.

D'Arcangelo + Co., LLP

July 15, 2021

East Syracuse, New York

FIVER CHILDREN'S FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

January 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 695,223	\$ 193,640
Prepaid Expenses	1,026	9,036
Pledges Receivable	46,376	102,685
Security Deposit	70,500	70,000
Total Current Assets	<u>813,125</u>	<u>375,361</u>
Property		
Land	278,275	278,275
Buildings and Improvements	4,096,039	4,096,039
Furniture and Equipment	701,140	688,774
Total Property	5,075,454	5,063,088
Less: Accumulated Depreciation	2,619,808	2,480,047
Net Property	<u>2,455,646</u>	<u>2,583,041</u>
Total Assets	<u>\$ 3,268,771</u>	<u>\$ 2,958,402</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 7,417	\$ 27,080
Deferred Revenue	41,021	10,000
Total Current Liabilities	<u>48,438</u>	<u>37,080</u>
Net Assets		
Without Donor Restriction	3,220,333	2,921,322
Total Net Assets	<u>3,220,333</u>	<u>2,921,322</u>
Total Liabilities and Net Assets	<u>\$ 3,268,771</u>	<u>\$ 2,958,402</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, 2021 and 2020

	2021			2020		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
Unrestricted Public Support and Revenue						
Fundraising	\$ 937,107	\$ 0	\$ 937,107	\$ 960,727	\$ 0	\$ 960,727
Contributions	1,013,316	15,000	1,028,316	1,272,222	130,180	1,402,402
PPP-Government Grant	197,350	0	197,350	0	0	0
Interest Income	721	0	721	780	0	780
Unrealized Gain (Loss) on Investments	(198)	0	(198)	(208)	0	(208)
(Loss) on Disposition of Asset	(844)	0	(844)	0	0	0
Other Income	7,867	0	7,867	44,819	0	44,819
Released From Restrictions	15,000	(15,000)	0	130,180	(130,180)	0
Total Public Support and Revenue	<u>2,170,319</u>	<u>0</u>	<u>2,170,319</u>	<u>2,408,520</u>	<u>0</u>	<u>2,408,520</u>
Expenses						
Program Services	1,509,405	0	1,509,405	1,849,236	0	1,849,236
Management and General	93,651	0	93,651	114,200	0	114,200
Fundraising	268,252	0	268,252	388,324	0	388,324
Total Expenses	<u>1,871,308</u>	<u>0</u>	<u>1,871,308</u>	<u>2,351,760</u>	<u>0</u>	<u>2,351,760</u>
Change in Net Assets	299,011	0	299,011	56,760	0	56,760
Net Assets, Beginning 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>
Net Assets, End of Year	<u>\$ 3,220,333</u>	<u>\$ 0</u>	<u>\$ 3,220,333</u>	<u>\$ 2,921,322</u>	<u>\$ 0</u>	<u>\$ 2,921,322</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, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Costs				
Salaries	\$ 732,870	\$ 19,524	\$ 161,730	\$ 914,124
Employee Benefits	58,574	1,560	12,926	73,060
Payroll Taxes	<u>58,894</u>	<u>1,569</u>	<u>12,997</u>	<u>73,460</u>
Total Personnel Costs	<u>850,338</u>	<u>22,653</u>	<u>187,653</u>	<u>1,060,644</u>
Other Expenses				
Summer Program	60,291	0	0	60,291
Supplies	27,039	2,525	1,403	30,967
Advertising and Promotion	9,585	0	0	9,585
Professional Fees	37,096	24,730	0	61,826
Telephone	4,707	493	274	5,474
Utilities	14,627	1,531	850	17,008
Postage	2,443	256	142	2,841
Rent	219,435	22,964	12,758	255,157
Professional Development	6,129	0	0	6,129
Year-Round Program Expense	25,162	0	0	25,162
Insurance	61,097	5,807	3,226	70,130
Repairs and Maintenance	48,761	0	0	48,761
Special Events	0	0	40,776	40,776
Miscellaneous	21,411	0	0	21,411
Bank Charges	<u>0</u>	<u>0</u>	<u>14,119</u>	<u>14,119</u>
Total Other Expenses	<u>537,783</u>	<u>58,306</u>	<u>73,548</u>	<u>669,637</u>
Total Expenses Before Other Items	<u>1,388,121</u>	<u>80,959</u>	<u>261,201</u>	<u>1,730,281</u>
Other Items				
Depreciation	<u>121,284</u>	<u>12,692</u>	<u>7,051</u>	<u>141,027</u>
Total Other Items	<u>121,284</u>	<u>12,692</u>	<u>7,051</u>	<u>141,027</u>
Total Expenses	<u>\$ 1,509,405</u>	<u>\$ 93,651</u>	<u>\$ 268,252</u>	<u>\$ 1,871,308</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	<u>75,099</u>	<u>4,103</u>	<u>12,948</u>	<u>92,150</u>
Total Personnel Costs	<u>1,024,020</u>	<u>55,999</u>	<u>176,559</u>	<u>1,256,578</u>
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	<u>0</u>	<u>0</u>	<u>19,483</u>	<u>19,483</u>
Total Other Expenses	<u>708,490</u>	<u>45,986</u>	<u>204,979</u>	<u>959,455</u>
Total Expenses Before Other Items	<u>1,732,510</u>	<u>101,985</u>	<u>381,538</u>	<u>2,216,033</u>
Other Items				
Depreciation	<u>116,726</u>	<u>12,215</u>	<u>6,786</u>	<u>135,727</u>
Total Other Items	<u>116,726</u>	<u>12,215</u>	<u>6,786</u>	<u>135,727</u>
Total Expenses	<u>\$ 1,849,236</u>	<u>\$ 114,200</u>	<u>\$ 388,324</u>	<u>\$ 2,351,760</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from (Used by) Operating Activities		
Change in Net Assets	\$ 299,011	\$ 56,760
Adjustments for Noncash Transactions		
Depreciation	141,027	135,727
Loss on Disposition of Assets	844	0
(Increase) Decrease in Assets		
Security Deposit	(500)	(20,000)
Prepaid Expenses	8,010	(7,642)
Pledges Receivable	56,309	(83,213)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Liabilities	(19,663)	(67,012)
Deferred Revenue	31,021	10,000
Net Cash from Flows from Operating Activities	<u>516,059</u>	<u>24,620</u>
Cash Flows (Used by) Investing Activities		
Purchase of Property and Equipment	<u>(14,476)</u>	<u>(122,520)</u>
Net Cash Flows (Used by) Investing Activities	<u>(14,476)</u>	<u>(122,520)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	501,583	(97,900)
Cash and Cash Equivalents, Beginning of Year	<u>193,640</u>	<u>291,540</u>
Cash and Cash Equivalents, End of Year	<u>\$ 695,223</u>	<u>\$ 193,640</u>

Supplemental Cash Flow Disclosures

Cash Paid During the Year For:

Interest	<u>\$ 0</u>	<u>\$ 2,971</u>
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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, 2021 and 2020 in the amount of \$46,376 and \$102,685, 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, 2021 and 2020, 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)

New Accounting Pronouncement

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, along with amendments issued in 2015 and 2016, which is codified in Accounting Standards Codification (ASC) 606. The Organization adopted ASC 606 effective January 1, 2020. ASC 606 is a comprehensive new revenue recognition model that requires an organization to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the organization expects to receive in exchange for those goods or services. The Organization has applied the modified retrospective approach to adoption whereby the standard is applied only to the current period. Adoption of ASC 606 did not have a material impact on the financial statements.

In May 2014, the FASB issued ASU No. 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, which is codified in Accounting Standards Codification (ASC) 958. The Organization adopted ASC 958 effective January 1, 2020. ASC 958 provides guidance on revenue recognition of grants and contributions by all entities. This change clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in 2020. Adoption of ASU No. 2018-08 did not have a material impact on the financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY OF FUNDS

The Foundation has \$738,599 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 \$695,223 and receivables of \$46,376. 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>2021</u>	<u>2020</u>
Land	\$ 278,275	\$ 278,275
Buildings and Improvements	4,096,039	4,096,039
Furniture and Equipment	701,140	688,774
Less: Accumulated Depreciation	<u>(2,619,808)</u>	<u>(2,480,047)</u>
Net Property	<u>\$ 2,455,646</u>	<u>\$ 2,583,041</u>

NOTE 5 LINE OF CREDIT

On October 20, 2020 The Foundation obtained a \$500,000 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, 2021 and 2020.

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, 2021 and 2020 matching contributions to the plan were \$6,573 and \$0, 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 \$255,157 and \$245,828 for the years ended January 31, 2021 and 2020, 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:

2022	\$ 250,761
2023	\$ 272,914
2024	\$ 255,892

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 PAYCHECK PROTECTION PROGRAM (PPP) LOAN

The Foundation received a loan from the People United Bank, N.A. in the amount of \$197,350 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was subject to a note dated April 20, 2020. The Foundation had accounted for this loan as a refundable advance under guidance outlined in FASB ASC 958. The Foundation applied for and has been notified that \$197,350 in eligible expenditures for payroll and utilities described in the CARES Act has been forgiven. Loan forgiveness has been reflected as government grant revenue in the accompanying statement of activities.

NOTE 10 SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 15, 2021, the date on which the financial statements were available to be issued.