

CITIZENS' COMMITTEE FOR CHILDREN
OF NEW YORK, INC.

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2017 AND 2016

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2017 AND 2016

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Sacks Press & Lacher, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Citizens' Committee for Children of New York, Inc.

We have audited the accompanying financial statements of Citizens' Committee for Children of New York, Inc. (a non-profit organization), which comprise the statements of financial position as of March 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 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 Citizens' Committee for Children of New York, Inc. as of March 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.

Sacks, Press & Lacher, P.C.

New York, New York
September 28, 2017

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 966,914	\$ 1,025,340
Unconditional promises to give:		
Unrestricted		
Undesignated	205,744	143,764
Board designated	11,700	24,964
Restricted to payment of program costs	-	20,000
Prepaid expenses and other assets	310,313	111,717
Income tax receivable agreement	46,455	48,422
Property and equipment	154,366	189,180
Investments	1,859,480	1,771,404
Cash restricted for security deposit	<u>164,272</u>	<u>164,207</u>
 TOTAL ASSETS	 <u>\$ 3,719,244</u>	 <u>\$ 3,498,998</u>
 <u>LIABILITIES:</u>		
Accounts payable and accrued expenses	\$ 106,792	\$ 46,763
Accrued compensation	77,122	61,919
Cash received in advance of benefits	223,909	512,086
Accrued straight-line rent	184,145	164,394
Capital lease obligation	<u>44,429</u>	<u>59,465</u>
 TOTAL LIABILITIES	 <u>636,397</u>	 <u>844,627</u>
 <u>NET ASSETS:</u>		
Unrestricted		
Undesignated	910,912	502,352
Board designated	2,043,305	1,964,162
Temporarily restricted	<u>128,630</u>	<u>187,857</u>
 TOTAL NET ASSETS	 <u>3,082,847</u>	 <u>2,654,371</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,719,244</u>	 <u>\$ 3,498,998</u>

See accompanying notes.

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Foundations and trusts	\$ 358,507	\$ 780,000	\$ 1,138,507
Spring benefit (less direct costs of benefits to donors of \$155,914)	944,277	-	944,277
Fall benefit (less direct costs of benefits to donors of \$91,088)	503,247	-	503,247
Individuals	484,123	-	484,123
Donated services	64,275	106,938	171,213
Bequests	97,389	-	97,389
Investment return	131,978	-	131,978
Change in value of income tax receivable agreement	3,312	-	3,312
Other	29,114	-	29,114
Net assets released from restrictions:			
Restrictions satisfied by payments	946,165	(946,165)	-
 TOTAL REVENUE, GAINS, AND OTHER SUPPORT	 3,562,387	 (59,227)	 3,503,160
EXPENSES:			
Program services:			
Child Welfare/Juvenile Justice	345,484	-	345,484
Children's Health/Mental Health	116,362	-	116,362
Government Relations	166,128	-	166,128
Income/Food Security	188,717	-	188,717
Housing & Family Homelessness	169,712	-	169,712
Information and Education	521,770	-	521,770
Education Youth Services/Child Care	196,997	-	196,997
Keeping Track	397,975	-	397,975
Community Leadership Course	191,485	-	191,485
Youth Action	175,142	-	175,142
 Total Program Expenses	 2,469,772	 -	 2,469,772
Supporting services:			
Management and general	239,299	-	239,299
Fund-raising	365,613	-	365,613
 TOTAL EXPENSES	 3,074,684	 -	 3,074,684
 CHANGE IN NET ASSETS	 487,703	 (59,227)	 428,476
NET ASSETS AT BEGINNING OF YEAR	2,466,514	187,857	2,654,371
NET ASSETS AT END OF YEAR	\$ 2,954,217	\$ 128,630	\$ 3,082,847

See accompanying notes.

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Foundations and trusts	\$ 318,475	\$ 745,000	\$ 1,063,475
Spring benefit (less direct costs of benefits to donors of \$172,197)	1,071,294	-	1,071,294
Fall benefit (less direct costs of benefits to donors of \$86,278)	501,497	-	501,497
Individuals	510,485	-	510,485
Contract services	-	118,170	118,170
Donated services	14,886	92,828	107,714
Investment loss	(21,148)	-	(21,148)
Change in value of income tax receivable agreement	3,333	-	3,333
Other	27,505	-	27,505
Net assets released from restrictions:			
Restrictions satisfied by payments	815,079	(815,079)	-
 TOTAL REVENUE, GAINS, AND OTHER SUPPORT	 3,241,406	 140,919	 3,382,325
 EXPENSES:			
Program services:			
Child Welfare/Juvenile Justice	231,914	-	231,914
Children's Health/Mental Health	166,939	-	166,939
Government Relations	232,659	-	232,659
Income/Food Security	195,422	-	195,422
Housing & Family Homelessness	175,461	-	175,461
Information and Education	512,435	-	512,435
Education Youth Services/Child Care	309,225	-	309,225
Keeping Track	360,160	-	360,160
Community Leadership Course	129,587	-	129,587
Youth Action	196,622	-	196,622
 Total Program Expenses	 2,510,424	 -	 2,510,424
Supporting services:			
Management and general	179,941	-	179,941
Fund-raising	297,527	-	297,527
 TOTAL EXPENSES	 2,987,892	 -	 2,987,892
 CHANGE IN NET ASSETS	 253,514	 140,919	 394,433
NET ASSETS AT BEGINNING OF YEAR	2,213,000	46,938	2,259,938
NET ASSETS AT END OF YEAR	\$ 2,466,514	\$ 187,857	\$ 2,654,371

See accompanying notes.

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2017

	<u>Program Services</u>			
	<u>Child Welfare/ Juvenile Justice</u>	<u>Children's Health/Mental Health</u>	<u>Government Relations</u>	<u>Income/Food Security</u>
Compensation and related expenses:				
Salaries	\$ 126,312	\$ 45,929	\$ 91,617	\$ 103,855
Employee benefits	17,749	7,307	13,488	20,741
Payroll taxes	9,070	3,469	6,633	7,446
	<u>153,131</u>	<u>56,705</u>	<u>111,738</u>	<u>132,042</u>
Depreciation and amortization	3,894	3,894	3,894	3,895
Dues and subscriptions	1,441	3,441	453	2,740
Insurance	1,142	1,141	1,141	1,141
Interest	283	283	283	283
Occupancy	27,868	27,868	27,867	27,867
Office supplies and printing	1,577	1,456	1,529	1,456
Postage and shipping	605	606	606	606
Professional fees	124,981	11,812	11,812	11,812
Repairs, maintenance and copier	5,050	5,050	5,051	5,051
Telephone	1,223	1,223	1,223	1,223
Travel and conferences	23,265	1,896	7	1
Other	1,024	987	524	600
Bad debt expense	-	-	-	-
	<u>\$ 345,484</u>	<u>\$ 116,362</u>	<u>\$ 166,128</u>	<u>\$ 188,717</u>

See accompanying notes.

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2017

(Continued)

	<u>Program Services</u>			
	<u>Housing & Family Homelessness</u>	<u>Information and Education</u>	<u>Education Youth Services /Child Care</u>	<u>Keeping Track</u>
Compensation and related expenses:				
Salaries	\$ 91,214	\$ 287,140	\$ 89,881	\$ 211,174
Employee benefits	14,892	66,734	14,756	38,422
Payroll taxes	6,742	20,230	6,569	15,125
	<u>112,848</u>	<u>374,104</u>	<u>111,206</u>	<u>264,721</u>
Depreciation and amortization	3,894	3,895	3,895	16,542
Dues and subscriptions	1,683	17,962	1,440	3,466
Insurance	1,141	1,141	1,141	1,027
Interest	283	283	283	254
Occupancy	27,867	27,867	27,867	25,077
Office supplies and printing	1,601	1,779	1,529	6,392
Postage and shipping	606	606	632	656
Professional fees	11,812	79,857	41,581	16,036
Repairs, maintenance and copier	5,051	5,051	5,050	44,161
Telephone	1,223	1,223	1,223	1,101
Travel and conferences	629	2,212	616	4,263
Other	1,074	5,790	534	14,279
Bad debt expense	-	-	-	-
	<u>\$ 169,712</u>	<u>\$ 521,770</u>	<u>\$ 196,997</u>	<u>\$ 397,975</u>

See accompanying notes.

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2017

(Continued)

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Community Leadership Course</u>	<u>Youth Action</u>	<u>Management & General</u>	<u>Fund-raising</u>	<u>Total</u>
Compensation and related expenses:					
Salaries	\$ 104,057	\$ 77,643	\$ 43,825	\$ 179,028	\$ 1,451,675
Employee benefits	29,064	37,676	7,894	26,844	295,567
Payroll taxes	7,436	5,615	3,073	12,384	103,792
	<u>140,557</u>	<u>120,934</u>	<u>54,792</u>	<u>218,256</u>	<u>1,851,034</u>
Depreciation and amortization	3,116	3,116	779	1,168	51,982
Dues and subscriptions	361	352	782	9,709	43,830
Insurance	913	913	228	343	11,412
Interest	226	226	56	85	2,828
Occupancy	22,296	22,296	5,572	8,362	278,674
Office supplies and printing	1,196	1,320	4,178	23,609	47,622
Postage and shipping	485	485	278	7,065	13,236
Professional fees	9,365	11,865	134,088	64,753	529,774
Repairs, maintenance and copier	4,040	4,041	1,010	1,515	90,121
Telephone	979	979	1,475	367	13,462
Travel and conferences	7,528	7,307	4,028	1,669	53,421
Other	423	1,308	32,033	6,096	64,672
Bad debt expense	-	-	-	22,616	22,616
	<u>\$ 191,485</u>	<u>\$ 175,142</u>	<u>\$ 239,299</u>	<u>\$ 365,613</u>	<u>\$ 3,074,684</u>

See accompanying notes.

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2016

	<u>Program Services</u>			
	<u>Child Welfare/ Juvenile Justice</u>	<u>Children's Health/Mental Health</u>	<u>Government Relations</u>	<u>Income/Food Security</u>
Compensation and related expenses:				
Salaries	\$ 95,827	\$ 72,772	\$ 88,979	\$ 113,772
Employee benefits	11,185	27,976	10,686	16,532
Payroll taxes	7,174	5,555	6,709	8,436
	<u>114,186</u>	<u>106,303</u>	<u>106,374</u>	<u>138,740</u>
Depreciation and amortization	4,016	4,015	4,016	4,016
Dues and subscriptions	2,159	1,659	665	1,209
Insurance	1,100	1,100	1,100	1,100
Interest	354	354	353	353
Occupancy	27,484	27,484	27,484	27,484
Office supplies and printing	1,528	1,510	1,490	2,071
Postage and shipping	1,110	674	674	674
Professional fees	68,239	9,967	83,331	9,967
Repairs, maintenance and copier	4,873	4,853	4,872	4,872
Telephone	1,214	1,214	1,215	1,215
Travel and conferences	6,519	2,783	-	1,938
Other	(868)	5,023	1,085	1,783
	<u>\$ 231,914</u>	<u>\$ 166,939</u>	<u>\$ 232,659</u>	<u>\$ 195,422</u>

See accompanying notes.

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2016

(Continued)

	<u>Program Services</u>			
	<u>Housing & Family Homelessness</u>	<u>Information and Education</u>	<u>Education Youth Services /Child Care</u>	<u>Keeping Track</u>
Compensation and related expenses:				
Salaries	\$ 93,693	\$ 297,774	\$ 111,862	\$ 131,854
Employee benefits	18,171	76,454	26,241	19,623
Payroll taxes	7,024	21,318	8,293	9,636
	<u>118,888</u>	<u>395,546</u>	<u>146,396</u>	<u>161,113</u>
Depreciation and amortization	4,015	24,212	4,015	44,628
Dues and subscriptions	1,759	29,664	659	2,099
Insurance	1,100	1,100	1,100	990
Interest	353	353	353	318
Occupancy	27,484	27,484	27,484	24,735
Office supplies and printing	1,490	1,812	1,658	36,628
Postage and shipping	675	675	675	1,284
Professional fees	9,966	23,266	110,736	33,970
Repairs, maintenance and copier	4,873	4,873	4,872	47,377
Telephone	1,215	1,215	1,215	1,093
Travel and conferences	1,065	1,529	2,305	2,319
Other	2,578	706	7,757	3,606
	<u>\$ 175,461</u>	<u>\$ 512,435</u>	<u>\$ 309,225</u>	<u>\$ 360,160</u>

See accompanying notes.

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2016

(Continued)

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Community Leadership Course</u>	<u>Youth Action</u>	<u>Management & General</u>	<u>Fund-raising</u>	<u>Total</u>
Compensation and related expenses:					
Salaries	\$ 57,275	\$ 89,170	\$ 41,279	\$ 174,992	\$ 1,369,249
Employee benefits	18,504	46,666	8,186	31,788	312,012
Payroll taxes	4,388	6,639	2,977	12,490	100,639
	<u>80,167</u>	<u>142,475</u>	<u>52,442</u>	<u>219,270</u>	<u>1,781,900</u>
Depreciation and amortization	3,212	3,212	803	1,205	101,365
Dues and subscriptions	468	487	312	3,299	44,439
Insurance	880	880	220	330	11,000
Interest	282	283	71	106	3,533
Occupancy	21,987	21,987	5,497	8,245	274,839
Office supplies and printing	1,480	1,895	2,639	22,754	76,955
Postage and shipping	540	540	368	9,111	17,000
Professional fees	7,973	7,973	81,993	19,955	467,336
Repairs, maintenance and copier	3,898	3,898	974	1,462	91,697
Telephone	972	972	2,078	364	13,982
Travel and conferences	7,312	10,902	5,671	1,992	44,335
Other	416	1,118	26,873	9,434	59,511
	<u>\$ 129,587</u>	<u>\$ 196,622</u>	<u>\$ 179,941</u>	<u>\$ 297,527</u>	<u>\$ 2,987,892</u>

See accompanying notes.

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 428,476	\$ 394,433
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	51,982	101,365
Donated assets included in support	(46,797)	(143,933)
Realized gains on sale of investments	(60,586)	(18,259)
Unrealized (gains) losses on investments	(38,496)	76,105
Change in value of income tax receivable agreement	(3,313)	(3,333)
(Increase) decrease in operating assets:		
Unrestricted unconditional promises to give	(48,716)	(71,679)
Unconditional promises to give restricted to program expenses	20,000	25,000
Prepaid expenses and other assets	23,040	(17,191)
Income tax receivable agreement	5,280	4,998
Investments	188	(172)
Cash restricted for security deposit	(65)	(65)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	60,029	(31,542)
Accrued compensation	15,203	(1,669)
Cash received in advance of benefits	(288,177)	(307,509)
Accrued straight-line rent	19,751	25,916
	<u>137,799</u>	<u>32,465</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Proceeds from sales of investments	477,683	554,245
Purchases of investments	(420,068)	(466,605)
Payment of website development costs	(234,675)	-
Purchases of property and equipment	(4,129)	(1,729)
	<u>(181,189)</u>	<u>85,911</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		
<u>NET CASH FLOWS USED IN FINANCING ACTIVITIES:</u>		
Repayments of capital lease obligation	(15,036)	(14,331)
	<u>(58,426)</u>	<u>104,045</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
BEGINNING CASH AND CASH EQUIVALENTS	<u>1,025,340</u>	<u>921,295</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 966,914</u>	<u>\$ 1,025,340</u>
<u>SUPPLEMENTAL CASH FLOW INFORMATION:</u>		
Cash paid for interest	\$ 2,828	\$ 3,532

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Citizens' Committee for Children of New York, Inc. (the "Organization") is a privately funded not-for-profit organization whose purpose is to improve the lives of children in New York City. The Organization observes, analyzes and evaluates the effectiveness of government, non-profit and proprietary programs and policies and makes recommendations to public officials and the public as to the ways and means to improve them.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Website Development Costs

The Organization has capitalized \$234,675 of website development costs, related to its new site, which are included in prepaid expenses and other assets in the accompanying statements of financial position. The website was placed in service in February 2017 and is being amortized on a straight-line basis over three years. Costs totaling \$226,913, related to the Organizations' old website, were also being amortized on a straight-line basis over three years and became fully amortized during the prior year.

Cash Received in Advance of Benefits

Funds received for events which are scheduled for the next fiscal year are deferred until the completion of those activities. The \$223,909 and \$512,086 of cash received in advance of the 2017 and 2016 benefits, which took place in the subsequent fiscal years have been recorded as deferred revenue in the accompanying statements of financial position at March 31, 2017 and 2016, respectively.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Donated Assets

Donated assets are reflected as contributions at their market values at the date of receipt.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization received \$171,213 and \$107,714 of donated services related to professional fees for the years ended March 31, 2017 and 2016, respectively.

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Citizens Committee for Children of New York, Inc., is a non-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code and qualifies for the maximum charitable contribution deduction by individual donors.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2014, 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. RESTRICTIONS ON NET ASSETS

Net assets released from restrictions were comprised of the following:

	<u>2017</u>	<u>2016</u>
Payment of Child Welfare/Juvenile Justice expenses	\$ 345,484	\$ 231,914
Payment of Keeping Track expenses	265,131	183,794
Payment of Education Youth Services/Child Care expenses	106,257	149,771
Payment of Youth Action expenses	119,005	47,817
Payment of Government Relations expenses	11,257	127,941
Payment of Children's Health/Mental Health expenses	31,256	34,771
Subsequent fiscal year expenses	25,000	1,938
Payment of Information and Education expenses	11,257	9,772
Payment of Housing & Family Homelessness expenses	11,257	9,772
Payment of Income/Food Security expenses	11,256	9,772
Payment of Community Leadership Course expenses	9,005	7,817
	<u>\$ 946,165</u>	<u>\$ 815,079</u>

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

2. RESTRICTIONS ON NET ASSETS (Continued)

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Payment of Child Welfare/Juvenile Justice expenses	\$ 103,630	\$ 117,857
Future fiscal year expenses	25,000	50,000
Payment of Children's Health/Mental Health expenses	-	20,000
	\$ 128,630	\$ 187,857

Included in unrestricted net assets are funds that have been designated by the board as being retained for investment. It is the expectation of the Organization's management that the board designated net assets will continue to grow to secure the long-term stability of Citizens' Committee for Children of New York, Inc. Currently, the Organization's spending policy, with regards to these funds, is to use all investment income for operations. The changes in these board designated net assets are as follows:

	2017	2016
Board designated net assets, April 1,	\$ 1,964,162	\$ 1,950,498
Contributions	236	84,778
Investment income	94,911	54,991
Bad debt	(4,500)	-
Net appreciation (depreciation)	38,496	(76,105)
Spending policy expenditures	(50,000)	(50,000)
Board designated net assets, March 31	\$ 2,043,305	\$ 1,964,162

Although it is the board's intention to have all designated net assets invested, the Organization has variance power; that is, the ultimate discretion of the use of these funds lies with the board of directors. As a result, with board approval, the Organization has used funds, over and above the current spending policy, for certain operational expenses. Thus, such funds represent unrestricted net assets to the Organization. The composition of the board designated assets is as follows:

	2017	2016
Investments	\$ 1,859,480	\$ 1,771,404
Cash restricted for security deposit	164,082	164,082
Unconditional promises to give	11,700	24,964
Cash	8,043	3,712
	\$ 2,043,305	\$ 1,964,162

CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

3. PROMISES TO GIVE

Unconditional promises to give consist of the following:

	2017	2016
Unrestricted promises		
Undesignated	\$ 208,542	\$ 143,764
Board designated for investment	11,700	25,147
Restricted to payment of program service expenses	-	20,000
Gross unconditional promises to give	220,242	188,911
Less: Unamortized discount	(2,798)	(183)
Net unconditional promises to give	\$ 217,444	\$ 188,728
Amounts due in:		
Less than one year	\$ 160,243	\$ 182,611
One to five years	57,201	6,117
	\$ 217,444	\$ 188,728

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 2.4%.

Differences between the amounts pledged and collected have historically been insignificant. Accordingly, no provision is made for uncollectible amounts.

4. INVESTMENTS

Investments are reported on the basis of quoted market prices and consist of the following:

	March 31, 2017		
Cost	Fair Value	Unrealized Appreciation (Depreciation)	
Fixed income funds	\$ 763,194	\$ 739,410	\$ (23,784)
Equity securities	838,905	973,735	134,830
Equity funds	116,704	146,335	29,631
	\$ 1,718,803	\$ 1,859,480	\$ 140,677

NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS (Continued)

	March 31, 2016		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Fixed income funds	\$ 734,958	\$ 724,508	\$ (10,450)
Equity securities	582,283	674,742	92,459
Equity funds	351,982	372,154	20,172
	\$ 1,669,223	\$ 1,771,404	\$ 102,181

All investments (not including accrued dividends) represent board designated amounts set aside for the purpose of providing an income stream for annual operations.

Investment return is summarized as follows:

	2017	2016
Net realized and unrealized gains (losses)	\$ 99,082	\$ (57,846)
Interest and dividends	46,556	49,866
Investment fees	(13,660)	(13,168)
Total unrestricted investment return (loss)	\$ 131,978	\$ (21,148)

5. PROPERTY AND EQUIPMENT

Property and equipment is stated at cost and consists of the following:

	2017	2016
Computer and office equipment	\$ 119,486	\$ 115,357
Leasehold improvements	56,331	56,331
Furniture and fixtures	86,905	86,905
	262,722	258,593
Less accumulated depreciation	(108,356)	(69,413)
Net	\$ 154,366	\$ 189,180

NOTES TO FINANCIAL STATEMENTS

6. INCOME TAX RECEIVABLE AGREEMENT

During a prior year, the Organization received a donation of limited partnership units which could be exchanged for common stock of a corporation related to the limited partnership. In addition to the ability to exchange the units for common stock, the units also entitled the holder to participate in cash tax savings that may arise in the future under a Tax Receivable Agreement (the "Agreement") established by the limited partnership. Upon receipt of the limited partnership units, the Organization exercised their option to exchange the units for common stock and then sold the common stock. Although the Organization exchanged their limited partnership units for stock, they still retained their rights in the Agreement as the last holder of the units.

As a result of the Agreement, the Organization will receive annual cash payments that will be tied to the realized tax benefits of the limited partnership and the related corporation. The actual amount and timing of these payments cannot be determined, as they are dependent on a significant number of variables, factors and estimates. An independent third party hired by the limited partnership to value the units, estimated that the present value of the future payments to be received by the Organization under the Agreement was \$51,120 at the time of the donation. This amount was recorded as an asset and as a contribution at that time. The amount is adjusted annually, to the present value of the projected payments to be received, at the end of each fiscal year (See Note 8). During the current year, the Organization received \$5,280 related to the Agreement. The Organization received a payment of \$4,998 during the prior year.

7. CAPITAL LEASE OBLIGATION

The Organization is the lessee of office equipment under a capital lease expiring in 2020. The asset and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over its estimated productive life. Amortization of the asset under capital lease is included in depreciation expense.

Following is a summary of the property held under the capital lease:

	2017	2016
Office equipment	\$ 78,409	\$ 78,409
Accumulated amortization	(36,591)	(20,909)
	\$ 41,818	\$ 57,500

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL LEASE OBLIGATION (Continued)

Minimum future lease payments under the capital lease as of March 31, 2017, were as follows:

	Amount
2018	\$ 16,375
2019	17,864
2020	13,398
Net minimum lease payments	47,637
Amount representing interest	(3,208)
Present value of net minimum lease payments	\$ 44,429

The interest rate on the capital lease is 5.25% and is imputed based on the lower of the Organization's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return. The lease provides a purchase option at a price representing the expected fair value of the property at the expiration of the lease term.

8. FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at March 31, 2017 are as follows:

Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Investments			
Fixed income funds	\$ 739,410	\$ 739,410	\$ -
Equity securities	973,735	973,735	-
Equity funds	146,335	146,335	-
Total investments	\$ 1,859,480	\$ 1,859,480	\$ -
Income tax receivable agreement	\$ 46,455	\$ -	\$ 46,455

NOTES TO FINANCIAL STATEMENTS

8. FAIR VALUE MEASUREMENTS (Continued)

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at March 31, 2016 are as follows:

Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Investments			
Fixed income funds	\$ 724,508	\$ 724,508	\$ -
Equity securities	674,742	674,742	-
Equity funds	372,154	372,154	-
Total investments	<u>\$ 1,771,404</u>	<u>\$ 1,771,404</u>	<u>\$ -</u>
Income tax receivable agreement	<u>\$ 48,422</u>	<u>\$ -</u>	<u>\$ 48,422</u>

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended March 31, 2017 and 2016.

Fixed income funds, equity securities and equity funds are reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions.

The tax receivable agreement is measured on a recurring basis at the fair value of the Organization's beneficial interest in the split-interest agreement. The Organization estimates the fair value of its beneficial interest based on the present value of the expected future cash inflows related to the realized tax benefits of the limited partnership. The valuation of the realized tax benefits as provided by the limited partnership (See Note 6) is determined annually by an independent party. Based on a 40% tax rate and a 16.0% discount rate, the fair value of the Organization's interest in the agreement was estimated to be \$51,120, when the limited partnership units were established in 2008.

NOTES TO FINANCIAL STATEMENTS

8. FAIR VALUE MEASUREMENTS (Continued)

The reconciliation of the changes in the receivable from the limited partnership measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows:

April 1, 2015	\$	50,087
Change in value of split-interest agreement		3,333
Payment from income tax receivable agreement		(4,998)
Transfers in and/or out of Level 3		-
March 31, 2016		48,422
Change in value of split-interest agreement		3,313
Payment from income tax receivable agreement		(5,280)
Transfers in and/or out of Level 3		-
March 31, 2017	\$	46,455

The change in value of the income tax receivable agreement of \$3,313 in 2017 and \$3,333 in 2016 is attributable solely to the change in the present value of the expected payments. All other variables of the original calculation remain the same for the current and prior year. These amounts are included in the change in unrestricted net assets for the years ended March 31, 2017 and 2016, respectively.

9. OPERATING LEASES

In July 2014, the Organization entered into a ten year and four month lease agreement for new office space at 14 Wall Street. The term includes a four month free rent period, which began when the Organization took possession of the new space in November 2014. The new lease required a security deposit of \$164,082. This amount, plus accrued interest of \$190 at March 31, 2017 and \$125 at March 31, 2016, has been recorded as an asset in the statement of financial position.

The following is a summary of rental expense recognized under the leases and included in occupancy in the accompanying statements of functional expenses:

	2017	2016
Minimum rentals	\$ 252,276	\$ 246,123
Straight-line rent adjustment	19,751	25,916
Lower Manhattan Commercial Program Tax Abatement	(14,561)	(16,710)
	\$ 257,466	\$ 255,329

NOTES TO FINANCIAL STATEMENTS

9. OPERATING LEASES (Continued)

The following is a schedule by years of future minimum rentals under the lease:

	Amount
2018	\$ 259,122
2019	265,600
2020	273,174
2021	290,286
2022	297,543
Thereafter	910,698
	\$ 2,296,423

10. CONCENTRATIONS OF CREDIT RISK

In order to limit market and credit risk, the Organization places its cash and cash equivalents with high credit quality financial institutions and performs periodic evaluations of the relative credit standing of the various obligors and limits holdings in any one security.

The Organization maintains cash and cash equivalents, which are insured by either the Federal Deposit Insurance Corporation or the Securities Investors Protection Corporation up to \$250,000. Uninsured balances at March 31, 2017 and 2016 were approximately \$877,103 and \$954,000, respectively.

11. RETIREMENT BENEFITS

The Organization maintains a defined contribution retirement benefit plan for its employees. To be eligible, the employee must be over 21 years of age and have been in the employment of the Organization for at least 1 year. Under the plan, the employee contributes 2% and the Organization contributes 5% of the eligible employees' compensation. The total contribution by the Organization was \$49,461 in 2017 and \$59,157 in 2016.

The Organization also has a supplemental retirement annuity plan. Under this plan, employee contributions are discretionary with no contributions made by the employer. There are no eligibility requirements other than being employed by the Organization.

12. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as occupancy, salaries, employee benefits and administrative overhead, have been allocated among the programs and supporting services benefited.

NOTES TO FINANCIAL STATEMENTS

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 28, 2017, the date which the financial statements were available to be issued.