HELPFUL CHARITY OF NEW YORK, INC.

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

DECEMBER 31, 20X1 AND 20X0

HELPFUL CHARITY OF NEW YORK, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Helpful Charity of New York, Inc.

We have audited the accompanying financial statements of Helpful Charity of New York, Inc.
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 of 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 Helpful Charity of New York, Inc. as of December 31, 20X1 and 20X0, 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.

New York, NY
June 30, 20X2

HELPFUL CHARITY OF NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 20X1 AND 20X0

	20X1	20X0
ASSETS		
Cash and cash equivalents	$ 1,472,028	$ 1,394,478
Contributions & grants receivable, net	473,843	627,486
Other receivables	15,524	12,971
Investments	2,356	1,020
Inventory	23,532	23,315
Prepaid expenses and other assets	183,027	144,354
Property and equipment, net	191,691	195,380
Intangible assets, net	67,600	55,434
Cash & investments restricted for Endowment	345,560	344,385
Security deposits	13,242	8,442
Total assets	$ 2,788,403	$ 2,807,265
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 376,948	$ 439,252
Deferred income	25,967	29,378
Refundable advances	20,000	15,000
Total liabilities	422,915	483,630
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restriction:		
Undesignated	1,033,602	1,025,756
Designated by Board for operating reserve	250,000	200,000
With donor restriction:		
Purpose restrictions	336,326	403,494
Time-restricted for future period	400,000	350,000
Perpetual in nature (endowment)	345,560	344,385
Total net assets/(deficit)	2,365,488	2,323,635
Total liabilities and net assets/(deficit)	$ 2,788,403	$ 2,807,265

See accompanying notes to financial statements.

HELPFUL CHARITY OF NEW YORK, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 20X1 AND 20X0

	20X1			20X0		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Support and Revenues:						
Contributions	$ 3,407,778	566,206	3,973,984	$ 3,533,520	511,634	4,045,154
Program service fees	659,059	-	659,059	852,410	-	852,410
Government grants	103,102	-	103,102	220,603	-	220,603
Contributions in-kind	11,515	-	11,515	21,963	-	21,963
Investment and other income	14,210	-	14,210	21,692	-	21,692
Special events:						-
Auction sales	10,000	-	10,000	4,155	-	4,155
Event related revenue and support	1,172,470	-	1,172,470	1,330,200	-	1,330,200
Less: related costs	(168,554)	-	(168,554)	(200,099)	-	(200,099)
Net special event income and support	1,013,916	-	1,013,916	1,134,256	-	1,134,256
Investment and other income	-	1,175	1,175	-	170	170
Net assets released from restriction:						
Satisfaction of program restrictions	253,374	(253,374)	-	336,403	(336,403)	4,155
Expiration of time restrictions	330,000	(330,000)	-	300,000	(300,000)	4,155
Total net assets released from restriction	583,374	(583,374)	-	636,403	(636,403)	-
Total support and revenues	5,792,954	(15,993)	5,776,961	6,420,847	(124,599)	6,296,248
Expenses:						
Program Expenses:						
Summer Camp	1,565,799	-	1,565,799	1,666,372	-	1,666,372
After-School Program	853,930	-	853,930	1,039,215	-	1,039,215
Financial Guidance	1,055,469		1,055,469	1,364,641		1,364,641
Program administration	450,576	-	450,576	510,397	-	510,397
Total program expenses	3,925,774	-	3,925,774	4,580,625	-	4,580,625
Supporting Services:						
Management and general	1,145,507	-	1,145,507	992,930	-	992,930
Fundraising	663,827	-	663,827	632,752	-	632,752
Total expenses	5,735,108	-	5,735,108	6,206,307	-	6,206,307
Increase/(Decrease) In Net Assets:	57,846	(15,993)	41,853	214,540	(124,769)	89,771
Net assets, beginning of year	1,225,756	1,097,879	2,323,635	1,011,046	1,222,648	2,233,694
Net assets, end of year	$ 1,283,602	$ 1,081,886	$ 2,365,488	$ 1,225,586	$ 1,097,879	$ 2,323,465

See accompanying notes to financial statements.

HELPFUL CHARITIES OF NEW YORK, INC.

STATEMENT OF EXPENSES BY FUNCTION AND NATURAL CLASSIFICATION

YEAR ENDED DECEMBER 31, 20X1 WITH COMPARATIVE TOTALS FOR 20X0

	20X1								20X0
	Program Expenses					Support Services			
	Summer Camp	After School Program	Financial Guidance	Program Admin.	Total	Management & General	Fundraising	Total Expenses	Total Expenses
Compensation and related expenses:									
Salaries	$ 297,599	$ 359,966	$ 403,470	$ 329,703	$ 1,390,738	$ 614,635	$ 346,910	$ 2,352,283	$ 2,223,413
Payroll taxes	22,282	26,152	30,971	25,080	104,485	43,467	24,397	172,349	164,160
Employee benefits	25,296	52,036	55,658	48,509	181,499	55,941	50,698	288,138	282,522
Total	345,177	438,154	490,099	403,292	1,676,722	714,043	422,005	2,812,770	2,670,095
Awards	-	-	16,635	-	16,635	-	-	16,635	91,450
Bad debts	-	-	-	-	-	1,309	-	1,309	5,596
Contributions	-	-	-	-	-	-	-	-	89
Credit card fees	33	-	274	-	307	10	21,991	22,308	21,116
Currency translation costs	-	1,202	1,454	-	2,656	-	20,317	22,973	5,012
Depreciation and amortization	28,385	1,019	8,776	-	38,180	5,104	117	43,401	44,408
Design fee	-	-	-	-	-	-	-	-	295
Dues, books and subscriptions	4,548	1,165	2,540	2,490	10,743	3,471	750	14,964	9,933
Equipment and vehicle rentals	4,624	1,318	1,521	-	7,463	6,205	-	13,668	23,108
Insurance	131,391	3,184	2,568	8,668	145,811	36,237	-	182,048	196,534
License, fees and permits	4,978	4,027	3,048	1,161	13,214	7,606	4,092	24,912	35,435
Meals & entertainment	1,267	20,413	79,063	177	100,920	2,673	1,698	105,291	183,478
Miscellaneous	4,569	1,857	2,035	249	8,710	5,190	555	14,455	42,736
Office expenses	9,264	11,982	15,131	880	37,257	50,363	476	88,096	98,218
Outside consultants	118,610	110,853	174,628	797	404,888	17,874	109,642	532,404	509,762
Postage and delivery	507	148	4,685	55	5,395	1,177	10,777	17,349	21,559
Printing, photos & publications	596	909	37,686	164	39,355	554	23,989	63,898	61,354
Professional fees	11,515	18,617	3,060	639	33,831	32,162	3,578	69,571	77,868
Program activities - other	102,459	2,981	1,935	-	107,375	-	-	107,375	80,390
Program supplies & other expenses	116,889	38	22	-	116,949	-	-	116,949	241,088
Rent & property taxes	32,955	67,813	48,520	24,801	174,089	227,452	13,494	415,035	290,619
Repairs and maintenance - facilities	33,639	-	-	-	33,639	-	-	33,639	37,483
Repairs and maintenance - other	2,458	960	2,047	188	5,653	8,802	9,032	23,487	20,532
Scholarships and education	194,850	6,989	-	-	201,839	-	-	201,839	263,179
Security	82,574	2,657	-	-	85,231	-	-	85,231	90,156
Supplies - other	7,312	1,960	6,740	55	16,067	949	-	17,016	29,399
Telephone, communications & website	11,225	20,530	12,212	2,415	46,382	22,067	6,592	75,041	99,124
Travel, hotels and conferences	279,730	132,474	140,092	4,545	556,841	2,209	14,722	573,772	909,507
Utilities and trash removal	36,244	2,680	698	-	39,622	50	-	39,672	46,784
Total direct expenses	1,220,622	415,776	565,370	47,284	2,249,052	431,464	241,822	2,922,338	3,536,212
Total expenses	$ 1,565,799	$ 853,930	$ 1,055,469	$ 450,576	$ 3,925,774	$ 1,145,507	$ 663,827	$ 5,735,108	$ 6,206,307

See accompanying notes to financial statements.

HELPFUL CHARITY OF NEW YORK, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash Flows From Operating Activities:		
Increase/(decrease) in net assets	$ 41,853	$ 89,771
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization	43,401	44,408
Loss/(gain) on investments	1,234	(5,661)
Donation of investments	(126,574)	(172,041)
Bad debts	1,309	5,596
Changes in assets and liabilities:		
Contributions receivable	152,334	(34,185)
Grants receivable	2,697	78,647
Other receivables	(5,250)	8,461
Inventory	(217)	887
Prepaid expenses	(38,673)	67,528
Security deposits	(4,800)	(6,400)
Accounts payable & accrued expenses	(62,304)	(16,557)
Deferred income and refundable advances	1,589	31,578
Net cash provided/(used) by operating activities	6,599	92,032
Cash Flows From Investing Activities:		
Sale of investments	124,004	239,005
Purchase of property, equipment and intangibles	(51,878)	(88,309)
Net cash provided/(used) by investing activities	72,126	150,696
Cash Flows From Financing Activities	-	-
Net increase/(decrease) in cash and cash equivalents	78,725	242,728
Cash and cash equivalents at beginning of year	1,738,863	1,495,965
Cash and cash equivalents at end of year	$ 1,817,588	$ 1,738,693

See accompanying notes to the financial statements.

1. Nature of Activities and Summary of Significant Accounting Policies

Organization: Helpful Charity of New York, Inc., (hereafter referred to as the Organization) is a not-for-profit corporation, incorporated in the State of Delaware on March 8, 1995.

The primary purpose of the organization is to empower inner-city youth by providing programs and activities not typically available to lower-income teenagers and young adults and through an assortment of training and guidance by counselors, financial advisors, educators and other professionals.

Tax exempt status: The Organization has been granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c)(3) on October 2, 1995. Accordingly, no provision for federal, state or local income taxes has been recorded.

Programs and services provided: The Organization's three major program areas include the following: <u>Summer Camp</u> – Summer development program in upstate New York for teenagers and young adults; <u>After-School Program</u> – Programs available after school to develop social skills and character building; <u>Financial Guidance</u> – Matching participants with financial advisors who provide financial guidance and advice throughout the year; and <u>Program Administration</u> – Provides program administration and review of all program activities.

Major source of income: The Organization derives most of its income from contributions from individuals, corporations, foundations, government grants, program service revenue and special events.

Basis of accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Estimates and assumptions: Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash equivalents: For purposes of the statements of financial position and the statements of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as certificates of deposit with an original maturity of three months or less.

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Grants receivable: The Organization received several grants from foundations. In accordance with the grant provisions, the Organization either receives grant funds following the disbursement of approved expenses or is authorized to receive funds in advance of anticipated expenditures. All unreimbursed expenses as of period-end are recorded as grant receivables and all advanced funds not expended are recorded as either refundable advances or deferred income. Grants receivable are written off when deemed uncollectable.

Contributions receivable: The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Promises to give are written off when deemed uncollectable.

Property and equipment: The Organization capitalizes certain property and equipment valued at $5,000 or more and with estimated lives of three years or more. Property and equipment are stated at cost or if donated, at fair value on the date of donations, less accumulated depreciation. Depreciation and amortization is computed on the straight-line and accelerated basis over the respective assets' estimated useful lives of five to ten years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Expenditures for maintenance and repairs that do not improve or extend the useful lives of the respective assets are charged to current operations.

Investments: Investment are recorded at cost if purchased, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported as revenue in the period earned on the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Financial assets available to meet cash needs: It is management policy to include donations restricted for next year or next year's typical programs in financial assets available to meet cash needs for general expenditures within one year.

Investments restricted for endowment: Donor restricted funds related to the permanent endowment are invested in a money market fund held by a major financial institution.

Net assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue recognition: Revenue is recognized when earned. Program service revenue relates to fees received in exchange for program services. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. All contributions are considered available for the Organization's general programs (i.e. without donor restrictions) unless specifically restricted by the donor. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Management and general expenses: The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Financial Instruments and Credit Risk: We manage deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, major donors, governmental agencies, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Functional expense allocation: The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salary and related expenses, occupancy and telephone, which are allocated on the basis of estimates of time and effort.

Recent Accounting Guidance: In 2016 the Financial Accounting Standards Board (FASB) passed an accounting update (ASU 2016-14) entitled *Presentation of Financial Statements of Not-for-Profit Entities*. This update made a number of significant changes to how financial and non-financial information is presented on standard Not-For-Profit financial statements and related notes.

Changes in Accounting Principle: In fiscal year 20X2 the Organization adopted all reporting changes required under FASB ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, all amounts on the 20X1 and 20X0 financial statements have been reclassified to conform to the new presentation requirements. As such, unrestricted net assets have been reclassified to net assets without donor restrictions, and temporarily restricted and permanently restricted net assets have been reclassified to net assets with donor restrictions. In addition, all other required disclosures have been incorporated and included on the accompanying financial statements and in these notes.

Subsequent Events: Management has evaluated subsequent events through June 30, 20X2, the date the financial statements were available to be issued, to evaluate whether any such events warrant adjustment to any reported amounts or inclusion of additional disclosures. No such adjustments or disclosures were judged to be necessary.

2. Contributions Receivable

Promises to give are unconditional and nonreciprocal. Long term pledges are discounted as of December 31, 20X1 and 20X0. Contributions receivable are written-off as bad debts in the year deemed uncollectible and are reported as such in the statement of functional expenses. As of December 31, 20X1 and 20X0, pledges are expected to be realized in the following period:

	20X1	20X0
In one year or less	$ 434,708	$ 537,113
In one to five years	46,000	103,000
	480,708	640,113
Less: discount to net present value at 5.5% rate	(6,865)	(12,627)
	$ 473,843	$ 627,486

3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of December 31, 20X1 and 20X2

	20X1	20X0
Financial assets:		
Cash and cash equivalents	$1,472,028	$1,394,478
Receivables	489,367	640,457
Investments	347,916	345,405
Total financial assets	2,309,311	2,380,340
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donors with purpose restriction	(336,326)	(403,494)
Restricted by donors with time restriction	(400,000)	(350,000)
Amounts held in Endowment	(345,560)	(344,385)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,227,425	$ 1,282,461

The Organization's endowment is comprised of funds for future program support. Its endowment includes only donor-restricted funds. The fund currently consists of money market funds. According to the restrictions placed on the fund by the donors, all investment income less related expenses must be reinvested in the fund until such time as the fund reaches a total value of $3 million.

As part of our liquidity management plan, the Organization has a $250,000 credit line with a financial institution that matures on May 4, 20X5 with a major financial institution which the Organization can draw upon if needed. As of December 31, 20X1 and 20X0 the Organization has not drawn any funds on its credit line.

4. Cash and Cash Equivalents

As of December 31, 20X1 and 20X0, the components of cash and cash equivalents are as follows:

	20X1	20X0
Cash	$ 943,386	$ 865,962
Money Market Funds	874,202	872,901
Total	$1,817,588	$1,738,863

5. Fair Value Measurement of Investments

The Financial Accounting Standards Board (FASB) requires enhanced disclosures about investments that are measured and reported at fair value. FASB establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1: Investments falling within Level 1 of the fair value hierarchy are valued using inputs based upon quoted prices in active markets for identical investments. Investments that are typically included in Level 1 are listed equity securities, publicly traded mutual funds, and exchange traded funds.

Level 2: Investments falling within Level 2 of the fair value hierarchy are valued using significant observable inputs other than prices quoted in active markets. Examples of Level 2 inputs are model-driven prices, quoted prices for similar investments in active markets, and quoted prices for identical or similar investments in inactive markets. Investments that are typically included in Level 2 are municipal bonds, corporate bonds, and government debt securities.

Level 3: Investments falling within Level 3 of the fair value hierarchy are valued using methodology that is unobservable and significant to the fair value measurement. Level 3 inputs require significant management judgment or estimation. Investments that are typically included in this category are investments in limited partnerships, and investments in private companies or unregistered securities.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

During the years ended December 31, 20X1 and 20X0, all of the Organizations investments were Level 1 investments.

6. Donated services and facilities

Services and facilities are donated to the Organization by various individuals and organizations. Only those items whose value can be objectively determined or meet the criteria for being recognized as contributions in accordance with GAAP, are included in the accompanied financial statements. For the years ended December 31, 20X1 and 20X0, $11,515 and $21,963, respectfully, was received and reported as contributions in-kind on the accompanying statements of activities and consisted mostly of donated labor for camp security, consulting and medical services.

7. Property, Equipment and Intangibles

Property, equipment and intangibles by major class consisted of the following at December 31, 20X1 and 20X0:

	20X1	20X0
Nondepreciable:		
Construction in progress	$ -	60,000
Depreciable:		
Furniture and fixtures	$ 37,330	$ 26,562
Equipment & software	196,246	187,714
Leasehold improvements	718,417	644,339
Website design	95,678	77,178
Less: accumulated depreciation and amortization	(788,380)	(744,979)
	$ 259,291	$ 250,814

Depreciation and amortization expense amounted to $43,401 and $44,408 in 20X1 and 20X0, respectively.

8. Investments and Related Income

The Organization's investments are stated at fair values, based on quoted prices in active markets (all Level 1 Measurements), and consist of marketable securities. Fair values and unrealized appreciation/(depreciation) at December 31, 20X1 and 20X0 are summarized below as follows:

	20X1	20X0
Fair market values	$ 2,356	$ 1,020
Less: Cost	(2,399)	(1,037)
Unrealized appreciation/ (Depreciation)	$(43)	$(17)

The statements of activities summarize the investment return for the years ended December 31, 20X1 and 20X0, as follows:

	20X1	20X0
Unrestricted:		
Interest/dividend income (*)	$ 2,967	$ 2,969
Gains/(losses)	(1,234)	5,661
Permanently Restricted:		
Dividend income (*)	1,175	170
Total Investment income	$ 2,908	$ 8,800

Optional

* Includes income earned from money market funds

9. Loans and Notes Payable

The Organization has a $250,000 credit line with a financial institution that matures on May 4, 2017 and is secured by all present and future personal property and fixtures of the organization. Interest is to be paid monthly on the outstanding balance based on two percent above prime rate in effect.

As of December 31, 20X1 and 20X0, the Organization had no outstanding loan balances.

10. Permanently Restricted Endowment

The Organization's endowment is comprised of funds for future program support. Its endowment includes only donor-restricted funds. The fund currently consists of money market funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-

restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of the investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income, with acceptable levels of risk.

10. Permanently Restricted Endowment (continued)

Endowment assets are invested in money market funds. This asset mix is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, if appropriate, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 1% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed in order not to expose the fund to unacceptable levels of risk.

Spending Policy. The donor restriction states that interest and dividend income must be reinvested until the endowment fund reaches $3,000,000. After that interest and dividend income may be used to support program activities. In establishing these policies, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 1% annually, which is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Changes in permanently restricted net assets for the years ended December 31, 20X1 and 20X0 are as follows:

	20X1	20X0
Endowment net assets, beginning of year	$ 344,385	$ 344,215
Investment return:		
Investment income	1,175	170
Net gains and losses	-	-
Total investment return	1,175	170
Endowment net assets, end of year	$ 345,560	$ 344,385

Optional

** From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments)

11. Commitments and Contingencies

Office lease: The Organization leases office space at 9999 Charity Street, NY, NY, under a non-cancelable lease that was extended until August 31, 20XX. In accordance with the lease agreement, the Organization has outstanding an irrevocable letter of credit with a bank in the amount of $63,512 as of December 31, 20X1 and 20X0, respectively. As security for such letter of credit, the Organization has a certificate of deposit, covering this amount, with the bank.

11. Commitments and Contingencies (continued)

Equipment leases: The Organization has several non-cancelable operating leases for office equipment.

As of December 31, 20X1, the minimum aggregate annual rentals for all existing leases are as follows:

Year ended December 31, 20X2 -	$ 273,123
20X3	279,953
20X4	286,951
20X5	294,124
20X6 -	199,950
Total	$1,334,101

Revised under ASC 2016-02 Effective for year beginning in 2020

Total rent expense charged to operations for the years ended December 31, 20X1 and 20X0 was $386,115 and $262,666, respectively.

Insurance coverage: The Organization maintains its cash, cash equivalents, and investments in various accounts. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to $250,000 per financial institution. The Securities Investor Protection Corporation insures cash and securities, including money market funds, up to $500,000 per financial institution. At times, the balances of the accounts exceeded the insured limits during the years ended December 31, 20X1 and 20X0.

12. Pension Plan

On February 1, 20XX the Organization adopted a salary reduction, 401(K) retirement plan that is funded by voluntary employee contributions and discretionary employer contributions. Organization contributions to the plan amounted to $26,093 and $18,805, for the years ended December 31, 20X1 and 20X0, respectively.

13. Government Grants

The Organization was awarded various government grants to support its programs. Total expenses expended under the grants amounted to $103,102 and $220,603 during the years ended December 31, 20X1 and 20X0, respectively.