



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS

OSSINING CHILDREN'S CENTER, INC.

Financial Statements

For the Years Ended June 30, 2019 and 2018

*A Certified Women-Owned Business Enterprise in the Commonwealth of Massachusetts
and New York State*

4238 Washington Street, Suite 307 • Boston, Massachusetts 02131

1345 Avenue of the Americas, New York, NY 10105

www.daviskellycpas.com

OSSINING CHILDREN'S CENTER, INC.

Financial Statements

June 30, 2019

Table of Contents

Independent Auditors' Report	1-2
<i>Financial statements:</i>	
Statement of financial position	3
Statement of activities	4-5
Statement of functional expenses	6-7
Statements of cash flows	8
Notes to financial statements	9-19



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
Ossining Children's Center, Inc.
Ossining, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Ossining Children's Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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

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.

*A Certified Women-Owned Business Enterprise in the Commonwealth of Massachusetts
and New York State*

4238 Washington Street, Suite 307 • Boston, Massachusetts 02131
1345 Avenue of the Americas, New York, NY 10105
www.daviskellycpas.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ossining Children's Center, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Ossining Children's Center, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Davis Kelly, LLC

New York, New York
October 31, 2019

The accompanying notes are an integral part of these financial statements.

OSSINING CHILDREN'S CENTER, INC.

Statement of Financial Position

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<i>Assets</i>		
Cash and cash equivalents	\$ 2,204,436	\$ 1,546,414
Investments	2,332,827	2,186,915
Accounts receivable	279,475	268,865
Promises to give, net	2,320,967	2,811,292
Property, equipment and furnishings, net	2,355,824	2,432,014
Construction in progress	1,057,086	157,326
Prepaid expenses	29,571	32,957
Security deposit	3,175	5,840
	<u>10,583,361</u>	<u>9,441,623</u>
<i>Total assets</i>	<u>\$ 10,583,361</u>	<u>\$ 9,441,623</u>
 <i>Liabilities and Net Assets</i>		
<i>Liabilities:</i>		
Accounts payable and accrued expenses	\$ 193,833	\$ 47,829
Contract liabilities	14,163	40,259
	<u>207,996</u>	<u>88,088</u>
<i>Total liabilities</i>	<u>207,996</u>	<u>88,088</u>
 <i>Net assets:</i>		
Without donor restrictions	2,722,446	1,959,074
With donor restrictions	7,652,919	7,394,461
	<u>10,375,365</u>	<u>9,353,535</u>
<i>Total net assets</i>	<u>10,375,365</u>	<u>9,353,535</u>
	<u>\$ 10,583,361</u>	<u>\$ 9,441,623</u>
<i>Total liabilities and net assets</i>	<u>\$ 10,583,361</u>	<u>\$ 9,441,623</u>

The accompanying notes are an integral part of these financial statements.

OSSINING CHILDREN'S CENTER, INC.

Statement of Activities

For the Year Ended June 30, 2019

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Support and revenue:</i>			
Tuition - parent fees	\$ 542,112	\$ -	\$ 542,112
Government grant revenue	1,238,495	-	1,238,495
Contributions	186,774	1,344,236	1,531,010
Contributed goods and services	11,876	-	11,876
Investment income	161,244	-	161,244
Net assets released from restrictions	1,085,778	(1,085,778)	-
<i>Total support and revenue</i>	3,226,279	258,458	3,484,737
<i>Special events:</i>			
Special event revenue	287,926		287,926
Special event expenses	(38,841)		(38,841)
Special event, net	249,085	-	249,085
<i>Total support and revenue</i>	3,475,364	258,458	3,733,822
<i>Expenses:</i>			
Program services	1,985,429	-	1,985,429
Fundraising	334,327	-	334,327
General and administration	392,236	-	392,236
<i>Total expenses</i>	2,711,992	-	2,711,992
<i>Changes in net assets</i>	763,372	258,458	1,021,830
<i>Net assets, beginning</i>	1,959,074	7,394,461	9,353,535
<i>Net assets, ending</i>	\$ 2,722,446	\$ 7,652,919	\$ 10,375,365

The accompanying notes are an integral part of these financial statements.

OSSINING CHILDREN'S CENTER, INC.

Statement of Activities

For the Year Ended June 30, 2018

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Support and revenue:</i>			
Tuition - parent fees	\$ 479,502	\$ -	\$ 479,502
Government grant revenue	1,328,026	-	1,328,026
Contributions	239,079	5,818,360	6,057,439
Investment income	133,878	8,330	142,208
	<u>2,180,485</u>	<u>5,826,690</u>	<u>8,007,175</u>
<i>Special events:</i>			
Special event revenue	280,211		280,211
Special event expenses	(9,939)		(9,939)
Special event, net	<u>270,272</u>	-	<u>270,272</u>
	<u>2,450,757</u>	<u>5,826,690</u>	<u>8,277,447</u>
<i>Expenses:</i>			
Program services	1,879,935	-	1,879,935
Fundraising	289,859	-	289,859
General and administration	352,456	-	352,456
	<u>2,522,250</u>	<u>-</u>	<u>2,522,250</u>
<i>Changes in net assets</i>	(71,493)	5,826,690	5,755,197
<i>Net assets, beginning</i>	<u>2,030,567</u>	<u>1,567,771</u>	<u>3,598,338</u>
<i>Net assets, ending</i>	<u>\$ 1,959,074</u>	<u>\$ 7,394,461</u>	<u>\$ 9,353,535</u>

The accompanying notes are an integral part of these financial statements.

OSSINING CHILDREN'S CENTER, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	<u>Program Services</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Special Event</u>	<u>Total</u>
Salaries	\$ 1,319,220	\$ 159,783	\$ 77,842	\$ -	\$ 1,556,845
Payroll taxes	124,569	25,257	7,886	-	157,712
Fringe benefits	134,103	10,933	7,633	-	152,669
Meals - program	89,892	-	-	-	89,892
Classroom supplies	36,010	-	-	-	36,010
Repairs and maintenance	38,078	12,693	-	-	50,770
Rent	27,641	9,214	-	-	36,855
Insurance	22,688	6,050	1,513	-	30,250
Utilities and telephone	29,647	7,906	1,976	-	39,529
Advertising	8,837	2,946	-	-	11,783
Professional fees	51,978	94,056	230,191	-	376,225
Office supplies	-	12,062	-	-	12,062
Licenses	-	4,172	-	-	4,172
Bank and credit card charges	-	10,875	572	-	11,447
Staff training and development	6,490	-	-	-	6,490
Travel	-	1,408	-	-	1,408
Program expenses	37,759	-	-	-	37,759
Investment expenses	-	10,891	-	-	10,891
Depreciation	57,143	19,048	-	-	76,190
Mailing list expenses	-	-	6,713	-	6,713
Dues and subscriptions	-	4,445	-	-	4,445
Bad debt expense	1,375	-	-	-	1,375
Scholarship expenses	-	500	-	-	500
Special event	-	-	-	38,841	38,841
Total expense by function revenues on the statement of activities	<u>1,985,429</u>	<u>392,236</u>	<u>334,327</u>	<u>38,841</u>	<u>2,750,833</u>
Direct costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,841)</u>	<u>(38,841)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 1,985,429</u>	<u>\$ 392,236</u>	<u>\$ 334,327</u>	<u>\$ -</u>	<u>\$ 2,711,992</u>

The accompanying notes are an integral part of these financial statements

OSSINING CHILDREN'S CENTER, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	<u>Program Services</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Special Event</u>	<u>Total</u>
Salaries	\$ 1,247,208	\$ 151,061	\$ 73,593	\$ -	\$ 1,471,862
Payroll taxes	109,791	22,261	6,950	-	139,002
Fringe benefits	114,050	9,298	6,492	-	129,840
Meals - program	97,514	-	-	-	97,514
Classroom supplies	43,567	-	-	-	43,567
Repairs and maintenance	34,388	11,463	-	-	45,851
Rent	24,015	6,404	1,601	-	32,020
Insurance	21,373	5,699	1,425	-	28,497
Utilities and telephone	35,632	9,502	2,375	-	47,509
Advertising	8,971	2,990	-	-	11,961
Professional fees	25,630	71,081	187,614	-	284,325
Office supplies	-	16,243	-	-	16,243
Licenses	-	4,255	-	-	4,255
Bank and credit card charges	-	7,068	372	-	7,440
Staff training and development	9,391	-	-	-	9,391
Travel	-	850	-	-	850
Program expenses	43,714	-	-	-	43,714
Investment expenses	-	10,780	-	-	10,780
Depreciation	56,316	18,772	-	-	75,088
Mailing list expenses	-	-	9,436	-	9,436
Dues and subscriptions	-	4,730	-	-	4,730
Bad debt expense	8,375	-	-	-	8,375
Special Event	-	-	-	9,939	9,939
Total expense by function revenues on the statement of activities	<u>1,879,935</u>	<u>352,456</u>	<u>289,859</u>	<u>9,939</u>	<u>2,532,189</u>
Direct costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,939)</u>	<u>(9,939)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 1,879,935</u>	<u>\$ 352,456</u>	<u>\$ 289,859</u>	<u>\$ -</u>	<u>\$ 2,522,250</u>

The accompanying notes are an integral part of these financial statements

OSSINING CHILDREN'S CENTER, INC.

Statements of Cash Flows

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 1,021,830	\$ 5,755,197
Donation of land	-	(1,800,000)
Subtotal	<u>1,021,830</u>	<u>3,955,197</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expenses	76,190	75,088
Net realized and unrealized losses on investments	(67,218)	(138,400)
Change in:		
Accounts receivable	(10,610)	(38,982)
Pledge receivable, net	490,325	(2,811,292)
Prepaid expenses	3,386	(11,118)
Security deposit assets	2,665	32
Accounts payable and accrued expenses	146,004	8,551
Contract liabilities	(26,096)	(6,382)
<i>Net cash provided by (used in) operating activities</i>	<u>614,646</u>	<u>(2,922,503)</u>
<i>Cash flows from investing activities:</i>		
Construction in progress	(878,798)	(136,364)
Change in investments, net	<u>78,694</u>	<u>83,868</u>
<i>Net cash used in investing activities</i>	<u>(800,104)</u>	<u>(52,496)</u>
<i>Net increase in cash and cash equivalents</i>	836,372	980,198
<i>Cash and cash equivalents, beginning</i>	<u>1,546,414</u>	<u>566,216</u>
<i>Cash and cash equivalents, ending</i>	<u>\$ 2,204,436</u>	<u>\$ 1,546,414</u>

The accompanying notes are an integral part of these financial statements

OSSINING CHILDREN'S CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2019 and 2018

Note 1 - Organization and Background

Ossining Children's Center, Inc. (the Organization) is one of the oldest and largest day care centers in Westchester County, NY. The Organization creates a foundation for children's life-long learning, achievement and well-being by providing high quality educational child care, and by serving as a community resource and advocate for families. A common foundation underlies its programs across age groups. The Organization is a licensed day care facility in the State of New York.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. These standards require the Organization to report information regarding its financial position and activities according to the following net asset classifications.

Net assets without donor restrictions – Net assets available that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition

Advertising Costs

Advertising costs are expensed as incurred and approximated \$11,783 and \$11,961 during the years ended June 30, 2019 and 2018, respectively.

OSSINING CHILDREN'S CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Contributions

The Organization follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Accounting for Contributions Received and Contributions Made*. This financial accounting standard requires that contributions be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, stock or other securities, collection items, or promises to give. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until restriction conditions are satisfied, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

OSSINING CHILDREN'S CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Contract and Grant Revenue

The Organization derives revenues through contracts and grants received through federal and state grantor agencies. Accordingly, the Organization is subject to the regulations and reporting requirements of the applicable governmental and grantor agencies. Contract and grant revenue is recorded in accordance with the provisions of the applicable award amounts, including the recognition of any purpose or time restriction on the use of the proceeds.

Financial awards from federal, state and local governmental entities in the form of grants are subject to special audits. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit 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, the Organization 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, governmental agencies, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by the Organization and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization's 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 revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

OSSINING CHILDREN'S CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Property, equipment and furnishings

The Organization records property, equipment, and furnishings over \$1,500 at cost, or if donated at fair value on the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the assets or the lease term. 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. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Organization qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(a) and has been classified as an Organization that is not a private foundation under IRC Section 509(a)(1). The Organization is also exempt from New York state taxes. However, the Organization remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following functional expenses are directly allocated to the programs, projects and departments as they are utilized:

Meals - program
Classroom supplies
Program expenses

Salary, payroll taxes and benefits are allocated depending on time and effort. Repairs and maintenance, rent, insurance, utilities and telephone, advertising, professional fees, office supplies, licenses, bank and credit card charges, travel, investment expenses, mailing list expenses, dues and subscriptions, bad debt expenses are allocated on estimated utilization. Depreciation is allocated across the useful life of the assets.

OSSINING CHILDREN'S CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Investments

Investments are recorded at costs, 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 in the statements of activities and consists of interest and dividend income realized and unrealized capital gains and losses, less external direct internal investment expenses. 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.

Return Objectives, Strategies Employed and Spending Policy

The investment objective for the Organization's permanent endowment is to ensure a total real return (current income plus capital appreciation (or loss) adjusted for inflation) sufficient to preserve and enhance, in real dollar terms, the principal funds endowed to support the activities of the Organization.

The investments of the endowment shall be appropriately diversified so as to maximize expected returns while controlling risk. Endowment funds should be invested so that, over the long term (measured by rolling five-year periods), real total return on the endowment, net of investment management fees, should meet or exceed the standard benchmarks for the mix of assets in which the endowment is invested.

Note 3 - Contingency

The expenses reflected in the accompanying financial statements relating to state and federal contracts are subject to audit by the funding sources. The possibility of disallowance of any items recorded as contract costs cannot be determined at this time. Accordingly, no provision for any liability that may result has been made in the financial statements.

Note 4 - Contract Liabilities

The Organization has been notified that there is an amount due to the Westchester County Child Care Subsidy Unit, Department of Social Services for Day Care Services of \$14,163 and \$40,259 in June 30, 2019 and 2018 respectively.

OSSINING CHILDREN'S CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2019 and 2018

Note 5 - Related Parties

For the year ended June 30, 2019 and 2018, the promises to give were outstanding from the Board members amounting to \$1,744,000 and \$2,475,000 respectively.

Note 6 – Promises to Give

Unconditional promises to give are recorded after being discounted to the anticipated net present value of the future cash flows. The promises to give have been discounted using rates of 1%. A total promise to give from Board of Directors was 75% and 88% in June 30, 2019 and 2018 respectively. The following is the future time period of collectability.

2018			
	<u>Pledges</u>	<u>Discount</u>	<u>Present Value</u>
Up to one year	\$ 2,085,325	\$ -	\$ 2,085,325
One year to five years	723,800	7,238	716,562
Thereafter	<u>9,500</u>	<u>95</u>	<u>9,405</u>
Total	\$ <u>2,818,625</u>	\$ <u>7,333</u>	\$ <u>2,811,292</u>

2019			
	<u>Pledges</u>	<u>Discount</u>	<u>Present Value</u>
Up to one year	\$ 1,500,950	\$ -	\$ 1,500,950
One year to five years	704,300	7,043	697,257
Thereafter	<u>124,000</u>	<u>1,240</u>	<u>122,760</u>
Total	\$ <u>2,329,250</u>	\$ <u>8,283</u>	\$ <u>2,320,967</u>

Note 7 - Government Grants and Contracts

The Organization has contracts with government agencies for fee assistance and support. The government grants consist of the following providers:

Westchester County DSS Title XX – Parent subsidized tuition fee sent directly to the Organization.

Ossining Universal Free School District – Universal Pre-K.

OSSINING CHILDREN'S CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2019 and 2018

Note 7 - Government Grants and Contracts (continued)

CACFP Food Program – The Organization receives reimbursement for meals served to eligible children which is reimbursed on a monthly basis.

Note 8 – Fair Value Measurements

Financial Accounting Standards Board Statement ASC 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability'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.

The fair value of investments appearing on the statement of financial position has the following valuation approaches as defined by FASB ASC 820 hierarchy:

OSSINING CHILDREN'S CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2019 and 2018

Note 8 – Fair Value Measurements (continued)

- Assets utilizing Level 1 inputs include money market, equities, fixed income securities, and mutual funds, which amounted to \$2,332,827 as of June 30, 2019 and \$2,186,915 as of June 30, 2018. There are no liabilities utilizing Level 1 inputs.
- There are no assets and liabilities utilizing Level 2 inputs.
- There are no assets and liabilities utilizing Level 3 inputs.

Note 9 – With Donor Restricted Net Assets

In 2001 the Organization started an endowment fundraising campaign to build long term intergenerational equity. These funds are restricted for scholarships, teaching enhancement programs, other specific educational programs and pledges by donor for the construction of the new building as a result of the capital campaign. As of the year ended June 30, 2019 and 2018, the balance of these funds is \$7,652,919 and \$7,394,461, respectively.

Note 10 - Property, Equipment and Furnishings

Property, equipment and furnishings consisted of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 1,680,002	\$ 1,680,002
Land	1,800,000	1,800,000
Furniture and fixtures	44,441	44,441
Office equipment	173,030	173,030
	<u>3,697,473</u>	<u>3,697,473</u>
Accumulated depreciation	<u>(1,341,649)</u>	<u>(1,265,459)</u>
Property, Equipment and Furnishings, net	<u>\$ 2,355,824</u>	<u>\$ 2,432,014</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$76,190 and \$75,088, respectively.

Note 11 – Construction in Progress

The amounts in construction in progress present fees paid to architects for plans related to the construction of the new building.

OSSINING CHILDREN'S CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2019 and 2018

Note 12 - Conditional Promises to Give

During 2019 the Organization has a balance of conditional promises to give of \$4,800,000 for the capital campaign that contained donor conditions. Since these amounts represent conditional promises to give, they are not recorded as contribution revenue until donor conditions are met.

Note 13 – Availability and Liquidity

The following represents the Organization's financial assets that are available to meet general expenses over the next 12 months:

Financial assets at fiscal year end		
Cash and cash equivalents		\$ 2,204,436
Investments		2,332,827
Accounts receivable		279,475
Promises to give - current, present value		<u>1,500,950</u>
Total Financial Assets		<u>6,317,688</u>
Less amounts not available for use within one year:		
Total with donor restrictions net assets	7,652,919	
Less with donor restrictions available for general operations	<u>(5,363,429)</u>	<u>2,289,490</u>
Financial assets available to meet general expenditures over the next twelve months		<u>\$ 8,607,178</u>

The Organization's goal is to maintain financial assets to meet 60 days of operating expenses (approximately \$388,000 in 2019 and \$368,000 in 2018). As part of its liquidity plan, some of the excess cash will be maintained in a savings account.

Note 14 - Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived. Comparative information may have been modified to conform to the current financial statements.

OSSINING CHILDREN'S CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2019 and 2018

Note 15 - Commitments

The Organization is obligated under a tenant at will agreement for rental spaces. Rent expense charged to operations under these agreements for the years ended June 30, 2019 and 2018 was \$36,855 and \$32,020, respectively. The Organization rents space at the United Methodist Church and the Briarcliff Congregational Church for an approximate rent of \$31,770 per year. The minimum payments for the remaining term of the lease are as follows:

2020	\$	31,750
2021		48,000
2022		22,000
2023		21,000
2024		21,000
2025		9,000

Note 16 - Concentrations of Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. Management reduces exposure to cash credit risk by placing cash deposits with high credit quality financial institutions. At times, such amounts may exceed federally insured limits.

Revenue and Support

The Organization received approximately 33% and 16% of its annual revenue from government funded contracts during the year ended June 30, 2019 and 2018, respectively. Outstanding accounts receivable from these contracts were approximately 52% and 47% of the total accounts receivable at June 30, 2019 and 2018.

Concentration of credit risk

The Organization maintains its cash accounts in one bank. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Total uninsured cash as of June 30, 2019 and 2018 was \$2,010,527 and \$1,456,968, respectively.

OSSINING CHILDREN'S CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2019 and 2018

Note 17 - Recent Pronouncements

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

Note 18 – Subsequent to year end -Construction Note Payable

Subsequent to year end the Organization obtained a construction loan with a bank for \$9,700,000 for 18 months of the construction period after which it will revert to a 5-year permanent note with an interest rate of floating prime plus one percent. The commitment fee was \$48,750 with no guarantees. It is anticipated to be paid from the pledges receivable.

Note 19 - Subsequent Events

FASB ASC 855-10, “Subsequent events” defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with FASB ASC 855-10, the Organization management has evaluated events subsequent to June 30, 2019 to October 31, 2019 which is the date the financial statements were available to be issued. There was no material events noted during this period that would impact the results reflected in this report.