



YOUTH COMMUNICATION / NEW YORK 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

1345 Avenue of the Americas, New York, NY

www.daviskellycpas.com

YOUTH COMMUNICATION / NEW YORK CENTER, INC.

Financial Statements

For the Years Ended June 30, 2019 and 2018

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Independent Auditor's Report

To the Board of Directors of
Youth Communication / New York Center, Inc.
New York, New York

We have audited the accompanying financial statements of Youth Communication / New York Center, Inc. (the Center), 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 risk 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youth Communication / New York 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 Youth Communication / New York Center, Inc.'s 2018 financial statements, and our report dated October 19, 2018, expressed an unmodified opinion on those audited financial statements. 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.

DavisKelly LLC

New York, New York
December 1, 2019

YOUTH COMMUNICATION / NEW YORK CENTER, INC.

Statement of Financial Position

As of June 30, 2019 and 2018

<i>Assets</i>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,465,219	\$ 1,517,085
Accounts receivable	361,028	173,808
Security deposit	94,468	94,468
Property and equipment, net	<u>148,933</u>	<u>162,663</u>
<i>Total assets</i>	<u>\$ 2,069,648</u>	<u>\$ 1,948,024</u>
 <i>Liabilities and net assets</i>		
Accounts payable and accrued expenses	<u>35,150</u>	<u>36,122</u>
<i>Total liabilities</i>	<u>35,150</u>	<u>36,122</u>
 <i>Net assets:</i>		
Without donor restrictions	1,744,498	1,756,902
With donor restrictions	<u>290,000</u>	<u>155,000</u>
<i>Total net assets</i>	<u>2,034,498</u>	<u>1,911,902</u>
<i>Total liabilities and net assets</i>	<u>\$ 2,069,648</u>	<u>\$ 1,948,024</u>

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

YOUTH COMMUNICATION / NEW YORK CENTER, INC.

Statement of Activities and Change in Net Assets

For the Year Ended June 30, 2019

	<u><i>Without Donor Restrictions</i></u>	<u><i>With Donor Restriction</i></u>	<u><i>Total</i></u>
<i>Revenue and support</i>			
Corporations	\$ 96,367	\$ -	\$ 96,367
Foundations	873,000	250,000	1,123,000
Individual contributions	122,137	-	122,137
Professional development	218,132	-	218,132
Contracted services	6,750	-	6,750
Book income and royalty	12,741	-	12,741
Subscriptions, advertising and permissions	4,404	-	4,404
Interest income	17,427	-	17,427
Released from restriction	<u>115,000</u>	<u>(115,000)</u>	<u>-</u>
<i>Total revenue and support</i>	<u>1,465,958</u>	<u>135,000</u>	<u>1,600,958</u>
<i>Expenses</i>			
Professional development program	728,115	-	728,115
Writing program	386,510	-	386,510
Administrative and general	194,350	-	194,350
Fundraising	<u>169,387</u>	<u>-</u>	<u>169,387</u>
<i>Total expenses</i>	<u>1,478,362</u>	<u>-</u>	<u>1,478,362</u>
<i>Changes in net assets</i>	<u>(12,404)</u>	<u>135,000</u>	<u>122,596</u>
<i>Net assets at beginning of year</i>	<u>1,756,902</u>	<u>155,000</u>	<u>1,911,902</u>
<i>Net assets at ending of year</i>	<u>\$ 1,744,498</u>	<u>\$ 290,000</u>	<u>\$ 2,034,498</u>

YOUTH COMMUNICATION / NEW YORK CENTER, INC.

Statement of Activities and Change in Net Assets

For the Year Ended June 30, 2018

	<u><i>Without Donor Restrictions</i></u>	<u><i>With Donor Restriction</i></u>	<u><i>Total</i></u>
<i>Revenue and support</i>			
Corporations	\$ 40,000	\$ -	\$ 40,000
Foundations	1,085,542	-	1,085,542
Individual contributions	151,712	-	151,712
Professional development	141,979	-	141,979
Contracted services	6,600	-	6,600
Book income and royalty	11,378	-	11,378
Subscriptions, advertising and permissions	4,230	-	4,230
Interest income	8,325	-	8,325
Released from restriction	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
<i>Total revenue and support</i>	<u>1,454,766</u>	<u>(5,000)</u>	<u>1,449,766</u>
<i>Expenses</i>			
Professional development program	647,337	-	647,337
Writing program	334,937	-	334,937
Administrative and general	188,249	-	188,249
Fundraising	<u>152,711</u>	<u>-</u>	<u>152,711</u>
<i>Total expenses</i>	<u>1,323,234</u>	<u>-</u>	<u>1,323,234</u>
<i>Changes in net assets</i>	<u>131,532</u>	<u>(5,000)</u>	<u>126,532</u>
<i>Net assets at beginning of year</i>	<u>1,625,370</u>	<u>160,000</u>	<u>1,785,370</u>
<i>Net assets at ending of year</i>	<u>\$ 1,756,902</u>	<u>\$ 155,000</u>	<u>\$ 1,911,902</u>

YOUTH COMMUNICATION / NEW YORK 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>		
<i>Changes in net assets</i>	\$ 122,596	\$ 126,532
<i>Adjustments to reconcile changes in net assets to net cash used for operating activities:</i>		
Depreciation	17,122	19,168
<i>Changes in:</i>		
Accounts receivable	(187,220)	(8,811)
Accounts payable and accrued expenses	(972)	(1,025)
Deferred revenue	<u>-</u>	<u>(23,301)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>(48,474)</u>	<u>112,563</u>
<i>Cash flows from investing activities</i>		
Purchase of furniture and equipment	<u>(3,392)</u>	<u>(4,950)</u>
<i>Net cash used in investing activities</i>	<u>(3,392)</u>	<u>(4,950)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(51,866)	107,613
<i>Cash and cash equivalents at beginning of year</i>	<u>1,517,085</u>	<u>1,409,472</u>
<i>Cash and cash equivalents at end of year</i>	<u>\$ 1,465,219</u>	<u>\$ 1,517,085</u>

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

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	<i>Program Services</i>		<i>Supporting Services</i>		<i>Total</i>
	<i>Professional Development</i>	<i>Writing Program</i>	<i>Administrative and General</i>	<i>Fund Raising</i>	
Salaries	\$ 396,270	\$ 151,732	\$ 112,448	\$ 116,550	\$ 777,000
Payroll taxes	30,007	10,591	9,415	8,825	58,838
Fringe benefits	62,216	32,058	37,937	23,330	155,541
Bank, merchant fees, and other charges	16,138	-	-	2,848	18,986
Consultants and contractors	58,256	3,107	13,206	3,106	77,675
Supplies and services	12,398	10,074	10,074	6,199	38,745
Postage and shipping	38,903	846	1,268	1,269	42,286
Occupancy	52,449	125,502	5,620	3,746	187,317
Printing	50,907	1,678	1,679	1,678	55,942
Travel and transportation	1,609	4,270	186	124	6,189
Student stipends	-	32,658	-	-	32,658
Insurance	2,113	7,145	805	-	10,063
Depreciation	6,849	6,849	1,712	1,712	17,122
Total expenses	\$ 728,115	\$ 386,510	\$ 194,350	\$ 169,387	\$ 1,478,362

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

YOUTH COMMUNICATION / NEW YORK CENTER, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	<i>Program Services</i>		<i>Supporting Services</i>		<i>Total</i>
	<i>Professional Development</i>	<i>Writing Program</i>	<i>Administrative and General</i>	<i>Fund Raising</i>	
Salaries	\$ 357,930	\$ 127,210	\$ 113,076	\$ 106,008	\$ 704,224
Payroll taxes	27,223	9,608	8,540	8,007	53,378
Fringe benefits	55,463	29,118	34,664	19,412	138,657
Bank, merchant fees, and other charges	8,734	-	-	1,541	10,275
Consultants and contractors	37,308	2,000	8,700	2,000	50,008
Supplies and services	14,998	12,427	12,637	7,714	47,776
Postage and shipping	30,689	683	987	956	33,315
Occupancy	47,222	112,994	5,059	3,373	168,648
Printing	57,105	1,814	1,866	1,693	62,478
Travel and transportation	1,158	3,107	133	90	4,488
Student stipends	-	22,036	-	-	22,036
Insurance	1,840	6,273	670	-	8,783
Depreciation	7,667	7,667	1,917	1,917	19,168
Total expenses	\$ 647,337	\$ 334,937	\$ 188,249	\$ 152,711	\$ 1,323,234

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

YOUTH COMMUNICATION / NEW YORK CENTER, INC.

Financial Statements

For the Year Ended June 30, 2019 and 2018

Note 1 - Nature of the Center

Youth Communication / New York Center, Inc. (the Center) was founded in 1980 in Delaware, and is a nonstock, nonprofit corporation helping youth develop their full potential through reading and writing, so that they can succeed in school and at work and contribute to their communities.

The Center publishes true stories by teens that are developed in rigorous writing programs. These stories are uniquely compelling to peers who do not see their experiences reflected in mainstream reading materials. They motivate teens to read and write, encourage good values, and show teens how to make positive changes in their lives. For teachers and other staff, the Center's curricula and training provide tools to understand and engage hard-to-reach teens while helping them improve their academic, social, and emotional skills.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Center prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Center's net assets are classified into two categories. The classifications are related to the existence or absence of donor-imposed restrictions as follows:

- *Net Assets without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the center.
- *Net Assets with Donor Restrictions* - Net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions or net assets that must be maintained in perpetuity.

Accounts Receivable

Accounts receivable are presented net of the allowance for doubtful accounts. The Center's periodic evaluation of the adequacy of the allowance is based on its past loss experience. Accounts receivable are charged off when they are deemed uncollectible. At June 30, 2019 the outstanding receivables were fully collectible.

YOUTH COMMUNICATION / NEW YORK CENTER, INC.

Financial Statements

For the Year Ended June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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 Center's management to make estimates and assumptions. These affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Plant, Property, and Equipment

Plant, property, and equipment are stated at cost, if purchased, or, if donated, at fair market value at the date of receipt. The cost of maintenance, repairs, and minor renewals are expensed as incurred and renewals and betterments are capitalized. Depreciation is computed using the straight-line method over estimated useful lives of the assets.

Revenue Recognition

The Center 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.

Cash and Cash Equivalents

The Center considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. Fair value approximates carrying amounts.

Contributions

The Center reports contributions as either with donor restricted revenue if they are received with donor stipulations that limit the use of the assets. With donor restricted net assets, when the purpose of the restriction is satisfied, the net assets are reclassified to without donor net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

YOUTH COMMUNICATION / NEW YORK CENTER, INC.

Financial Statements

For the Year Ended June 30, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, donations to the Center qualify for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an center that is not a private foundation under Section 509(a)(1). The Center is also exempt from New York State corporate franchise taxes and the New York City corporate income tax. However, the Center 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. The Center has incurred and paid unrelated business income tax on the transit passes that were provided to the employees.

Note 3 - Concentration of Risk

Financial instruments which potentially subject the Center to concentration of credit risk consist principally of cash and cash equivalents maintained at creditworthy financial institutions. The Center maintained cash balances in three financial institutions in checking and savings, certificates of deposits, and money market funds. As of June 30, 2019 and 2018, the uninsured cash balances were \$768,282 and \$1,517,086, respectively. However, the Center had not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Note 4 - Availability and Liquidity

The following financial assets are available to the Center within one year of June 30, 2019.

Cash and cash equivalents	\$ 1,465,219
Accounts receivable	<u>155,000</u>
Total financial assets	<u>1,620,219</u>
Less net assets with donor restrictions	<u>(290,000)</u>
Total available financial assets	<u><u>\$ 1,330,219</u></u>

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Center invests cash in excess of daily requirements in short-term investment. The Center's goal is to maintain financial assets to meet 270 days of expenses.

YOUTH COMMUNICATION / NEW YORK CENTER, INC.

Financial Statements

For the Year Ended June 30, 2019 and 2018

Note 5 - Plant, Property, and Equipment

Plant, property, and equipment consisted of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Office furniture and equipment	\$ 126,211	122,819
Leasehold improvement	450,910	450,910
	577,121	573,729
Less: accumulated depreciation	<u>(428,188)</u>	<u>(411,066)</u>
Property and equipment, net	<u>\$ 148,933</u>	<u>162,663</u>

Depreciation expenses for the years ended June 30, 2019 and 2018 was \$17,122 and \$19,168, respectively.

Note 6 – Commitment

The Center has an operating lease for the office space located at 242 West 38th Street, New York, NY which will be expired on August 31, 2022. There is a security deposit of \$92,817 on the lease.

Future minimum annual lease payments required under the lease are as follows:

Year ended June 30,		
2020	\$	176,636
2021		181,493
2022		186,484
2023		31,790

Note 7– With Donor Restricted Net Assets

Net assets in the amounts of \$290,000 and \$155,000 are donor restricted by time, or for specific purposes and programs by donors at June 30, 2019 and 2018, respectively.

YOUTH COMMUNICATION / NEW YORK CENTER, INC.

Financial Statements

For the Year Ended June 30, 2019 and 2018

Note 8 - Related Party Transaction

For the years ended June 30, 2019 and 2018, the Center paid compensation at a rate that approximates fair value for the Executive Director's daughter, employed by the Center as External Relations and Operations Manager.

Note 9 - Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program services and supportive services.

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes	Salaries
Fringe benefits	Time, effort, and seniority
Fees and other charges	Time and effort
Consultants/contractors	Time and effort
Supplies and services	Time and effort
Postage and shipping	Time and effort
Occupancy	Use of square footage
Printing	Time and effort
Stipends	Time and effort
Insurance	Time and effort
Depreciation	Equipment and office usage

Note 10 - New Accounting Pronouncement

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. The Center has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

YOUTH COMMUNICATION / NEW YORK CENTER, INC.

Financial Statements

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Note 11 - Subsequent events

ASC 855-10 defines “Subsequent events” as further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Center management has evaluated events subsequent to June 30, 2019 to December 1, 2019 which is the date the financial statements were available to be issued. There were no material events noted during this period that would impact the results reflected in this report.