

OSSINING CHILDREN'S CENTER, INC.
FINANCIAL STATEMENTS
AND
AUDITORS' REPORT
JUNE 30, 2023 AND 2022

OSSINING CHILDREN'S CENTER, INC.

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Ossining Children's Center, Inc.

Opinion

We have audited the financial statements of Ossining Children's Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, expenses by function and natural classification, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Ossining Children's Center, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ossining Children's Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ossining Children's Center, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ossining Children's Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ossining Children's Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Skoddy Scot & Company, CPAs, P.C.

New York, NY
March 25, 2024

OSSINING CHILDREN'S CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 3,227,503	\$ 2,134,439
Investments	2,144,196	2,103,115
Contributions receivable, net	687,361	1,968,590
Prepaid expenses	19,569	12,446
Property and equipment, net	14,751,635	15,328,681
Security deposits and other assets	13,655	13,655
Endowment:		
Investments	601,210	568,666
Total assets	\$ 21,445,129	\$ 22,129,592

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 161,419	\$ 127,984
Loans payable	-	2,817,840
Total liabilities	161,419	2,945,824
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	18,411,761	14,729,979
With donor restrictions	2,871,949	4,453,789
Total net assets	21,283,710	19,183,768
Total liabilities and net assets	\$ 21,445,129	\$ 22,129,592

See accompanying notes to the financial statements.

OSSINING CHILDREN'S CENTER, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Contributions	\$ 1,081,207	\$ 29,000	\$ 1,110,207	\$ 377,227	\$ 839,260	\$ 1,216,487
Government grants	2,855,897	-	2,855,897	1,634,505	130,518	1,765,023
Program service revenue	1,731,491	-	1,731,491	1,322,432	-	1,322,432
Contributions in-kind	-	-	-	45,000	-	45,000
Special events:						
Event revenue	252,360	-	252,360	292,858	-	292,858
Less: direct benefits	(60,797)	-	(60,797)	(38,456)	-	(38,456)
Net special event income	191,563	-	191,563	254,402	-	254,402
Investment return	140,843	102,974	243,817	(162,159)	(311,205)	(473,364)
Net assets released from restriction:						
Satisfaction of purpose restrictions	130,518	(130,518)	-	-	-	-
Expiration of time restrictions	1,583,296	(1,583,296)	-	1,888,018	(1,888,018)	-
Total support and revenues	7,714,815	(1,581,840)	6,132,975	5,359,425	(1,229,445)	4,129,980
Gain on sale of assets	-	-	-	573,120	-	573,120
Total support, revenues and gains	7,714,815	(1,581,840)	6,132,975	5,932,545	(1,229,445)	4,703,100
Expenses:						
Program services	3,209,781	-	3,209,781	2,877,339	-	2,877,339
Management and general	623,233	-	623,233	709,686	-	709,686
Fundraising	200,019	-	200,019	209,484	-	209,484
Total expenses	4,033,033	-	4,033,033	3,796,509	-	3,796,509
Increase/(Decrease) in net assets	3,681,782	(1,581,840)	2,099,942	2,136,036	(1,229,445)	906,591
Net assets, beginning of year	14,729,979	4,453,789	19,183,768	12,593,943	5,683,234	18,277,177
Net assets, end of year	\$ 18,411,761	\$ 2,871,949	\$ 21,283,710	\$ 14,729,979	\$ 4,453,789	\$ 19,183,768

See accompanying notes to the financial statements.

**OSSINING CHILDREN'S CENTER, INC.
STATEMENT OF EXPENSES BY FUNCTION
AND NATURAL CLASSIFICATION
YEAR ENDED JUNE 30, 2023**

	<u>Supporting Services</u>			Total Expenses
	Program Services	Management and General	Fundraising	
Personnel costs:				
Salaries	\$ 2,009,932	\$ 153,343	\$ 125,420	\$ 2,288,695
Payroll taxes	154,999	11,825	9,672	176,496
Employee benefits	168,478	12,854	10,513	191,845
Total personnel costs	<u>2,333,409</u>	<u>178,022</u>	<u>145,605</u>	<u>2,657,036</u>
Direct expenses:				
Bad debt	-	994	-	994
Bank charges & processing fees	18,980	1,213	2,699	22,892
Classroom equipment & supplies	55,452	8,459	415	64,326
Classroom programs	34,777	-	-	34,777
Consultants & outside contractors	-	59,230	-	59,230
Depreciation	577,046	-	-	577,046
Equipment and software	283	593	-	876
Food	136,512	25,720	-	162,232
Graphic design	-	-	2,760	2,760
Insurance	1,074	35,305	-	36,379
Interest	48,029	-	-	48,029
Licensing and inspection	224	2,262	-	2,486
Office supplies & expenses	922	44,573	10,492	55,987
Postage and delivery	-	437	3,098	3,535
Printing	-	-	20,395	20,395
Professional fees	-	109,614	-	109,614
Promotion	-	14,125	14,555	28,680
Utilities	-	98,610	-	98,610
Repairs and maintenance	82	34,746	-	34,828
Telephone and communications	-	8,244	-	8,244
Travel and meetings	2,991	1,086	-	4,077
Total direct expenses	<u>876,372</u>	<u>445,211</u>	<u>54,414</u>	<u>1,375,997</u>
Total expenses	<u>\$ 3,209,781</u>	<u>\$ 623,233</u>	<u>\$ 200,019</u>	<u>\$ 4,033,033</u>

See accompanying notes to the financial statements.

**OSSINING CHILDREN'S CENTER, INC.
STATEMENT OF EXPENSES BY FUNCTION
AND NATURAL CLASSIFICATION
YEAR ENDED JUNE 30, 2022**

	<u>Supporting Services</u>			Total Expenses
	Program Services	Management and General	Fundraising	
Personnel costs:				
Salaries	\$ 1,739,685	\$ 152,600	\$ 96,304	\$ 1,988,589
Payroll taxes	132,373	13,198	7,328	152,899
Employee benefits	181,017	15,878	10,021	206,916
Total personnel costs	<u>2,053,075</u>	<u>181,676</u>	<u>113,653</u>	<u>2,348,404</u>
Direct expenses:				
Bad debt	-	34,762	-	34,762
Bank charges & processing fees	9,175	15,223	12,449	36,847
Classroom equipment & supplies	66,070	5,793	3,663	75,526
Classroom programs	20,141	500	-	20,641
Consultants & outside contractors	42,603	6,982	4,114	53,699
Depreciation	577,003	-	-	577,003
Equipment and software	624	4,320	1,977	6,921
Food	104,713	-	-	104,713
Graphic design	-	-	2,993	2,993
Insurance	1,253	37,684	-	38,937
Interest	-	111,033	-	111,033
Licensing and inspection	-	2,529	-	2,529
Office supplies & expenses	1,166	26,416	12,162	39,744
Postage and delivery	-	1,468	5,771	7,239
Printing	-	1,500	29,869	31,369
Professional fees	-	138,813	-	138,813
Promotion	-	12,116	22,822	34,938
Utilities	-	75,718	-	75,718
Repairs and maintenance	766	40,185	-	40,951
Telephone and communications	-	10,454	-	10,454
Travel and meetings	750	2,514	11	3,275
Total direct expenses	<u>824,264</u>	<u>528,010</u>	<u>95,831</u>	<u>1,448,105</u>
Total expenses	<u>\$ 2,877,339</u>	<u>\$ 709,686</u>	<u>\$ 209,484</u>	<u>\$ 3,796,509</u>

See accompanying notes to the financial statements.

OSSINING CHILDREN'S CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 2,099,942	\$ 906,591
Adjustments for non-cash items included in operating activities:		
Amortization of discount on pledges	-	(34,775)
Bad debt	994	34,762
Depreciation	577,046	577,003
(Gains)/Losses on sale of investments	(174,264)	591,842
(Gains)/Losses on sale of other assets	-	(573,120)
Changes in assets and liabilities:		
Contributions receivable	1,281,229	2,130,816
Prepaid expenses	(7,123)	29,315
Security deposits and other assets	-	(10,120)
Accounts payable and accrued expenses	33,435	(60,023)
Construction retainage	-	(46,299)
Refundable advances	-	(370,387)
Net cash provided/(used) by operating activities	3,811,259	3,175,605
Cash flows from investing activities:		
Purchase of property and equipment	-	(5,064)
Proceeds from sale of investments	2,589,955	12,160
Purchase of investments	(2,490,310)	(130,025)
Proceeds from sale of other assets, net of closing costs	-	1,004,944
Net cash provided/(used) by investing activities	99,645	882,015
Cash flows from financing activities:		
Repayments of loans	(2,817,840)	(3,489,000)
Net cash provided/(used) by financing activities	(2,817,840)	(3,489,000)
Net increase/(decrease) in cash and cash equivalents	1,093,064	568,620
Cash and cash equivalents at beginning of year	2,134,439	1,565,819
Cash and cash equivalents at end of year	\$ 3,227,503	\$ 2,134,439
Supplementary Information:		
Interest paid	\$ 48,029	\$ 111,033
Original cost of sold assets	-	1,680,002

See accompanying notes to the financial statements.

OSSINING CHILDREN'S CENTER, INC. NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies

Organization: Ossining Children's Center, Inc., formerly known as The Christ Child Day Nursery, Inc., (hereafter referred to as the Organization) is a not-for-profit corporation, incorporated in the State of New York on June 14, 1906.

Tax-exempt status: The Organization has been granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c)(3) in 1950. The Internal Revenue Service has further determined that the Organization is a Type III functionally integrated supporting organization under 509(a)(3). Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements include any uncertain tax positions.

Programs and services provided: The Organization's mission is to provide care for children in a safe, nurturing, and enriching environment while their parents work with the goal of creating a foundation for children's life-long intellectual, social, emotional and physical growth, and serves as an advocate for families. The Organization does this by providing early childhood programs that nurture each child's unique developmental path during the critical formative years of 8 weeks through the age of 5 years old. The school-age program provides before and after school care and educational enrichment, as well as a full-time recreational and enrichment program during school holidays and vacations, and full day camp programs in the summer.

Major sources of income: The Organization derives most of its income from contributions, government grants, special events, and tuition fees.

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 to the Organization of three months or less.

OSSINING CHILDREN'S CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

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

Investments: All investments are measured at fair value on a recurring basis and are reported at their fair values as of June 30, 2023 and 2022 in the statements of financial position.

The Organization initially records the investments it receives as donations at the fair value as of the dates the investments are donated to the Organization and thereafter carries such investments at current fair values.

Receivables: Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The allowance for bad debt is maintained at a level that, in management's judgment, is adequate to absorb uncollectible receivables. At June 30, 2023 and 2022, the allowance for bad debt was \$2,316 and \$4,502, respectively.

Property and equipment: The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost or donated value, less accumulated depreciation. Depreciation is computed on the straight-line basis over the respective assets' estimated useful lives of five to ten years. Expenditures for maintenance and repairs are charged to current operations.

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:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

Leases: The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less.

OSSINING CHILDREN'S CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

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

Revenue recognition: The Organization recognizes contributions when cash and other financial assets, nonfinancial assets/services or unconditional promises to give are received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions are reported as refundable advances in the statements of financial position. At June 30, 2023 and 2022, the Organization did not have any conditional pledges that were not recognized.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted for a purpose by the donor are reported as support with donor restrictions and increases in net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Program service revenue relates to fees received in exchange for program services and mainly consists of school and camp tuition. The Organization's program service revenue is recognized ratably over the term of the school or camp period as the performance obligations are satisfied in accordance with the contract. Any revenue received which has not been earned is recorded as deferred revenue.

The Organization receives grants from governmental agencies. Depending upon the terms of the grant, it can be either an exchange transaction or a contribution. In accordance with grant provisions, the grant can be an expense reimbursement grant which requires that approved expenses be incurred prior to reimbursement by the grantor. Other grants permit advances of grant funds or full payment of grant funds at the start of the grant. If the grant is an exchange type grant, all unreimbursed expenses, for approved purposes, as of year-end are recorded as receivables and any unexpended advances are recorded as deferred income. If the grant is a contribution, it is recognized in accordance with the contribution recognition policy described above.

During the year ended June 30, 2021, the Organization received \$370,387 of Paycheck Protection Program funds. The purpose-related conditions imposed on the grant were not met by year-end. Therefore, recognition was deferred until the conditions were met during the year ended June 30, 2022. The amount was recorded as a refundable advance in the statement of financial position as of June 30, 2021 and as part of government grants in the statement of activities for the year ended June 30, 2022.

**OSSINING CHILDREN'S CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

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

Revenue recognition (continued): The Organization receives special events revenue which contains both an exchange component and a conditional contribution component. Both components are recognized when the event takes place. Any event revenue received in advance of the event is recorded as deferred income.

Investment returns, which consist of interest and dividends, realized/unrealized gains/losses, realized gains/losses and investment fees, are recognized as revenue in the period earned or in the period they occur, depending on the type of return. Investment returns restricted by donors are reported as increases/decreases in net assets without donor restrictions if the restrictions are met in the reporting period in which the returns are recognized.

Functional expense allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of expenses by function and natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related expenses based on estimated time and effort, and office supplies and expenses, food, insurance, postage and delivery, utilities, telephone and communications, and travel and meetings based on usage. The Organization classifies expenses which are not directly related to a specific program as Management and General expenses.

2. Cash and Cash Equivalents

Cash and cash equivalents include cash encumbered by loan covenants. As of June 30, 2023 and 2022, the components of cash and cash equivalents are as follows:

	<u>2023</u>	<u>2022</u>
Unencumbered cash	\$ 340,622	\$ 1,453,027
Unencumbered money market funds	2,886,881	651,472
Cash encumbered by loan covenant	<u>-</u>	<u>29,940</u>
Total	<u>\$ 3,227,503</u>	<u>\$ 2,134,439</u>

**OSSINING CHILDREN'S CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

3. Property and Equipment

Property and equipment by major class consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Non-depreciable:		
Land	\$ 1,800,000	\$ 1,800,000
Depreciable:		
Buildings and improvements	14,020,056	14,020,056
Playground	166,024	166,024
Furniture and fixtures	92,192	92,192
Machinery and equipment	187,855	187,855
Less: accumulated depreciation	<u>(1,514,492)</u>	<u>(937,446)</u>
	<u>\$ 14,751,635</u>	<u>\$ 15,328,681</u>

4. Loans and Notes Payable

In September 2019, the Organization took out a \$9,700,000 construction loan that allows the Organization to draw down funds as needed for the construction of their new building. The construction loan has a floating, annual interest rate of 1% above prime. For the first 24 months, interest-only payments are required. Interest is charged on the outstanding loan balance each month. After 24 months, the loan converts to a 5-year mini-perm loan. At that time, principal payments will be due in addition to interest payments. Payments began on January 1, 2021. As of June 30, 2022, the loan had an outstanding balance of \$2,817,840. The loan was fully repaid during the year ended June 30, 2023.

5. Revenue from Contracts with Customers

All of the revenue derived from contracts with customers during fiscal years 2023 and 2022 was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended June 30, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Tuition	\$ 1,731,491	\$ 1,322,432
Special event revenue (exchange portion)	60,797	38,456

6. Net Assets Without Donor Restrictions

As of June 30, 2023 and 2022, net assets without donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 17,299,353	\$ 13,660,146
Board designated operating reserve	1,112,408	1,069,833
	<u>\$ 18,411,761</u>	<u>\$ 14,729,979</u>

**OSSINING CHILDREN'S CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

7. Net Assets With Donor Restrictions

As of June 30, 2023 and 2022, net assets with donor restrictions are available as follows:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Scholarships	\$ 2,056,874	\$ 1,968,263
COVID relief	-	130,518
Program enrichment	1,500	-
Staff development	<u>161,131</u>	<u>151,812</u>
	<u>2,219,505</u>	<u>2,250,593</u>
Subject to passage of time	<u>51,234</u>	<u>1,634,530</u>
Endowments:		
Subject to endowment spending policy and appropriation:		
Scholarships	<u>601,210</u>	<u>568,666</u>
	<u>\$ 2,871,949</u>	<u>\$ 4,453,789</u>

8. Government Grants

The Organization was awarded various government grants to support its programs. Total revenue recognized under the grants amounted to \$2,855,897 and \$1,765,023, respectively, during the years ended June 30, 2023 and 2022.

9. Contributions In-Kind

Services are donated to the Organization. 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 accompanying financial statements. For the years ended June 30, 2023 and 2022, \$0 and \$45,000, respectively, of pro-bono legal services were received for administrative purposes. The contributions in-kind received did not have any donor-imposed restrictions and were valued at the price that the attorney would charge an unrelated client for similar services.

10. Sale of Assets

In May 2021, the Organization entered into contracts to sell two properties that it owned at 90 and 92 South Highland Ave in Ossining, NY. The sale closed in October 2021 for a total sale price of \$1,100,000.

OSSINING CHILDREN'S CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

11. 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.

As of June 30, 2023 and 2022, all of the Organization's investments are Level 1 as defined by the above fair value hierarchy.

**OSSINING CHILDREN'S CENTER, INC.
NOTES TO FINANCIAL STATEMENTS**

12. Investments

The Organization's investments are stated at fair values, based on quoted prices in active markets (all Level 1 measurements), and consist of marketable mutual funds and long-term certificates of deposit (CDs). Fair values and unrealized appreciation/(depreciation) at June 30, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Fair market value - mutual funds	\$ 1,927,265	\$ 2,671,781
Fair market value - CDs	818,141	-
Less: Cost	(2,663,981)	(2,538,081)
Unrealized appreciation	<u>\$ 81,425</u>	<u>\$ 133,700</u>

13. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. As part of the Organization's liquidity plan, a board designated operating reserve is maintained. The reserve can be used, with board approval, for any unforeseen and unusual liquidity needs.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of June 30, 2023 and 2022, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 3,227,503	\$ 2,134,439
Investments	2,745,406	2,671,781
Receivables, net	<u>687,361</u>	<u>1,968,590</u>
Total financial assets	6,660,270	6,774,810
Less those unavailable for general expenditures within one year:		
Investments restricted for endowment	(601,210)	(568,666)
Designated for operating reserve	(1,112,408)	(1,069,833)
Cash encumbered by loan covenant	<u>(-)</u>	<u>(29,940)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,946,652</u>	<u>\$ 5,106,371</u>

OSSINING CHILDREN'S CENTER, INC.
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14. Endowment

The Organization's endowment is comprised of two donor-restricted funds (Funds) which were established to provide investment income to fund student scholarships.

The Organization follows the provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA) which allows appropriation or accumulation of so much of the donor-restricted endowment as is prudent for the uses, benefits, purposes, and duration for which the fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result, appropriations below the historic dollar value of the fund's original gift instrument are permitted unless: the donor of an endowment fund established before September 17, 2010, who is available, opts to retain the historic dollar value limit; or the donor of an endowment fund received after September 17, 2010, includes an explicit prohibition on spending below historic dollar value.

In deciding whether to appropriate from an endowment fund, the Organization's Board of Directors must act in good faith, with the care that an ordinary prudent person in a like position would exercise under similar circumstances. In addition, the following factors must be considered prior to appropriation:

- (1) the duration and preservation of the Funds
- (2) the purposes of the Organization and the donor-restricted 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
- (7) alternatives to expenditure of the Funds, giving due consideration to the effect that such alternatives may have on the Organization
- (8) the Organization's investment policies.

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. When amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA, the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors or Investment Committee, 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.

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14. Endowment (Continued)

Endowment assets are invested in an asset mix that 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. Investment risk is measured in terms of the total endowment funds; investment assets and allocation between asset classes and strategies are managed in order not to expose the funds to unacceptable levels of risk.

Spending Policy. The donor restriction states that distributions from the endowment can only be made for scholarships. Distributions can only be made out of investment return and the initial gift amount must be maintained in perpetuity.

Endowment net asset composition by type of fund as of June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Donor-restricted endowment funds:		
Original donor-restricted gift amount required to be maintained in perpetuity by donor	\$ 340,425	\$ 337,925
Unappropriated investment gains	<u>260,785</u>	<u>230,741</u>
	<u>\$ 601,210</u>	<u>\$ 568,666</u>

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 568,666	\$ 666,607
Contributions	2,500	2,500
Investment return	30,044	(100,441)
Appropriated for expenditure	-	-
Endowment net assets, end of year	<u>\$ 601,210</u>	<u>\$ 568,666</u>

15. Concentrations

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 (SIPC) insures securities up to \$500,000 per financial institution. At times, the balances of the accounts exceeded the insured limits during the years ended June 30, 2023 and 2022.

16. Subsequent Events

Management has evaluated subsequent events through March 25, 2024, 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.