

The Mayor's Fund to Advance New York City

(a component unit of the City of New York)

Financial Report

June 30, 2012

Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	2 - 4
Financial Statements:	
Balance Sheets	5
Statements of Revenue, Expenses and Changes in Net Assets	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 14



Independent Auditor's Report

To the Board of Directors
The Mayor's Fund to Advance New York City
New York, New York

We have audited the accompanying balance sheets of The Mayor's Fund to Advance New York City (the "Fund"), a component unit of the City of New York, as of June 30, 2012 and 2011, and the related statements of revenue, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Mayor's Fund to Advance New York City as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 - 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

McGladrey LLP

New York, New York
March 27, 2013

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

Management's Discussion and Analysis

This section of The Mayor's Fund to Advance New York City's (the "Fund") annual financial report presents our discussion and analysis of the Fund's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the Fund's financial statements and accompanying notes.

Financial Highlights

The Fund works closely with many New York City agencies to support and strengthen innovative public programs serving the City's residents. Each initiative undertaken by the Fund is unique. Some initiatives are one-year pilot programs while others are multi-year projects. Thus, annual contributions and expenses are not directly correlated and expect to fluctuate from year to year depending on which year contributions are received and program expenses are incurred. Highlights of 2011-12 initiatives enhanced through private support include:

- Young Men's Initiative, a multi-year, interagency and cross-partner initiative to address and find new ways to tackle the crisis affecting young black and Latino men by breaking down barriers to their success to achieve their professional, educational and personal goals.
- Social Innovation Fund, a multi-year initiative to replicate effective anti-poverty programs of the Center for Economic Opportunity in New York City and seven other cities.
- Financial Empowerment Centers, providing one-on-one, free, confidential financial counseling services. The Centers offer direct assistance to help New Yorkers stabilize and manage their finances and plan for their future.
- NYC Service, which promotes volunteerism and is helping to drive volunteer activity to aid the City's most pressing needs.

At June 30, 2012, the Fund's total net assets increased by approximately \$16.27 million, or 52.97%, from the previous year due to the following changes in revenue and expenses:

- During the fiscal year ended June 30, 2012, total contributions and grants were approximately \$53.16 million, an increase of about \$23.79 million, or 81.00%, from fiscal year 2011. The increase is largely due to recognizing \$15.97 million in support received and income earned for the Young Men's Initiative, a new effort in fiscal year 2012.
- In fiscal year 2012, total expenses were approximately \$37.36 million, an increase of approximately \$5.23 million, or 16.27%, from the previous year. The increase in expenses is based on the needs of the programs.

At June 30, 2011, the Fund's total net assets decreased by approximately \$2.26 million, or 6.85%, from the previous year due to the following changes in revenue and expenses:

- During the fiscal year ended June 30, 2011, total contributions and grants were approximately \$29.37 million, an increase of approximately \$800,000, or 2.80%, from fiscal year 2010.
- In fiscal year 2011, total expenses were approximately \$32.14 million, an increase of approximately \$2.17 million, or 7.23%, from the previous year. The increase in expenses is based on the needs of the programs.

**The Mayor's Fund to Advance New York City
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Management's Discussion and Analysis

Overview of the Annual Financial Report

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Fund follows enterprise fund reporting; therefore, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Financial Analysis of the Fund

Net Assets: The following table summarizes the changes in net assets between June 30, 2012, 2011, and 2010:

	2012	2011	2010	Percentage Change	
				2012	2011
Total assets	\$ 61,656,242	\$ 34,989,443	\$ 36,628,518	76.21 %	(4.47)%
Total liabilities	14,679,474	4,279,234	3,659,408	243.04 %	16.94 %
Net assets	\$ 46,976,768	\$ 30,710,209	\$ 32,969,110	52.97 %	(6.85)%
Net assets:					
Restricted expendable	\$ 46,250,183	\$ 29,514,010	\$ 31,458,857	56.71 %	(6.18)%
Unrestricted	726,585	1,196,199	1,510,253	(39.26)%	(20.79)%
Total	\$ 46,976,768	\$ 30,710,209	\$ 32,969,110	52.97 %	(6.85)%

Operating Activities: The Fund receives contributions for programs that benefit the City of New York. Grant revenue is earned when the Fund has complied with the terms and conditions of the grant agreements.

The following table summarizes the changes in operating and nonoperating income between the fiscal years ended June 30, 2012, 2011, and 2010:

	2012	2011	2010	Percentage Change	
				2012	2011
Contributions and grants	\$ 53,158,991	\$ 29,369,393	\$ 28,569,342	81.00 %	2.80 %
Operating expenses:					
Program services	36,918,763	31,772,828	29,603,861	16.20 %	7.33 %
Management and general	345,648	275,341	268,296	25.53 %	2.63 %
Fund-raising	99,043	87,822	96,561	12.78 %	(9.05)%
Total operating expenses	37,363,454	32,135,991	29,968,718	16.27 %	7.23 %
Operating income (loss)	15,795,537	(2,766,598)	(1,399,376)	670.94 %	(97.70)%
Nonoperating revenue	471,022	507,697	490,316	(7.22)%	3.54 %
Change in net assets	\$ 16,266,559	\$ (2,258,901)	\$ (909,060)	820.11 %	148.49 %

**The Mayor's Fund to Advance New York City
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Management's Discussion and Analysis

General Outlook

The Mayor's Fund to Advance New York City will continue to raise and accept contributions in support of public programs addressing the needs and general welfare of New Yorkers. This may include building partnerships and sharing best practices with local, state and federal stakeholders. To achieve its goals, the Fund is reliant on the generosity of individuals, foundations and corporations, which play a crucial role in making the City safer, healthier, and an even more vibrant and dynamic place to live and work.

Contacting the Fund's Financial Management

The financial report is designed to provide donors with a general overview of the Fund's finances and to demonstrate the Fund's accountability for the grants and contributions that it receives. If you have questions about this report, or need additional financial information, contact the Fund at 253 Broadway, 8th Floor, New York, NY 10007.

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

**Balance Sheets
June 30, 2012 and 2011**

	2012	2011
ASSETS		
Current Assets:		
Cash and cash equivalents (Notes 2 and 7)	\$ 11,997,776	\$ 22,125,969
Short-term investments (Notes 2, 7, and 8)	32,598,860	8,378,323
Restricted contributions and grants receivable (Note 3)	11,415,571	4,479,597
Prepaid expenses (Note 2)	<u>91,035</u>	<u>5,554</u>
Total current assets	56,103,242	34,989,443
Noncurrent Assets:		
Restricted contributions and grants receivable (Note 3)	<u>5,553,000</u>	<u>-</u>
Total assets	<u>\$ 61,656,242</u>	<u>\$ 34,989,443</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 6,850,104	\$ 4,229,234
Deferred revenue and refundable advances (Note 2)	<u>7,829,370</u>	<u>50,000</u>
Total liabilities	<u>14,679,474</u>	<u>4,279,234</u>
Contingency (Note 9)		
Net Assets:		
Restricted expendable (Note 4)	46,250,183	29,514,010
Unrestricted	<u>726,585</u>	<u>1,196,199</u>
Total net assets	<u>46,976,768</u>	<u>30,710,209</u>
Total liabilities and net assets	<u>\$ 61,656,242</u>	<u>\$ 34,989,443</u>

See Notes to Financial Statements.

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

**Statements of Revenue, Expenses and Changes in Net Assets
Years Ended June 30, 2012 and 2011**

	2012	2011
Operating Activities:		
Support and revenue:		
Contributions and grants:		
Unrestricted	\$ 119,530	\$ 79,980
Restricted (Note 4)	<u>53,039,461</u>	<u>29,289,413</u>
Total operating support and revenue	<u>53,158,991</u>	<u>29,369,393</u>
Operating Expenses (Note 6):		
Program services	36,918,763	31,772,828
Management and general	345,648	275,341
Fund-raising	<u>99,043</u>	<u>87,822</u>
Total operating expenses	<u>37,363,454</u>	<u>32,135,991</u>
Excess (deficiency) of operating support and revenue over expenses	<u>15,795,537</u>	<u>(2,766,598)</u>
Nonoperating Revenue:		
City of New York contract (Note 5)	374,510	374,510
Interest income - unrestricted	96,351	130,261
Interest income - restricted (Note 4)	<u>161</u>	<u>2,926</u>
Total nonoperating revenue	<u>471,022</u>	<u>507,697</u>
Change in net assets	16,266,559	(2,258,901)
Net Assets:		
Beginning	<u>30,710,209</u>	<u>32,969,110</u>
Ending	<u>\$ 46,976,768</u>	<u>\$ 30,710,209</u>

See Notes to Financial Statements.

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

**Statements of Cash Flows
Years Ended June 30, 2012 and 2011**

	2012	2011
Cash Flows From Operating Activities:		
Receipts from contributions and grants	\$ 48,329,857	\$ 26,816,398
Payments for project and program expenses	(32,241,821)	(28,174,613)
Payments to project consultants	(300,000)	(255,000)
Payments for salaries and related costs	(2,266,412)	(2,951,642)
Other payments	99,698	(105,897)
	<u>13,621,322</u>	<u>(4,670,754)</u>
Net cash provided by (used in) operating activities		
Cash Flows Provided By Noncapital Financing Activity:		
Receipts from City of New York contract	<u>374,510</u>	<u>374,510</u>
Cash Flows From Investing Activities:		
Purchase of short-term investments	(24,220,537)	(524,123)
Interest income	96,512	133,187
	<u>(24,124,025)</u>	<u>(390,936)</u>
Net cash used in investing activities		
Net decrease in cash and cash equivalents		
	(10,128,193)	(4,687,180)
Cash and Cash Equivalents:		
Beginning	<u>22,125,969</u>	26,813,149
Ending	<u>\$ 11,997,776</u>	<u>\$ 22,125,969</u>
Reconciliation of Excess (Deficiency) of Operating Support and Revenue Over Expenses to Net Cash Provided By (Used In) Operating Activities:		
Excess (deficiency) of operating support and revenue over expenses	\$ 15,795,537	\$ (2,766,598)
Adjustments to reconcile excess (deficiency) of operating support and revenue over expenses to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Increase in restricted contributions and grants receivable	(12,488,974)	(2,523,015)
Increase in prepaid expenses	(85,481)	(967)
Increase in accounts payable and accrued expenses	2,620,870	569,826
Increase in deferred revenue and refundable advances	7,779,370	50,000
	<u>\$ 13,621,322</u>	<u>\$ (4,670,754)</u>
Net cash provided by (used in) operating activities		

See Notes to Financial Statements.

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

Notes to Financial Statements

Note 1. The Fund

The Mayor's Fund to Advance New York City (the "Fund") is a not-for-profit organization established to support innovative initiatives of the City's agencies, such as the Departments of Parks and Recreation, Consumer Affairs, Health and Mental Hygiene, Youth and Community Development, and Cultural Affairs. The Fund is dedicated to creating partnerships between the City and the private sector in an effort to enhance public programs and improve the quality of life for New York City's residents. The Fund is a component unit of the City of New York, and the Mayor of the City of New York appoints all of its board members.

The Fund was initially incorporated under the name New York City Public Private Initiatives, Inc. in June 1994 under the New York State Not-for-Profit Corporations Law. The Fund adopted the current name in July 2003. The Fund is considered a public charity and, as such, is exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code.

Note 2. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (the "GASB"). The financial statements have been prepared using the accrual basis of accounting.

In order to ensure observance of limitations and restrictions placed upon the use of the resources available to the Fund, the accounts of the Fund are maintained in accordance with the principles of enterprise fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. All activity of the Fund is reported as operating funds, which includes unrestricted and restricted resources, representing the portion of expendable funds that is available for support of the Fund's operations.

In accordance with GASB No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Fund reports in its statements of revenue, expenses and changes in net assets in certain categories. Revenue is reported by major source, and operating revenue is distinguished from nonoperating revenue. Management's Discussion and Analysis is also required by GASB No. 34.

The Fund records nonexchange transactions in accordance with GASB No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. GASB No. 33 establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources, such as grants and private contributions. GASB No. 33 identifies four classes of nonexchange transactions, of which contributions received by the Fund are considered voluntary nonexchange transactions. For voluntary nonexchange transactions, assets are recognized by the Fund when all applicable eligibility requirements are met or resources are received, whichever is first, and revenue is recognized when all applicable eligibility requirements are met. Resources received prior to all eligibility requirements being met are considered deferred revenue. Per GASB No. 33, eligibility requirements may be stipulated by the provider and comprise one or more of the following:

- a. Required characteristics of recipients - the recipient has the characteristics specified by the provider.
- b. Time requirements - time requirements specified by the provider have been met. For example, the time period when the resources are required to be used has begun.
- c. Reimbursements - the provider offers resources on a reimbursement basis and the recipient has incurred allowable costs.

**The Mayor's Fund to Advance New York City
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Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

- d. Contingencies - the provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

Purpose restrictions do not affect when a nonexchange transaction is recognized. Resources received with purpose restrictions are recognized as revenue and reported as restricted net asset balance by the Fund until the resources are used for the specified purpose. In most cases, the Fund reserves the right to transfer funds that are in excess of a specific program's needs to a different program of the Fund. Resources received without purpose restrictions are recognized and reported as unrestricted net asset balance by the Fund and used for program and general operating expenses of the Fund.

Revenues from federal grants and the City of New York contract are recognized when reimbursable expenses are incurred under the terms of the grant or contract (see Note 4). Qualified expenses in excess of cash received are accounted for as receivables. Cash received in excess of qualified expenses is accounted for as refundable advances.

The Fund seeks in-kind support from various sources in support of its projects. In-kind contributions are reported as contributions and expenses in the accompanying statements of revenue, expenses and changes in net assets at their estimated fair value at the date of donation. The Fund also receives donated items for the benefit of certain City agencies and the City of New York. Such items that are not retained by the Fund have not been reflected in the financial statements. In-kind contributions recorded in the financial statements for the year ended June 30, 2012 were \$43,615 for rent and facilities and \$75,915 for legal and other professional services. For the year ended June 30, 2011, in-kind contributions were \$26,120 for rent and facilities and \$53,860 for legal and other professional services.

The Fund considers investments with original maturities of three months or less to be cash equivalents. Cash equivalents (uncategorized investments) are stated at cost plus accrued interest, which approximates fair value.

The Fund maintains cash and cash equivalents in accounts in financial institutions which, at times, exceed federally insured limits. The Fund has not experienced any losses on these accounts to date. Cash and cash equivalents at June 30, 2012 are held by three financial institutions.

Short-term investments consist of U.S. Treasury notes, U.S. agency notes and certificates of deposit with maturities exceeding three months, and are stated at fair value. These short-term investments are held by one financial institution at June 30, 2012.

The Fund provides allowance for uncollectible receivables based on management's best estimate of uncollectible amounts at year-end, considering type, age, collection history and any other factors considered appropriate (see Note 3).

Payments made for expenses relating to events or projects which have not occurred as of the end of the fiscal year are considered prepaid expenses.

The Fund is subject to unrelated business income tax ("UBIT"), if applicable. For the years ended June 30, 2012 and 2011, the Fund did not owe any UBIT. Management evaluated the Fund's income tax positions and concluded that the Fund had taken no uncertain income tax positions that require adjustments to the financial statements. With a few exceptions, the Fund is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for tax years before 2009, which is the standard statute of limitations look-back period.

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements, and revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

The Fund evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was March 27, 2013 for these financial statements.

Certain 2011 amounts have been reclassified to conform to the 2012 financial statement presentation. The reclassification had no effect in the 2011 reported total assets, total liabilities, net assets and change in net assets.

Note 3. Restricted Contributions and Grants Receivable

Restricted contributions and grants receivable are due to be collected as follows:

	<u>2012</u>	<u>2011</u>
Within 1 year or less	\$ 11,415,571	\$ 4,479,597
Within 2 years	<u>5,553,000</u>	<u>-</u>
	<u>\$ 16,968,571</u>	<u>\$ 4,479,597</u>

Management has determined that all receivables are collectible in full when due, and no allowance for doubtful accounts was deemed necessary.

One significant donor accounted for approximately 55% of the restricted contributions and grants receivable at June 30, 2012. This significant donor provided approximately 39% of the Fund's restricted contributions and grants for the year ended June 30, 2012.

Note 4. Restricted Expendable Net Assets

Restricted expendable net assets represent resources provided by donors to fund various projects undertaken for the benefit of and on behalf of the City.

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

Notes to Financial Statements

Note 4. Restricted Expendable Net Assets (Continued)

The following table summarizes support received from donors and expenditures made for such projects for the year ended June 30, 2012:

	Restricted Expendable Net Asset Balance at June 30, 2011	Support Received and Income Earned	Expenses Incurred	Interfund Transfers ⁽³⁾	Restricted Expendable Net Asset Balance at June 30, 2012
Administration for Children Services	\$ -	\$ 230,000	\$ -	\$ -	\$ 230,000
Benefit Events	439,079	816,146	73,022	(443,180)	739,023
Center for Economic Opportunity ⁽¹⁾	13,112,367	17,231,758	13,925,972	-	16,418,153
City Hall Conservancy	1,418	-	-	-	1,418
Civic Innovation	17,368	8,697	755	5,193	30,503
Civilian Complaint Review Board	39,169	-	28,571	-	10,598
Commemoration Fund	558,966	100,000	479,492	-	179,474
Commission on Women's Issues	210,838	-	3,185	(87,500)	120,153
Criminal Justice Coordinator	185,576	25,000	118,289	-	92,287
Department of Buildings	-	10,000	10,000	-	-
Department of Citywide Administrative Services	23,600	-	-	-	23,600
Department of City Planning	-	20,000	20,000	-	-
Department of Consumer Affairs	638,352	1,446,650	1,243,964	-	841,038
Department of Cultural Affairs	340,001	2,181,788	1,194,848	25,000	1,351,941
Department of Education	97,697	1,135,645	1,107,574	-	125,768
Department of Environmental Protection	208,782	1,000	66,049	-	143,733
Department of Health and Mental Hygiene	118,809	410,500	327,259	-	202,050
Department of Homeless Services	330,661	636,075	700,118	-	266,618
Department of Housing Preservation and Development	1,116,971	313,837	327,589	-	1,103,219
Department of Information Technology and Telecommunications	215	-	-	(215)	-
Department of Parks and Recreation	1,763,922	75	160,721	(1,816)	1,601,460
Department of Probation	20,000	105,750	15,068	-	110,682
Department of Sanitation	22,145	8,382	26,626	-	3,901
Department of Transportation	780,800	143,000	393,430	-	530,370
Department of Youth and Community Development	1,175,181	6,096,632	6,955,573	91,357	407,597
Flight 587	-	500	500	-	-
Friends of Special Events	32,196	1,020,465	1,041,416	48,186	59,431
Greater NY	802,284	-	265,182	-	537,102
Human Resources Administration	150	-	146	(4)	-
Human Rights Commission	9,645	-	3,641	-	6,004
Latin Media & Entertainment	4,867	15,500	6,582	-	13,785
Law Department	5,463	90,000	5,463	-	90,000
Memorial Park	60,819	-	17,035	-	43,784
New York City Housing Authority	222,909	525,800	197,381	-	551,328
NYC Libraries	-	50,000	50,000	-	-
NYC Service ⁽¹⁾	1,974,888	1,376,908	2,335,586	(8,828)	1,007,382
Office For People With Disabilities	11,631	10,000	8,333	-	13,298
Office of Emergency Management	612,439	-	19,750	(2)	592,687
Office of Film, Theatre and Broadcasting	356,396	213,999	378,008	-	192,387
Office of Immigrant Affairs	74,772	-	29,913	-	44,859
Office of Operations	413,357	24,990	214,963	-	223,384
Office of Veterans' Affairs	52,016	24,585	19,889	-	56,712
Office to Combat Domestic Violence	534,270	870,893	789,243	443,180	1,059,100
PlaNYC	2,291,949	669,609	2,144,965	1,816	818,409
Public Design Commission	589,587	414,603	855,539	100,000	248,651
Relief Efforts	5,970	2,188	8,900	742	-
Small Business Services	255,921	832,000	296,472	-	791,449
Voters Assistance Commission	564	10,000	538	-	10,026
Young Men's Initiatives ⁽²⁾	-	15,966,647	609,828	-	15,356,819
	<u>\$ 29,514,010</u>	<u>\$ 53,039,622</u>	<u>\$ 36,477,378</u>	<u>\$ 173,929</u>	<u>\$ 46,250,183</u>

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

Notes to Financial Statements

Note 4. Restricted Expendable Net Assets (Continued)

- (1) Direct program expenses shown above include direct personnel service costs of \$1,680,831. Such amount is reported as personnel services costs in Note 6.
- (2) As of June 30, 2012, the Fund has received conditional matching grant agreements amounting to \$4.1 million, of which approximately \$3.3 million has not yet been recognized as revenue in the accompanying financial statements. These grant agreements will benefit the Young Men's Initiatives of the City of New York.
- (3) Net interfund transfers of \$173,929 represent total transfers from unrestricted funds to pay for restricted program expenses.

Interfund transfers represent authorized transfers between projects.

Note 5. City of New York Contract

The Fund renewed its contract agreement with the City to perform private fund-raising and other related services for the benefit of the City. The contract provides for reimbursement of certain operating expenses stipulated within the contract. The contract allows the Fund to retain up to 8% of all restricted contributions to offset reimbursable expenses. This retainage may be waived for program use at the discretion of the Fund and the authorizing Deputy Mayor.

The contract also stipulates that the City provide the Fund with administrative office space, and office furniture and equipment. The cost of such facilities may be paid by the Fund from the retainage of contributions or it may be treated as an in-kind contribution if retainage is not available. In fiscal years 2012 and 2011, the Fund elected to treat the use of facilities as an in-kind contribution. The in-kind contribution was \$43,615 and \$26,120 for the years ended June 30, 2012 and 2011, respectively, which is considered to be the fair value of such facilities (see Note 2).

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

Notes to Financial Statements

Note 6. Operating Expenses

Expenses as shown in the accompanying statements of revenue, expenses and changes in net assets consisted of the following:

	2012			
	Program Services	Management and General	Fund- Raising	Total
Salaries	\$ 1,805,161	\$ 123,193	\$ 74,947	\$ 2,003,301
Payroll taxes and other employee benefits	175,050	35,965	22,259	233,274
Total personnel services	1,980,211	159,158	97,206	2,236,575
Direct program expenses - restricted programs	34,796,547	-	-	34,796,547
Direct program expenses paid from unrestricted funds	95,981	-	-	95,981
Accountant	33,281	11,094	-	44,375
Audit and tax preparation fees	-	43,145	-	43,145
In-kind legal and other professional services	-	75,915	-	75,915
In-kind facilities and tech support	-	43,615	-	43,615
Printing	-	5,870	-	5,870
Insurance	4,639	2,498	-	7,137
Other expenses	8,104	4,353	1,837	14,294
	\$ 36,918,763	\$ 345,648	\$ 99,043	\$ 37,363,454
	2011			
	Program Services	Management and General	Fund- Raising	Total
Salaries	\$ 2,482,764	\$ 102,617	\$ 64,648	\$ 2,650,029
Payroll taxes and other employee benefits	300,524	28,190	22,346	351,060
Total personnel services	2,783,288	130,807	86,994	3,001,089
Direct program expenses - restricted programs	28,808,442	-	-	28,808,442
Direct program expenses paid from unrestricted funds	141,550	-	-	141,550
Accountant	30,380	13,020	-	43,400
Audit and tax preparation fees	-	43,060	-	43,060
In-kind legal and other professional services	-	53,860	-	53,860
In-kind facilities and tech support	-	26,120	-	26,120
Printing	-	2,903	-	2,903
Insurance	5,328	2,868	-	8,196
Other expenses	3,840	2,703	828	7,371
	\$ 31,772,828	\$ 275,341	\$ 87,822	\$ 32,135,991

**The Mayor's Fund to Advance New York City
(a component unit of the City of New York)**

Notes to Financial Statements

Note 7. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund does not have a deposit policy for custodial credit risk.

Of the Fund's total cash and cash equivalents held by three financial institutions at June 30, 2012 and 2011, \$10,710,208 and \$21,301,695, respectively, were uninsured and uncollateralized.

The Fund's short-term investments, which consist of U.S. Treasury notes, U.S. agency notes and certificates of deposit were insured by the Federal Deposit Insurance Corporation (the "FDIC").

Note 8. Interest Rate and Credit Risks

The Fund's investment policy limits the maximum maturity for any investment that it will hold to three years, and the maximum weighted-average life of the portfolio to two years.

The Fund's investment policy also limits its investment choices to U.S. Treasury and agency obligations and certificates of deposit insured by the FDIC.

At June 30, 2012, the Fund's short-term investments consist of the following:

	Credit Rating		Amount
	Moody's Investor Services	Standard & Poor's	
U.S. Government Obligations			
FHLB	Aaa	AAA	\$ 20,834,237
FFCB	Aaa	AA+	5,036,826
Treasury Notes	N/A	N/A	1,578,298
Certificates of Deposit	N/A	N/A	<u>5,149,499</u>
			<u><u>\$ 32,598,860</u></u>

Note 9. Contingency

Certain grants recognized as revenue by the Fund are subject to continued compliance with donor-imposed restrictions and conditions. In the event of noncompliance, a donor may cancel its grant agreement and may require the Fund to return any unspent amount on the grants. In addition, certain grants and contracts are subject to independent audit by the awarding agency or funding source. Such audit could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds.

Management is of the opinion that such events, if any, will not have a material impact on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such contingency.