



The Mayor's Fund to Advance New York City

(a component unit of the City of New York)

Financial Report
June 30, 2016

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RSM US LLP

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Mayor's Fund to Advance New York City (the Fund), a component unit of the City of New York, which comprise the statements of net position as of June 30, 2016 and 2015, and the related statements of revenue, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, previously reported net position categories have been restated for a correction of an error to properly reflect the classification between restricted expendable and unrestricted. Our opinion is not modified with respect to this matter.

As described in Notes 1 and 3 to the financial statements, the Fund adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matter**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 6 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 audits 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.

RSM US LLP

New York, New York
February 22, 2017

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

Management's Discussion and Analysis (Unaudited)

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 years ended June 30, 2016 and 2015. Please read it in conjunction with the Fund's financial statements and accompanying notes.

Overview of the Financial Statements

This report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The Fund follows enterprise fund reporting; therefore, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The statements of net position presents the financial position of the Fund as of June 30, 2016 and 2015. It provides information about the nature and the amount of resources (assets), plus deferred outflows (as applicable), obligations (liabilities), plus deferred inflows (as applicable) and net position.

The statements of revenues, expenses and changes in net position presents the changes in net position over the course of the years ended June 30, 2016 and 2015. The change in net position may be useful in assessing whether the financial position improved or deteriorated for the year.

The statements of cash flows presents the cash activities segregated by four major cash flow categories; operating activities, noncapital financing activities, capital and related financing activities and investing activities. This statement may be useful in determining the changes in liquidity and in understanding how cash and cash equivalents were used during the years ended June 30, 2016 and 2015.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Highlights

The Fund works closely with many New York City (the 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 2015-16 initiatives enhanced through private support include:

- The growth of the Center for Youth Employment, a joint collaboration of the Mayor's Fund to Advance New York City, business leaders, philanthropy, and several City agencies and offices. The Center's mission is to better engage local employers in youth workforce programming, and to facilitate greater coordination and strategic thinking between the public and private groups already supporting college-and-career-readiness activities. The Center quickly met its first major goal by more than doubling the number of internships available to New York City students through the City's Ladders for Leaders internship program—from just 475 internships in 2014 to 1,035 positions in 2015. In the summer of 2015, more youth landed summer jobs and internships through the City's Summer Youth Employment Program than at any other point in the program's 50-year history. The Center helped increase the overall number of City-supported jobs, internships and related opportunities for youth to approximately 70,000 in 2015—an increase of nearly 15 percent over the previous year.

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Management's Discussion and Analysis (Unaudited)

- The Connections to Care program, a \$30 million public-private partnership, was established to evaluate the integration of mental health support at community-based organizations serving low-income and at-risk populations that struggle with unmet mental health needs. Connections to Care will give staff at community-based organizations the training to provide mental health services – such as screenings for common mental health and substance use disorders and mental health first aid – and track the impact of the Connection to Care program on those who will receive services to test its effectiveness. Over the next five years, the mental health providers are expected to train nearly 1,000 staff members at community-based organizations to offer mental health services in non-clinical settings, serving 8,600 New Yorkers per year.
- The “Building Healthy Communities” initiative was introduced this past year –with the goal of providing safe open spaces, access to healthy food, and opportunities for physical activity for many communities that have historically been neglected from public investment. Many of these same neighborhoods continue to report high rates of crime and equally high rates of obesity, diabetes and chronic disease. To improve health outcomes in these communities, the de Blasio administration has launched the Building Healthy Communities initiative, a multi-million dollar, multi-year, public-private partnership committed to taking an innovative, holistic approach to increasing access to healthy food, increasing opportunities for physical activity and promoting public safety in 12 of the most underserved under-resourced neighborhoods in all five boroughs.
- The "Direct Access" health initiative aims to improve health care access for the city's immigrant population, making New York City one of the first major U.S. municipalities to expand health care access after the enactment of the Affordable Care Act. The program will coordinate new methods of delivering reliable access to affordable care for immigrants who are excluded from federal and state support.
- The Mayor's Fund, along with the Department of Consumer Affairs, the Center for Economic Opportunity, and the DESIS Lab at the Parsons School of Design, continued to grow the Designing for Financial Empowerment program, a cross-sector initiative that explores how service design can be used to make public sector financial empowerment services more effective and accessible. This landmark program envisions New York City and other large urban areas challenging the cycle of poverty by holistically examining current public policy and service offerings; identifying the interrelated needs of the most vulnerable populations; and enabling community members to participate in the co-design and prototyping of the very services that they use.

At June 30, 2016, the Fund's total net position decreased by approximately \$3.87 million, or 19.81%, from the previous year due to the following changes in revenue and expenses:

- During the fiscal year ended June 30, 2016, total contributions and grants were approximately \$24.59 million, an increase of about \$3.78 million, or 18.19%, from fiscal year 2015. The increase is largely due to increased contributions for Connections to Care, Building Healthy Communities, Food Policy, NYC Service, and Direct Access.
- In fiscal year 2016, total expenses were approximately \$28.99 million, a decrease of approximately \$10.82 million, or 27.20%, from the previous year. The decrease is mainly due to a decrease in spending for the Young Men's Initiative, the Social Innovation Fund, and NYC Service.

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At June 30, 2015, the Fund's total net position decreased by approximately \$18.62 million, or 48.81%, from the previous year due to the following changes in revenue and expenses:

- During the fiscal year ended June 30, 2015, total contributions and grants were approximately \$20.81 million, a decrease of about \$5.55 million, or 21.04%, from fiscal year 2014. The decrease is largely due to decreases in contributions for the Social Innovation Fund, Hurricane Sandy Relief Efforts and the Young Men's Initiative.
- In fiscal year 2014, total expenses were approximately \$39.81 million, a decrease of approximately \$12.74 million, or 24.25%, from the previous year. The decrease is mainly due to a decrease in spending for the Social Innovation Fund, Department of Education, Department of Parks, Hurricane Sandy Relief Efforts and the Young Men's Initiative.

Financial Analysis of the Fund

Net position: The following table summarizes the changes in net position between June 30, 2016, 2015, and 2014:

	2016	(As Restated)	(As Restated)	Percentage Change	
		2015	2014	2016	2015
Total assets	\$ 22,620,147	\$ 25,101,593	\$ 50,115,664	(9.89)%	(49.91)%
Total liabilities	6,935,515	5,573,015	11,962,954	24.55%	(53.41)%
Deferred inflows of resources:					
Unavailable resources	25,000	-	-	0%	0%
Net position	<u>\$ 15,659,632</u>	<u>\$ 19,528,578</u>	<u>\$ 38,152,710</u>	(19.81)%	(48.81)%
Net position:					
Restricted expendable	\$ 14,565,277	\$ 18,395,133	\$ 37,163,215	(20.82)%	(50.50)%
Unrestricted	1,094,355	1,133,445	989,495	(-3.45)%	14.58%
Total	<u>\$ 15,659,632</u>	<u>\$ 19,528,578</u>	<u>\$ 38,152,710</u>	(19.81)%	(48.81)%

The previous years' net position has been restated to correct the classification between restricted expendable and unrestricted. See Note 13 for additional information.

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Management's Discussion and Analysis (Unaudited)

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 activities of the Fund for fiscal years ended June 30, 2016, 2015, and 2014:

	2016	2015	2014	Percentage Change	
				2016	2015
Contributions and grants	\$ 24,592,594	\$ 20,807,154	\$ 26,351,172	18.19%	(21.04)%
Operating expenses:					
Program services	28,335,006	39,312,854	52,192,070	(27.92)%	(24.68)%
Management and general	269,271	255,335	308,891	5.46%	(17.34)%
Fund-raising	377,475	239,466	47,807	57.63%	400.90%
Total operating expenses	28,981,752	39,807,655	52,548,768	(27.20)%	(24.25)%
Operating (loss) income	(4,389,158)	(19,000,501)	(26,197,596)	(76.90)%	(27.47)%
Nonoperating revenue	520,212	376,369	395,849	38.22%	(4.92)%
Change in net position	\$ (3,868,946)	\$ (18,624,132)	\$ (25,801,747)	(79.23)%	(27.82)%

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 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, 6th Floor, New York, NY 10007.

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**Statements of Net Position
June 30, 2016 and 2015**

	2016	(As Restated) 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,013,168	\$ 22,059,292
Restricted contributions and grants receivable	2,717,977	3,040,912
Investments	16,881,439	-
Prepaid expenses	7,563	1,389
Total assets	\$ 22,620,147	\$ 25,101,593
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,435,515	\$ 5,573,015
Note payable	500,000	-
Total liabilities	\$ 6,935,515	\$ 5,573,015
Deferred inflows of resources		
Unavailable resources	\$ 25,000.00	\$ -
Contingency		
Net position:		
Restricted expendable	\$ 14,565,277	\$ 18,395,133
Unrestricted	1,094,355	1,133,445
Total net position	\$ 15,659,632	\$ 19,528,578

See notes to financial statements.

**The Mayor's Fund to Advance New York City
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**Statements of Revenue, Expenses and Changes in Net Position
Years Ended June 30, 2016 and 2015**

	2016	(As Restated) 2015
Operating activities:		
Support and revenue:		
Contributions and grants:		
Unrestricted	\$ 567,391	\$ 923,617
Restricted	24,025,203	19,883,537
Total operating support and revenue	24,592,594	20,807,154
Operating expenses:		
Program services	28,335,006	39,312,854
Management and general	269,271	255,335
Fund-raising	377,475	239,466
Total operating expenses	28,981,752	39,807,655
Deficiency of operating support and revenue over expenses	(4,389,158)	(19,000,501)
Nonoperating revenue:		
City of New York contract	374,510	374,510
Investment income	94,584	-
Interest income	51,118	1,859
Total nonoperating revenue	520,212	376,369
Change in net position	(3,868,946)	(18,624,132)
Net position:		
Beginning	19,528,578	38,152,710
Ending	\$ 15,659,632	\$ 19,528,578

See notes to financial statements.

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**Statements of Cash Flows
Years Ended June 30, 2016 and 2015**

	2016	2015
Cash flows from operating activities:		
Receipts from contributions and grants	\$ 24,771,368	\$ 22,784,605
Payments for project and program expenses	(24,108,706)	(43,537,829)
Payments for salaries and related costs	(3,637,391)	(2,400,195)
Other payments	(210,168)	(132,347)
Net cash used in operating activities	(3,184,897)	(23,285,766)
Cash flows provided by noncapital financing activity:		
Receipts from City of New York contract	374,510	374,510
Issuance of loans	500,000	-
Net cash provided by noncapital financing activities	874,510	374,510
Cash flows from investing activities:		
Purchase of investments	(16,786,855)	-
Interest income	51,118	1,859
Net cash provided by investing activities	(16,735,737)	1,859
Net change in cash and cash equivalents	(19,046,124)	(22,909,397)
Cash and cash equivalents:		
Beginning	22,059,292	44,968,689
Ending	\$ 3,013,168	\$ 22,059,292
Reconciliation of deficiency of operating support and revenue over expenses to net cash used in operating activities:		
Deficiency of operating support and revenue over expenses	\$ (4,389,158)	\$ (19,000,501)
Adjustments to reconcile deficiency of operating support and revenue over expenses to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Decrease in restricted contributions and grants receivable	322,935	2,095,512
Decrease in prepaid expenses	(6,174)	9,162
Decrease in accounts payable and accrued expenses	862,500	(6,389,939)
Increase in unavailable resources	25,000	-
Net cash used in operating activities	\$ (3,184,897)	\$ (23,285,766)

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

Accounting and reporting standards: These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by Governmental Accounting Standards Board (GASB) codification section 2100, which establishes standards for defining and reporting on the financial reporting entity.

The GASB defines the basic financial statements of a business-type activity as the: statement of net position, statement of revenues, expenses and changes in net position, and the statement of cash flows. The statement of net position is presented to illustrate both the current and noncurrent balances of each asset and liability. All revenues and expenses are classified as either operating or non-operating activities in the statement of revenues, expenses and changes in net position. Operating activities are those that support the mission and purpose of the Fund. Nonoperating activities represent transactions that are capital, investing, legislative or regulated in nature.

The GASB requires that resources be classified into three categories of net position. Net position represents the residual interest in the Fund's assets plus deferred outflows (as applicable) of resources after liabilities plus deferred inflows (as applicable) of resources are deducted and consist of: net investment in capital assets, restricted, and unrestricted, as follows:

Net Investment in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. At June 30, 2016 and 2015, the Fund did not maintain any net investment in capital assets net position.

Restricted: Restricted net position represents the portion of net position subject to externally imposed stipulations that can be fulfilled by actions of the Fund pursuant to those stipulations or that expire by the passage of time or are imposed by law through constitutional provision or enabling legislation.

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Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Unrestricted: Unrestricted net position represents the portion of net position that is not included in the net investment in capital assets or the restricted component of net position. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may be otherwise limited by contractual agreements with outside parties. The Fund's unrestricted net position includes contributions received for the Civic Innovation Program, as they are permitted to be used for the general purposes of the Fund.

Basis of accounting: The financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP. Under the accrual basis, revenue is recognized when earned and expenses are recognized when obligations are incurred or when benefits are received.

Separate accounts are maintained for each underlying 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.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: The Fund considers investments with original maturities of three months or less to be cash equivalents. Cash equivalents 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, 2016 are held by two financial institutions. Please see Note 11 for additional disclosure regarding custodial credit risk.

Investments: Investments are generally reported at fair value. The Fund uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

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Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

The Fund's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment.

Contributions and grants receivable, net: 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. As of June 30, 2016 and 2015, no allowance was deemed necessary.

Prepaid expenses: 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.

Revenue recognition: 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.
- 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 in restricted net position 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.

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Note 2. Summary of Significant Accounting Policies (Continued)

Revenue from federal grants and the City of New York contract is recognized when all applicable eligibility requirements—required characteristics of recipient, time requirements, reimbursements, and contingencies—are met (i.e. reimbursable expenses are incurred under the terms of the grant or contract). Qualified expenses in excess of cash received are accounted for as receivables.

The Fund seeks in-kind support from various sources in support of its projects. In-kind contributions are reported as operating revenues and expenses in the accompanying statements of revenue, expenses and changes in net position at their estimated fair value at the date of donation. In-kind contributions recorded in the financial statements for the year ended June 30, 2016 were \$109,687 for rent, facilities and other, and \$71,204 for legal and other professional services. For the year ended June 30, 2015, the Fund recognized in-kind contributions of \$57,380 for rent and facilities and \$60,681 for legal and other professional services. 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.

Nonoperating revenue: The Fund includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Revenue from the City of New York contract, net change in fair value of investments (investment income) and interest income are recognized as nonoperating revenue.

Functional expenses: The costs of providing the various programs and other activities of the Fund have been summarized in the statements of revenue, expenses and changes in net position. Accordingly, certain costs have been allocated to the programs and supporting services benefitted.

Income taxes: The Fund is subject to unrelated business income tax (UBIT), if applicable. For the years ended June 30, 2016 and 2015, 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 or disclosure to the accompanying financial statements.

Subsequent events: 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 February 22, 2017 for these financial statements.

Recently adopted accounting pronouncements: In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The impact of adopting this Statement has been disclosed in Note 3.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of GASB Statement No. 76 is to identify, in the context of the current governmental financial reporting environment, the hierarchy of GAAP. The provisions in GASB 76 are effective for reporting periods beginning after June 15, 2015. There was no impact of adopting this Statement.

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Notes to Financial Statements

Note 3. Investments

As of June 30, 2016 and 2015, the Fund had the following investments:

	2016	2015
Mutual funds:		
Short duration bond fund	\$ 16,881,439	\$ -

All of the Fund's investments at June 30, 2016 were Level 1. There were no transfers between levels during the years ended June 30, 2016 and 2015.

Credit risk: The Fund's investment policy is designed to protect principal and minimize exposure to credit risk by limiting investments to certain types of assets that are backed or fully collateralized by the United States Government, certificates of deposit and corporate debt obligations. The short duration bond fund is not rated by credit agencies.

Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments that are in the possession of an outside party. Mutual funds are not subject to custodial credit risk because their existence is not evidence by securities that exist in physical or book entry form.

Concentration of credit risk: The Fund should provide information about the concentration of credit risk associated with its investments by disclosing, by amount and issuer, investments in any one issuer that represent five percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. Therefore, there are no investments in any one issuer that represent more than five percent or more of total investments that require disclosure.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund's investment is a short duration bond fund and therefore there is limited exposure to fair value losses arising from increasing interest rates.

Note 4. Restricted Contributions and Grants Receivable

Restricted contributions and grants receivable are due to be collected within one year or less. Management has determined that all receivables at June 30, 2016 were collectible in full and no allowance for doubtful accounts is deemed necessary.

Note 5. Note Payable

On September 1, 2015, the Fund entered a cash flow loan agreement with the City of New York for \$500,000 for operating expenses pending the receipt of funds from the New York State Office of Children and Family Services (NYS OCFS). The loan was subject to a service charge of 1.5% of its principal balance. The loan period was no more than three months. The Fund would be repaid .5% of the service charge if repaid within two months. The loan would be renewed upon repayment of the initial loan once the Fund received the funds from the NYS OCFS. This renewal mechanism was active through July 31, 2016.

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Notes to Financial Statements

Note 6. Restricted Expendable Net Position

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

The following tables summarize support received from donors and expenditures made for such projects for the years ended June 30, 2016 and 2015:

	(As Restated)				
	Restricted Expendable Net Position Balance at June 30, 2015	Support Received and Income Earned	Expenses Incurred	Interfund Transfers ⁽²⁾	Restricted Expendable Net Position Balance at June 30, 2016
Transfers from unrestricted	\$ -	\$ -	\$ -	\$ (263,139)	\$ (263,139)
Building Healthy Communities	25,000	325,000	280,250	50,000	119,750
Center for Economic Opportunity	-	1,106,748	5,250	-	1,101,498
Commission for Economic Opportunity ⁽¹⁾	5,288,696	2,981,330	5,645,801	-	2,624,225
Center for Innovation Thru Data Intelligence	1,977	115,000	48,453	-	68,524
Connections To Care	-	2,028,668	1,324,801	-	703,867
Department of Citywide Administrative Services /					
Historic Preservation	5,270	8,125	212	-	13,183
Department of Consumer Affairs	808,694	1,356,400	1,104,575	-	1,060,519
Department of Cultural Affairs	176,119	279,500	38,075	-	417,544
Department of Education	31,505	1,905	45,000	25,000	13,410
Department of Environmental Protection	165,136	137,818	109,363	-	193,591
Department of Homeless Services	348,183	194,411	620,682	-	(78,088)
Department of Housing Preservation and Development	1,969,291	168,951	1,330,011	-	808,231
Department of Information Technology	83,530	197,000	221,683	-	58,847
Department of Mental Health	103,350	10,000	91,525	-	21,825
Department of Parks and Recreation	21,157	195,398	178,017	(15,000)	23,538
Department of Probation	53	178,000	12,250	-	165,803
Department of records and Information Services	-	1,105	-	-	1,105
Department of Sanitation	48	-	-	(48)	-
Department of Transportation	108,916	123,555	52,037	-	180,434
Department of Youth and Community Development	424,255	1,728,873	2,058,078	471,400	566,450
Early Care and Education Taskforce	100,000	20,000	228,780	108,780	-
Expanding Broadband in NYC	-	150,000	97,525	-	52,475
Food Justice Fund	-	1,642	1,106	-	536
Food Policy	-	1,712,500	1,187,500	-	525,000
Mayor's Office of Media Entertainment	-	40,000	-	-	40,000
NYC Economic Development Corporation	400,000	(25,000)	1,750	-	373,250
NYC Global Partners	-	1,196	1,196	-	-
NYC Housing Authority	115,000	-	-	-	115,000
NYC Service ⁽¹⁾	340,753	3,587,935	3,185,078	15,000	758,610
Office For People With Disabilities	67,926	110,000	113,033	-	64,893
Office of Criminal Justice	-	180,000	173,714	-	6,286
Office of Film Theatre & Broadcasting	51,710	-	30,000	-	21,710
Office of Immigrant Affairs	293,279	3,468,197	1,982,679	-	1,778,797
Office of Special Projects and Community Events	-	445,506	293,187	-	152,319
Office of Sustainability	71,535	-	71,535	-	-
Office of Veterans' Affairs	119,567	100,305	6,713	-	213,159
Office to Combat Domestic Violence	245,679	365,420	577,303	-	33,796
PlaNYC	-	108	108	-	-
Public Design Commission	116,023	-	3,158	-	112,865
Relief Efforts	84,149	89,040	84,491	8,007	96,705
Small Business Services	626,332	350,000	575,000	-	401,332
Veterans Housing Assistance	-	412,500	272,679	-	139,821
Women's Soccer Parade	-	462,015	313,031	-	148,984
Young Men's Initiative	5,126,890	75,047	4,899,798	-	302,139
Center for Youth Employment	1,075,110	1,341,005	589,632	(400,000)	1,426,483
Totals	\$ 18,395,133	\$ 24,025,203	\$ 27,855,059	\$ -	\$ 14,565,277

(1) Direct program expenses shown above include direct personnel service costs of \$2,909,098. Such amount is reported as personnel services costs in Note 10.

(2) Interfund transfers represent authorized transfers between projects.

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Notes to Financial Statements

Note 6. Restricted Expendable Net Position (Continued)

	Restricted Expendable Net Position Balance at June 30, 2014	Support Received and Income Earned	Expenses Incurred	Interfund Transfers ⁽²⁾	(As Restated) Restricted Expendable Net Position Balance at June 30, 2015
Building Healthy Communities	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000
Center for Economic Opportunity ⁽¹⁾	10,572,642	7,346,296	12,630,242	-	5,288,696
Center for Innovation Thru Data Intelligence	62,229	-	60,252	-	1,977
Department of Citywide Administrative Services / Historic Preservation	-	15,921	10,651	-	5,270
Department of Consumer Affairs	459,004	1,115,000	765,310	-	808,694
Department of Cultural Affairs	-	175,000	(1,119)	-	176,119
Department of Education	14,500	381,135	364,130	-	31,505
Department of Environmental Protection	71,064	137,000	42,928	-	165,136
Department of Homeless Services	291,281	525,000	468,098	-	348,183
Department of Housing Preservation and Development	2,392,165	307,462	730,336	-	1,969,291
Department of Information Technology	67,770	197,000	181,240	-	83,530
Department of Mental Health	-	110,000	6,650	-	103,350
Department of Parks and Recreation	-	65,212	44,055	-	21,157
Department of Probation	53	-	-	-	53
Department of Sanitation	48	-	-	-	48
Department of Transportation	-	125,000	16,084	-	108,916
Department of Youth and Community Development	531,271	1,742,345	1,849,361	-	424,255
Early Care and Education Taskforce	-	125,000	25,000	-	100,000
Greater NY	745	250	1,977	982	-
NYC Economic Development Corporation	-	400,000	-	-	400,000
NYC Housing Authority	207,916	103,500	196,416	-	115,000
NYC Service ⁽¹⁾	450,553	1,599,407	1,709,207	-	340,753
Office For People With Disabilities	-	93,000	25,074	-	67,926
Office of Film Theatre & Broadcasting	11,472	160,238	120,000	-	51,710
Office of Immigrant Affairs	449,230	520,500	676,451	-	293,279
Office of Special Projects and Community Events	32,243	258,140	295,098	4,715	-
Office of Sustainability	-	71,535	-	-	71,535
Office of Veterans' Affairs	97,757	25,010	3,200	-	119,567
Office to Combat Domestic Violence	122,877	407,415	284,613	-	245,679
Public Design Commission	110,624	10,000	4,601	-	116,023
Relief Efforts	10,038,049	538,681	10,492,581	-	84,149
Small Business Services	216,407	1,075,000	665,075	-	626,332
Young Men's Initiative	10,963,315	498,490	6,334,915	-	5,126,890
Center for Youth Employment	-	1,730,000	654,890	-	1,075,110
Totals	<u>\$ 37,163,215</u>	<u>\$ 19,883,537</u>	<u>\$ 38,657,316</u>	<u>\$ 5,697</u>	<u>\$ 18,395,133</u>

⁽¹⁾ Direct program expenses shown above include direct personnel service costs of \$1,534,671. Such amount is reported as personnel services costs in Note 10.

⁽²⁾ Interfund transfers represent authorized transfers between projects.

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Notes to Financial Statements

Note 7. 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 2016 and 2015, the Fund elected to treat the use of facilities as an in-kind contribution. The in-kind contribution was \$96,635 and \$57,380 for the years ended June 30, 2016 and 2015, respectively, which is considered to be the fair value of such facilities (see Note 2 for additional discussion on in-kind contributions).

Note 8. Hurricane Sandy Relief Efforts

In 2013, the Fund initiated relief efforts for those affected by Hurricane Sandy. The accompanying financial statements include \$50,000 and \$35,850 of grants and contributions and \$25,000 and \$9,972,078 of program expenses for Hurricane Sandy Relief Efforts for the years ended June 30, 2016 and 2015, respectively.

Note 9. Revenue Concentrations

Revenues from federal grant awards and a significant donor accounted for approximately 27% and 32% of the total restricted contributions and grants for the years ended June 30, 2016 and 2015, respectively. Amounts due from various federal grant awards for reimbursable expenses incurred by the Fund represent approximately 85% and 63% of the restricted contributions and grants receivable at June 30, 2016 and 2015, respectively.

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Notes to Financial Statements

Note 10. Operating Expenses

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

	2016			
	Program Services	Management and General	Fund-Raising	Total
Salaries	\$ 2,816,586	\$ 112,221	\$ 282,360	\$ 3,211,167
Payroll taxes and other employee benefits	376,774	21,244	53,451	451,469
Total personnel services	3,193,360	133,465	335,811	3,662,636
Direct program expenses - restricted programs	24,945,961	-	-	24,945,961
Accountant	30,360	7,590	-	37,950
Audit and tax preparation fees	15,542	41,179	-	56,721
Executive search fees	24,855	25,019	4,125	53,999
In-kind legal and other professional services	39,162	17,801	14,241	71,204
In-kind facilities and tech support	53,876	29,387	14,694	97,957
Insurance	8,228	4,430	-	12,658
Other expenses	23,662	10,400	8,604	42,666
	<u>\$ 28,335,006</u>	<u>\$ 269,271</u>	<u>\$ 377,475</u>	<u>\$ 28,981,752</u>
	2015			
	Program Services	Management and General	Fund-Raising	Total
Salaries	\$ 1,899,513	\$ 56,178	\$ 190,120	\$ 2,145,811
Payroll taxes and other employee benefits	223,519	12,798	43,312	279,629
Total personnel services	2,123,032	68,976	233,432	2,425,440
Direct program expenses - restricted programs	37,122,645	-	-	37,122,645
Accountant	26,447	6,612	-	33,059
Audit and tax preparation fees	16,218	42,182	-	58,400
In-kind legal and other professional services	-	60,681	-	60,681
In-kind facilities and tech support	-	57,380	-	57,380
Insurance	5,656	3,045	-	8,701
Other expenses	18,856	16,459	6,034	41,349
	<u>\$ 39,312,854</u>	<u>\$ 255,335</u>	<u>\$ 239,466</u>	<u>\$ 39,807,655</u>

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Notes to Financial Statements

Note 11. Custodial Credit Risk – Bank Deposits

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

Of the Fund's total cash and cash equivalents held by two financial institutions at June 30, 2016 and 2015, \$2,738,475 and \$21,809,292, respectively, were uninsured and uncollateralized.

One financial institution held approximately 100% and 94% of the Fund's cash and cash equivalents at June 30, 2016 and 2015, respectively.

Note 12. 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.

Note 13. Restatement

Additional information evaluated during fiscal year 2016 resulted in the reclassification of the Civic Innovation program from restricted to unrestricted. As a result, fiscal year 2015 revenues and June 30, 2015 net position were restated as follows:

	Fiscal Year Ended June 30, 2015 (Previously reported)	Restatement	Fiscal Year Ended June 30, 2015 (As restated)
Contributions:			
Unrestricted	\$ 267,707	\$ 655,910	\$ 923,617
Restricted	20,539,447	(655,910)	19,883,537
Total contributions	<u>\$ 20,807,154</u>	<u>\$ -</u>	<u>\$ 20,807,154</u>
	Balance, June 30, 2015 (Previously reported)	Restatement	Balance, June 30, 2015 (As restated)
Net position:			
Restricted expendable	\$ 19,278,053	\$ (882,920)	\$ 18,395,133
Unrestricted	250,525	882,920	1,133,445
Total net position	<u>\$ 19,528,578</u>	<u>\$ -</u>	<u>\$ 19,528,578</u>

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Notes to Financial Statements

Note 14. Subsequent Events

On August 30, 2016, the Fund repaid the \$500,000 note payable shown on the statement of net position as of June 30, 2016. On September 20, 2016, the Fund was approved for a \$500,000 cash flow loan from the City of New York. Repayment of the principal of this loan is due no later than September 15, 2017.