The New York Foundling Hospital

Financial Statements
Year Ended June 30, 2018

The New York Foundling Hospital

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The New York Foundling Hospital

Contents

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Independent Auditor's Report

The Board of Trustees
The New York Foundling Hospital
New York, New York

We have audited the accompanying financial statements of The New York Foundling Hospital (the Foundling), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the statement of financial position of The New York Foundling Hospital as of June 30, 2018, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the 2017 financial statements of The New York Foundling Hospital and our report, dated November 30, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

November 28, 2018

The New York Foundling Hospital

Statement of Financial Position
(with comparative totals for 2017)

June 30,	2018	2017
Assets		
Current		
Cash and cash equivalents	$ 4,175,764	$ 8,763,883
Investments at fair value (Note 3)	54,528,486	52,208,347
Accounts and grants receivable, net of allowance of $1,897,276 and $1,384,017 for 2018 and 2017, respectively (Note 4)	17,873,172	15,222,662
Pledges receivable	-	95,000
Prepaid expenses, deposits and other assets	1,277,148	1,242,539
Consumer funds	361,929	347,955
Assets limited or restricted as to use, current portion (Note 5)	129,946	126,099
Total Current Assets	78,346,445	78,006,485
Investments, at fair value, net of current portion (Note 3)	5,241,153	4,779,542
Assets Limited or Restricted as to Use, net of current portion (Note 5)	905,214	806,146
Fixed Assets, net (Note 6)	52,025,606	53,247,791
	$ 136,518,418	$ 136,839,964
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 17,284,667	$ 16,061,553
Line of credit (Note 10)	2,000,000	-
Accrued pension liabilities (Note 11)	960,694	1,300,088
Consumer funds	361,929	347,955
Deferred revenue	7,219,713	7,074,966
Current portion of loans payable (Note 7)	1,813,905	1,813,905
Current portion of mortgages payable (Note 8)	267,538	274,973
Current portion of bonds payable (Note 9)	553,912	531,777
Total Current Liabilities	30,462,358	27,405,217
Accrued Pension Obligation (Note 11)	37,050	37,198
Loans Payable, net of current portion and deferred financing costs (Note 7)	15,943,139	17,725,071
Mortgages Payable, net of current portion and deferred financing costs (Note 8)	1,256,893	1,509,871
Bonds Payable, net of current portion and deferred issuance costs (Note 9)	8,215,982	8,809,974
Total Liabilities	55,915,422	55,487,331
Commitments and Contingencies (Notes 7, 8, 9, 10, 11, 14, 15, 16 and 17)		
Net Assets		
Unrestricted	66,306,648	69,301,014
Temporarily restricted (Note 14)	10,334,807	8,091,078
Permanently restricted (Note 15)	3,961,541	3,960,541
Total Net Assets	80,602,996	81,352,633
	$ 136,518,418	$ 136,839,964

See accompanying notes to financial statements.

The New York Foundling Hospital

Statement of Activities
(with comparative totals for 2017)

Year ended June 30,

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Total 2017
Program Revenue					
Government and other grants and contracts	$ 127,867,042	$ -	$ -	**$ 127,867,042**	$ 121,985,056
Contributions	1,467,374	3,707,205	1,000	**5,175,579**	4,874,966
Special events, net of direct costs of $109,896 and $117,535 in 2018 and 2017, respectively	337,524	683,000	-	**1,020,524**	545,533
Rental income	971,520	-	-	**971,520**	821,423
Other program revenue	2,483,267	-	-	**2,483,267**	3,580,010
In-kind contributions	2,341,551	-	-	**2,341,551**	2,826,004
Net assets released from restrictions (Note 13)	4,598,943	(4,598,943)	-	**-**	-
Total Program Revenue	140,067,221	(208,738)	1,000	**139,859,483**	134,632,992
Program Expenses					
Program services:					
Foster care residential facilities	4,431,387	-	-	**4,431,387**	3,970,138
Foster family boarding homes and adoption	26,116,867	-	-	**26,116,867**	24,450,974
OPWDD services	38,676,993	-	-	**38,676,993**	37,355,560
Foster care Medicaid	6,782,778	-	-	**6,782,778**	6,807,348
Day care	-	-	-	**-**	1,438,336
Puerto Rico Head Start	16,614,314	-	-	**16,614,314**	13,663,831
Preventive services	22,806,638	-	-	**22,806,638**	22,268,298
Other programs	14,582,703	-	-	**14,582,703**	12,131,349
Total Program Services	130,011,680			**130,011,680**	122,085,834
Supporting services					
Management and general	16,706,707	-	-	**16,706,707**	16,348,086
Fundraising	949,799	-	-	**949,799**	821,741
Total Supporting Services	17,656,506	-	-	**17,656,506**	17,169,827
Total Expenses	147,668,186	-	-	**147,668,186**	139,255,661
Change in Net Assets from Operations	(7,600,965)	(208,738)	1,000	**(7,808,703)**	(4,622,669)
Nonoperating Revenue					
Interest and dividends	935,737	151,785	-	**1,087,522**	1,171,722
Realized and unrealized gains on investments	2,933,222	171,908	-	**3,105,130**	1,986,926
Contributions from affiliate	-	-	-	**-**	5,000,000
Legacies and bequests	737,492	2,128,774	-	**2,866,266**	756,301
Change in unfunded pension obligation	148	-	-	**148**	113,724
Gain from sale of Seton Day Care	-	-	-	**-**	815,973
Total Nonoperating Revenue	4,606,599	2,452,467	-	**7,059,066**	9,844,646
Change in Net Assets	(2,994,366)	2,243,729	1,000	**(749,637)**	5,221,977
Net Assets, beginning of year	69,301,014	8,091,078	3,960,541	**81,352,633**	76,130,656
Net Assets, end of year	$ 66,306,648	$ 10,334,807	$ 3,961,541	**$ 80,602,996**	$ 81,352,633

See accompanying notes to financial statements.

The New York Foundling Hospital

Statement of Functional Expenses
(with comparative totals for 2017)

Year ended June 30,

	Program Services								Supporting Services			Total	
	Foster Care Residential Facilities	Foster Family Boarding Homes and Adoption	OPWDD Services	Foster Care Medicaid	Puerto Rico Head Start	Preventive Services	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	2018	2017
Salaries and Wages	$ 2,325,240	$ 9,710,995	$ 21,415,999	$ 4,277,349	$ 7,866,699	$ 14,336,995	$ 6,449,512	$ 66,382,789	$ 6,911,809	$ 416,145	$ 7,327,954	$ **73,710,743**	$ 67,822,498
Employee Benefits													
Payroll taxes and mandatory fringes	286,622	879,639	2,609,819	338,610	735,555	1,289,574	583,411	6,723,230	802,048	32,191	834,239	**7,557,469**	7,740,462
Others	533,549	1,453,952	4,179,270	394,234	1,374,540	2,406,238	814,102	11,155,885	545,879	35,212	581,091	**11,736,976**	10,595,149
Total Salaries and Employee Benefits	3,145,411	12,044,586	28,205,088	5,010,193	9,976,794	18,032,807	7,847,025	84,261,904	8,259,736	483,548	8,743,284	**93,005,188**	86,158,109
Other Expenses													
Transportation and workers' expenses	38,769	407,371	238,564	-	24,957	73,056	45,339	828,056	18,904	275	19,179	**847,235**	837,770
Allowances and activities - parents and children	96,290	155,859	864,046	1,765	12,010	72,412	216,132	1,418,514	2,810	-	2,810	**1,421,324**	1,526,579
Tuition, school expenses and camp fees	4,011	1,516	-	-	143,612	2,233	113,096	264,468	-	-	-	**264,468**	269,921
Purchase of services	380,839	1,017,473	1,724,364	1,152,020	208,073	516,344	570,894	5,570,007	1,663,271	-	1,663,271	**7,233,278**	6,970,000
Food	99,887	40,296	709,568	-	595,563	24,488	37,940	1,507,742	-	-	-	**1,507,742**	1,571,401
Clothing, bedding and linen	19,338	2,428	138,816	-	-	51	-	160,633	-	-	-	**160,633**	164,542
Supplies and equipment	57,343	82,812	640,373	10,043	341,406	99,341	69,519	1,300,837	111,911	20,263	132,174	**1,433,011**	1,204,189
Rent, utilities and real estate taxes	168,509	1,294,811	2,518,323	238,608	456,314	719,151	1,971,155	7,366,871	430,876	-	430,876	**7,797,747**	7,973,809
Rental of furnishing, equipment and vehicles	29,027	68,917	458,233	5,118	22,046	11,873	22,115	617,329	171,447	772	172,219	**789,548**	1,066,730
Repairs and equipment - plant, equipment and vehicles	114,777	237,909	851,616	42,778	1,747,686	532,502	283,179	3,810,447	99,336	3,525	102,861	**3,913,308**	3,132,313
Communications	34,204	193,688	273,929	33,719	52,355	263,151	102,560	953,606	132,137	6,433	138,570	**1,092,176**	1,094,975
Dues, licenses and permits	2,399	9,759	14,439	2,809	5,098	189	24,247	58,940	94,906	-	94,906	**153,846**	146,723
Office supplies	8,234	87,251	100,121	19,487	109,812	149,190	58,637	532,732	82,809	4,554	87,363	**620,095**	631,944
Relief assistance to employee	-	-	-	-	205,373	-	-	205,373	-	-	-	**205,373**	-
Administrative expenses	21,813	359,410	296,985	39,619	300,076	464,865	914,809	2,397,577	895,839	25,252	921,091	**3,318,668**	2,566,162
Professional services	69,746	240,629	153,342	15,230	129,982	1,256,754	1,154,209	3,019,892	1,662,847	29,305	1,692,152	**4,712,044**	4,759,868
Insurance	10,959	61,265	439,652	64,149	155,189	590	49,059	780,863	962,953	-	962,953	**1,743,816**	1,732,344
Interest and bank charges	-	305	182,392	-	-	-	344,494	527,191	816,525	19,922	836,447	**1,363,638**	1,208,417
Boarding home and clothing pass-thru	1,494	8,844,097	-	-	-	-	-	8,845,591	-	-	-	**8,845,591**	8,592,408
Boarding payment - special	10,564	260,620	-	-	-	-	22,612	293,796	-	-	-	**293,796**	252,554
Donated services	-	-	-	-	2,009,380	-	-	2,009,380	-	332,171	332,171	**2,341,551**	2,826,004
Bad debts	-	200,000	346	-	-	112,660	173,337	486,343	-	-	-	**486,343**	487,077
Depreciation	117,773	505,865	866,796	147,240	118,588	474,981	562,345	2,793,588	1,300,400	23,779	1,324,179	**4,117,767**	4,081,822
Total Operating Expenses	$ 4,431,387	$ 26,116,867	$ 38,676,993	$ 6,782,778	$ 16,614,314	$ 22,806,638	$ 14,582,703	$ 130,011,680	$ 16,706,707	$ 949,799	$ 17,656,506	$ **147,668,186**	$ 139,255,661

See accompanying notes to financial statements.

The New York Foundling Hospital

Statement of Cash Flows
(with comparative totals for 2017)

Year ended June 30,		2018	2017
Cash Flows from Operating Activities			
Change in net assets	$	**(749,637)** $	5,221,977
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:			
Depreciation		**4,117,767**	4,081,822
Bad debt expense		**486,343**	487,077
Interest expense related to deferred financing costs		**125,394**	108,070
Net realized and unrealized gains on investments		**(3,105,130)**	(1,986,926)
Disposal of fixed assets		**68,793**	-
Gain from sale of Seton Day Care		**-**	(815,973)
Change in unfunded pension obligation		**(148)**	(113,724)
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts and grants receivable		**(3,136,853)**	(1,741,110)
Pledges receivable		**95,000**	(95,000)
Prepaid expenses, deposits and other assets		**(34,609)**	120,915
Assets limited or restricted as to use		**(102,915)**	(72,932)
Increase (decrease) in:			
Accounts payable and accrued expenses		**1,223,114**	3,587,054
Accrued pension liabilities		**(339,394)**	(1,076,575)
Deferred revenue		**144,747**	377,614
Net Cash (Used In) Provided By Operating Activities		**(1,207,528)**	8,082,289
Cash Flows from Investing Activities			
Purchases of investments		**(5,960,229)**	(2,514,812)
Proceeds from sale of investments		**6,283,609**	2,206,694
Purchases of fixed assets		**(2,964,375)**	(7,081,320)
Sale of property		**-**	1,594,280
Net Cash Used In Investing Activities		**(2,640,995)**	(5,795,158)
Cash Flows from Financing Activities			
Proceeds from line of credit		**2,000,000**	-
Principal payments of mortgages payable		**(277,261)**	(181,401)
Principal payment of bonds		**(562,335)**	(624,405)
Principal payments of loans payable		**(1,900,000)**	(1,900,000)
Net Cash Used In Financing Activities		**(739,596)**	(2,705,806)
Net Decrease in Cash and Cash Equivalents		**(4,588,119)**	(418,675)
Cash and Cash Equivalents, beginning of year		**8,763,883**	9,182,558
Cash and Cash Equivalents, end of year	$	**4,175,764** $	8,763,883
Supplemental Disclosure of Cash Flow Information			
Cash paid for interest	$	**1,104,328** $	984,817

See accompanying notes to financial statements.

1. Nature of the Organization

The New York Foundling Hospital (the Foundling) was founded in 1869 by the Sisters of Charity. The Foundling is a voluntary not-for-profit multifunctional social services agency serving the New York City metropolitan area and Puerto Rico. The Foundling provides the following services: nursery care on an emergency basis to abandoned and neglected children, regardless of creed or color; casework services to families requesting placement of children; placement and supervision of children in boarding and adoption homes; after-care supervision of children discharged from foster care; and shelter care and casework services to unmarried mothers.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the Foundling have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) using the accrual basis of accounting. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor imposed restrictions. It requires that the amounts for each of these three classes of net assets-permanently restricted, temporarily restricted, and unrestricted be displayed in the statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

These classes are defined as follows:

Permanently restricted - Net assets resulting from contributions and other inflows of assets whose use by the Foundling is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundling.

Temporarily restricted - Net assets resulting from contributions and other inflows of assets whose use by the Foundling is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundling pursuant to the stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor imposed stipulations.

Cash and Cash Equivalents

The Foundling considers all highly liquid financial instruments with maturity dates of three months or less from the date purchased to be cash equivalents, excluding assets whose use is limited or restricted as to use.

Accounts and Grants Receivable

Accounts and grants receivable are recorded at the reimbursable or contracted amount and do not bear interest. Periodically, the receivables are reviewed and evaluated as to their collectability. A receivable balance is considered past due once it has not been received by its scheduled due date. If necessary, an allowance for doubtful accounts is recorded based on these evaluations. The Foundling provides an allowance for doubtful accounts for accounts receivable which is the Foundling's best estimate of the amount of probable credit losses in the Foundling's existing accounts and grants receivable. Such estimate is based on management's assessments of the creditworthiness of its donors and funding sources and the aged basis of its receivables, as well as current economic conditions and historical information. At June 30, 2018, $1,897,276 was recorded as an allowance for doubtful accounts.

Consumer Funds

Consumer funds consist of cash deposits held by the Foundling on behalf of its residents for the residents' personal use.

Fair Value Measurements

Accounting Standards Codification (ASC) 820, "Fair Value Measurement," establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Foundling would use in pricing the Foundling's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Foundling are traded. The Foundling estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers administering each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted market prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 -Valuation is based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investments at Fair Value

Investments are recorded at their fair values. Realized and unrealized gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets.

Investments consist of corporate and foreign equities, publicly traded mutual funds and investments in limited partnerships. Investments in corporate and foreign equities are carried at fair value based upon quoted market prices. Publicly traded mutual funds are stated at fair value based upon quoted market prices, which represent the net asset values (NAV) held by the Foundling at year-end.

The Foundling's investments in limited partnerships have no readily determined market value and are valued at fair value as estimated by the general partners. Because of the inherent uncertainty of valuation, it is reasonably possible that estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. In addition, certain investments may also have risk associated with their concentrations of investments in one geographic region and in certain industries. The limited partnership's ability to liquidate certain of its investments may be inhibited since the issuers may be privately held or the limited partnership may own a relatively large portion of the issuers' equity securities.

Contributions, Promises to Give and In-Kind Contributions

Contributions and promises to give are recorded as revenue when either unsolicited cash is received or when donors make an unconditional promise to give. Contributions and promises to give are classified as either unrestricted, temporarily restricted or permanently restricted support.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met. Securities and tangible property received as a gift or bequest are reflected at fair value at the date of the gift. The Foundling uses the allowance method to determine uncollectible unconditional pledge receivables.

In-kind contributions are reported in the financial statements for voluntary donations of services if those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by the donation. In-kind contributions recorded for the fiscal year ended June 30, 2018 totaled $2,341,551, which consisted of $2,009,380 for personnel services, donated space and other goods and services to support the Puerto Rico Head Start program, and $332,171 to support other programs within New York City.

Assets Limited or Restricted as to Use

Assets limited or restricted as to use include assets held by the trustees under bond indenture agreements and assets held as part of a non-qualified deferred compensation plan for a key executive. Amounts required to meet current liabilities of the Foundling have been classified as current assets on the statement of financial position at June 30, 2018.

Fixed Assets

Fixed assets are carried at cost, less accumulated depreciation or, if donated, at fair market value at date of the gift. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets. Depreciation is computed using the straight-line method over the respective assets' estimated useful lives, described below.

Buildings and improvements	10-30 years
Furniture and signs, equipment and education center exhibit	3-10 years

Impairment of Long-Lived Assets

The Foundling reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of June 30, 2018, there have been no such losses.

Deferred Issuance and Financing Costs

Deferred issuance and financing costs represent costs incurred to obtain financing. Amortization of these costs is provided on the straight-line basis, which does not differ materially from the interest method, extending over the term of indebtedness. Deferred issuance and financing costs are netted against the related loan, mortgage, or bond payable on the statement of financial position.

Third-Party Reimbursements and Revenue Recognition

The Foundling receives substantially all of its revenue for services provided from governmental agencies, including the Office for People with Developmental Disabilities (OPWDD), New York City Administration for Children Services (ACS) and Medicaid. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary.

Grant revenue is recognized in amounts equal to expenses incurred by the Foundling in administering the related program. Upon termination, the unexpended cash funds received under the terms of the grant provisions revert to the grantor.

The fiscal years ended June 30, 2014 through June 30, 2018 remain subject to audit by ACS.

Revenue generated from government-funded programs are recognized in the period services are performed and include estimated retroactive revenue adjustments due to underspent interim rates, future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations. Government funding is based upon allowable costs; any underspending is returnable to the governmental funding agency.

Permanently Restricted Donor Fund

The Foundling's permanently restricted donor fund (the Donor Fund) consists of investments that are permanently restricted. The Foundling follows the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA) as they relate to the Foundling's permanently restricted contributions and net assets, effective upon New York State's enactment of the legislation in September 2010.

The following applies to the Donor Fund:

Interpretation of Relevant Law

The Investment Committee of the Board of Directors of the Foundling has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Foundling classifies as permanently restricted net assets (a) the original value of the gifts donated to the Donor Fund, (b) the original value of subsequent gifts to the Donor Fund and (c) accumulations to the Donor Fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Donor Fund. The investment income earned on the accumulations to the Donor Fund is classified based on donor stipulations as either unrestricted or temporarily restricted net assets.

Investment and Spending Policies

The Foundling has adopted investment and spending policies for permanently restricted net assets that attempt to provide a stream of returns that would be utilized to fund various programs while seeking to maintain the purchasing power of the Donor Fund. Permanently restricted net assets include those assets of donor-restricted funds that the Foundling must hold in perpetuity. The Foundling's long-term strategy is to target diversified asset allocation that includes cash and cash equivalents, publicly-traded mutual funds and alternative investments, which produce results that exceed key indexes and benchmarks currently available for similar asset classes. However, within the alternative investment category, the Foundling is mindful of each investment manager's strategies and the liquidity of each manager's investment portfolio.

The Foundling considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- the duration and preservation of the funds
- availability of other funding sources
- general economic conditions
- the possible effect of inflation and deflation
- the expected total return from income and the appreciation/depreciation of investments
- purposes of donor-restricted fund
- the investment and spending policies of the Foundling's Donor Fund's investment returns distribution policy, which mandates appropriations of donor-restricted assets to be deemed prudent by the Investment Committee of the Board of Directors of the Foundling.

Income Taxes

The Foundling is exempt from federal income tax and private foundation excise tax, pursuant to a group exemption issued to the Roman Catholic Church in the United States. In addition, the Foundling has not taken an unsubstantiated tax position that would require provision of a liability under ASC 740, "Income Taxes." Under ASC 740, an organization must recognize the tax liability associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Foundling does not believe that there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. The Foundling has filed Internal Revenue Service (IRS) Form 990, as required, and all other applicable returns in jurisdictions when it is required. For the year ended June 30, 2018, there was no interest or penalties recorded or included in the financial statements.

Functional Allocation Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain administrative costs have been allocated among the programs and supporting services based on benefits received.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundling to concentration of credit risk consist primarily of cash and cash equivalents in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. At various times during the year, the Foundling may have cash deposits at financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings, and management believes that credit risk related to these accounts is minimal.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundling's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Risks and Uncertainties

The Foundling's investments consist of a variety of investment securities, funds and alternative investments. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonable possible that changes in the value of the Foundling's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain prior year balances have been reclassified to conform with the current year financial statement presentation.

Accounting Pronouncements Issued but Not Yet Adopted

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Foundling is deemed to be a conduit bond obligor since its bond is held by the public and therefore has an effective date for annual reporting periods beginning after December 15, 2017. Management is currently evaluating the impact of this ASU on its financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The Foundling is deemed to be a conduit debt obligor since its bond is held by the public and therefore has an effective date for annual reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of this ASU on its financial statements.

Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued ASU 2016-14 to improve the presentation of financial statements of not-for-profit entities. ASU 2016-14 impacts all not-for-profit entities in the scope of Topic 958, as well as health care entities subject to the nonprofit guidance in Topic 954. This is the first major change to the nonprofit financial statement model in over 20 years, which is intended to provide more useful information to donors, grantors, and other users. The ASU becomes effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented, although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its financial statements.

3. Financial Instruments and Fair Value

The fair value and cost of investments at June 30, 2018 consisted of the following:

	Cost	Fair Value
Corporate and foreign equities	$ 6,916,928	$ 6,962,556
Publicly-traded mutual funds	10,336,609	9,952,041
Limited partnerships	27,532,222	42,855,042
Total Investments	$ 44,785,759	$ 59,769,639

Investment earnings are comprised of the following:

June 30, 2018	
Realized gains on investments	$ 427,794
Unrealized gains on investments	2,677,336
Interest and dividends on investments	1,087,522
Total Net Income from Investments	$ 4,192,652

Corporate and Foreign Equities and Publicly-Traded Mutual Funds

The Foundling's holdings in corporate and foreign equities consist principally of debt and equity securities carried at the aggregate market value that is determined by quoted market prices. Each of these investments can be liquidated daily and valuation is based on Level 1 inputs within the hierarchy used in measuring fair value. Publicly-traded mutual funds are valued at the NAV of shares held by the Foundling. The mutual funds are traded at quoted prices through the National Securities Clearing Corporation and can be redeemed on a daily basis. Management believes that the most appropriate classification for these investments is Level 1.

Alternative Investments

Alternative investments are those made in limited partnerships, offshore limited liability companies and private equity concerns, all of which are valued based on Level 3 inputs within the investment hierarchy used in measuring fair value. Given the absence of market quotations, their fair value is estimated using information provided to the Foundling by the investment managers and general partners. The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly traded securities and other investment vehicles. The investments may indirectly expose the Foundling to the effects of securities lending, short sales of securities and trading in futures and forward contracts, options, swap contracts and other derivative products. While these financial statements contain varying degrees of risk, the Foundling's exposure with respect to each such investment is limited to the amount of the Foundling's investment in each of the respective funds. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. The Foundling does not directly invest in the underlying securities of the investment funds and, due to restrictions on transferability and timing of withdrawals from the limited partnerships, the amount ultimately realized upon liquidation could differ from reported values that are based on current conditions. Redemptions of the Foundling's investments in these investment entities vary, but are primarily available at month-end, quarter-end or year-end with appropriate notice. Management fees and incentive fees are charged by these investment entities at an annual rate ranging from .08% to 2% plus an incentive allocation, usually 20% of profits.

The following table presents the Foundation fair value hierarchy for those investments measured at fair value on a recurring basis as of June 30, 2018:

	Fair Value Measurement at Reporting Date Using			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Balance
Corporate and foreign equities	$ 6,962,556	$ -	$ -	$ 6,962,556
Publicly-traded mutual funds	9,952,041	-	-	9,952,041
Limited partnerships	-	-	42,855,042	42,855,042
Total Investments	$ 16,914,597	$ -	$ 42,855,042	$ 59,769,639

The following table sets forth changes in the assets measured at fair value using Level 3 inputs on a recurring basis for the year ended June 30, 2018:

Description	Balance at July 1, 2017	Purchases	Sales	Assets in Transit	Net Realized Loss	Net Unrealized Gain	Balance, at June 30, 2018
Limited partnerships	$ 38,811,578	$ 5,517,167	$ (4,263,124)	$ 33,422	$ (431,307)	$ 3,187,306	$ 42,855,042

The following table summarizes the fair value measurements of investment funds that calculate net assets per share (or its equivalent) as of June 30, 2018:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnerships:				
Pharmaceutical	$ 10,184,178	-	N/A	N/A
Hedge fund	21,170,268	1,925,020	Quarterly	45 days prior written notice
Private equity (a)	5,241,153	467,897	N/A	N/A
High grade corporate debt	1,823,817	-	N/A	N/A
International equity	4,435,626	Monthly		30 days prior written notice
Total	$ 42,885,042			

(a) Redemption not permitted, distributions require liquidation of underlying assets.

4. Accounts and Grants Receivable, Net

Accounts and grants receivable, net consist of the following:

June 30, 2018		
Foster care	$	2,389,774
Developmental disabilities		3,422,836
Medicaid		1,365,596
Article 31		801,567
Preventive		1,789,562
Puerto Rico Early Head Start/Early Head Start		1,662,183
Charter School		543,060
Other		5,816,970
		17,791,548
Less: allowance for bad debt		(1,897,276)
		15,894,272
Grants receivable		1,978,900
	$	17,873,172

5. Assets Limited or Restricted as to Use

Assets limited as to use at June 30, 2018 are as follows:

Debt service reserve fund	$	304,067
Gift annuity		9,938
Deferred compensation investments		721,155
		1,035,160
Less: current portion		(129,946)
	$	905,214

Assets limited or restricted as to use consist of short-term investments and U.S. Treasury notes.

6. Fixed Assets, Net

Fixed assets, net, consist of the following:

June 30, 2018		
Land	$	196,184
Buildings and improvements		33,581,131
Equipment, furniture and signs		21,688,622
Leasehold improvements		37,809,504
Total Fixed Assets		93,275,441
Less: accumulated depreciation and amortization		(44,171,295)
Construction-in-progress		2,921,460
Fixed Assets, Net	$	52,025,606

The estimated cost to complete construction-in-progress is approximately $1,679,000. Construction in progress includes construction for building a new house in Ardsley, NY, renovations and improvements for various residential homes and terrace projects for developmental disabilities program.

7. Loans Payable, Net

On June 20, 2014, the Foundling entered into a loan agreement in the amount of $10,000,000 with a financial institution to finance capital projects. Principal payments are to be paid in monthly installments of $33,333, which are due on the first business day of each month through July 1, 2039, the maturity date. Interest is payable on a monthly basis at the London Interbank Offered Rate (LIBOR) plus 155 basis points which was 3.55% at June 30, 2018.

Future principal payments are as follows:

Year ending June 30,		
2019	$	363,187
2020		400,000
2021		400,000
2022		400,000
2023		400,000
Thereafter		6,433,333
		8,396,520
Less: unamortized balance of deferred financing costs		(208,089)
	$	8,188,431

On December 18, 2014, the Foundling entered into a loan agreement in the amount of $15,000,000 with a financial institution to finance the termination costs of the Archdiocese Defined Benefit Plan as further discussed in Note 11. Principal payments are to be paid in monthly installments of $125,000, which are due on the first business day of each month through December 2024, the maturity date. Interest is payable on a monthly basis at LIBOR plus 165 basis points, which was 3.65% at June 30, 2018.

Future principal payments are as follows:

Year ending June 30,		
2019	$	1,450,718
2020		1,500,000
2021		1,500,000
2022		1,500,000
2023		1,500,000
Thereafter		2,375,000
		9,825,718
Less: unamortized balance of deferred financing costs		(257,105)
	$	9,568,613

8. Mortgages Payable, Net

Facilities held under mortgage and the corresponding outstanding balances due on each note consist of the following as of June 30, 2018:

(a)	Pelham Manor	$	112,895
(b)	Laconia Avenue		49,875
	153 Stephens Avenue		32,804
	155 Stephens Avenue		33,316
(c)	91 East 208th Street		7,370
(d)	34 Beechmont Drive		717,946
(e)	2 Sylvia Lane		615,242
			1,569,448
Less: current portion of mortgages payable			(267,538)
Less: unamortized balance of deferred financing costs			(45,017)
		$	1,256,893

(a) On April 15, 1997, the Foundling entered into a mortgage with a financial institution to finance the operation of an intermediate care facility for developmentally disabled individuals. The principal amount shall bear interest at the rate of 5.9% per annum and shall be payable by the Foundling through OPWDD to Facility Development Corporation in semi-annual debt service and administrative fee payments ranging from $16,418 to $26,458 until August 2021. The mortgage is secured by the building located on Shoreview Circle in Pelham Manor, New York.

(b) On June 26, 2007, the Foundling entered into three mortgage agreements with a financial institution to finance the operation of community residential centers. Principal payments which range from $2,523 to $3,325 are due on the first business day of each month with maturities through September 2019. Interest is payable on a monthly basis and the interest rate was 4.50% at June 30, 2018. The mortgages are secured by the related properties in the Bronx, New York.

(c) On September 13, 2007, the Foundling entered into a mortgage agreement with a financial institution to finance the operation of a community residential center. Principal payments are to be paid in monthly installments of $1,844, which are due on the first business day of each month through November 2018, the maturity date. Interest is payable on a monthly basis at prime plus .5%, which was 3.66% at June 30, 2018. The mortgage is secured by the property located in the Bronx, New York.

(d) On December 5, 2012, the Foundling entered into a mortgage agreement with a financial institution to finance the operation of a community residential center. Principal payments are to be paid in monthly installments of $7,350, which are due on the first business day of each month through December 3, 2027, the maturity date. Interest is payable on a monthly basis at a rate of 3.65% per annum. The mortgage is secured by the property located at 34 Beechmont Drive, New Rochelle, New York.

(e) On December 5, 2012, the Foundling entered into a mortgage agreement with a financial institution to finance the operation of a community residential center. Principal and interest payments are to be paid in monthly installments of $6,327, which are due on the first business day of each month through December 3, 2027, the maturity date. Interest is payable on a monthly basis at a rate of 3.65% per annum. The mortgage is secured by the property located at 2 Sylvia Lane.

Future principal payments are as follows:

Year ending June 30,		
2019	$	269,518
2020		182,888
2021		149,281
2022		130,986
2023		135,860
Thereafter		700,915
		1,569,448
Less: unamortized balance of deferred financing costs		(45,017)
	$	1,524,431

9. Bonds Payable, Net

Rockland County Economic Assistance Corporation (RCEAC) revenue bonds maturing every 1st of the month starting in August 2012 through 2027, bearing interest rates at 3% computed on the basis of 360 days	$	5,000,000

Proceeds from these bonds have been made available to the Foundling to pay off the outstanding debt due to a financial institution. The bonds were issued and sold by RCEAC. Pursuant to the indentures of trust for the bonds, payment of principal and interest to the bondholders is solely the obligation of the Foundling, RCEAC is not obligated for repayment of the bonds. The bonds are secured by the individual properties of the intermediate care facilities and community residence in Rockland County, New York.

The following table sets forth the scheduled annual principal and interest payments to be made on the bonds during each of the next five years and all the years thereafter:

Year ending June 30,	Payments Principal	Payments Interest
2019	$ 381,057	$ 80,728
2020	411,421	68,589
2021	424,329	56,069
2022	437,648	43,156
2023	451,385	29,838
Thereafter	749,861	29,475
	2,855,701	307,855
Less: unamortized balance of deferred issuance costs	(101,481)	-
	$ 2,754,220	$ 307,855

Series	Principal
Residential Institutions for Children Revenue Bonds, Series 2008A-1 (various rates ranging from 3.5% to 5%, due June 1, 2038)	$ 7,155,000
Residential Institutions for Children Revenue Bonds, Series 2008A-2 (coupon rate of 5%, due June 1, 2018)	35,000

On June 17, 2008, the Foundling obtained financing of $7,190,000 of revenue bonds through the Dormitory Authority of the State of New York (DASNY) to finance the construction and renovation of a community residential center in Staten Island, New York.

The bonds are secured by the real estate located in Staten Island, New York. At June 30, 2018, $6,060,000 of the Series 2008A-1 bonds remains outstanding.

Unamortized premium costs relating to the issuance of the bonds were $70,299 at June 30, 2018. The unamortized premium costs are amortized over the term of indebtedness of the total amount issued and included in bonds payable on the statement of financial position.

These bonds are conduit debt securities since they are offered by a governmental entity not for its own use, but for the use of the Foundling. As the conduit debt obligor, the Foundling is required to make all interest and principal payments as they become due. The bonds are publicly held and therefore have additional financial reporting requirements.

The following tables set forth the scheduled annual principal and interest payments to be made on the bonds during each of the next five years and all the years thereafter:

Year ending June 30,

	Payments	
	Principal	Interest
2019	$ 172,855	$ 297,006
2020	185,000	288,256
2021	195,000	279,006
2022	210,000	269,256
2023	220,000	258,756
Thereafter	5,075,000	2,581,158
	6,057,855	3,973,438
Less: unamortized balance of deferred issuance costs	(112,480)	-
	$ 5,945,375	$ 3,973,438

In accordance with the terms of the various purchasers of the bonds, Foundling maintains loan agreements with various financial institutions, as security for the bonds. These agreements are secured by mortgages. The agreements provide for certain covenants, including maintenance of minimum liquidity and debt service coverage ratios. At June 30, 2018, Foundling was in compliance with the minimum liquidity ratios, but was not in compliance with the debt service coverage ratios requirements. For the fiscal year ended June 30, 2018, the Foundling received a waiver from the financial institutions for the covenant violation.

10. Letter of Credit and Line of Credit

In September 2013, a financial institution issued a letter of credit in the amount of $1,600,000 in favor of the landlord of a program facility located in Long Island City, Queens, New York. This letter of credit was issued in lieu of a security deposit and will renew annually until July 2019. This letter of credit is unsecured, though it is additionally guaranteed by the Charitable Corporation. As of June 30, 2018, there was no outstanding balance.

In June 2014, the Foundling obtained a $5,000,000 line of credit from a financial institution. This line of credit is unsecured, though it is guaranteed by the Charitable Corporation. The interest rate on the line of credit is 3.7%. As of June 30, 2018, the outstanding amount on the line of credit was $2,000,000.

11. Pension Plans

Archdiocesan Pension Plan

The Foundling participated in the pension plan of the Archdiocese of New York (the Plan). This multi-employer plan was limited to eligible non-union employees meeting the age and years of service requirements of the Plan. Participating employers were required to make annual contributions to the Plan based on a percentage of annual salary, subject to the Plan's limitations.

The Foundling terminated its participation effective December 31, 2014. As a result of terminating its participation in the Plan, the Foundling made a final payment to the Plan at the effective date in the amount of $14,289,684, representative of the portion of the Plan's underfunded amount due and payable by the Foundling.

Benefits to the Foundling employees who participated in the Plan were frozen at the time that the Foundling terminated its participants.

Employee Retirement Benefits

The Foundling has established a defined contribution plan for its employees on January 1, 2015. Employees become eligible to participate as of their date of hire and may elect to contribute up to the statutory limit allowed. The Foundling matches all employee contributions up to 2% of participating employees' compensation. In addition, the Foundling makes direct contributions ranging from 2%-4%, depending on number of years of service.

Religious Pension Plan

The Foundling also participates in a defined benefit pension plan (defined benefit plan) administered by a life insurance company. The Foundling has recorded an unfunded pension obligation of $37,050 at June 30, 2018. This amount represents the excess of the projected benefit obligation over the fair value of the plan assets, adjusted for previously recorded pension cost liabilities. The Foundling recorded an increase to unrestricted net assets of $148 for the year ended June 30, 2018 in the accompanying statement of activities, resulting from changes in the unfunded pension liability.

12. Transactions with Affiliates

New York Foundling Charitable Corporation

The New York Foundling Charitable Corporation (the Charitable Corporation) is a not-for-profit provider of housing and other facilities to the voluntary not-for-profit child care agency, The Foundling, for its use in the furtherance of its charitable purposes. The Charitable Corporation and the Foundling are both sponsored by the Sisters of Charity.

The Foundling has a lease with the Charitable Corporation. As of July 1, 2014, a new 15-year lease agreement was in effect for its facilities at 590 Avenue of the Americas located in New York, New York. The rent charged for these facilities was $366,656 for the year ended June 30, 2018.

In December 2009, the Foundling entered into an agreement with the Charitable Corporation to lease the property at 170 Brown Place, located in the Bronx, New York. The lease agreement became effective at the time the Foundling took occupancy of the building, which was August 31, 2010, and is to last for a period of ten years. Total rent paid by the Foundling to the Charitable Corporation for the year ended June 30, 2018 was $650,014, which was based on the actual interest expense paid to the bondholders, depreciation expense and amortization of the deferred financing costs. In addition, the Foundling is responsible to pay for all property taxes, utilities and any other costs to operate the building. Rent was reduced due to vacancies in two of the floors.

The Foundling charges the Charitable Corporation for accounting service fees. Total fees charged for the year ended June 30, 2018 was $60,444.

13. Net Assets Released from Restrictions

Temporarily restricted net assets were released from donor restrictions by incurring expenses for the following specific programs or purposes:

June 30, 2018		
Head Start	$	1,930
Foster care deaf services		217,375
Foster youth educational support		500,000
Training & workshop		258,477
Summer camp		199,660
Therapeutic treatment for children ages 16-18		1,065,573
Community based-psychiatric treatment and therapy		2,200
Multisystemic		555,657
Mott Haven Academy Charter School		576,000
Child abuse prevention		309,747
Other		912,324
	$	4,598,943

14. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following programs or purposes:

June 30, 2018		
Head Start	$	903,756
Foster care deaf service		5,590,959
Foster youth educational support		505,854
Training		353,952
Summer camp		36,500
Therapeutic treatment for children ages 16-18		759,517
Community based-psychiatric treatment and therapy		507,800
Treatment, planning, systematic assessment for youth in transition to independence		966,400
Other programs		710,069
	$	10,334,807

15. Permanently Restricted Net Assets

All assets included in the Foundling's permanently restricted net assets are as follows:

June 30, 2018

Donor Fund:		
Cash and cash equivalents	$	143,923
Short-term investments		444,714
Publicly-traded mutual funds		635,659
Limited partnerships		2,737,245
	$	3,961,541

The following table provides a reconciliation of beginning and ending balances:

June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Permanently Restricted Net Assets, as of July 1, 2017	$ -	$ -	$ 3,960,541	$ 3,960,541
Contributions	-	-	1,000	1,000
Investment income	-	266,544	-	266,544
Appropriations to unrestricted net assets	-	(266,544)	-	(266,544)
Permanently Restricted Net Assets, as of June 30, 2018	$ -	$ -	$ 3,961,541	$ 3,961,541

Permanently restricted net assets consist of the following at June 30, 2018:

June 30, 2018

Alice Ward Kelly Fund	$	1,050,232
James Donohue Fund		268,742
William Fries Fund		10,000
Emily M. Moos Fund		251,487
Other funds		219,288
General operating support - Altman Foundation		1,961,792
Nursing training program purposes - Heart Foundation		200,000
	$	3,961,541

16. Commitments and Contingencies

Operating Leases

The Foundling has operating lease agreements for office space, housing and equipment. Future annual minimum lease payments due under non-cancellable leases as of June 30, 2018 are as follows:

Year ending June 30,		
2019	$	4,420,871
2020		3,616,107
2021		3,464,085
2022		3,446,965
2023		3,295,906
Thereafter		19,655,348
	$	37,899,282

Rental expense for the Foundling for June 30, 2018 was $6,270,491.

Litigation

The Foundling is involved in various claims and legal actions arising in the ordinary course of business. Management believes that open claims will be covered by insurance policies in force. For those claims not covered by insurance, management has recorded an estimated liability it believes is sufficient to cover any possible loss.

17. Subsequent Events

On September 3, 2018, the Foundling became the sole member of The Evelyn Douglin Center for Serving People in Need, Inc. d/b/a THRIVE, which is a Brooklyn, New York based social service agency focused on serving the needs of individuals with developmental disabilities. THRIVE will continue to be operated as a separate legal entity.

On March 2018, the Board of Directors of The Foundling and the New York Foundling Charitable Corporation agreed to merge. The Charitable Corporation has been an unconsolidated, though affiliated, entity of The Foundling through the common membership of The Sisters of Charity in both organizations. In accordance with the New York State Not-for-Profit Corporation Law, a request for merger has been filed with the New York State Attorney General's Office for approval. The Foundling will become the surviving entity once the merger commenced.

For purposes of determining the effect of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2018 and through November 28, 2018, the date on which the financial statements were available to be issued.