The New York Foundling
(f/k/a The New York Foundling Hospital)
and Affiliate

Consolidated Financial Statements and Supplementary Information
Year Ended June 30, 2019

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

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(f/k/a The New York Foundling Hospital)
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Contents

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Independent Auditor's Report

The Board of Trustees
The New York Foundling and Affiliate
New York, New York

We have audited the accompanying consolidated financial statements of The New York Foundling (the Foundling) (f/k/a The New York Foundling Hospital) and Affiliate (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated statement of financial position of The New York Foundling and Affiliate as of June 30, 2019, 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.

Emphasis of Matter

In September 2018, the Foundling acquired The Evelyn Douglin Center for Serving People in Need, Inc. d/b/a Thrive Network (Thrive). As detailed in Note 2, the consolidated financial statements include the accounts of Foundling and Thrive, while all material intercompany transactions and balances have been eliminated in these consolidated financial statements.

Report on Summarized Comparative Information

We have previously audited the financial statements of The New York Foundling Hospital and our report, dated November 28, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Supplementary Information

Our audit of the consolidated financial statements included in this report was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are not required parts of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and to certain additional procedures applied in the audit of the reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and to other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

BDO USA, LLP

November 27, 2019

The New York Foundling
(f/k/a The New York Foundling Hospital)
and Affiliate

Consolidated Statement of Financial Position
(with comparative totals for 2018)

June 30,		**2019**		2018
Assets				
Current				
Cash and cash equivalents	**$**	**6,096,067**	$	4,175,764
Investments at fair value (Note 5)		**54,431,675**		54,528,486
Accounts and grants receivable, net of allowance of $1,897,276 for 2018 (Note 6)		**32,058,051**		22,031,257
Prepaid expenses, deposits and other assets		**2,325,559**		1,277,148
Consumer funds		**323,412**		361,929
Assets limited or restricted as to use, current portion (Note 7)		**141,197**		129,946
Total Current Assets		**95,375,961**		82,504,530
Investments, at fair value, net of current portion (Note 5)		**6,781,683**		5,241,153
Assets Limited or Restricted as to Use, net of current portion (Note 7)		**977,840**		905,214
Fixed Assets, Net (Note 8)		**59,199,465**		52,025,606
	$	**162,334,949**	$	140,676,503
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	**$**	**23,854,168**	$	17,284,667
Line of credit (Note 13)		**11,856,666**		2,000,000
Accrued pension liabilities (Note 14)		**784,453**		960,694
Consumer funds		**323,412**		361,929
Deferred rent		**3,245,243**		2,841,547
Due to governmental agencies (Note 9)		**9,324,305**		8,536,251
Current portion of loan payable (Note 10)		**1,900,000**		1,900,000
Current portion of mortgages payable (Note 11)		**273,313**		267,538
Current portion of bonds payable (Note 12)		**596,421**		553,912
Total Current Liabilities		**52,157,981**		34,706,538
Accrued Pension Obligation (Note 14)		**81,406**		37,050
Loan Payable, net of current portion and deferred financing costs (Note 10)		**14,043,139**		15,857,044
Mortgages Payable, net of current portion and deferred financing costs (Note 11)		**4,407,001**		1,256,893
Bonds Payable, net of current portion and deferred financing costs (Note 12)		**7,618,320**		8,215,982
Total Liabilities		**78,307,847**		60,073,507
Commitments and Contingencies (Notes 16 and 17)				
Net Assets				
Without donor restrictions		**69,741,225**		66,306,648
With donor restrictions (Note 16)		**14,285,877**		14,296,348
Total Net Assets		**84,027,102**		80,602,996
	$	**162,334,949**	$	140,676,503

See accompanying notes to financial statements.

The New York Foundling
(f/k/a The New York Foundling Hospital)
and Affiliate

Consolidated Statement of Activities
(with comparative totals for 2018)

June 30,

	Without Donor Restrictions	With Donor Restrictions	**2019**	2018
Program Revenue				
Fee-for-service revenue	$ 109,274,793	$ -	**$ 109,274,793**	$ 74,001,244
Government and other grants and contracts	65,976,394	-	**65,976,394**	53,865,798
Contributions	1,384,978	2,905,432	**4,290,410**	5,175,579
Special events, net of direct expenses of $134,999 and $109,896 in 2019 and 2018, respectively	504,657	182,000	**686,657**	1,020,524
Rental income	1,310,176	-	**1,310,176**	971,520
Other program revenue	2,569,029	-	**2,569,029**	2,483,267
In-kind contributions (Note 3)	5,338,576	-	**5,338,576**	2,341,551
Net assets released from restrictions (Note 16)	3,291,877	(3,291,877)	**-**	-
Total Program Revenue	189,650,480	(204,445)	**189,446,035**	139,859,483
Program Services				
Foster care residential facilities	4,354,093	-	**4,354,093**	4,431,387
Foster family boarding homes and adoption	26,332,563	-	**26,332,563**	26,116,867
OPWDD services	71,999,270	-	**71,999,270**	38,676,993
Foster Care Medicaid	6,627,864	-	**6,627,864**	6,782,778
Puerto Rico Head Start	22,179,564	-	**22,179,564**	16,614,314
Preventive services	25,444,281	-	**25,444,281**	22,806,638
Other programs	15,527,296	-	**15,527,296**	14,582,703
Total Program Services	172,464,931	-	**172,464,931**	130,011,680
Supporting Services				
Management and general	21,799,530	-	**21,799,530**	16,706,707
Fundraising	1,236,950	-	**1,236,950**	949,799
Total Supporting Services	23,036,480	-	**23,036,480**	17,656,506
Total Expenses	195,501,411	-	**195,501,411**	147,668,186
Change in Net Assets from Operations	(5,850,931)	(204,445)	**(6,055,376)**	(7,808,703)
Nonoperating Revenue (Expenses)				
Investment income, net of fees (Note 5)	2,357,295	193,974	**2,551,269**	4,192,652
Legacies and bequests	1,926,224	-	**1,926,224**	2,866,266
Contribution from related party (Note 15)	4,000,000	-	**4,000,000**	-
Change in unfunded pension obligation	(44,356)	-	**(44,356)**	148
Inherent contributions (Note 18)	1,046,345	-	**1,046,345**	-
Total Nonoperating Revenue and Expenses	9,285,508	193,974	**9,479,482**	7,059,066
Change in Net Assets	3,434,577	(10,471)	**3,424,106**	(749,637)
Net Assets, beginning of year	66,306,648	14,296,348	**80,602,996**	81,352,633
Net Assets, end of year	$ 69,741,225	$ 14,285,877	**$ 84,027,102**	$ 80,602,996

See accompanying notes to financial statements.

The New York Foundling
(f/k/a The New York Foundling Hospital)
and Affiliate

Consolidated Statement of Functional Expenses
(with comparative totals for 2018)

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	**2019**	2018
Salaries and Wages	$ 2,294,044	$ 10,161,343	$ 42,634,884	$ 4,191,478	$ 9,165,093	$ 16,174,720	$ 7,591,318	$ 92,212,880	$ 8,109,487	$ 543,628	$ 8,653,115	**$ 100,865,995**	$ 73,710,743
Employee Benefits													
Payroll taxes and mandatory fringes	284,413	918,583	5,944,108	333,059	825,274	1,418,450	630,048	10,353,935	775,200	39,094	814,294	**11,168,229**	7,557,469
Others	555,247	1,525,007	6,473,374	353,738	1,556,023	2,662,961	1,098,962	14,225,312	424,401	50,513	474,914	**14,700,226**	11,736,976
Total Salaries and Employee Benefits	3,133,704	12,604,933	55,052,366	4,878,275	11,546,390	20,256,131	9,320,328	116,792,127	9,309,088	633,235	9,942,323	**126,734,450**	93,005,188
Other Expenses													
Transportation and workers' expenses	22,348	288,568	276,279	8,732	14,614	109,822	48,426	768,789	189,217	550	189,767	**958,556**	847,235
Allowances and activities - parents and children	88,968	159,826	1,343,895	2,346	16,850	150,381	200,536	1,962,802	7,667	-	7,667	**1,970,469**	1,421,324
Tuition, school expenses and camp fees	1,009	1,844	-	-	215,100	779	55,262	273,994	-	-	-	**273,994**	264,468
Purchase of services	440,628	813,826	2,515,617	1,117,139	307,299	548,087	230,601	5,973,197	2,146,855	-	2,146,855	**8,120,052**	7,233,278
Food	110,785	38,136	1,468,629	-	999,546	17,693	128,572	2,763,361	-	-	-	**2,763,361**	1,507,742
Clothing, bedding and linen	27,566	10,210	184,451	-	-	85	1,100	223,412	-	-	-	**223,412**	160,633
Supplies and equipment	54,989	34,991	765,635	2,451	2,306,158	93,694	43,794	3,301,712	270,785	23,369	294,154	**3,595,866**	1,433,011
Rent, utilities and real estate taxes	148,974	1,297,926	4,434,294	246,708	548,044	775,237	1,620,468	9,071,651	1,924,520	-	1,924,520	**10,996,171**	7,797,747
Rental of furnishing, equipment and vehicles	20,410	61,147	936,985	751	30,183	6,903	9,165	1,065,544	357,376	213	357,589	**1,423,133**	789,548
Repairs and maintenance - plant, equipment and vehicles	96,491	203,975	1,321,273	37,574	2,438,221	748,982	113,468	4,959,984	423,848	20,611	444,459	**5,404,443**	3,913,308
Communications	29,066	176,591	538,495	30,642	86,380	246,538	106,333	1,214,045	163,224	4,074	167,298	**1,381,343**	1,092,176
Dues, licenses and permits	904	9,939	32,280	2,481	12,422	-	10,191	68,217	104,976	2,254	107,230	**175,447**	153,846
Office supplies	6,706	75,440	75,021	19,914	94,533	182,667	80,374	534,655	132,137	4,508	136,645	**671,300**	620,095
Relief assistance to employee	-	-	-	-	-	-	-	-	-	-	-	**-**	205,373
Administrative expenses	17,114	535,735	344,014	37,495	287,970	374,140	479,752	2,076,220	1,009,295	90,026	1,099,321	**3,175,541**	3,318,668
Professional services	26,998	297,962	513,628	19,526	150,131	1,342,785	963,029	3,314,059	2,191,425	32,550	2,223,975	**5,538,034**	4,712,044
Insurance	6,857	52,943	756,497	68,898	221,403	-	1,172	1,107,770	1,549,019	-	1,549,019	**2,656,789**	1,743,816
Interest and bank charges	-	162	158,608	-	-	-	1,120,565	1,279,335	542,332	14,263	556,595	**1,835,930**	1,363,638
Boarding home and clothing pass-thru	17	8,792,242	-	-	-	-	-	8,792,259	-	-	-	**8,792,259**	8,845,591
Boarding payment - special	4,764	337,254	-	-	-	300	87,993	430,311	-	-	-	**430,311**	293,796
Donated services	-	-	-	-	2,787,687	-	-	2,787,687	-	399,407	399,407	**3,187,094**	2,341,551
Bad debt expense	-	-	355,336	-	-	56,751	346,446	758,533	-	-	-	**758,533**	486,343
Depreciation	115,795	538,913	925,967	154,932	116,633	533,306	559,721	2,945,267	1,477,766	11,890	1,489,656	**4,434,923**	4,117,767
Total Operating Expenses	$ 4,354,093	$ 26,332,563	$ 71,999,270	$ 6,627,864	$ 22,179,564	$ 25,444,281	$ 15,527,296	$ 172,464,931	$ 21,799,530	$ 1,236,950	$ 23,036,480	**$ 195,501,411**	$ 147,668,186

See accompanying notes to financial statements.

The New York Foundling
(f/k/a The New York Foundling Hospital)
and Affiliate

Consolidated Statement of Cash Flows
(with comparative totals for 2018)

June 30,	**2019**	2018
Cash Flows from Operating Activities		
Change in net assets	**$ 3,424,106**	$ (749,637)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	**4,434,923**	4,117,767
Bad debt expense	**758,533**	486,343
Interest expense related to deferred financing costs	**108,972**	125,394
Net realized and unrealized gains on investments	**(1,273,960)**	(3,105,130)
Disposal of fixed assets	**-**	68,793
Change in unfunded pension obligation	**44,356**	(148)
Changes in assets and liabilities:		
Accounts and grants receivable	**(4,722,230)**	(7,294,938)
Pledges receivable	**-**	95,000
Prepaid expenses, deposits and other assets	**(756,909)**	(34,609)
Assets limited or restricted as to use	**(83,877)**	(102,915)
Accounts payable and accrued expenses	**(1,404,896)**	1,223,114
Accrued pension liabilities	**(184,706)**	(339,394)
Deferred rent	**403,696**	533,678
Due to governmental agencies	**605,041**	3,769,154
Net Cash Provided by (Used in) Operating Activities	**1,353,049**	(1,207,528)
Cash flows from investing activities:		
Purchase of investments	**(7,313,822)**	(5,960,229)
Proceeds from sale of investments	**7,144,063**	6,283,609
Purchases of fixed assets	**(4,701,161)**	(2,964,375)
Inherent contribution, net of cash acquired	**399,902**	-
Net Cash Used in Investing Activities	**(4,471,018)**	(2,640,995)
Cash flows from financing activities:		
Proceeds from line of credit	**7,856,666**	2,000,000
Principal payments of mortgages payable	**(344,488)**	(277,261)
Principal payment of bonds	**(573,906)**	(562,335)
Principal payments of loans payable	**(1,900,000)**	(1,900,000)
Net Cash Provided by (Used in) Financing Activities	**5,038,272**	(739,596)
Net Increase (Decrease) in Cash and Cash Equivalents	**1,920,303**	(4,588,119)
Cash and Cash Equivalents, beginning of year	**4,175,764**	8,763,883
Cash and Cash Equivalents, end of year	**$ 6,096,067**	$ 4,175,764
Supplemental Disclosures During Cash Flow Information		
Cash paid during the year for interest	**$ 984,818**	$ 1,104,328

See accompanying notes to financial statements.

1. Nature of the Organization

The New York Foundling (f/k/a 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.

In September 2018, the Foundling obtained control of The Evelyn Douglin Center for Serving People in Need, Inc. d/b/a Thrive Network (Thrive) by a member substitution agreement, while becoming the sole corporate member of Thrive. This transaction was consummated with no consideration exchanged, and as such, the net assets of Thrive as of August 31, 2018 were contributed to the Foundling (see Note 18). Thrive is a Brooklyn, New York based social service agency focused on serving the needs of individuals with developmental disabilities. Thrive continues to be operated as a separate legal entity.

2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Foundling and Thrive (collectively, the Organization). All material intercompany transactions and balances have been eliminated in the consolidated financial statements.

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Organization 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 consolidated 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.

Consolidated 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 the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in the consolidated statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the consolidated statement of activities.

These classes are defined as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of the Organization.

With Donor Restrictions - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that must be maintained in perpetuity or otherwise removed by either actions of the Organization pursuant to donor-imposed stipulations and/or the passage of time. When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities.

Cash and Cash Equivalents

The Organization 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.

Consumer Funds

Consumer funds consist of cash deposits held by the Organization 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 those that market participants operating within the same marketplace as the Organization would use in pricing the Organization'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 Organization are traded. The Organization 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 consolidated statement of activities as increases or decreases in 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 net assets with or without donor restrictions.

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 Organization uses the allowance method to determine uncollectible unconditional pledge receivables.

In-kind contributions are reported in the consolidated 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, 2019 totaled $5,338,576, which consisted of $2,787,688 for personnel services, donated space and other goods and services to support the Puerto Rico Head Start program, and $2,550,888 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 consolidated statement of financial position at June 30, 2019.

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
Vehicles	4 years

Impairment of Long-Lived Assets

The Organization follows the provisions of ASC 360-10-35, "Accounting for the Impairment or Disposal of Long-Lived Assets," which requires the Organization to review long-lived assets, including both fixed and intangible assets, 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, 2019, 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 consolidated statement of financial position.

Deferred Rent

Rent expense is being recognized on a straight-line basis over the lives of the leases. The difference between rent expense recognized and rental payments, as stipulated in the respective leases, are reflected as deferred rent in the consolidated statement of financial position. Any landlord incentives on leasehold improvement costs will be amortized over the lives of the leases.

Third-Party Reimbursements and Revenue Recognition

The Organization 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 Organization 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, 2016 through June 30, 2019 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.

Fee-for-Service and Per-Diem Revenue

Fee-for-service and per-diem revenue is generated from foster care services, services to individuals with developmental disabilities, mental health services, as well as other services. Fee-for-service and per-diem revenue is recorded at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from third-party payors (including government programs and health insurers), and others, and includes an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews and investigations. Generally, the Organization submits both fee-for-service and per-diem claims to third-party payors electronically through a state-wide system several days after the services are performed.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. The Organization measures revenue from the commencement of services, to the continuation of services, and until services are no longer required. The Organization believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, the Organization has elected, as part of their adoption of the new revenue standard, to apply the optional exemption provided in ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)",* and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Throughout the year, rates may vary as determined by New York State, and the Organization will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and the Organization considers these amounts in determination of the transaction price. The Organization determines its estimates of explicit or implicit price concessions and contractual adjustments based on its historical collection experience.

Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from Medicaid programs.

As a practical expedient, the Organization utilizes the portfolio approach for analyzing the revenue contracts in accordance with Topic 606. The Organization accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. The Organization considers the similar nature and characteristics of the contract and customers in using the portfolio approach. The Organization believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

The following table shows the Organization's fee-for-service revenue disaggregated by payor:

Year ended June 30,	**2019**	2018
Medicaid	**$ 79,626,175**	$ 45,193,662
Medicaid Managed Care	**2,884,929**	1,933,449
Private Pay	**609,313**	840,562
New York State Department of Education	**11,865**	12,463
City of New York Administration for Children's Services	**26,142,511**	26,021,108
Total	**$ 109,274,793**	$ 74,001,244

The following table shows the Organization's fee-for-service revenue disaggregated by service line:

Year ended June 30,	**2019**	2018
Foster Care	**$ 26,142,511**	$ 26,021,108
Foster Care - Medicaid	**6,776,875**	6,097,317
NYS OPWDD	**69,204,618**	36,649,606
Article 31	**7,138,924**	5,220,750
NYS Department of Education Food Program	**11,865**	12,463
Total	**$ 109,274,793**	$ 74,001,244

Donor-Restricted Fund

The Organization's donor-restricted fund in perpetuity (the Donor Fund) consists of investments that are held in perpetuity. The Organization follows the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA) as they relate to the Organization's contributions and net assets with donor restrictions - in perpetuity, 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 Organization 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 Organization classifies as net assets with donor restrictions - in perpetuity (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 net assets without donor restrictions or net assets with donor restrictions - time/purpose restricted.

Investment and Spending Policies

The Organization has adopted investment and spending policies for net assets with donor restrictions - in perpetuity 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. The Donor Fund includes those assets of donor-restricted funds that the Organization must hold in perpetuity. The Organization'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 Organization 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 Organization'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

The Foundling is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and private foundation excise tax, pursuant to a group exemption issued to the Roman Catholic Church in the United States.

Thrive

Thrive is exempt from federal income tax under Section 501(c)(3) of the Code and comparable New York state law. Thrive has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code.

The Organization has not taken any unsubstantiated tax positions that would require provision of a liability under ASC 740, "Income Taxes." Under ASC 740, an organization must recognize the tax liability associated with uncertain 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 Organization does not believe that there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. The Organization 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, 2019, there was no interest or penalties recorded or included in the consolidated financial statements.

Functional Allocation Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Certain shared costs have been allocated among the programs and supporting services based on benefits received, they pertain mainly to shared costs of occupancy, including rent, utilities and maintenance, that are allocated based on square footage used. Other costs, such as information technology, are allocated based on the number of users. All other indirect costs are captured as management and general.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization 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 Organization 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 consolidated financial statements include certain prior-year summarized comparative information. With respect to the consolidated statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the consolidated 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, 2018, from which the summarized information was derived.

Risks and Uncertainties

The Organization'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 reasonably possible that changes in the value of the Organization's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Recently Adopted Accounting Pronouncements

ASU 2014-09 - "Revenue from Contracts with Customers (Topic 606)"

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cashflows arising from contracts with customers, including significant judgements and changes in judgements. The provisions of ASU 2014-09 became effective for the Organization beginning July 1, 2018.

Effective July 1, 2018, the Organization elected the modified retrospective approach in adopting ASU 2014-09 to all contracts under the scope of the guidance. The adoption of the ASU did not have a material impact on the consolidated financial statements. The related presentation of "allowances for doubtful accounts" on the consolidated statement of financial position has been eliminated as a result of adoption.

ASU 2018-08 - "Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made"

In June 2018, the FASB issued ASU No. 2018-08, "Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made". The update clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred, which, depending on the outcome, determines whether the Organization follows contribution guidance or exchange transactions guidance in the revenue recognition and other applicable standards. The update also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The guidance is effective for the Organization's fiscal year 2019, and the adoption of this update did not have a material impact on the Organization's consolidated financial statements.

ASU 2016-14 - "Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities"

In August 2016, the FASB issued ASU 2016-14, "Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities." The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; (b) modifying the presentation of underwater endowment funds and related disclosures; (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise;

(d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs; (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (f) presenting investment return net of external and direct expenses and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. 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. The standard was adopted by the Organization in the year ended June 30, 2019 and retrospectively applied.

Accounting Pronouncement Issued but Not Yet Adopted

ASU 2016-02 - "Accounting for Leases"

In February 2016, the FASB issued ASU 2016-02, "Accounting for Leases," which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability for future lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. statement of financial position recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The amendments are effective for the Organization for fiscal years beginning after December 15, 2018. The Organization provided guidance that it has publicly issued bonds and must adopt ASU 2016-02 in the fiscal year 2020. Accordingly, the Organization will adopt this standard effective in the first quarter of the fiscal year 2020 utilizing the modified retrospective method, and therefore, no adjustments will be made to amounts in prior period financial statements. Management is currently evaluating the impact of the pending adoption of ASU 2016-02.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statement presentation.

4. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

June 30, 2019		
Cash and cash equivalents	$	6,096,067
Investments, at fair value		54,431,675
Accounts and grants receivable		32,058,051
Total Current Assets*		92,585,793
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor for specific purpose or in perpetuity		(10,815,577)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$	81,770,216

* Total current assets, less nonfinancial assets; prepaid expenses, deposits and other assets, consumer funds, and assets limited as to use, current portion.

Liquidity Management

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. The Organization has an investment committee, reporting to its Board of Directors, which provides guidance with respect to appropriate management of its investments. Additionally, the Organization has $1,600,000 and $2,000,000 available for general expenditure at June 30, 2019 on its letter of credit and line of credit, respectively.

5. Financial Instruments and Fair Value

The following table presents the Organization's fair value hierarchy for those investments measured at fair value on a recurring basis as of June 30, 2019:

	Fair Value Measurement at Reporting Date Using			
Description	Level 1	Level 2	Level 3	Balance
Corporate and foreign equities	$ 6,390,689	$ -	$ -	$ 6,390,689
Publicly traded mutual funds	10,550,817	-	-	10,550,817
Limited partnerships	-	-	44,271,852	44,271,852
Total Investments	$ 16,941,506	$ -	$ 44,271,852	$ 61,213,358

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, 2019:

Description	Balance, July 1, 2018	Purchases	Sales	Assets in Transit	Net Unrealized Gain	Balance, June 30, 2019
Limited partnerships	$42,855,042	$ 616,019	$ (702,334)	$ (33,421)	$ 1,536,546	$44,271,852

The following table summarizes the fair value measurements of investment funds that calculate net assets per share (or its equivalent) as of June 30, 2019:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnerships:				
Pharmaceutical	$ 10,764,058	$ -	N/A	N/A
Hedge fund	19,562,574	172,275	Varies – Monthly or Quarterly	Varies - three days up to 45 days prior written notice
Private equity (a)	6,781,683	1,580,783	N/A	N/A
High-grade corporate debt	1,494,011	-	N/A	N/A
International equity	5,669,526	-	Varies – Daily or Monthly	Varies - Daily or three days prior written notice
Total	$ 44,271,852	$ 1,753,058		

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

Investment earnings are comprised of the following:

June 30, 2019	
Realized loss	$ (367,331)
Unrealized gains	1,641,291
Interest and dividends	1,411,411
Investment management fees	(134,102)
Total Net Income from Investments	$ 2,551,269

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.

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6. Accounts and Grants Receivable

Accounts and grants receivable, consist of the following:

June 30, 2019		
Accounts receivable:		
Foster care	$	6,590,927
Developmental disabilities		8,133,799
Medicaid		1,064,930
Article 31		1,045,962
Preventive		4,684,097
Puerto Rico Head Start and Early Head Start		1,255,151
Charter school		1,117,956
Child Success		1,593,446
Family Rising		851,191
ACS miscellaneous payments and discharge grants		435,837
Other		3,043,268
		29,816,564
Grants receivable		2,241,487
	$	32,058,051

7. Assets Limited or Restricted as to Use

Assets limited or restricted as to use are as follows:

June 30, 2019		
Debt service reserve fund	$	314,332
Gift annuity		9,957
Deferred compensation investments		794,748
		1,119,037
Less: current portion		(141,197)
	$	977,840

Assets limited or restricted as to use consist of short-term investments.

8. Fixed Assets, Net

Fixed assets, net, consist of the following:

June 30, 2019		
Land	$	3,800,330
Buildings and improvements		36,036,843
Equipment, furniture and signs		12,873,166
Vehicles		18,962
Leasehold improvements		37,706,005
		90,435,306
Less: accumulated depreciation		(33,536,300)
Construction-in-progress		2,300,459
	$	59,199,465

The estimated cost to complete construction-in-progress is approximately $2,246,000. 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 programs.

Depreciation expense for the year ended June 30, 2019 totaled $4,434,923.

9. Due to Governmental Agencies

Amounts due to governmental agencies consisting primarily of overpayments from funding sources, which will be recouped in subsequent periods are as follows:

June 30, 2019		
NYC ACS Foster Care	$	6,572,593
NYC ACS Family Day Care		609,439
NYC ACS Preventive		684,797
NYS OPWDD		1,445,528
Other		11,948
	$	9,324,305

10. 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 3.99% at June 30, 2019. The loan is secured by the office building.

Future principal payments are as follows:

Year ending June 30,		
2020	$	400,000
2021		400,000
2022		400,000
2023		400,000
2024		400,000
Thereafter		6,033,333
		8,033,333
Less: unamortized balance of deferred financing costs		(208,089)
	$	7,825,244

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 14. 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 4.09% at June 30, 2019. The loan is secured by the office building.

Future principal payments are as follows:

Year ending June 30,		
2020	$	1,500,000
2021		1,500,000
2022		1,500,000
2023		1,500,000
2024		1,500,000
Thereafter		875,000
		8,375,000
Less: unamortized balance of deferred financing costs		(257,105)
	$	8,117,895

11. Mortgages Payable, Net

Facilities held under mortgage and the corresponding outstanding balances due on each note consist of the following:

June 30, 2019

(a)	Pelham Manor	$	68,445
(b)	Laconia Avenue		9,975
	153 Stephens Avenue		2,523
	155 Stephens Avenue		2,562
(c)	91 East 208th Street		1,844
(d)	34 Beechmont Drive		655,337
(e)	2 Sylvia Lane		561,238
(f)	Brooklyn ICF		
	East 38th St.		1,668,990
	337A Macon St.		1,750,292
			4,721,206
Less:			
	Current portion of mortgages payable		(273,313)
	Unamortized balance of deferred financing costs		(40,892)
		$	4,407,001

(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, 2019. 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 September 2019, the maturity date. Interest is payable on a monthly basis at prime plus .5%, which totaled 6.00% at June 30, 2019. 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 3.66% 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 3.66% per annum. The mortgage is secured by the property located at 2 Sylvia Lane.

(f) Thrive entered into two mortgage agreements 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 4.32% and 3.78% per annum, respectively. Monthly payments of principal and interest range from $3,640 to $4,343 and $5,514 to $6,010, respectively, which are due on the 20th day of each month. The mortgages are secured by the related properties in the Brooklyn, New York. The mortgage agreements mature in May 2026 and June 2027.

Future principal payments are as follows:

Year ending June 30,		
2020	$	273,313
2021		252,337
2022		234,683
2023		243,734
2024		253,135
Thereafter		3,464,004
		4,721,206
Less: unamortized balance of deferred financing costs		(40,892)
	$	4,680,314

12. Bonds Payable, Net

Rockland County Economic Assistance Corporation (RCEAC) Revenue Bonds

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 thereafter:

Year ending June 30,	Payments Principal	Payments Interest
2020	$ 411,421	$ 68,589
2021	424,329	56,069
2022	437,648	43,156
2023	451,385	29,838
2024	465,554	16,102
Thereafter	351,086	13,373
	2,541,423	227,127
Less: unamortized balance of deferred issuance costs	(101,481)	-
	$ 2,439,942	$ 227,127

Residential Institutions for Children Revenue Bonds

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, 2019, $5,885,000 of the Series 2008A-1 bonds remains outstanding.

The DASNY 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 thereafter:

Year ending June 30,	Payments Principal	Payments Interest
2020	$ 185,000	$ 288,256
2021	195,000	279,006
2022	210,000	269,256
2023	220,000	258,756
2024	230,000	249,131
Thereafter	4,845,000	2,018,769
	5,885,000	3,363,174
Less: unamortized balance of deferred issuance costs	(110,201)	-
	$ 5,774,799	$ 3,363,174

In accordance with the terms of the various purchasers of the bonds, the 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, 2019, the Foundling was in compliance with the minimum liquidity ratio but was not in compliance with the debt service coverage ratio requirements. For the fiscal year ended June 30, 2019, the Foundling received a waiver from the financial institutions for the covenant violation.

13. 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 New York Foundling Charitable Corporation (the Charitable Corporation). As of June 30, 2019, 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. During 2019, the Foundling increased the line of credit to $12,000,000. The interest rate on the line of credit is 4.19%. As of June 30, 2019, the outstanding amount on the line of credit was $9,856,666, net of deferred financing costs of $143,334.

In April 2016, Thrive obtained a $2,000,000 line of credit from financial institution. This line of credit is unsecured. The interest rate on the line of credit is prime rate plus .25%, which totaled 5.75% at June 30, 2019. The line of credit matured on December 31, 2018 and was not renewed. As of June 30, 2019, the outstanding amount on the line of credit was $2,000,000.

14. 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 participation in the Plan.

Defined Contribution Plan

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. For the year ended June 30, 2019, the employer contribution expense was approximately $2,478,000.

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 $81,406 at June 30, 2019. 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 a decrease to net assets without donor restriction of $44,356 for the year ended June 30, 2019 in the accompanying consolidated statement of activities, resulting from changes in the unfunded pension liability.

15. Transactions with Related Party

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, 2019.

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 10 years. Total rent paid by the Foundling to the Charitable Corporation for the year ended June 30, 2019 was $892,917, 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.

The Foundling charges the Charitable Corporation for accounting service fees. Total fees charged for the year ended June 30, 2019 was $60,444.

The Charitable Corporation has entered into agreements to serve as guarantor on certain debt of the Foundling. Under these agreements, the Charitable Corporation irrevocably and unconditionally guarantees the full, prompt, and unconditional payment, when due, of any and all obligations of the Foundling under its line of credit and mortgage agreements.

During the year ended June 30, 2019, the Charitable Corporation contributed funds to the Foundling for capital improvements for its operations totaling $4,000,000.

16. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

June 30, 2019		
Restricted for specific purpose:		
Foster care deaf service	$	5,515,291
Foster youth educational support		1,804,854
Head Start		947,411
Treatment, planning, systematic assessment for youth in transition to independence		848,826
Other programs		573,618
Community-based psychiatric treatment and therapy		299,681
Training		177,655
Summer camp		156,000
Total Restricted for Specific Purpose		10,323,336
Restricted in perpetuity – donor fund:		
Alice Ward Kelly Fund		1,050,232
James Donohue Fund		268,742
William Fries Fund		10,000
Emily M. Moos Fund		251,487
General operating support – Altman Foundation		1,961,792
Nursing training program purposes – Heart Foundation		200,000
Other funds		220,288
Total Restricted in Perpetuity - Donor Fund		3,962,541
Total Net Assets with Donor Restrictions	$	14,285,877

Net assets with donor restrictions were released from their restriction by incurring expenses for the following purposes:

June 30, 2019		
Released for specific purpose:		
Foster care deaf service	$	75,668
Foster youth educational support		250,000
Treatment, planning, systematic assessment for youth in transition to independence		117,574
Other programs		1,060,060
Community-based psychiatric treatment and therapy		571,119
Training		168,280
Summer camp		207,235
In-house mentored internship		110,212
Foster care home support		142,237
Child abuse prevention		213,189
Therapeutic treatment for children ages 16-18		376,303
Total Net Assets Released from Donor Restrictions	$	3,291,877

All assets included in the Foundling's net assets with donor restrictions in perpetuity are as follows:

June 30, 2019		
Donor fund:		
Cash and cash equivalents	$	88,423
Short-term investments		403,818
Publicly traded mutual funds		666,690
Limited partnerships		2,803,610
Total Net Assets with Donor Restrictions - in Perpetuity	$	3,962,541

The following table provides a reconciliation of the changes in the Foundling's net assets with donor restrictions for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of Year, July 1, 2018	$ -	$ 3,961,541	$ 3,961,541
Contributions	-	1,000	1,000
Investment income	-	160,211	160,211
Appropriation of assets for expenditure	-	(160,211)	(160,211)
End of Year, June 30, 2019	$ -	$ 3,962,541	$ 3,962,541

17. Commitments and Contingencies

Operating Leases

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

Year ending June 30,		
2020	$	4,519,833
2021		4,088,292
2022		4,080,665
2023		3,721,932
2024		2,953,167
Thereafter		20,003,823
	$	39,367,712

Rental expense for the year ended June 30, 2019 was $10,996,171.

Litigation

The Organization is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management and the Organization's legal counsel, the ultimate disposition of these matters will not have a material adverse effect on the Organization's consolidated statement of financial position, results of activities or liquidity.

18. Inherent Contributions

As previously noted in Note 1, the Foundling acquired Thrive during the year. This transaction was effected without the transfer of consideration, and as such, the net assets of Thrive as of August 31, 2018 were contributed to the Foundling and were recognized in the accompanying consolidated statement of activities. Details of such transactions are as follows:

September 1, 2018		
Cash	$	1,446,248
Receivables		6,063,096
Fixed assets, net		6,907,621
Other assets		291,502
Accounts payable and accrued expenses		(7,974,397)
Line of credit		(2,000,000)
Accrued pension liabilities		(8,465)
Due to government		(183,013)
Loans payable		(3,496,247)
Net Assets Acquired	$	1,046,345

19. Subsequent Events

The Organization has performed subsequent events procedures through November 27, 2019, which is the date the financial statements were available to be issued. There were no other subsequent events requiring adjustments to the financial statements or disclosures, except for the following:

In March 2018, the Board of Directors of the Foundling and the Charitable Corporation agreed to merge. The Charitable Corporation has been an unconsolidated, though affiliated, entity of the Foundling through common membership of the Sisters of Charity in both organizations. On July 1, 2019, the Charitable Corporation merged into the Foundling. This transaction was approved by The New York State Attorney General. The assets, liabilities and net assets transferred at cost upon the effective merger on July 1, 2019 were as follows:

July 1, 2019		
Cash and cash equivalents	$	8,900,215
Investments, at fair value		62,808,626
Prepaid expenses and other assets		2,384
Fixed assets, net		31,680,017
Total Assets		103,391,242
Accounts payable and accrued expenses		85,857
Net assets without donor restrictions		103,305,385
Total Liabilities and Net Assets	$	103,391,242

In November 2019, the Foundling entered into an agreement with Catholic Guardian Services to acquire six of their residential developmental disability locations. This transfer has been approved by OPWDD who will transfer the operating certificates for 52 individuals, from Catholic Guardian Services to the Foundling. The locations are primarily in the Bronx and Northern Manhattan. The transfer of licenses is scheduled to occur on January 3, 2020.

Supplementary Information

The New York Foundling
(f/k/a The New York Foundling Hospital)
and Affiliate

Consolidating Schedule of Financial Position

June 30,	The Foundling	Thrive	Eliminations	**2019**	2018
Assets					
Current					
Cash and cash equivalents	$ 5,947,939	$ 148,128	$ -	**$ 6,096,067**	$ 4,175,764
Investments at fair value (Note 5)	54,431,675	-	-	**54,431,675**	54,528,486
Accounts and grants receivable, net of allowance of $1,897,276 for 2018, (Note 6)	28,035,436	4,022,615	-	**32,058,051**	22,031,257
Prepaid expenses, deposits and other assets	1,565,678	759,881	-	**2,325,559**	1,277,148
Due from affiliates (Note 14)	964,635	-	(964,635)	**-**	-
Consumer funds	323,412	-	-	**323,412**	361,929
Assets limited or restricted as to use, current portion (Note 7)	141,197	-	-	**141,197**	129,946
Total Current Assets	91,409,972	4,930,624	(964,635)	**95,375,961**	82,504,530
Investments, at fair value, net of current portion (Note 5)	6,781,683	-	-	**6,781,683**	5,241,153
Assets Limited or Restricted as to Use, net of current portion (Note 7)	977,840	-	-	**977,840**	905,214
Fixed Assets, Net (Note 8)	52,118,414	7,081,051	-	**59,199,465**	52,025,606
Total Assets	$ 151,287,909	$ 12,011,675	$ (964,635)	**$ 162,334,949**	$ 140,676,503
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	$ 18,968,664	$ 4,885,504	$ -	**$ 23,854,168**	$ 17,284,667
Line of credit (Note 13)	9,856,666	2,000,000	-	**11,856,666**	2,000,000
Accrued pension liabilities (Note 14)	776,917	7,536	-	**784,453**	960,694
Consumer funds	323,412	-	-	**323,412**	361,929
Due to affiliates (Note 15)	-	964,635	(964,635)	**-**	-
Deferred rent	3,245,243	-	-	**3,245,243**	2,841,547
Due from government (Note 9)	9,324,305	-	-	**9,324,305**	8,536,251
Current portion of loan payable (Note 10)	1,900,000	-	-	**1,900,000**	1,900,000
Current portion of mortgages payable (Note 11)	180,736	92,577	-	**273,313**	267,538
Current portion of bonds payable (Note 12)	596,421	-	-	**596,421**	553,912
Total Current Liabilities	45,172,364	7,950,252	(964,635)	**52,157,981**	34,706,538
Accrued Pension Obligation (Note 14)	81,406	-	-	**81,406**	37,050
Loan Payable, net of current portion and deferred financing costs (Note 10)	14,043,139	-	-	**14,043,139**	15,857,044
Mortgages Payable, net of current portion and deferred financing costs (Note 11)	1,080,296	3,326,705	-	**4,407,001**	1,256,893
Bonds Payable, net of current portion and deferred financing costs (Note 12)	7,618,320	-	-	**7,618,320**	8,215,982
Total Liabilities	67,995,525	11,276,957	(964,635)	**78,307,847**	60,073,507
Commitments and Contingencies (Notes 16 and 17)					
Net Assets					
Without donor restrictions	69,006,507	734,718	-	**69,741,225**	66,306,648
With donor restrictions (Note 16)	14,285,877	-	-	**14,285,877**	14,296,348
Total Net Assets	83,292,384	734,718	-	**84,027,102**	80,602,996
	$ 151,287,909	$ 12,011,675	$ (964,635)	**$ 162,334,949**	$ 140,676,503

The New York Foundling
(f/k/a The New York Foundling Hospital)
and Affiliate

Consolidating Schedule of Activities

June 30,

	The Foundling			Thrive				Total	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	**2019**	2018
Program Revenue									
Fee-for-service revenue	$ 78,079,024	$ -	$ 78,079,024	$ 31,195,769	$ -	$ 31,195,769	$ -	**$ 109,274,793**	$ 74,001,244
Government and other grants and contracts	63,944,831	-	63,944,831	2,031,563	-	2,031,563	-	**65,976,394**	53,865,798
Contributions	1,384,978	2,905,432	4,290,410	-	-	-	-	**4,290,410**	5,175,579
Special events, net of direct expenses of $134,999 and $109,896 in 2019 and 2018, respectively	504,657	182,000	686,657	-	-	-	-	**686,657**	1,020,524
Rental income	1,224,676	-	1,224,676	85,500	-	85,500	-	**1,310,176**	971,520
Other program revenue	2,489,222	-	2,489,222	858,983	-	858,983	(779,176)	**2,569,029**	2,483,267
In-kind contributions (Note 3)	5,338,576	-	5,338,576	-	-	-	-	**5,338,576**	2,341,551
Net assets released from restrictions (Note 16)	3,291,877	(3,291,877)	-	-	-	-	-	**-**	-
Total Program Revenue	156,257,841	(204,445)	156,053,396	34,171,815	-	34,171,815	(779,176)	**189,446,035**	139,859,483
Program Services									
Program services									
Foster care residential facilities	4,354,093	-	4,354,093	-	-	-	-	**4,354,093**	4,431,387
Foster family boarding homes and adoption	26,332,563	-	26,332,563	-	-	-	-	**26,332,563**	26,116,867
OPWDD services	41,588,748	-	41,588,748	30,410,522	-	30,410,522	-	**71,999,270**	38,676,993
Foster Care Medicaid	6,627,864	-	6,627,864	-	-	-	-	**6,627,864**	6,782,778
Puerto Rico Head Start	22,179,564	-	22,179,564	-	-	-	-	**22,179,564**	16,614,314
Preventive services	25,444,281	-	25,444,281	-	-	-	-	**25,444,281**	22,806,638
Other programs	15,527,296	-	15,527,296	-	-	-	-	**15,527,296**	14,582,703
Total Program Services	142,054,409	-	142,054,409	30,410,522	-	30,410,522	-	**172,464,931**	130,011,680
Supporting Services									
Management and general	18,505,786	-	18,505,786	4,072,920	-	4,072,920	(779,176)	**21,799,530**	16,706,707
Fundraising	1,236,950	-	1,236,950	-	-	-	-	**1,236,950**	949,799
Total Supporting Services	19,742,736	-	19,742,736	4,072,920	-	4,072,920	(779,176)	**23,036,480**	17,656,506
Total Expenses	161,797,145	-	161,797,145	34,483,442		34,483,442	(779,176)	**195,501,411**	147,668,186
Change in Net Assets from Operations	(5,539,304)	(204,445)	(5,743,749)	(311,627)	-	(311,627)	-	**(6,055,376)**	(7,808,703)
Nonoperating Revenue (Expenses)									
Investment income, net of fees (Note 5)	2,357,295	193,974	2,551,269	-	-	-	-	**2,551,269**	4,192,652
Legacies and bequests	1,926,224	-	1,926,224	-	-	-	-	**1,926,224**	2,866,266
Contribution from related party (Note 15)	4,000,000	-	4,000,000	-	-	-	-	**4,000,000**	-
Change in unfunded pension obligation	(44,356)	-	(44,356)	-	-	-	-	**(44,356)**	148
Inherent contributions (Note 18)	-	-	-	1,046,345	-	1,046,345	-	**1,046,345**	-
Total Nonoperating Revenue (Expenses)	8,239,163	193,974	8,433,137	1,046,345	-	1,046,345	-	**9,479,482**	7,059,066
Change in Net Assets	2,699,859	(10,471)	2,689,388	734,718	-	734,718	-	**3,424,106**	(749,637)
Net Assets, beginning of year	66,306,648	14,296,348	80,602,996	-	-	-	-	**80,602,996**	81,352,633
Net Assets, end of year	$ 69,006,507	$ 14,285,877	$ 83,292,384	$ 734,718	$ -	$ 734,718	$ -	**$ 84,027,102**	$ 80,602,996