



**THE NEW YORK OPPORTUNITY NETWORK, INC.
D/B/A THE OPPORTUNITY NETWORK**

Audited Financial Statements

August 31, 2018

Independent Auditor's Report

To the Board of Directors of
The New York Opportunity Network, Inc.
D/B/A The Opportunity Network

Report on the Financial Statements

We have audited the accompanying financial statements of The New York Opportunity Network, Inc. D/B/A The Opportunity Network, which comprise the statement of financial position as of August 31, 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 organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

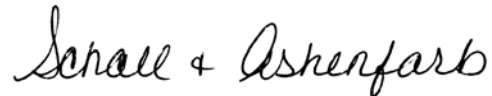
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The New York Opportunity Network, Inc. D/B/A The Opportunity Network as of August 31, 2018, and the changes in its net assets and its 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 Opportunity Network's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

May 15, 2019

**THE NEW YORK OPPORTUNITY NETWORK, INC.
D/B/A THE OPPORTUNITY NETWORK
STATEMENT OF FINANCIAL POSITION
AT AUGUST 31, 2018**

(With comparative totals at August 31, 2017)

	<u>8/31/18</u>	<u>8/31/17</u>
Assets		
Cash and cash equivalents	\$2,385,982	\$2,250,904
Contributions receivable	868,831	1,663,801
Other receivables	40,045	114,555
Prepaid expenses and other assets	72,393	76,264
Fixed assets, net (Note 3)	168,028	245,061
Security deposit	<u>28,000</u>	<u>28,000</u>
Total assets	<u><u>\$3,563,279</u></u>	<u><u>\$4,378,585</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$114,934	\$207,485
Deferred rent	<u>30,581</u>	<u>45,871</u>
Total liabilities	<u><u>145,515</u></u>	<u><u>253,356</u></u>
Net assets:		
Unrestricted	1,725,705	1,535,318
Temporarily restricted (Note 4)	<u>1,692,059</u>	<u>2,589,911</u>
Total net assets	<u><u>3,417,764</u></u>	<u><u>4,125,229</u></u>
Total liabilities and net assets	<u><u>\$3,563,279</u></u>	<u><u>\$4,378,585</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

THE NEW YORK OPPORTUNITY NETWORK, INC.
D/B/A THE OPPORTUNITY NETWORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018
(With comparative totals for the year ended August 31, 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 8/31/18</u>	<u>Total 8/31/17</u>
Public support and revenue:				
Contributions	\$1,405,226	\$1,060,000	\$2,465,226	\$3,486,852
Special events income (net expenses with a direct benefit to donor) (Note 6)	2,014,531		2,014,531	1,929,153
Program income	136,467		136,467	160,280
In-kind contributions (Note 5)	34,556		34,556	68,800
Interest and other income	12,575		12,575	3,042
Net assets released from restrictions	1,957,852	(1,957,852)	0	0
Total public support and revenue	<u>5,561,207</u>	<u>(897,852)</u>	<u>4,663,355</u>	<u>5,648,127</u>
Expenses:				
Program services	<u>4,217,313</u>		<u>4,217,313</u>	<u>3,593,629</u>
Supporting services:				
Management and general	540,900		540,900	389,672
Fundraising	612,607		612,607	485,995
Total supporting services	<u>1,153,507</u>	<u>0</u>	<u>1,153,507</u>	<u>875,667</u>
Total expenses	<u>5,370,820</u>	<u>0</u>	<u>5,370,820</u>	<u>4,469,296</u>
Change in net assets	190,387	(897,852)	(707,465)	1,178,831
Net assets - beginning of year	<u>1,535,318</u>	<u>2,589,911</u>	<u>4,125,229</u>	<u>2,946,398</u>
Net assets - end of year	<u><u>\$1,725,705</u></u>	<u><u>\$1,692,059</u></u>	<u><u>\$3,417,764</u></u>	<u><u>\$4,125,229</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

THE NEW YORK OPPORTUNITY NETWORK, INC.
D/B/A OPPORTUNITY NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2018
(With comparative totals for the year ended August 31, 2017)

	Program Services			Supporting Services			Total Expenses 8/31/18	Total Expenses 8/31/17*
	Career Fluency Partnerships and Portal	Total Program Services	Management and General	Total Fundraising	Total Supporting Services			
Salaries	\$1,520,545	\$405,698	\$1,926,243	\$233,549	\$349,349	\$582,898	\$2,509,141	\$2,025,944
Payroll taxes and benefits	348,879	93,085	441,964	53,586	80,156	133,742	575,706	400,247
Professional fees	47,757	5,590	53,347	58,059	11,699	69,758	123,105	295,436
Student stipends	195,211		195,211			0	195,211	206,321
Student activities (including in-kind) (Note 5)	774,119	9,576	783,695			0	783,695	436,152
Communications and PR			0	30,273		30,273	30,273	50,210
Virtual activities and programming		51,976	51,976			0	51,976	117,102
Special event expenses (including in-kind)(Notes 5 and 6)	5,203		5,203		353,643	353,643	358,846	302,507
Occupancy	276,004	17,355	293,359	52,066	10,414	62,480	355,839	378,014
Travel, meetings, and conferences	155,565	21,187	176,752	13,195	9,910	23,105	199,857	158,996
Office supplies	48,007	6,937	54,944	21,936	11,016	32,952	87,896	70,571
Dues and filing fees	24,161	325	24,486	6,548	2,960	9,508	33,994	29,966
Equipment	32,687	8,120	40,807	26,196	4,267	30,463	71,270	49,516
Insurance	22,176	1,424	23,600	3,517	854	4,371	27,971	25,929
Staff development and recruitment	67,919	9,342	77,261	5,538	157	5,695	82,956	9,079
Bank and credit card processing fees			0	19,354		19,354	19,354	23,180
Bad debt expense			0	4,559		4,559	4,559	5,000
Depreciation	64,290	4,175	68,465	12,524	2,505	15,029	83,494	81,004
Total expenses before direct event expenses netted with revenue	3,582,523	634,790	4,217,313	540,900	836,930	1,377,830	5,595,143	4,665,174
Less: direct event expenses netted with revenue			0		(224,323)	(224,323)	(224,323)	(195,878)
Total expenses	<u>\$3,582,523</u>	<u>\$634,790</u>	<u>\$4,217,313</u>	<u>\$540,900</u>	<u>\$612,607</u>	<u>\$1,153,507</u>	<u>\$5,370,820</u>	<u>\$4,469,296</u>

* Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

THE NEW YORK OPPORTUNITY NETWORK, INC.
D/B/A OPPORTUNITY NETWORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2018
(With comparative totals for the year ended August 31, 2017)

	<u>8/31/18</u>	<u>8/31/17</u>
Cash flows from operating activities:		
Change in net assets	(\$707,465)	\$1,178,831
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	83,494	81,004
Changes in assets and liabilities:		
Contributions receivable	794,970	(552,227)
Other receivables	74,510	(56,355)
Prepaid expenses and other assets	3,871	9,462
Accounts payable and accrued expenses	(92,551)	(42,673)
Deferred rent	<u>(15,290)</u>	<u>(15,291)</u>
Net cash flows provided by operating activities	<u>141,539</u>	<u>602,751</u>
Cash flows from investing activities:		
Purchases of fixed assets	<u>(6,461)</u>	<u>(7,003)</u>
Net cash flows used for investing activities	<u>(6,461)</u>	<u>(7,003)</u>
Net increase in cash and cash equivalents	135,078	595,748
Cash and cash equivalents - beginning of year	<u>2,250,904</u>	<u>1,655,156</u>
Cash and cash equivalents - end of year	<u><u>\$2,385,982</u></u>	<u><u>\$2,250,904</u></u>
Supplemental disclosures:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

**THE NEW YORK OPPORTUNITY NETWORK, INC.
D/B/A THE OPPORTUNITY NETWORK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018**

Note 1 - Organization

The New York Opportunity Network, Inc. D/B/A The Opportunity Network is a New York not-for-profit corporation whose primary purpose is to develop future leaders by introducing talented, low-income high school students to college access and career development opportunities through relationships with professionals and private sector organizations. The Opportunity Network firmly believes that the students' unique interaction with executives, intensive network training, course work in careers, robust internships, and college counseling, can and do, change the course of their futures.

The Opportunity Network's revenue is primarily from public support and contributions.

The Opportunity Network has been notified by the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

b. Basis of Presentation

Information regarding the financial position and activities is reported in the following classes of net assets:

- *Unrestricted* – relates to all activity without donor-imposed restrictions.
- *Temporarily restricted* – relates to contributions of cash and other assets with donor stipulations that make clear the assets' restriction, either due to a program nature or by the passage of time.
- *Permanently restricted* – relates to contributions of cash and other assets whereby the assets must remain intact due to restrictions placed by the donor. There was no activity in the permanently restricted class of net assets during the years ended August 31, 2018 or August 31, 2017.

c. Revenue Recognition

Contributions are recorded as unrestricted or restricted support depending on the existence and/or nature of any donor stipulations. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires within the same reporting period in which it was recognized.

Income earned under fee for service agreements are classified as “program income” on the statement of activities. Program income is recognized in the period that the services are performed.

d. Cash and Cash Equivalents

All liquid investments with an initial maturity of three months or less are considered to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments which potentially subject The Opportunity Network to concentration of credit risk consist of cash accounts with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At year end, a significant portion of the funds is not insured by the FDIC or related entity; however, management feels they have little risk and has not suffered losses from the default of any financial institution.

f. Contributions Receivable

Contributions receivable are recognized in the period the promise is considered unconditional in nature. If receipt is expected within one year, the pledge is recorded at net realizable value, but if expected in more than one year, it is recorded at fair value using risk adjusted present value techniques. All receivables at August 31, 2018 are due within one year.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

g. Allowance for Doubtful Accounts

Management has evaluated the collectability of all receivables and feels that no allowance for uncollectible amounts is needed; therefore, no reserve has been established. Once all collection efforts have been exhausted, a receivable will be written off to bad debt expense.

h. Property and Equipment

Fixed assets that The Opportunity Network retains title to and capital items purchased which benefit future periods are capitalized at cost, if purchased and fair value at the date received, if donated. Fixed assets are depreciated using the straight-line method over the estimated useful life of the assets.

Computers and equipment are depreciated over 3 years and leasehold improvements are amortized over the life of the lease.

i. In-kind Contributions

In-kind contributions are recognized in circumstances where services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind. (See Note 5 for further details.)

Donated materials are recorded at fair value at the date of donation. Accounting standards define fair value as the price that would be received to sell an asset in an orderly transaction between participants at the measure date.

Board members and other individuals volunteer their time and perform a variety of tasks that assist The Opportunity Network. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

j. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for overall support and direction.

k. Management Estimates

The preparation of financial statements in accordance 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. Actual results could differ from those estimates.

l. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended August 31, 2017, from which the summarized information was derived.

m. Accounting for Uncertainty of Income Taxes

Management does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending August 31, 2015 and later are subject to examination by applicable taxing authorities.

n. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through May 15, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

o. New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the August 31, 2019 year, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the August 31, 2020 year, provides guidance on whether a receipt from a third-party resource provider should be accounted for as a contribution (nonreciprocal transaction) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transaction.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the August 31, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the August 31, 2021 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

The Opportunity Network is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Fixed Assets

Fixed assets consist of the following:

	<u>8/31/18</u>	<u>8/31/17</u>
Leasehold improvements	\$391,527	\$391,527
Computers and equipment	<u>42,197</u>	<u>35,736</u>
	433,724	427,263
Less: accumulated depreciation	<u>(265,696)</u>	<u>(182,202)</u>
Total fixed assets, net	<u>\$168,028</u>	<u>\$245,061</u>

Note 4 - Temporarily Restricted Net Assets

The following summarizes the changes in temporarily restricted net assets:

	<u>August 31, 2018</u>			
	<u>Balance 9/1/17</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>Balance 8/31/18</u>
Program restrictions:				
Fellows and Prep program	\$144,880	\$490,000	(\$244,880)	\$390,000
Capacity Building	1,780,031	0	(1,262,972)	517,059
Other	<u>60,000</u>	<u>0</u>	<u>(30,000)</u>	<u>30,000</u>
Total program restrictions	1,984,911	490,000	(1,537,852)	937,059
Time restrictions	<u>605,000</u>	<u>570,000</u>	<u>(420,000)</u>	<u>755,000</u>
Total	<u>\$2,589,911</u>	<u>\$1,060,000</u>	<u>(\$1,957,852)</u>	<u>\$1,692,059</u>

	<u>August 31, 2017</u>			
	<u>Balance 9/1/16</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>Balance 8/31/17</u>
Program restrictions:				
Fellows and Prep program	\$150,000	\$165,000	(\$170,120)	\$144,880
Career Fluency HQ portal	100,000	0	(100,000)	0
Capacity Building	1,007,813	1,300,000	(527,782)	1,780,031
Other	<u>0</u>	<u>90,000</u>	<u>(30,000)</u>	<u>60,000</u>
Total program restrictions	1,257,813	1,555,000	(827,902)	1,984,911
Time restrictions	<u>200,000</u>	<u>555,000</u>	<u>(150,000)</u>	<u>605,000</u>
Total	<u>\$1,457,813</u>	<u>\$2,110,000</u>	<u>(\$977,902)</u>	<u>\$2,589,911</u>

Note 5 - In-Kind Contributions

In-kind contributions have been allocated as follows:

	<u>August 31, 2018</u>			
	<u>Total</u>	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>
Student activities	\$10,197	\$10,197	\$0	\$0
Other event expenses	<u>24,359</u>	<u>1,620</u>	<u>0</u>	<u>22,739</u>
Total	<u>\$34,556</u>	<u>\$11,817</u>	<u>\$0</u>	<u>\$22,739</u>

	<u>August 31, 2017</u>			
	<u>Total</u>	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>
Professional fees	\$38,973	\$0	\$38,973	\$0
Student activities	3,250	3,250	0	0
Other event expenses	25,416	1,416	0	24,000
Equipment	<u>1,161</u>	<u>0</u>	<u>1,161</u>	<u>0</u>
Total	<u>\$68,800</u>	<u>\$4,666</u>	<u>\$40,134</u>	<u>\$24,000</u>

Note 6 - Special Events

A summary of special event activity from the annual benefit and other events is as follows:

	<u>8/31/18</u>	<u>8/31/17</u>
Gross revenue	\$2,238,854	\$2,125,031
Less: expenses with a direct benefit to donor	<u>(224,323)</u>	<u>(195,878)</u>
	2,014,531	1,929,153
Less: other event expenses	<u>(134,523)</u>	<u>(106,629)</u>
Net proceeds from events	<u>\$1,880,008</u>	<u>\$1,822,524</u>

The event included requests for contributions as well as program components. The costs of conducting the event included joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

	<u>8/31/18</u>	<u>8/31/17</u>
Fundraising	\$129,320	\$102,853
Program services	<u>5,203</u>	<u>3,776</u>
Total	<u>\$134,523</u>	<u>\$106,629</u>

Note 7 - Significant Concentrations

Income from the annual event accounted for approximately 43% and 34% of total public support and revenue during the years ended August 31, 2018 and August 31, 2017, respectively.

Note 8 - Commitments

A sublease agreement for office space was entered into that commenced on September 1, 2015 and expires on August 31, 2020. Future minimum payments are as follows:

Year ending:	August 31, 2019	\$362,400
	August 31, 2020	<u>362,400</u>
		<u>\$724,800</u>

Note 9 - Retirement Plan

Opportunity Network administers a retirement plan under section 401(k) of the Internal Revenue Code. The plan offers employees an opportunity to contribute pre-tax dollars up to statutory limits. All full-time employees who have been working for at least one year are eligible. An employer match of 3% of eligible employee salaries was made, which amounted to \$56,000 in 2018 and \$50,000 in 2017. Matching contributions are vested upon three years of service.