

# **Tuesday's Children**

Independent Auditor's Report and Financial Statements

December 31, 2018



# Tuesday's Children

December 31, 2018

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## Independent Auditor's Report

Board of Directors  
Tuesday's Children  
New York, New York

We have audited the accompanying financial statements of Tuesday's Children, which comprise the statement of financial position as of December 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tuesday's Children as of December 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.

**Emphasis of Matter**

As described in *Note 7* to the financial statements, in 2018, Tuesday's Children adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

**Prior Year Audited by Other Auditors and Summarized Comparative Information**

The 2017 financial statements were audited by other auditors, and their report thereon, dated October 2, 2018, expressed an unmodified opinion. The summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent in all material respects with the audited financial statements from which it has been derived.

**BKD, LLP**

New York, New York  
June 24, 2019

**Tuesday's Children**  
**Statement of Financial Position**  
**December 31, 2018**  
**(With Summarized Financial Information for December 31, 2017)**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash	\$ 491,467	\$ 614,883
Contributions and grants receivable	204,970	15,000
Prepaid expenses and other assets	89,689	129,000
Property and equipment, net	27,958	27,779
Total assets	\$ 814,084	\$ 786,662
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	195,483	188,742
Deferred revenue	-	18,400
Total liabilities	195,483	207,142
 <b>Net Assets</b>		
Without donor restrictions	485,268	449,463
With donor restrictions		
Purpose restrictions	133,333	130,057
Total net assets	618,601	579,520
Total liabilities and net assets	\$ 814,084	\$ 786,662

# Tuesday's Children

## Statement of Activities

Year Ended December 31, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2018	2017
<b>Revenues and Other Support</b>				
Government grants	\$ 169,111	\$ -	\$ 169,111	\$ 10,903
Contributions and grants	1,020,230	225,000	1,245,230	1,060,512
Special events	826,762	-	826,762	782,621
Less direct cost of special events	(306,656)	-	(306,656)	(315,625)
In-kind contributions	138,637	-	138,637	157,825
Non-cash contributions - net	59,363	-	59,363	132,907
Program fees	42,542	-	42,542	80,613
Interest	283	-	283	280
Other income	-	-	-	14
Net assets released from restriction	221,724	(221,724)	-	-
	<u>2,171,996</u>	<u>3,276</u>	<u>2,175,272</u>	<u>1,910,050</u>
Total revenues and other support				
<b>Expenses</b>				
Program services				
Military Initiative	206,235	-	206,235	187,795
Adult and family programs	373,750	-	373,750	433,366
Project Common Bond/International	420,934	-	420,934	433,512
Community service	158,141	-	158,141	147,504
Skills development	186,248	-	186,248	201,167
Youth support and guidance	191,579	-	191,579	198,190
Health and wellness	179,110	-	179,110	-
	<u>1,715,997</u>	<u>-</u>	<u>1,715,997</u>	<u>1,601,534</u>
Total program services				
Supporting services				
Management and general	138,246	-	138,246	236,253
Fundraising	281,948	-	281,948	164,958
	<u>420,194</u>	<u>-</u>	<u>420,194</u>	<u>401,211</u>
Total supporting services				
	<u>2,136,191</u>	<u>-</u>	<u>2,136,191</u>	<u>2,002,745</u>
Total expenses				
<b>Change in Net Assets</b>	35,805	3,276	39,081	(92,695)
<b>Net Assets, Beginning of Year</b>	<u>449,463</u>	<u>130,057</u>	<u>579,520</u>	<u>672,215</u>
<b>Net Assets, End of Year</b>	<u>\$ 485,268</u>	<u>\$ 133,333</u>	<u>\$ 618,601</u>	<u>\$ 579,520</u>

**Tuesday's Children**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2018**

(With Summarized Financial Information for the Year Ended December 31, 2017)

	Program Services							Supporting Services			Direct Cost of Special Events	Cost of Sales	Total	
	Military Initiative	Adult and Family Programs	Project Common Bond/ International	Community Service	Skills Development	Youth Support and Guidance	Health and Wellness	Total	Management and General	Fundraising			2018	2017
Salaries	\$ 125,052	\$ 184,106	\$ 123,387	\$ 89,761	\$ 87,774	\$ 123,675	\$ 97,715	\$ 831,470	\$ 65,466	\$ 133,693	\$ -	\$ -	\$ 1,030,629	\$ 882,701
Payroll taxes and employee benefits	14,164	21,026	17,185	9,632	10,293	13,015	10,931	96,246	10,103	18,291	-	-	124,640	97,745
Contracted services	15,205	21,043	65,387	6,256	22,081	8,762	37,183	175,917	6,810	20,224	-	697,354	900,305	1,162,387
Marketing and advertising	2,378	4,353	6,546	1,162	1,421	4,465	1,421	21,746	4,525	1,651	-	-	27,922	24,423
Professional fees	4,152	7,612	8,304	3,114	3,806	3,806	3,806	34,600	8,111	277	-	-	42,988	145,280
Technology	4,747	8,703	9,494	3,560	4,352	4,352	4,352	39,560	6,000	9,618	-	-	55,178	47,361
Meeting/event expense - venue	648	55,834	48,082	-	22,241	-	-	126,805	-	107	306,656	-	433,568	411,403
Occupancy expenses	10,170	18,645	20,418	7,627	9,322	9,322	9,322	84,826	5,423	14,272	-	-	104,521	112,874
Equipment purchase, rental, maintenance	988	1,812	1,977	741	906	906	906	8,236	1,030	1,029	-	-	10,295	10,042
Design, typography and printing	2,044	3,168	3,766	1,150	1,977	3,783	1,405	17,293	650	22,031	-	-	39,974	19,729
Telecommunications	1,496	2,443	2,665	1,000	1,222	1,222	1,222	11,270	6,808	1,637	-	-	19,715	15,577
Postage and delivery	628	506	490	215	198	638	177	2,852	1,301	2,654	-	-	6,807	11,567
Travel	18,378	28,213	92,394	10,072	15,234	5,122	5,021	174,434	1,779	6,825	-	-	183,038	175,125
Insurance	2,558	4,689	5,116	1,918	2,345	2,345	2,621	21,592	1,884	1,343	-	-	24,819	19,632
Office, program and other	3,025	10,452	14,094	21,089	2,491	9,616	2,228	62,995	4,054	28,754	-	-	95,803	311,124
Staff development	-	-	-	-	-	-	-	-	-	-	-	-	-	7,397
Charges, fees, licenses	602	1,145	1,629	844	585	550	800	6,155	4,671	19,542	-	-	30,368	22,322
Depreciation	-	-	-	-	-	-	-	-	9,631	-	-	-	-	7,280
<b>Total expenses</b>	<b>206,235</b>	<b>373,750</b>	<b>420,934</b>	<b>158,141</b>	<b>186,248</b>	<b>191,579</b>	<b>179,110</b>	<b>1,715,997</b>	<b>138,246</b>	<b>281,948</b>	<b>306,656</b>	<b>697,354</b>	<b>3,140,201</b>	<b>3,483,969</b>
Less expenses deducted directly from revenues on the statement of activities	-	-	-	-	-	-	-	-	-	-	(306,656)	(697,354)	(1,004,010)	(1,481,224)
<b>Total expenses reported by function on the statement of activities</b>	<b>\$ 206,235</b>	<b>\$ 373,750</b>	<b>\$ 420,934</b>	<b>\$ 158,141</b>	<b>\$ 186,248</b>	<b>\$ 191,579</b>	<b>\$ 179,110</b>	<b>\$ 1,715,997</b>	<b>\$ 138,246</b>	<b>\$ 281,948</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,136,191</b>	<b>\$ 2,002,745</b>

**Tuesday's Children**  
**Statement of Cash Flows**  
**Year Ended December 31, 2018**  
**(With Summarized Financial Information for the Year Ended December 31, 2017)**

	<b>2018</b>	<b>2017</b>
<b>Operating Activities</b>		
Change in net assets	\$ 39,081	\$ (92,695)
Items not requiring cash		
Depreciation	9,631	7,280
Changes in		
Contributions and grants receivable	(189,970)	(12,500)
Prepaid expenses and other assets	39,311	(52,390)
Accounts payable	6,741	83,645
Deferred revenue	(18,400)	15,050
Net cash used in operating activities	(113,606)	(51,610)
<b>Investing Activities</b>		
Purchase of fixed assets	(9,810)	(4,024)
Net cash used in investing activities	(9,810)	(4,024)
<b>Net Change in Cash</b>	(123,416)	(55,634)
<b>Cash, Beginning of Year</b>	614,883	670,517
<b>Cash, End of Year</b>	\$ 491,467	\$ 614,883



**Tuesday's Children**  
**Notes to Financial Statements**  
**December 31, 2018**

**(With Summarized Financial Information for the Year Ended December 31, 2017)**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies**

Tuesday's Children was founded to promote long-term healing in all those directly impacted by the events of Tuesday, September 11, 2001. Our mission today is to keep the promise to those children and families while serving and supporting communities affected by tragedies worldwide. Our work includes providing trauma and grief support, youth mentoring, mental health services, skills-building workshops, career resources, parenting advisement, youth leadership development, community and family engagement events, and volunteerism opportunities. Tuesday's Children has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been held to be a publicly supported organization, and not a private foundation under Section 509(a).

Tuesday's Children is supported primarily by grants, contributions and special event revenues.

The main programs and services of Tuesday's Children consist of the following:

***Military Initiative***

The Military Initiative is an ambitious five year plan, 2019-2023, to provide long-term healing and support for surviving family members aka "Gold Star families" whose loved ones answered the call post 9/11. Employing our long-term healing model, the Initiative starts by engaging family with our family programming followed by our portfolio of programs including Creative Insight, Heart to Heart, Youth Mentoring, and Career Resources Center.

***Adult and Family Programs***

Family engagement events enhance resilience by building relationships and community among 9/11 families, first responder families and Military Families of the Fallen; create positive new traditions and introduce Tuesday's Children's programming. By creating a space for individuals to come together, such as sporting events and fishing trips, we can establish a strong bond and build a level of trust with families in a safe and comfortable context. Tuesday's Children gains the acceptance of families and their participants in much needed services and programs.

Heart to Heart is a three-day, trauma-informed retreat offered to Gold Star widows and Gold Star mothers. These intimate retreats have a 1:7 ratio of trauma-informed professional to bereaved family member. The program includes daily facilitated Dignity sessions focusing on navigating personal challenges, allowing individuals to speak about their experience and setting them on the path forward. At Heart to Heart, women learn how to find the resources and tools they need to move forward after loss and build lifelong friendships. Tuesday's Children creates an environment in which women are set on the path to healing through facilitated conversations and activities.

# **Tuesday's Children**

## **Notes to Financial Statements**

### **December 31, 2018**

**(With Summarized Financial Information for the Year Ended December 31, 2017)**

Adult and Family Programs address the very important developmental needs of Gold Star children or siblings who have been impacted by a traumatic loss, throughout their lifetime. Starting with age appropriate interactive enrichment and engagement activities for the youngest children, Tuesday's Children implements programs that enhance life skills and social connections. Interactive workshops and seminars address leadership development, college preparation, and career guidance. The highly successful annual Take Our Children to Work Day program has involved almost 1,000 Gold Star children and teens who experience the career of their dreams.

#### ***Project Common Bond/International***

Project Common Bond brings together young adults from around the world who have experienced a personal traumatic loss due to violence related to terrorism. These young people gather for an eight-day healing and peace-building symposium where they engage in dialogue and community building activities which acknowledge and respect their differences while promoting friendship and understanding. This is the only international program of its kind which unites children directly impacted by a terrorist incident. Included in this population are children of military families of the fallen, who attended both the summer and winter sessions and benefited from the engagement opportunities with other young adults in similar circumstances.

#### ***Community Service***

Through the Helping Heals initiative, Tuesday's Children has implemented international, national and local community service programs for teens and adults. By giving back to the community, individuals take a significant step toward increasing self-esteem and resiliency. For those impacted by 9/11, this program improves emotional well-being, creates a greater sense of purpose in life and improves life satisfaction. Opportunities such as participating in the Veteran's Day Parade to thank our military service men and women and working in impoverished communities in Costa Rica or disaster ravaged areas such as New Orleans and Biloxi are life changing for Tuesday's Children's families and for those they help.

Tuesday's Children held a one-day conference to explore the lessons learned over the 17 years since the September 11th attacks, featuring keynote talks and panel discussions from leading experts in trauma, grief, bereavement, disaster response and recovery, community resilience, and assistance for responder and military populations. Tuesday's Children unveiled its Long-Term Healing Model, developed from evidence-based programmatic outcomes and historical anecdotes.

#### ***Skills Development***

Creative Insight is an eight week program consisting of a weekend intensive workshop and online training to inspire and empower Gold Star family members to create a life they love. Online classes focus on utilizing the tools of creativity they learn about in the weekend workshop to apply them to personal life changes including Purpose and Vision, Time and Stress, Relationships and Balance. After the great success running this program for 9/11 widows, increased self-confidence and self-compassion, personal trust and decreased stress, Tuesday's Children redeveloped the program to fit the adult military Gold Star population.

# **Tuesday's Children**

## **Notes to Financial Statements**

### **December 31, 2018**

**(With Summarized Financial Information for the Year Ended December 31, 2017)**

Career Resource Center (CRC), which enhances life skills through leadership development, college preparation and career guidance for children of 9/11 victims, responders and military service veterans, including Gold Star children and military widows. We engage participants through informational seminars, one-on-one and group sessions, career and college guidance, resources and information.

Innovative and transformative adult programs address the mental health and life issues faced by families dealing with a traumatic loss. These include health and wellness programs, life management skills such as financial planning, career counseling and job search guidance. Tuesday's Children's renowned Creative Insight program develops personal and interpersonal skills for challenging life situations, encourages creative problem solving and enhances communication skills. Parenting programs, developed in collaboration with nationally recognized leaders, address the parent-child relationship, as well as the unique needs of a single parent caring for young children and adolescents.

#### ***Youth Support and Guidance***

Tuesday's Children's nationally recognized mentoring program encourages and supports mutually beneficial, long-standing relationships between carefully selected and screened adult role models and Gold Star children ages 6 to 18. Research shows that children who are mentored are less likely to participate in risky behaviors and have higher levels of self-esteem, self-worth and self-efficacy. The mentoring program has enabled participating children to grow emotionally and socially, as well as build their resilience and coping skills.

#### ***Health and Wellness***

The First Responder Alliance (FRA) provides specialized programming and services to support 9/11 responders and their families. In partnership with health systems and universities in the tri-state area, FRA addresses urgent and ongoing needs by providing group, individual and family counseling and psycho-educational programs, family engagement activities, life management skills such as financial planning, career services and parenting programs.

Tuesday's Children's Long-Term Healing Model is a compilation of our lessons learned focusing on community outreach and engagement, building and maintaining trust with service populations, creating a unique bridge to mental health services and supports, and directly involving families and other service populations in the development of programs that best meet their evolving and long-term needs. Replication and adaptation in other communities has the potential to transform and augment the delivery of humanitarian work, social services and long-term support in the wake of tragedies.

#### ***Use of Estimates***

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

# **Tuesday's Children**

## **Notes to Financial Statements**

### **December 31, 2018**

**(With Summarized Financial Information for the Year Ended December 31, 2017)**

#### ***Summarized 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 Tuesday's Children's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

#### ***Contributions and Grants Receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. As of December 31, 2018 and 2017, all contributions and grants receivable were due within one year.

#### ***Allowance for Doubtful Accounts***

Tuesday's Children has determined that no allowance for uncollectible accounts for contributions receivable is necessary as of December 31, 2018 and 2017. Such estimate is based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions, subsequent collections and historical information.

#### ***Fixed Assets***

Items with a cost in excess of \$1,000 and an estimated useful life of greater than one year are capitalized. Fixed assets are stated at cost and depreciated or amortized on the straight-line method over their estimated useful lives. Amortization of leasehold improvements is computed using the straight-line method over the lesser of the term of the lease or the estimated useful life of the improvement.

#### ***Long-Lived Asset Impairment***

Tuesday's Children evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2018 and 2017.

#### ***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

**Tuesday's Children**  
**Notes to Financial Statements**  
**December 31, 2018**

**(With Summarized Financial Information for the Year Ended December 31, 2017)**

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions that will be met by the passage of time or other events specified by the donor.

**Government Grants**

Revenue from government grants is recognized when earned. Expense based grants are recognized as allowable expenses are incurred.

**Contributions and Grants**

Contributions are provided to Tuesday's Children either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on a future and uncertain event	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor imposed condition is substantially met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

**Tuesday's Children**  
**Notes to Financial Statements**  
**December 31, 2018**

**(With Summarized Financial Information for the Year Ended December 31, 2017)**

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

***Special Events***

Tuesday's Children conducts special events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by the participants at the events. All proceeds received are recorded as special events revenues in the accompanying statement of activities.

***In-Kind Contributions***

In-kind contributions, including services, merchandise and facilities, are recorded at fair value at the date of donation. Donated services are recognized as revenue if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation.

***Non-Cash Contributions***

Tuesday's Children receives non-cash contributions which are then sold. The amount shown is net of commissions, consultant fees and other costs associated with the sale as follows:

	<b>2018</b>	<b>2017</b>
Gross proceeds	\$ 756,717	\$ 1,298,506
Less cost of sales	(697,354)	(1,165,599)
	\$ 59,363	\$ 132,907

***Program Fees***

Program fees are minimal fees charged for certain programs and are recognized when earned.

***Rent Expense***

Rent is expensed on the straight-line basis over the term of the lease. Deferred rent is recorded where there are material differences between the fixed payment and the rent expense.

**Tuesday's Children**  
**Notes to Financial Statements**  
**December 31, 2018**

**(With Summarized Financial Information for the Year Ended December 31, 2017)**

***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on salaries and other methods.

***Subsequent Events***

Subsequent events have been evaluated through June 24, 2019, which is the date the financial statements were available to be issued.

**Note 2: Property and Equipment**

	<u>2018</u>	<u>2017</u>	<b>Estimated Useful Life</b>
Leasehold improvements	\$ 8,500	\$ 8,500	3 years
Furniture and equipment	92,653	92,653	3-5 years
Computers and peripherals	<u>73,709</u>	<u>63,899</u>	3-7 years
	174,862	165,052	
Less accumulated depreciation and amortization	<u>(146,904)</u>	<u>(137,273)</u>	
	<u>\$ 27,958</u>	<u>\$ 27,779</u>	

**Note 3: In-Kind Contributions**

Tuesday's Children received donated services consisting primarily of therapists, marketing, and legal fees. These donated services have been valued at the standard market rates that would have been incurred by Tuesday's Children had they not been donated and are reported as both revenue and expense in the accompanying financial statements because they meet the criteria as prescribed by accounting principles generally accepted in the United States of America. The value of the donated volunteer hours for the years ended December 31, 2018 and 2017 amounted to \$5,415 and \$47,558, respectively. In addition, Tuesday's Children received donated items totaling \$118,522 and \$98,017 and donated facilities totaling \$14,700 and \$12,250 for the years ended December 31, 2018 and 2017, respectively.

**Tuesday's Children**  
**Notes to Financial Statements**  
**December 31, 2018**

**(With Summarized Financial Information for the Year Ended December 31, 2017)**

**Note 4: Commitments and Contingencies**

***Lease Commitment***

Tuesday's Children has several noncancelable lease agreements for rental of office space and equipment with varying lease terms expiring through October 2019. Rent and equipment expense for the years ended December 31, 2018 and 2017 was \$104,063 and \$104,291, respectively. The following are the minimum annual lease payments to be made:

2019	<u>\$ 22,710</u>
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***Cash***

At December 31, 2018, Tuesday's Children's cash accounts exceeded federally insured limits by approximately \$250,000.

**Note 5: Net Assets With Donor Restrictions**

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

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose		
Military Initiative and Youth Program	<u>\$ 133,333</u>	<u>\$ 130,057</u>

During the years ended December 31, 2018 and 2017, net assets were released from donor restrictions for the following purposes:

	<u>2018</u>	<u>2017</u>
Military Initiative and Youth Program	\$ 196,724	\$ 69,943
Career Resources and Mentoring for Bereaved Youth	25,000	-
Future periods	<u>-</u>	<u>77,000</u>
Total net assets released	<u>\$ 221,724</u>	<u>\$ 146,943</u>



**Tuesday's Children**  
**Notes to Financial Statements**  
**December 31, 2018**

**(With Summarized Financial Information for the Year Ended December 31, 2017)**

**Note 6: Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets at year end	
Cash	\$ 491,467
Contributions and grants receivable	<u>204,970</u>
Total financial assets	<u>696,437</u>
Less amounts not available to be used within one year	
Restricted funds (purpose-restricted)	<u>(133,333)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 563,104</u>

Tuesday's Children manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term expenditures and operating needs and maintaining sufficient liquidity to provide reasonable assurance that any long-term obligations will be discharged. Tuesday's Children monitors liquidity and cash flows on an ongoing basis to ensure an appropriate amount of cash and cash equivalents are available to meet current claim payment and expenditure needs.

**Note 7: Change in Accounting Principle**

In 2018, Tuesday's Children adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. A summary of the changes is as follows:

***Statement of Financial Position***

- The statement of financial position distinguishes between two new classes of net assets—those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets—unrestricted, temporarily restricted and permanently restricted.

***Statement of Activities***

- Expenses are reported by both nature and function in one location.

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- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one year from the date of the statement of financial position.

This change had no impact on previously reported total change in net assets.

**Note 8: Future Changes in Accounting Principles**

***Grants and Contributions***

The Financial Accounting Standards Board released ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* to clarify existing guidance on determining whether a transaction with a resource provider, *e.g.*, the receipt of funds under a government grant or contract, is a contribution or an exchange transaction. The guidance requires all organizations to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction, and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction would be accounted for as an exchange transaction by applying Topic 606, *Revenue from Contracts with Customers*, or other topics. The standard clarifies that a resource provider is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. If commensurate value is not received by the resource provider, *i.e.*, the transaction is non-exchange, the recipient organization would record the transaction as a contribution under Topic 958 and determine whether the contribution is conditional or unconditional.

FASB expects that the new standard could result in more grants and contracts being accounted for as contributions (often conditional contributions) than under current generally accepted accounting principles. Because of this, it believes the clarifying guidance about whether a contribution is conditional or unconditional, which affects the timing of revenue recognition, is important. Both the recipient and resource provider would equally apply the guidance. The standard will be effective for reporting periods beginning on or after December 15, 2018. Tuesday's Children is in the process of evaluating the impact the amendment will have on the financial statements.

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***Accounting for Leases***

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2019, and any interim periods within annual reporting periods that begin after December 15, 2020. Tuesday's Children is evaluating the impact the standard will have on the financial statements; however, the standard may have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.