

**Stanley M. Isaacs Neighborhood  
Center, Inc.**

Financial Statements

June 30, 2016



## Independent Auditors' Report

### Board of Directors

### Stanley M. Isaacs Neighborhood Center, Inc.

We have audited the accompanying financial statements of Stanley M. Isaacs Neighborhood Center, Inc. (the "Center"), which comprise the statement of financial position as of June 30, 2016, 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.

### *Auditors' 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 auditors' 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 Stanley M. Isaacs Neighborhood Center, Inc. as of June 30, 2016 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Center's June 30, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

October 24, 2016

**Stanley M. Isaacs Neighborhood Center, Inc.**

Statement of Financial Position

June 30, 2016

(With Comparative Amounts at June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 367,595	\$ 715,353
Contributions receivable	200,197	94,189
Due from government agencies	602,675	714,475
Due from subcontractors	17,513	17,699
Prepaid expenses and other assets	21,207	26,139
Investments	2,826,755	2,933,763
Beneficial interest in perpetual trust	530,304	582,606
Restricted investments	54,548	53,147
Property, plant and equipment, net	<u>1,099,435</u>	<u>1,164,473</u>
	<u>\$ 5,720,229</u>	<u>\$ 6,301,844</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 437,029	\$ 433,436
Accrued salaries and related liabilities	<u>111,772</u>	<u>98,098</u>
Total Liabilities	<u>548,801</u>	<u>531,534</u>
Net Assets		
Unrestricted		
General fund	3,414,760	3,828,694
Plant fund	<u>1,099,435</u>	<u>1,164,473</u>
Total Unrestricted	4,514,195	4,993,167
Temporarily restricted	72,381	141,390
Permanently restricted	<u>584,852</u>	<u>635,753</u>
Total Net Assets	<u>5,171,428</u>	<u>5,770,310</u>
	<u>\$ 5,720,229</u>	<u>\$ 6,301,844</u>

See notes to financial statements

## Stanley M. Isaacs Neighborhood Center, Inc.

### Statement of Activities Year Ended June 30, 2016 (With Summarized Totals for the Year Ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
<b>REVENUE AND PUBLIC SUPPORT</b>					
Contract revenue	\$ 4,626,796	\$ -	\$ -	\$ 4,626,796	\$ 4,436,205
Program service fees and other	80,406	-	-	80,406	99,594
Rental fees and miscellaneous	49,222	-	-	49,222	23,732
Investment return allocated to operations	135,000	2,500	-	137,500	257,500
Contributions	1,808,017	72,381	-	1,880,398	2,061,306
In-kind contributions	467,150	-	-	467,150	441,250
Legacies	222,896	-	-	222,896	310,035
Special events, net of direct expenses of \$70,508 and \$64,016	246,939	-	-	246,939	205,169
Net assets released from restrictions	<u>143,890</u>	<u>(143,890)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue and Public Support	<u>7,780,316</u>	<u>(69,009)</u>	<u>-</u>	<u>7,711,307</u>	<u>7,834,791</u>
<b>EXPENSES</b>					
Program Expenses					
Youth and family services	2,613,994	-	-	2,613,994	2,317,548
Meals on Wheels	2,632,326	-	-	2,632,326	2,786,613
Senior services	1,146,409	-	-	1,146,409	1,140,849
Supporting Services					
Management and general	891,631	-	-	891,631	874,270
Fundraising	<u>869,000</u>	<u>-</u>	<u>-</u>	<u>869,000</u>	<u>915,075</u>
Total Expenses	<u>8,153,360</u>	<u>-</u>	<u>-</u>	<u>8,153,360</u>	<u>8,034,355</u>
Deficiency of Revenue and Public Support Over Expenses	(373,044)	(69,009)	-	(442,053)	(199,564)
<b>NON OPERATING ACTIVITIES</b>					
Investment return after allocation to operations	(105,928)	-	1,401	(104,527)	(190,910)
Change in beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>(52,302)</u>	<u>(52,302)</u>	<u>(15,462)</u>
Change in Net Assets	(478,972)	(69,009)	(50,901)	(598,882)	(405,936)
<b>NET ASSETS</b>					
Beginning of year	<u>4,993,167</u>	<u>141,390</u>	<u>635,753</u>	<u>5,770,310</u>	<u>6,176,246</u>
End of year	<u>\$ 4,514,195</u>	<u>\$ 72,381</u>	<u>\$ 584,852</u>	<u>\$ 5,171,428</u>	<u>\$ 5,770,310</u>

See notes to financial statements

**Stanley M. Isaacs Neighborhood Center, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2016  
(With Summarized Totals for the Year Ended June 30, 2015)

	Program Services			Supporting Services			Total		
	Youth and Family Services	Meals on Wheels	Senior Services	Total Program Services	Management and General	Fund- raising	Total Supporting Services	2016	2015
	Salaries	\$ 1,378,216	\$ 491,554	\$ 592,956	\$ 2,462,726	\$ 452,385	\$270,683	\$ 723,068	\$ 3,185,794
In-kind salaries	339,150	-	-	339,150	-	-	-	339,150	321,250
Payroll taxes	137,675	44,397	52,185	234,257	103,180	24,344	127,524	361,781	333,746
Employee benefits	103,401	12,995	95,303	211,699	102,339	41,418	143,757	355,456	246,304
Total Salaries and Related Expenses	1,958,442	548,946	740,444	3,247,832	657,904	336,445	994,349	4,242,181	3,697,597
Awards and grants	54,004	-	-	54,004	-	-	-	54,004	48,809
In-kind occupancy	59,250	-	46,200	105,450	22,550	-	22,550	128,000	120,000
Consultants	102,073	15,448	76,383	193,904	37,451	110,827	148,278	342,182	524,154
Computer service	59,926	20,486	24,620	105,032	20,987	11,255	32,242	137,274	172,493
Subcontractors	-	1,219,703	-	1,219,703	-	-	-	1,219,703	1,295,865
Printing and publishing	6,144	2,073	7,085	15,302	2,225	273,762	275,987	291,289	399,445
Postage and mailing	2,156	283	2,799	5,238	676	67,879	68,555	73,793	113,831
Office expense	51,335	14,705	17,930	83,970	26,820	34,599	61,419	145,389	106,010
Telephone	18,870	14,717	5,795	39,382	5,050	2,964	8,014	47,396	49,307
Food and beverage	38,723	647,961	98,716	785,400	8,267	158	8,425	793,825	809,320
Program supplies	32,590	12,335	26,327	71,252	18,880	2,188	21,068	92,320	91,390
Program activities	53,480	-	29,583	83,063	16	-	16	83,079	77,459
Insurance	26,175	34,165	10,708	71,048	8,923	4,759	13,682	84,730	86,210
Dues and subscriptions	679	930	1,895	3,504	17,061	2,485	19,546	23,050	24,520
Conference and seminars	32,540	-	2,423	34,963	8,676	2,194	10,870	45,833	31,931
Travel and auto	673	19,578	897	21,148	1,014	639	1,653	22,801	24,503
Stipend payments	16,176	-	-	16,176	2,032	-	2,032	18,208	65,061
Repairs and maintenance	40,773	10,926	30,068	81,767	24,759	7,840	32,599	114,366	120,309
Bank fees	13	11	2	26	6,812	102	6,914	6,940	9,530
Interest expense	-	-	-	-	-	-	-	-	2,500
Depreciation and amortization	59,972	70,059	24,534	154,565	21,528	10,904	32,432	186,997	164,111
Total Expenses	<u>\$ 2,613,994</u>	<u>\$ 2,632,326</u>	<u>\$ 1,146,409</u>	<u>\$ 6,392,729</u>	<u>\$ 891,631</u>	<u>\$869,000</u>	<u>\$ 1,760,631</u>	<u>\$ 8,153,360</u>	<u>\$ 8,034,355</u>

See notes to financial statements

**Stanley M. Isaacs Neighborhood Center, Inc.**

Statement of Cash Flows  
Year Ended June 30, 2016  
(With Comparative Amounts for the Year Ended June 30, 2015)

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (598,882)	\$ (405,936)
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized and unrealized loss (gain) on investments	10,967	(28,101)
Donation of marketable securities	(15,607)	(45,066)
Change in beneficial interest in perpetual trust	52,302	15,462
Depreciation and amortization	186,998	164,111
Changes in operating assets and liabilities		
Contributions receivable	(106,008)	13,093
Due from government agencies	111,800	(444,466)
Due from subcontractors	186	(17,699)
Prepaid expenses and other assets	4,932	29,057
Accounts payable and accrued expenses	3,593	102,710
Accrued salaries and related liabilities	<u>13,674</u>	<u>28,974</u>
Net Cash from Operating Activities	<u>(336,045)</u>	<u>(587,861)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(121,960)	(208,762)
Purchase of investments	(1,195,234)	(813,030)
Proceeds from sale of investments	<u>1,305,481</u>	<u>1,078,075</u>
Net Cash from Investing Activities	<u>(11,713)</u>	<u>56,283</u>
Net Change in Cash and Cash Equivalents	(347,758)	(531,578)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>715,353</u>	<u>1,246,931</u>
End of year	<u>\$ 367,595</u>	<u>\$ 715,353</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ -	\$ 2,500

See notes to financial statements

## **Stanley M. Isaacs Neighborhood Center, Inc.**

Notes to Financial Statements  
June 30, 2016

### **1. Organization and Tax Status**

Stanley M. Isaacs Neighborhood Center, Inc. (the "Center"), founded in 1964, provides community services that include senior, adult, youth and family services to people of all ages and backgrounds in the Yorkville and East Harlem sections of Manhattan.

The Center is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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. Accordingly actual results could differ from those estimates.

#### ***Presentation of Net Assets***

The financial statements report amounts separately by class of net assets based on the presence or absence of donor restrictions. Unrestricted amounts are those currently available at the discretion of the Board of Directors for use in the Center's operations. Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or for future periods. Permanently restricted net assets result from contributions and other inflows of assets whose use by the Center is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Center.

#### ***Fair Value Measurements***

The Center follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable and are used to the extent that observable inputs do not exist.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash held in banks and money market funds other than those held in long-term investment accounts. Cash and cash equivalents include highly liquid instruments with a maturity of three months or less when acquired.



## **Stanley M. Isaacs Neighborhood Center, Inc.**

Notes to Financial Statements  
June 30, 2016

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Contributions Receivable***

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. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. At June 30, 2016, contributions receivable are considered collectible in less than one year.

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

An allowance for doubtful accounts is established for amounts where there exists doubt as to whether an amount will be fully collected. The determination of this allowance is an estimate based on the Center's historical experience, review of account balances and expectations relative to collections. Management believes that all receivables are collectible and, accordingly, no provision for doubtful collection is deemed necessary.

#### ***Investments and Income Recognition***

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded when earned and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

#### ***Perpetual Trust***

The Center is the income beneficiary of a 5% interest in a perpetual trust held by another entity as trustee. The Center's beneficial interest in this trust is stated at the fair value of the assets underlying the trust as of the statement of financial position date.

#### ***Property, Plant and Equipment***

Property, plant and equipment are stated at cost. Depreciation and amortization is recognized using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years for equipment and automobiles. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the assets. The Center follows the practice of capitalizing and depreciating all expenditures for property, plant and equipment with a cost of \$5,000 or more and a useful life in excess of one year.

Property, plant and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value. There were no asset impairments for fiscal 2016 and 2015.

## **Stanley M. Isaacs Neighborhood Center, Inc.**

Notes to Financial Statements  
June 30, 2016

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Revenue Recognition***

A significant portion of the Center's operations are conducted under contracts with various government agencies. Revenue from government contracts is recorded as earned pursuant to terms of existing agreements and subject to audit by such agencies. The Center does not reflect any adjustment for potential disallowances of expense since management believes that all expenses incurred for such activities should be treated as allowable costs.

#### ***Contributions***

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is made. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose or time restriction is met, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the same reporting period.

#### ***In-kind Contributions***

Contributions of services are recognized at fair value when they are received if the services either create or enhance nonfinancial assets, or require specialized skills, and those skills are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Donated goods distributed are recorded as income and expense at the time they are received which is normally also the time they are placed into service or distributed.

During 2016 and 2015, the Center occupied premises in New York City Housing Authority-owned buildings without charge based on an annual agreement. The estimated fair value of the premises rental is reported as contribution support and occupancy cost of \$128,000 and \$120,000 for 2016 and 2015. In partnership with Department of Education, several teachers and specialists provided services without charge for the Center's Youth Employment and Education Services Program. The estimated fair value of those services is reported as contribution support and consultants fees of \$339,150 in 2016 and \$321,250 in 2015. Many individuals volunteer their time and perform a variety of tasks that assist the Center with various program functions. These volunteer services have not been recognized in the financial statements because they do not meet the criteria for recognition.

#### ***Functional Expenses***

The Center allocates its expenses on a functional basis among various programs and support services. Expenses that can be identified with specific program and support services are allocated directly according to natural expenditure classification. Other expenses common to several functions are allocated in accordance with other equitable bases.

## **Stanley M. Isaacs Neighborhood Center, Inc.**

Notes to Financial Statements  
June 30, 2016

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Summarized Comparative 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

#### ***Accounting for Uncertainty in Income Taxes***

The Center recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Center had no uncertain tax positions that would require financial statement recognition or disclosure. The Center is no longer subject to audits by the applicable taxing jurisdictions for periods prior to June 30, 2013.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 24, 2016.

### **3. Concentrations of Credit Risk**

Financial instruments which potentially subject the Center to a concentration of credit risk include cash accounts with a major New York financial institution in excess of federally insured insurance limits, and amounts due from government agencies. Management believes that credit risk related to these accounts is minimal.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of credit risk.

### **4. Economic Dependency**

The Center has several programs with funding from The City of New York – Department for the Aging (“DFTA”). These and other government grants are subject to audits by the funders. Management does not anticipate disallowed costs to be material and no estimated liability has been provided for this purpose. Approximately 60% and 64% of the Center's government grants and contracts were provided from DFTA in 2016 and 2015. The Center is economically dependent on these grants to continue its DFTA funded programs.

**Stanley M. Isaacs Neighborhood Center, Inc.**

Notes to Financial Statements  
June 30, 2016

**5. Investments and Investment Return**

Investments consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 104,484	\$ 75,135
U.S. government obligations	114,403	50,478
Fixed Income Securities		
U.S. govt. securities (Treasury bills)	376,329	498,413
International govt. securities	9,247	-
Corporate bonds	31,389	29,051
Common Stocks		
Health care	235,643	226,243
Consumer staples	175,904	202,411
Information technology	261,831	250,338
Consumer discretionary	174,264	218,752
Industrials	167,218	188,314
Materials	90,686	99,190
Financials	483,517	530,158
Telecommunication services	48,965	47,774
Utilities	54,205	35,112
Energy	132,692	157,041
Fixed income mutual funds	<u>420,526</u>	<u>378,500</u>
	<u>\$ 2,881,303</u>	<u>\$ 2,986,910</u>

Total investment return consisted of the following for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Interest and dividends from investments, net of fees of \$34,478 and \$35,655	\$ 43,940	\$ 38,489
Realized/unrealized (loss) gain on investments	<u>(10,967)</u>	<u>28,101</u>
Investment return	32,973	66,590
Investment return allocated to operations	<u>(137,500)</u>	<u>(257,500)</u>
Investment return allocated to non-operations activities	<u>\$ (104,527)</u>	<u>\$ (190,910)</u>

The portion of investment return allocated to operations is determined by a spending policy governed by the Center's Board of Directors. The policy states that an amount up to 4.5% of the market value of its invested assets at the end of each fiscal year will be made available for operational use. During fiscal 2016 and 2015, the Board of Directors elected to allocate an additional \$8,000 and \$123,000 to support operations.

**Stanley M. Isaacs Neighborhood Center, Inc.**

Notes to Financial Statements  
June 30, 2016

**6. Fair Value of Financial Instruments**

The following presents the fair value of those investments and other assets that are measured at fair value at June 30:

	2016			Total
	Level 1	Level 2	Level 3	
Investments				
U.S. government obligations	\$ -	\$ 114,403	\$ -	\$ 114,403
Fixed Income Securities				
U.S. govt. securities (Treasury bills)	376,329	-	-	376,329
International govt. securities	9,247	-	-	9,247
Corporate bonds	-	31,389	-	31,389
Common stocks	1,824,925	-	-	1,824,925
Fixed income mutual funds	420,526	-	-	420,526
	<u>2,631,027</u>	<u>145,792</u>	<u>-</u>	<u>2,776,819</u>
Cash and cash equivalents				<u>104,484</u>
Total Investments				2,881,303
Beneficial interest in perpetual trust	-	-	530,304	530,304
Total	<u>\$ 2,631,027</u>	<u>\$ 145,792</u>	<u>\$ 530,304</u>	<u>\$ 3,411,607</u>
	2015			Total
	Level 1	Level 2	Level 3	
Investments				
U.S. government obligations	\$ -	\$ 50,478	\$ -	\$ 50,478
Fixed Income Securities				
U.S. govt. securities (Treasury bills)	498,413	-	-	498,413
Corporate Bonds	-	29,051	-	29,051
Common stocks	1,955,333	-	-	1,955,333
Fixed income mutual funds	378,500	-	-	378,500
	<u>2,832,246</u>	<u>79,529</u>	<u>-</u>	<u>2,911,775</u>
Cash and cash equivalents				<u>75,135</u>
Total Investments				2,986,910
Beneficial interest in perpetual trust	-	-	582,606	582,606
Total	<u>\$ 2,832,246</u>	<u>\$ 79,529</u>	<u>\$ 582,606</u>	<u>\$ 3,569,516</u>

The changes in assets measured at fair value for which the Center has used Level 3 inputs to determine fair value are as follows for the years ended June 30:

	2016	2015
Balance, beginning of year	\$ 582,606	\$ 598,068
Change in fair value of beneficial interest in perpetual trust	<u>(52,302)</u>	<u>(15,462)</u>
Balance, end of year	<u>\$ 530,304</u>	<u>\$ 582,606</u>

**Stanley M. Isaacs Neighborhood Center, Inc.**

Notes to Financial Statements  
June 30, 2016

**6. Fair Value of Financial Instruments (continued)**

In accordance with the terms of the charitable perpetual trust agreement, the trustee makes annual distributions equal to net realized income on trust investments for the twelve months ended June 30. The Center considers the measurement to be a Level 3 since the Center does not control the assets.

There were no transfers between categories and no changes in valuation methods during the years ended June 30, 2016 and 2015.

**7. Property, Plant and Equipment**

Property, plant and equipment consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 3,823,070	\$ 3,759,110
Furniture and equipment	866,756	849,547
Automobiles	<u>288,860</u>	<u>248,069</u>
	4,978,686	4,856,726
Accumulated depreciation and amortization	<u>(3,879,251)</u>	<u>(3,692,253)</u>
	<u>\$ 1,099,435</u>	<u>\$ 1,164,473</u>

**8. Loans Payable**

The Center has an available line of credit of \$500,000 with a bank which bears interest at the greater of the bank's prime commercial rate or its minimum interest rate plus a margin of one percent secured by the Center's assets. The line is renewable annually and at June 30, 2016 and 2015 there was no outstanding balance on the line.

The Center has a margin loan agreement with a financial institution which bears interest at a variable rate equal to the LIBOR rate plus the "Spread." The Spread is the number of percentage points stated in the applicable notice or confirmation given by the financial institution. Each withdrawal must be in an amount not less than \$200,000. This margin loan agreement is payable on demand and secured by the Center's investments. At June 30, 2016 and 2015 the Center had no outstanding balance.

**9. Retirement Plan**

The Center's 401(k) profit sharing plan and trust covers all eligible employees after one year of eligibility service following their hire date and who have attained age 21. Contributions to the plan are determined each year by the Center's board of directors. No contribution was made to the plan for 2016 and 2015.

**Stanley M. Isaacs Neighborhood Center, Inc.**

Notes to Financial Statements  
June 30, 2016

**10. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following programs or purposes at June 30:

	<u>2016</u>	<u>2015</u>
Time - General Support	\$ 17,500	\$ -
Senior services and Meals on Wheels	16,450	48,818
Youth and family service programs	<u>38,431</u>	<u>92,572</u>
	<u>\$ 72,381</u>	<u>\$ 141,390</u>

Net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	<u>2016</u>	<u>2015</u>
Education Scholarships	\$ 2,500	\$ 2,500
General support	-	15,000
Senior services and Meals on Wheels	48,818	-
Youth and family service programs	<u>92,572</u>	<u>106,750</u>
	<u>\$ 143,890</u>	<u>\$ 124,250</u>

**11. Permanently Restricted Net Assets**

Permanently restricted net assets are restricted to the following purposes at June 30:

	<u>2016</u>	<u>2015</u>
Investments in perpetuity, the income from which is expendable to support education scholarships	\$ 54,548	\$ 53,147
Beneficial interest in perpetual trust	<u>530,304</u>	<u>582,606</u>
	<u>\$ 584,852</u>	<u>\$ 635,753</u>

**12. Endowment Funds**

***Interpretation of Law***

The Center has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary and except in those cases where the law allows appropriation for spending of the original gift amounts. As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by NYPMIFA.

**Stanley M. Isaacs Neighborhood Center, Inc.**

Notes to Financial Statements  
June 30, 2016

**12. Endowment Funds (continued)**

***Investment Policy***

The Center employs a strategic asset allocation strategy with its asset allocations diversified over multiple classes and sub classes. The Center's investment objective is for the asset value, exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a time weighted total rate of return in excess of the established medium and long term benchmarks. The Center expects the portfolio's asset allocation to reflect the investment objectives, goals, time horizon, risk tolerances and any investment restrictions that may exist within the policy.

***Spending Policy***

The Center, on an annual basis, appropriates for expenditure of dividends and interest earned on endowed funds. Gains and losses increase or decrease the value of the endowed funds as per donor stipulation.

The following is a reconciliation of the donor restricted endowment funds for the years ended June 30:

	2016		
	Temporarily Restricted	Permanently Restricted	Total
Balance, beginning of year	\$ -	\$ 53,147	\$ 53,147
Investment income	2,500	-	2,500
Unrealized gain on investments	-	1,401	1,401
Appropriations for expenditures	<u>(2,500)</u>	<u>-</u>	<u>(2,500)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 54,548</u>	<u>\$ 54,548</u>
	2015		
	Temporarily Restricted	Permanently Restricted	Total
Balance, beginning of year	\$ -	\$ 53,695	\$ 53,695
Investment income	2,500	-	2,500
Unrealized loss on investments	-	(548)	(548)
Appropriations for expenditures	<u>(2,500)</u>	<u>-</u>	<u>(2,500)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 53,147</u>	<u>\$ 53,147</u>

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