Stanley M. Isaacs Neighborhood Center, Inc.

Financial Statements

June 30, 2017

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, 2017, 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.

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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, 2017 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, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

December 21, 2017

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Financial Position
June 30, 2017
(With Comparative Amounts at June 30, 2016)

	2017	2016
ASSETS		
Cash and cash equivalents	$ 595,756	$ 367,595
Contributions receivable	213,807	200,197
Due from government agencies	1,099,142	602,675
Due from subcontractors	-	17,513
Prepaid expenses and other assets	84,145	21,207
Investments	2,903,910	2,826,755
Beneficial interest in perpetual trust	571,875	530,304
Restricted investments	50,712	54,548
Property, plant and equipment, net	969,857	1,099,435
	$ 6,489,204	$ 5,720,229
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 469,505	$ 437,029
Accrued salaries and related liabilities	103,933	111,772
Advances payable	173,131	-
Loans payable	250,000	-
Total Liabilities	996,569	548,801
Net Assets		
Unrestricted		
General fund	3,760,858	3,414,760
Plant fund	969,857	1,099,435
Total Unrestricted	4,730,715	4,514,195
Temporarily restricted	139,333	72,381
Permanently restricted	622,587	584,852
Total Net Assets	5,492,635	5,171,428
	$ 6,489,204	$ 5,720,229

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Activities
Year Ended June 30, 2017
(With Summarized Totals for the Year Ended June 30, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
REVENUE AND PUBLIC SUPPORT					
Contract revenue	$ 5,442,952	$ -	$ -	$ 5,442,952	$ 4,626,796
Program service fees and other	73,862	-	-	73,862	80,406
Rental fees and miscellaneous	1,665	-	-	1,665	49,222
Investment return allocated to operations	135,000	2,500	-	137,500	137,500
Contributions	2,026,817	139,333	-	2,166,150	1,880,398
In-kind contributions	474,677	-	-	474,677	467,150
Legacies	126,101	-	-	126,101	222,896
Special events, net of direct expenses of $71,303 and $70,508	205,050	-	-	205,050	246,939
Net assets released from restrictions	74,881	(74,881)	-	-	-
Total Revenue and Public Support	8,561,005	66,952	-	8,627,957	7,711,307
EXPENSES					
Program Expenses					
Youth and family services	2,863,707	-	-	2,863,707	2,613,994
Meals on Wheels	2,716,079	-	-	2,716,079	2,632,326
Senior services	1,071,441	-	-	1,071,441	1,146,409
Supporting Services					
Management and general	874,150	-	-	874,150	891,631
Fundraising	893,914	-	-	893,914	869,000
Total Expenses	8,419,291	-	-	8,419,291	8,153,360
Excess (Deficiency) of Revenue and Public Support Over Expenses	141,714	66,952	-	208,666	(442,053)
NON OPERATING ACTIVITIES					
Investment return after allocation to operations	74,806	-	(3,836)	70,970	(104,527)
Change in beneficial interest in perpetual trust	-	-	41,571	41,571	(52,302)
Change in Net Assets	216,520	66,952	37,735	321,207	(598,882)
NET ASSETS					
Beginning of year	4,514,195	72,381	584,852	5,171,428	5,770,310
End of year	$ 4,730,715	$ 139,333	$ 622,587	$ 5,492,635	$ 5,171,428

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Functional Expenses
Year Ended June 30, 2017
(With Summarized Totals for the Year Ended June 30, 2016)

	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	2017	2016
Salaries	$ 1,609,117	$ 517,842	$ 535,304	$ 2,662,263	$ 304,315	$ 226,059	$ 530,374	$ 3,192,637	$ 3,185,794
Payroll taxes	126,567	43,058	52,922	222,547	65,538	16,173	81,711	304,258	361,781
Employee benefits	94,465	18,551	71,239	184,255	49,119	47,495	96,614	280,869	355,456
Total Salaries and Related Expenses	1,830,149	579,451	659,465	3,069,065	418,972	289,727	708,699	3,777,764	3,903,031
Consultants	88,241	15,725	81,388	185,354	134,324	54,948	189,272	374,626	342,182
Computer service	23,875	7,640	8,340	39,855	18,285	7,863	26,148	66,003	137,274
Subcontractors	-	1,773,311	-	1,773,311	-	-	-	1,773,311	1,219,703
Program supplies	74,060	6,770	24,814	105,644	12,439	2,335	14,774	120,418	92,320
Food and beverage	55,319	162,016	109,045	326,380	5,166	370	5,536	331,916	793,825
Repairs and maintenance	75,238	19,059	42,804	137,101	38,981	15,144	54,125	191,226	114,366
Liability insurance	18,535	25,256	6,704	50,495	30,761	3,155	33,916	84,411	84,730
Telecommunications	20,290	12,709	5,466	38,465	13,862	6,533	20,395	58,860	47,396
Printing and publishing	6,330	1,091	4,106	11,527	5,897	438,513	444,410	455,937	291,289
Postage	2,079	314	2,498	4,891	1,268	27,049	28,317	33,208	73,793
Auto and travel	506	24,893	402	25,801	764	1,313	2,077	27,878	22,801
Program activities	175,763	-	42,726	218,489	4,553	-	4,553	223,042	155,291
Professional development	21,073	-	314	21,387	2,605	4,811	7,416	28,803	45,833
Office expenses	7,546	8,162	7,671	23,379	39,235	7,971	47,206	70,585	162,612
Special events	3,908	647	472	5,027	3,384	22,012	25,396	30,423	12,767
Total Expenses Before Non-Cash Expenses	2,402,912	2,637,044	996,215	6,036,171	730,496	881,744	1,612,240	7,648,411	7,499,213
In-kind consultant fees	346,677	-	-	346,677	-	-	-	346,677	339,150
In-kind occupancy costs	59,250	-	46,200	105,450	22,550	-	22,550	128,000	128,000
Bad debt expense	-	-	-	-	92,469	-	92,469	92,469	-
Depreciation and amortization expense	54,868	79,035	29,026	162,929	28,635	12,170	40,805	203,734	186,997
Total Expenses	$ 2,863,707	$ 2,716,079	$ 1,071,441	$ 6,651,227	$ 874,150	$ 893,914	$ 1,768,064	$ 8,419,291	$ 8,153,360

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Cash Flows
Year Ended June 30, 2017
(With Comparative Amounts for the Year Ended June 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 321,207	$ (598,882)
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized and unrealized (gain) loss on investments	(166,255)	10,967
Bad debt expense	92,469	-
Donation of marketable securities	(18,633)	(15,607)
Change in beneficial interest in perpetual trust	(41,571)	52,302
Depreciation and amortization	203,734	186,997
Changes in operating assets and liabilities		
Contributions receivable	(13,610)	(106,008)
Due from government agencies	(588,936)	111,800
Due from subcontractors	17,513	186
Prepaid expenses and other assets	(62,938)	4,932
Accounts payable and accrued expenses	32,476	3,593
Accrued salaries and related liabilities	(7,839)	13,674
Advances payable	173,131	-
Net Cash from Operating Activities	(59,252)	(336,046)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(74,156)	(121,959)
Purchase of investments	(1,278,854)	(1,195,234)
Proceeds from sale of investments	1,390,423	1,305,481
Net Cash from Investing Activities	37,413	(11,712)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	250,000	-
Net Change in Cash and Cash Equivalents	228,161	(347,758)
CASH AND CASH EQUIVALENTS		
Beginning of year	367,595	715,353
End of year	$ 595,756	$ 367,595

See notes to financial statements

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.

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, 2017, 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 furniture, 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 identified. 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 2017 and 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 2017 and 2016, 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 for 2017 and 2016. 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 $346,677 in 2017 and $339,150 in 2016. 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.

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

Reclassification

Certain reclassifications have been made to the 2016 financial statements to conform to the current year's presentation.

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 as of and for the year ended June 30, 2016, 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 examinations by the applicable taxing jurisdictions for periods prior to June 30, 2014.

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 December 21, 2017.

3. Concentrations of Credit Risk

Financial instruments which potentially subject the Center to a concentration of credit risk include cash accounts held 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") and The City of New York – Department of Youth and Community Development ("DYCD"). 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 80% and 71% of the Center's government grants and contracts were provided from DFTA and DYCD in 2017 and 2016. The Center is economically dependent on these grants to continue its DFTA and DYCD funded programs.

5. Investments and Investment Return

Investments consist of the following at June 30:

	2017	2016
Cash and cash equivalents	$ 177,901	$ 104,484
U.S. government obligations	162,119	114,403
Fixed Income Securities		
U.S. govt. securities (Treasury bills)	347,077	376,329
International govt. securities	9,053	9,247
Corporate bonds	41,963	31,389
Common Stocks		
Health care	209,401	235,643
Consumer staples	111,288	175,904
Information technology	265,334	261,831
Consumer discretionary	192,407	174,264
Industrials	228,459	167,218
Materials	88,926	90,686
Financials	228,934	483,517
Telecommunication services	44,158	48,965
Utilities	49,963	54,205
Energy	78,667	132,692
Real estate	294,801	-
Fixed income mutual funds	424,171	420,526
	$ 2,954,622	$ 2,881,303

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

	2017	2016
Interest and dividends from investments, net of fees of $29,114 and $36,527	$ 42,215	$ 43,940
Realized/unrealized gain (loss) on investments	166,255	(10,967)
Investment return	208,470	32,973
Investment return allocated to operations	(137,500)	(137,500)
Investment return allocated to non-operations activities	$ 70,970	$ (104,527)

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 2017 and 2016, the Board of Directors elected to allocate an additional $4,000 and $8,000 to support operations.

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:

	2017			
	Level 1	Level 2	Level 3	Total
Investments				
U.S. government obligations	$ -	$ 162,119	$ -	$ 162,119
Fixed Income Securities				
U.S. govt. securities (Treasury bills)	347,077	-	-	347,077
International govt. securities	9,053	-	-	9,053
Corporate bonds	-	41,963	-	41,963
Common stocks	1,792,338	-	-	1,792,338
Fixed income mutual funds	424,171	-	-	424,171
	2,572,639	204,082	-	2,776,721
Cash and cash equivalents - at cost				177,901
Total Investments				2,954,622
Beneficial interest in perpetual trust	-	-	571,875	571,875
Total	$ 2,572,639	$ 204,082	$ 571,875	$ 3,526,497

	2016			
	Level 1	Level 2	Level 3	Total
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
	2,631,027	145,792	-	2,776,819
Cash and cash equivalents - at cost				104,484
Total Investments				2,881,303
Beneficial interest in perpetual trust	-	-	530,304	530,304
Total	$ 2,631,027	$ 145,792	$ 530,304	$ 3,411,607

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:

	2017	2016
Balance, beginning of year	$ 530,304	$ 582,606
Change in fair value of beneficial interest in perpetual trust	41,571	(52,302)
Balance, end of year	$ 571,875	$ 530,304

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 ending 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, 2017 and 2016.

7. Property, Plant and Equipment

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

	2017	2016
Leasehold improvements	$ 3,845,570	$ 3,823,070
Furniture and equipment	918,412	866,756
Automobiles	288,860	288,860
	5,052,842	4,978,686
Accumulated depreciation and amortization	(4,082,985)	(3,879,251)
	$ 969,857	$ 1,099,435

8. Loans Payable

The Center had 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. For the year ending June 30, 2017, the line was not renewed. At June 30, 2016, 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, 2017, the Center had an outstanding loans payable of $250,000. There was no outstanding balance at June 30, 2016.

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 2017 and 2016.

10. Temporarily Restricted Net Assets

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

	2017	2016
Time - General Support	$ 15,133	$ 17,500
Senior services and Meals on Wheels	-	16,450
Youth and family service programs	124,200	38,431
	$ 139,333	$ 72,381

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

	2017	2016
Education Scholarships	$ 2,500	$ 2,500
General support	17,500	-
Senior services and Meals on Wheels	16,450	48,818
Youth and family service programs	38,431	82,572
	$ 74,881	$ 133,890

11. Permanently Restricted Net Assets

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

	2017	2016
Investments in perpetuity, the income from which is expendable to support education scholarships	$ 50,712	$ 54,548
Beneficial interest in perpetual trust	571,875	530,304
	$ 622,587	$ 584,852

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.

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. Unrealized 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:

	2017		
	Temporarily Restricted	Permanently Restricted	Total
Balance, beginning of year	$ -	$ 54,548	$ 54,548
Investment income	2,500	-	2,500
Unrealized loss on investments	-	(3,836)	(3,836)
Appropriations for expenditures	(2,500)	-	(2,500)
Balance, end of year	$ -	$ 50,712	$ 50,712

	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	(2,500)	-	(2,500)
Balance, end of year	$ -	$ 54,548	$ 54,548

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