

Stanley M. Isaacs Neighborhood Center, Inc.

Financial Statements and
Uniform Guidance Schedules
Together with Independent Auditors' Reports

June 30, 2021

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Independent Auditors' Report

Board of Directors
Stanley M. Isaacs Neighborhood Center, Inc.

Report on the Financial Statements

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, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2021, 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Center's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2022 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

June 2, 2022

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Financial Position

June 30, 2021

(With Comparative Amounts at June 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 533,807	\$ 499,882
Contributions receivable	29,664	40,250
Due from government agencies	1,295,892	1,466,053
Prepaid expenses and other assets	32,688	151,247
Investments	2,549,625	2,528,271
Beneficial interest in perpetual trust	686,523	575,570
Restricted investments	45,982	48,498
Property, plant and equipment, net	<u>261,048</u>	<u>429,611</u>
	<u>\$ 5,435,229</u>	<u>\$ 5,739,382</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 619,367	\$ 865,524
Accrued salaries and related liabilities	332,234	186,550
Advances payable	51,389	51,389
Loan payable	-	499,879
Total Liabilities	<u>1,002,990</u>	<u>1,603,342</u>
Net Assets		
Without Donor Restrictions		
General fund	3,238,686	3,075,110
Plant fund	261,048	429,611
Total Without Donor Restrictions	<u>3,499,734</u>	<u>3,504,721</u>
With Donor Restrictions		
Temporary in nature	200,000	7,251
Permanent in nature	732,505	624,068
Total With Donor Restrictions	<u>932,505</u>	<u>631,319</u>
Total Net Assets	<u>4,432,239</u>	<u>4,136,040</u>
	<u>\$ 5,435,229</u>	<u>\$ 5,739,382</u>

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Activities Year Ended June 30, 2021 (With Summarized Totals for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions			2021 Total	2020 Total
		Temporary in Nature	Permanent in Nature	Total		
REVENUE AND PUBLIC SUPPORT						
Contract revenue	\$ 6,899,050	\$ -	\$ -	\$ -	\$ 6,899,050	\$ 6,397,135
Program service fees and other	1,242	-	-	-	1,242	37,595
Rental fees and miscellaneous	220	-	-	-	220	-
Investment return allocated to development and operations	115,000	-	-	-	115,000	400,000
Contributions	1,468,482	1,240,830	-	1,240,830	2,709,312	2,742,318
In-kind contributions	585,493	-	-	-	585,493	585,493
Legacies	25,531	-	-	-	25,531	5,671
Net assets released from restrictions	<u>1,048,081</u>	<u>(1,048,081)</u>	-	<u>(1,048,081)</u>	-	-
Total Revenue and Public Support	<u>10,143,099</u>	<u>192,749</u>	<u>-</u>	<u>192,749</u>	<u>10,335,848</u>	<u>10,168,212</u>
EXPENSES						
Program Expenses						
Youth and family services	3,400,102	-	-	-	3,400,102	3,148,774
Meals on Wheels	3,322,161	-	-	-	3,322,161	3,117,391
Senior services	1,109,491	-	-	-	1,109,491	1,161,237
Supporting Services						
Management and general	1,872,666	-	-	-	1,872,666	1,381,707
Fundraising	<u>540,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,699</u>	<u>600,118</u>
Total Expenses	<u>10,245,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,245,119</u>	<u>9,409,227</u>
Excess (Deficiency) of Revenue and Public Support Over Expenses	(102,020)	192,749	-	192,749	90,729	758,985
NON OPERATING ACTIVITIES						
Depreciation and amortization	(168,563)	-	-	-	(168,563)	(206,709)
Investment return after allocation to development and operations	265,596	-	(2,516)	(2,516)	263,080	(270,476)
Change in beneficial interest in perpetual trust	-	-	<u>110,953</u>	<u>110,953</u>	<u>110,953</u>	<u>(16,413)</u>
Change in Net Assets	(4,987)	192,749	108,437	301,186	296,199	265,387
NET ASSETS						
Beginning of year	<u>3,504,721</u>	<u>7,251</u>	<u>624,068</u>	<u>631,319</u>	<u>4,136,040</u>	<u>3,870,653</u>
	<u>\$ 3,499,734</u>	<u>\$ 200,000</u>	<u>\$ 732,505</u>	<u>\$ 932,505</u>	<u>\$ 4,432,239</u>	<u>\$ 4,136,040</u>

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Functional Expenses
Year Ended June 30, 2021
(With Summarized Totals for the Year Ended June 30, 2020)

	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	2021	2020
Salaries	\$ 1,598,123	\$ 853,137	\$ 621,947	\$ 3,073,207	\$ 744,549	\$ 168,308	\$ 912,857	\$ 3,986,064	\$ 3,698,914
Payroll taxes and employee benefits	349,442	135,279	140,225	624,946	232,294	34,086	266,380	891,326	781,440
Total Salaries and Related Expenses	1,947,565	988,416	762,172	3,698,153	976,843	202,394	1,179,237	4,877,390	4,480,354
Consultants	3,778	37,473	179,063	220,314	234,144	217,017	451,161	671,475	893,314
Computer service	19,043	1,901	18,942	39,886	21,188	7,808	28,996	68,882	66,124
Subcontractors	45,014	1,288,796	-	1,333,810	-	-	-	1,333,810	1,440,639
Program supplies	195,852	76,785	16,086	288,723	26,173	3,312	29,485	318,208	97,278
Food and beverage	55,784	803,926	-	859,710	2,793	-	2,793	862,503	1,013,531
Repairs and maintenance	21,902	47,559	16,000	85,461	41,664	10,416	52,080	137,541	38,815
Liability insurance	15,541	4,167	10,044	29,752	82,479	-	82,479	112,231	81,113
Telecommunications	14,931	18,531	18,647	52,109	24,145	6,985	31,130	83,239	40,082
Printing and publishing	4,725	692	874	6,291	3,195	36,634	39,829	46,120	29,021
Postage	1,063	-	40	1,103	2,329	20,780	23,109	24,212	31,759
Auto and travel	11,101	35,078	5,347	51,526	3,204	-	3,204	54,730	152,584
Program activities	68,684	577	48,557	117,818	-	-	-	117,818	100,365
Stipends and scholarship payments	388,497	-	-	388,497	272	-	272	388,769	-
Professional development	1,551	571	7,635	9,757	33,001	-	33,001	42,758	11,937
Office expenses	19,578	17,689	26,084	63,351	144,600	35,353	179,953	243,304	327,959
Total Expenses Before Non-Cash Expenses	2,814,609	3,322,161	1,109,491	7,246,261	1,596,030	540,699	2,136,729	9,382,990	8,804,875
In-kind consultant fees	452,016	-	-	452,016	-	-	-	452,016	452,016
In-kind occupancy costs	133,477	-	-	133,477	-	-	-	133,477	133,477
Bad debt expense	-	-	-	-	276,636	-	-	276,636	18,859
Total Expenses before Depreciation and Amortization	3,400,102	3,322,161	1,109,491	7,831,754	1,872,666	540,699	2,413,365	10,245,119	9,409,227
Depreciation and amortization	65,862	32,813	33,129	131,804	21,693	15,062	36,759	168,563	206,709
Total Expenses	\$ 3,465,964	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See notes to financial statements

3,354,974	1,142,620	7,963,558	1,894,359	555,765	2,450,124	10,413,682	9,615,936
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Stanley M. Isaacs Neighborhood Center, Inc..

Statement of Cash Flows
Year Ended June 30, 2021
(With Comparative Amounts for the Year Ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 296,199	\$ 265,387
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized and unrealized gain on investments	(351,886)	(87,440)
Bad debt expense	276,636	18,859
Donation of marketable securities	-	(35,255)
Change in beneficial interest in perpetual trust	(110,953)	16,413
Depreciation and amortization	168,563	206,709
Changes in operating assets and liabilities		
Contributions receivable	(266,050)	143,827
Due from government agencies	170,161	(611,381)
Prepaid expenses and other assets	118,559	(118,676)
Accounts payable and accrued expenses	(246,157)	225
Accrued salaries and related liabilities	145,684	37,798
Advances payable	-	46,592
Net Cash from Operating Activities	200,756	(116,942)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(750,233)	(1,119,156)
Proceeds from sale of investments	1,083,281	1,543,941
Net Cash from Investing Activities	333,048	424,785
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	-	499,879
Loan repayments	(499,879)	(450,000)
Net Cash from Financing Activities	(499,879)	49,879
Net Change in Cash and Cash Equivalents	33,925	357,722
CASH AND CASH EQUIVALENTS		
Beginning of year	499,882	142,160
End of year	\$ 533,807	\$ 499,882

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2021

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. Effective May 1 2021, the Center and Goddard Riverside Community Centers entered into a strategic alignment. Goddard Riverside Community Center is the sole member of the Center. Each corporation has preserved its existing articles of incorporation and tax identification numbers. However, the operations are shared across both corporations.

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 Center reports information regarding financial position and activities according to two classes of net assets: without and with donor restrictions.

Without donor restrictions – consist of resources available for the general support of the Center's operations. Net assets without donor restrictions may be used at the discretion of the Center's management and Board of Directors.

With donor restrictions – represent amounts restricted by donors to be used for specific activities or at some future date, or which require the Center to maintain in perpetuity, including funds that are subject to restrictions or gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, 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. Income and gains earned on endowment fund investments are available to be used in the "without donor restrictions" or "with donor restrictions" net asset classes based upon stipulations imposed by the donors.

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2021

2. Summary of Significant Accounting Policies (continued)

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.

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, 2021 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.

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2021

2. Summary of Significant Accounting Policies (continued)

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 asset is written down to its fair value. There were no asset impairments for fiscal 2021 and 2020.

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.

The Center receives certain funding for its programs in the form of operational grants, which usually run for a period of one year or longer. The Center is required to determine whether transactions are conditional or unconditional. Unconditional contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. Conditional contributions are accounted for as a liability and are not recognized as revenue initially and are disclosed in the notes to the financial statements. Once the barriers to entitlement are overcome, the transaction is recognized as unconditional and classified as either net assets with donor restrictions or net assets without donor restrictions. For a donor-imposed condition to exist, a right of return or release must be stated, and the agreement must include a performance-related condition or other measurable barrier.

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 donor 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, net assets with donor restriction are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2021

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

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 2021 and 2020, 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 \$133,477 for 2021 and 2020. 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 in-kind consultant fees of \$452,016 in both 2021 and 2020. 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 Allocation of 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 on a time and effort methodology.

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, 2020, 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, 2018.

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2021

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

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 June 2, 2022.

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 76% and 79% of the Center’s government grants and contracts were provided from DFTA and DYCD in June 30, 2021 and June 30, 2020, and represent 65% and 81% of receivables. The Center is economically dependent on these grants to continue its DFTA and DYCD funded programs.

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2021

5. Investments and Investment Return

Investments consist of the following at June 30:

	2021	2020
Cash and cash equivalents	\$ 144,509	\$ 182,142
U.S. government obligations	198,206	180,807
Fixed Income Securities		
U.S. govt. securities (Treasury bills)	306,619	354,606
Corporate bonds	46,185	83,899
Common Stocks		
Health care	153,255	128,959
Consumer staples	65,653	60,683
Information technology	261,230	217,997
Consumer discretionary	112,830	71,199
Industrials	176,044	126,235
Materials	82,418	60,299
Financials	158,347	118,932
Telecommunication services	52,273	61,827
Utilities	48,575	42,976
Energy	38,065	28,016
Real estate	147,317	154,643
Fixed income mutual funds	604,081	703,549
	\$ 2,595,607	\$ 2,576,769

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

	2021	2020
Interest and dividends from investments, net		
of direct fees of \$25,697 and \$26,131	\$ 26,194	\$ 42,084
Realized/unrealized gain on investments	351,886	87,440
Investment Return	378,080	129,524
Investment Return Allocated to Development and Operations	(115,000)	(400,000)
Investment Return Allocated to Non-operations Activities	\$ 263,080	\$ (270,476)

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 2021 and 2020, the Board of Directors elected to allocate an additional \$0 and \$285,000 to support operations.

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2021

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:

	2021			Total
	Level 1	Level 2	Level 3	
Investments				
U.S. government obligations	\$ -	\$ 198,206	\$ -	\$ 198,206
Fixed Income Securities				
U.S. govt. securities (Treasury bills)	306,619	-	-	306,619
Corporate bonds	-	46,185	-	46,185
Common stocks	1,296,007	-	-	1,296,007
Fixed income mutual funds	604,081	-	-	604,081
	<u>2,206,707</u>	<u>244,391</u>	-	<u>2,451,098</u>
Cash and cash equivalents - at cost				<u>144,509</u>
Total Investments				2,595,607
Beneficial interest in perpetual trust	-	-	686,523	686,523
Total	<u>\$ 2,206,707</u>	<u>\$ 244,391</u>	<u>\$ 686,523</u>	<u>\$ 3,282,130</u>
	2020			Total
	Level 1	Level 2	Level 3	
Investments				
U.S. government obligations	\$ -	\$ 180,807	\$ -	\$ 180,807
Fixed Income Securities				
U.S. govt. securities (Treasury bills)	354,606	-	-	354,606
Corporate bonds	-	83,899	-	83,899
Common stocks	1,071,766	-	-	1,071,766
Fixed income mutual funds	703,549	-	-	703,549
	<u>2,129,921</u>	<u>264,706</u>	-	<u>2,394,627</u>
Cash and cash equivalents - at cost				<u>182,142</u>
Total Investments				2,576,769
Beneficial interest in perpetual trust	-	-	575,570	575,570
Total	<u>\$ 2,129,921</u>	<u>\$ 264,706</u>	<u>\$ 575,570</u>	<u>\$ 3,152,339</u>

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2021

6. Fair Value of Financial Instruments (continued)

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:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 575,570	\$ 591,983
Change in fair value of beneficial interest in perpetual trust	<u>110,953</u>	<u>(16,413)</u>
Balance, end of year	<u>\$ 686,523</u>	<u>\$ 575,570</u>

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 each year. 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, 2021 and 2020.

7. Property, Plant and Equipment

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

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 3,845,570	\$ 3,845,570
Furniture and equipment	946,298	946,298
Automobiles	<u>342,741</u>	<u>342,741</u>
	5,134,609	5,134,609
Accumulated depreciation and amortization	<u>(4,873,561)</u>	<u>(4,704,998)</u>
	<u>\$ 261,048</u>	<u>\$ 429,611</u>

8. Loan Payable

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, and was repaid in full during fiscal 2021. At June 30, 2021 and 2020, the outstanding loan balance was \$0 and \$499,879.

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2021

9. Paycheck Protection Program Loan

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and business affected by the coronavirus pandemic. The Center applied for and received a \$736,500 Paycheck Protection Program loan (the "PPP Loan") from the Small Business Administration. During the year ended June 30, 2020, \$685,111 was recognized as contribution revenue, with the remaining \$51,389 included in advances payable at June 30, 2021 and 2020. If the loan amount is not forgiven, the PPP Loan has an interest rate of 1.0% per annum and a portion or the full amount will have to be repaid.

10. Retirement Plan

The Center's 401(k) profit sharing plan and trust covers all eligible employees after one year of eligible 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 the years ended June 30, 2021 and 2020.

11. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following programs or purposes at June 30:

	<u>2021</u>	<u>2020</u>
Permanent in nature	\$ 732,505	\$ 624,068
Youth and family service programs	<u>200,000</u>	<u>7,251</u>
	<u>\$ 932,505</u>	<u>\$ 631,319</u>

Net assets with donor restrictions were released by incurring expenses satisfying the following purposes for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Youth and family service programs	<u>\$ 1,048,081</u>	<u>\$ 256,490</u>

Net assets with donor restrictions that are permanent in nature are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Investments in perpetuity, the income from which is expendable to support education scholarships	\$ 45,982	\$ 48,498
Beneficial interest in perpetual trust	<u>686,523</u>	<u>575,570</u>
	<u>\$ 732,505</u>	<u>\$ 624,068</u>

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2021

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 net assets with donor restrictions – permanent in nature (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 net assets with donor restriction – permanent in nature is classified as net assets with donor restriction – temporary in nature until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by NYPMIFA.

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 expenditures 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:

	<u>2021</u>	<u>2020</u>
	With Donor Restrictions	With Donor Restrictions
Balance, beginning of year	\$ 48,498	\$ 48,060
Investment income	2,500	-
Unrealized (loss) gain on investments	(2,516)	438
Appropriations for expenditures	(2,500)	-
Balance, end of year	<u>\$ 45,982</u>	<u>\$ 48,498</u>

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2021

13. Liquidity and Availability of Financial Assets

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

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 533,807	\$ 499,882
Contributions receivable	29,664	40,250
Due from government agencies	1,295,892	1,466,053
Investments (including perpetual trust)	<u>3,282,130</u>	<u>3,152,339</u>
Total Financial Assets	<u>5,141,493</u>	<u>5,158,524</u>
Less: amounts not available to be used within one year		
Net assets with donor restrictions including perpetual trust	(932,505)	(631,319)
Add: net assets with purpose restrictions to be met in less than one year	<u>-</u>	<u>7,251</u>
	<u>(932,505)</u>	<u>(624,068)</u>
Financial Assets at Year End Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 4,208,988</u>	<u>\$ 4,534,456</u>

The Center's goal is to generally maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, the Center relies on contributions and reimbursements from government contracts throughout the year.

14. COVID-19

The Center's operations and financial performance has and may be affected by the recent coronavirus outbreak which has been spreading globally, and continues to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the Center may experience a disruption in operations as well as a decline in contributions received or level of contributions. The outbreak may adversely affect the Center's business, financial conditions and results of operations on an interim basis.

* * * * *

Stanley M. Isaacs Neighborhood Center, Inc.

Uniform Guidance Schedules and Reports

Year Ended June 30, 2021

Stanley M. Isaacs Neighborhood Center, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Assistance Listing Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
Pass-through New York City Department for the Aging				
Aging Cluster				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	20201407696	93.044	\$ -	\$ 33,561
Special Programs for the Aging, Title III, Part C, Nutrition Services	20211413084	93.045	442,758	1,071,200
Nutrition Services Incentive Program	20210001160	93.053	<u>157,425</u>	<u>380,871</u>
Total Aging Cluster			600,183	1,485,632
Social Services Block Grant	20201407696	93.667	-	
Total Pass-through New York City Department for the Aging			<u>600,183</u>	<u>1,540,550</u>
Pass-through New York State Office of Children and Family Services				54,918
Temporary Assistance for Needy Families	Not available	93.558	-	
Total U.S. Department of Health and Human Services			<u>600,183</u>	<u>1,594,313</u>
Total Expenditures of Federal Awards			<u>\$ 600,183</u>	<u>\$ 3,763,159.313</u>

See independent auditors' report and notes to schedule of expenditures of federal awards

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Stanley M. Isaacs Neighborhood Center, Inc. (the "Center") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not represent the financial position, changes in net assets or cash flows of the Center.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The Center has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Nonmonetary Assistance

For the year ended June 30, 2021, the Center received no nonmonetary assistance.

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Independent Auditors' Report

**Board of Directors
Stanley M. Isaacs Neighborhood Center, Inc.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Stanley M. Isaacs Neighborhood Center, Inc. (the "Center"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

June 2, 2022

**Report on Compliance for Each Major Federal Program; Report
on Internal Control Over Compliance; and Report on Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**

Independent Auditors' Report

Board of Directors
Stanley M. Isaacs Neighborhood Center, Inc.

Report on Compliance for Each Major Federal Program

We have audited Stanley M. Isaacs Neighborhood Center, Inc.'s (the "Center") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2021. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Stanley M. Isaacs Neighborhood Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Center as of and for the year ended June 30, 2021 and have issued our report dated June 14, 2022 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Uniform Guidance is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP

June 2, 2022

Stanley M. Isaacs Neighborhood Center, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.044	<i>Aging Cluster</i> Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services
93.053	Nutrition Services Incentive Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2021.

Section III - Federal Award Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

Section IV – Prior Year Findings

There were no prior year findings.