

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

Financial Statements

June 30, 2022



Independent Auditors' Report

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

Opinion

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, 2022 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing our audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and access the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among others, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Center's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

July 12, 2023

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Financial Position

June 30, 2022

(With Comparative Amounts at June 30, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 469,683	\$ 533,807
Contributions receivable	241,664	29,664
Due from government agencies	2,392,033	1,295,892
Prepaid expenses and other assets	32,895	32,688
Investments	4,781,567	2,549,625
Beneficial interest in perpetual trust	574,689	686,523
Restricted investments	42,464	45,982
Property, plant and equipment, net	<u>109,623</u>	<u>261,048</u>
	<u>\$ 8,644,618</u>	<u>\$ 5,435,229</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,400,079	\$ 619,367
Accrued salaries and related liabilities	852,898	332,234
Advances payable	<u>442,074</u>	<u>51,389</u>
Total Liabilities	<u>2,695,051</u>	<u>1,002,990</u>
Net Assets		
Without Donor Restrictions		
General fund	4,564,353	3,238,686
Plant fund	<u>109,623</u>	<u>261,048</u>
Total Without Donor Restrictions	<u>4,673,976</u>	<u>3,499,734</u>
With Donor Restrictions		
Temporary in nature	658,000	200,000
Permanent in nature	<u>617,591</u>	<u>732,505</u>
Total With Donor Restrictions	<u>1,275,591</u>	<u>932,505</u>
Total Net Assets	<u>5,949,567</u>	<u>4,432,239</u>
	<u>\$ 8,644,618</u>	<u>\$ 5,435,229</u>

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Activities Year Ended June 30, 2022 (With Summarized Totals for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions			2022 Total	2021 Total
		Temporary in Nature	Permanent in Nature	Total		
REVENUE AND PUBLIC SUPPORT						
Contract revenue	\$ 12,076,177	\$ -	\$ -	\$ -	\$ 12,076,177	\$ 6,899,050
Program service fees and other	41,020	-	-	-	41,020	1,242
Rental fees and miscellaneous	-	-	-	-	-	220
Investment return allocated to development and operations	-	-	-	-	-	115,000
Contributions	3,697,476	1,958,240	-	1,958,240	5,655,716	2,709,312
In-kind contributions	205,477	-	-	-	205,477	585,493
Legacies	-	-	-	-	-	25,531
Net assets released from restrictions	1,500,240	(1,500,240)	-	(1,500,240)	-	-
Total Revenue and Public Support	17,520,390	458,000	-	458,000	17,978,390	10,335,848
EXPENSES						
Program Expenses						
Youth and family services	4,458,558	-	-	-	4,458,558	3,400,102
Meals on Wheels	7,069,459	-	-	-	7,069,459	3,322,161
Senior services	1,727,317	-	-	-	1,727,317	1,109,491
Supporting Services						
Management and general	2,220,119	-	-	-	2,220,119	1,872,666
Fundraising	284,937	-	-	-	284,937	540,699
Total Expenses	15,760,390	-	-	-	15,760,390	10,245,119
Excess of Revenue and Public Support Over Expenses	1,760,000	458,000	-	458,000	2,218,000	90,729
NON OPERATING ACTIVITIES						
Depreciation and amortization	(151,425)	-	-	-	(151,425)	(168,563)
Investment return after allocation to development and operations	(434,333)	-	(3,080)	(3,080)	(437,413)	263,080
Change in beneficial interest in perpetual trust	-	-	(111,834)	(111,834)	(111,834)	110,953
Change in Net Assets	1,174,242	458,000	(114,914)	343,086	1,517,328	296,199
NET ASSETS						
Beginning of year	3,499,734	200,000	732,505	932,505	4,432,239	4,136,040
End of year	<u>\$ 4,673,976</u>	<u>\$ 658,000</u>	<u>\$ 617,591</u>	<u>\$ 1,275,591</u>	<u>\$ 5,949,567</u>	<u>\$ 4,432,239</u>

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc.

Statement of Functional Expenses
Year Ended June 30, 2022
(With Summarized Totals for the Year Ended June 30, 2021)

	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	2022	2021
	Salaries	\$ 2,041,787	\$ 878,971	\$ 839,009	\$ 3,759,767	\$ 657,688	\$ 95,066	\$ 752,754	\$ 4,512,521
Payroll taxes and employee benefits	413,483	143,367	136,586	693,436	146,358	20,880	167,238	860,674	891,326
Total Salaries and Related Expenses	2,455,270	1,022,338	975,595	4,453,203	804,046	115,946	919,992	5,373,195	4,877,390
Consultants	134,343	121,575	243,216	499,134	239,176	54,612	293,788	792,922	671,475
Occupancy	41,535	-	-	41,535	1,893	-	1,893	43,428	-
Computer service	-	-	-	-	-	-	-	-	68,882
Subcontractors	-	1,232,298	-	1,232,298	80,000	-	80,000	1,312,298	1,333,810
Program supplies	35,062	30,232	33,118	98,412	1,198	4,329	5,527	103,939	318,208
Food and beverage	89,529	4,265,669	76,650	4,431,848	9,031	-	9,031	4,440,879	862,503
Repairs and maintenance	68,510	54,985	136,157	259,652	34,784	4,075	38,859	298,511	137,541
Liability insurance	35,952	117,656	39,196	192,804	4,895	-	4,895	197,699	112,231
Telecommunications	19,950	14,218	51,426	85,594	1,224	253	1,477	87,071	83,239
Printing and publishing	11,565	993	1,596	14,154	6,936	38,185	45,121	59,275	46,120
Postage	59	-	1,878	1,937	3,451	26,781	30,232	32,169	24,212
Auto and travel	103,389	41,790	52,984	198,163	334	-	334	198,497	54,730
Program activities	199,345	108,285	53,343	360,973	21,617	13,302	34,919	395,892	117,818
Stipends and scholarship payments	1,096,434	-	-	1,096,434	-	-	-	1,096,434	388,769
Professional development	24,240	520	2,521	27,281	-	-	-	27,281	42,758
Office expenses	26,883	14,408	15,144	56,435	143,882	27,454	171,336	227,771	243,304
Total Expenses Before Non-Cash Expenses	4,342,066	7,024,967	1,682,824	13,049,857	1,352,467	284,937	1,637,404	14,687,261	9,382,990
In-kind consultant fees	72,000	-	-	72,000	-	-	-	72,000	452,016
In-kind occupancy costs	44,492	44,492	44,493	133,477	-	-	-	133,477	133,477
Bad debt expense	-	-	-	-	867,652	-	867,652	867,652	276,636
Total Expenses before Depreciation and Amortization	4,458,558	7,069,459	1,727,317	13,255,334	2,220,119	284,937	2,505,056	15,760,390	10,245,119
Depreciation and amortization	61,011	23,517	30,347	114,875	21,654	14,896	36,550	151,425	168,563
Total Expenses	\$ 4,519,569	\$ 7,092,976	\$ 1,757,664	\$ 13,370,209	\$ 2,241,773	\$ 299,833	\$ 2,541,606	\$ 15,911,815	\$ 10,413,682

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc..

Statement of Cash Flows
Year Ended June 30, 2022
(With Comparative Amounts for the Year Ended June 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,517,328	\$ 296,199
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized and unrealized loss (gain) on investments	418,221	(351,886)
Bad debt expense	867,652	276,636
Donated marketable securities	45,259	-
Change in beneficial interest in perpetual trust	111,834	(110,953)
Depreciation and amortization	151,425	168,563
Changes in operating assets and liabilities		
Contributions receivable	(1,079,652)	(266,050)
Due from government agencies	(1,096,141)	170,161
Prepaid expenses and other assets	(207)	118,559
Accounts payable and accrued expenses	780,712	(246,157)
Accrued salaries and related liabilities	520,664	145,684
Advances payable	390,685	-
Net Cash from Operating Activities	2,627,780	200,756
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,028,681)	(750,233)
Proceeds from sale of investments	1,336,777	1,083,281
Net Cash from Investing Activities	(2,691,904)	333,048
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan repayments	-	(499,879)
Net Change in Cash and Cash Equivalents	(64,124)	33,925
CASH AND CASH EQUIVALENTS		
Beginning of year	533,807	499,882
End of year	\$ 469,683	\$ 533,807

See notes to financial statements

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2022

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, 2022

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, 2022 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. At June 30, 2022, management estimated an allowance totaling \$166,000 netted against contributions receivable on the 2022 statement of financial position. There was no allowance as of June 30, 2021.

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, 2022

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 2022 and 2021.

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, 2022

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 2022 and 2021, 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 both 2022 and 2021 based upon market rates for similar spaces in the metropolitan area. 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 \$72,000 and \$452,016 in 2022 and 2021, based on usual and customary rates of those teachers and specialists. There are no donor restrictions on any contributed non-financial assets, and they are used for programmatic purposes.

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, including but not limited to consultants, food and beverage, salaries and payroll taxes and employee benefits 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, 2021, 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, 2019.

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2022

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 July 12, 2023.

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. As of June 30, 2022 and 2021, the Center's uninsured cash and cash equivalents on deposit totaled approximately \$75,000 and \$25,000.

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 90% and 76% of the Center's government grants and contracts were provided from DFTA and DYCD during the years ended June 30, 2022 and June 30, 2021, and represent 90% and 65% of receivables at June 30, 2022 and 2021. 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, 2022

5. Investments and Investment Return

Investments consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 303,876	\$ 144,509
U.S. government obligations	549,185	198,206
Fixed Income Securities		
U.S. govt. securities (Treasury bills)	1,052,018	306,619
Corporate bonds	342,431	46,185
Equities	2,027,336	1,296,007
Fixed income mutual funds	549,185	604,081
	<u>\$ 4,824,031</u>	<u>\$ 2,595,607</u>

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

	<u>2022</u>	<u>2021</u>
Interest and dividends from investments, net		
of direct fees of \$28,314 and \$25,697	\$ (19,192)	\$ 26,194
Realized/unrealized (loss) gain on investments	<u>(418,221)</u>	<u>351,886</u>
Investment Return	(437,413)	378,080
Investment Return Allocated to Development and Operations	-	(115,000)
Investment Return Allocated to Non-operations Activities	<u>\$ (437,413)</u>	<u>\$ 263,080</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.

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2022

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:

	2022			
	Level 1	Level 2	Level 3	Total
Investments				
U.S. government obligations	\$ -	\$ 549,185	\$ -	\$ 549,185
Fixed Income Securities				
U.S. govt. securities (Treasury bills)	1,052,018	-	-	1,052,018
Corporate bonds	-	342,431	-	342,431
Common stocks	2,027,336	-	-	2,027,336
Fixed income mutual funds	549,185	-	-	549,185
	<u>3,628,539</u>	<u>891,616</u>	<u>-</u>	<u>4,520,155</u>
Cash and cash equivalents - at cost				<u>303,876</u>
Total Investments				4,824,031
Beneficial interest in perpetual trust	-	-	574,689	574,689
Total	<u>\$ 3,628,539</u>	<u>\$ 891,616</u>	<u>\$ 574,689</u>	<u>\$ 5,398,720</u>
	2021			
	Level 1	Level 2	Level 3	Total
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	-	-	2,451,098
	<u>2,206,707</u>	<u>244,391</u>	<u>-</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>

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2022

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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 686,523	\$ 575,570
Change in fair value of beneficial interest in perpetual trust	<u>(111,834)</u>	<u>110,953</u>
Balance, end of year	<u>\$ 574,689</u>	<u>\$ 686,523</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, 2022 and 2021.

7. Property, Plant and Equipment

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

	<u>2022</u>	<u>2021</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>(5,024,986)</u>	<u>(4,873,561)</u>
	<u>\$ 109,623</u>	<u>\$ 261,048</u>

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2022

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, which is treated as a conditional grant. As of June 30, 2022 and 2021, \$442,074 and \$51,389 of the PPP Loan is included in advances payable. 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, 2022 and 2021.

11. Net Assets with Donor Restrictions

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

	2022	2021
Permanent in nature	\$ 617,591	\$ 732,505
Youth and family service programs	658,000	200,000
	\$ 1,275,591	\$ 932,505

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

	2022	2021
Youth and family service programs	\$ 1,500,240	\$ 1,048,081

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

	2022	2021
Investments in perpetuity, the income from which is expendable to support education scholarships	\$ 42,464	\$ 45,982
Beneficial interest in perpetual trust	574,689	686,523
	\$ 617,153	\$ 732,505

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2022

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>2022</u>	<u>2021</u>
	With Donor Restrictions	With Donor Restrictions
Balance, beginning of year	\$ 45,544	\$ 48,060
Investment income	2,500	2,500
Unrealized loss on investments	(3,080)	(2,516)
Appropriations for expenditures	<u>(2,500)</u>	<u>(2,500)</u>
Balance, end of year	<u>\$ 42,464</u>	<u>\$ 45,544</u>

Stanley M. Isaacs Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2022

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>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 469,683	\$ 533,807
Contributions receivable	241,664	29,664
Due from government agencies	2,392,033	1,295,892
Investments (including perpetual trust)	<u>5,398,720</u>	<u>3,282,130</u>
Total Financial Assets	<u>8,502,100</u>	<u>5,141,493</u>
Less: amounts not available to be used within one year		
Net assets with donor restrictions including perpetual trust	<u>(1,275,591)</u>	<u>(932,505)</u>
Financial Assets at Year End Available to Meet Cash		
Needs for General Expenditure Within One Year	<u>\$ 7,226,509</u>	<u>\$4,208,988</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.

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