
STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.

Financial Statements and Single Audit Report

For the years ended June 30, 2023 and 2022

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.
Financial Statements
June 30, 2023 and 2022

Contents	Page
Independent Auditor’s Report.....	1-3
Statements of Financial Position.....	4
Statements of Activities	5-6
Statements of Functional Expenses.....	7-8
Statements of Cash Flows	9
Notes to the Financial Statements.....	10-21
 Single Audit	
Schedule of Expenditures of Federal Awards.....	22
Notes to Schedule of Expenditures of Federal Awards	23
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24-25
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	26-28
Schedule of Findings and Questioned Costs.....	29-30
Summary Schedule of Prior Year Audit Findings and Questioned Costs	31-32
Corrective Action Plan.....	33

Independent Auditor's Report

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

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Stanley M. Isaacs Neighborhood Center, Inc., which comprise the statement of financial position as of June 30, 2023, 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 present fairly, in all material respects, the financial position of Stanley M. Isaacs Neighborhood Center, Inc. as of June 30, 2023, 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 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Stanley M. Isaacs Neighborhood Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior period financial statements

The financial statements of Stanley M. Isaacs Neighborhood Center, Inc. as of June 30, 2022, were audited by other auditors whose report dated July 12, 2023 expressed an unmodified opinion on those statements.

Responsibility 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 Stanley M. Isaacs Neighborhood Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 and *Government 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 a 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 an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks 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 a 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 Stanley M. Isaacs Neighborhood Center, Inc.'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 Stanley M. Isaacs Neighborhood Center, Inc.'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 other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary information

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024, on our consideration of Stanley M. Isaacs Neighborhood Center, Inc.'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 Stanley M. Isaacs Neighborhood Center, Inc.'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 Stanley M. Isaacs Neighborhood Center, Inc.'s internal control over financial reporting and compliance.

NChing LLP

New York, New York
March 29, 2024

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.**Statements of Financial Position**

As of June 30,

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 320,970	\$ 469,683
Contributions receivable	45,001	241,664
Due from government agencies, net	3,581,267	2,392,033
Prepaid expenses and other assets	34,538	32,895
Investments	5,005,546	4,781,567
Beneficial interest in perpetual trust	601,820	574,689
Restricted investments	43,478	42,464
Property, plant and equipment, net	<u>161,747</u>	<u>109,623</u>
Total assets	<u>\$ 9,794,367</u>	<u>\$ 8,644,618</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,497,543	\$ 1,400,079
Accrued salaries and related liabilities	252,155	533,286
Due to affiliate	175,304	319,612
PPP loan payable	<u>245,674</u>	<u>442,074</u>
Total liabilities	<u>2,170,676</u>	<u>2,695,051</u>
Net assets		
Without donor restrictions		
General fund	5,563,384	4,564,353
Plant fund	<u>161,747</u>	<u>109,623</u>
Total net assets without donor restrictions	<u>5,725,131</u>	<u>4,673,976</u>
With donor restrictions		
Temporary in nature	1,253,262	658,000
Permanent in nature	<u>645,298</u>	<u>617,591</u>
Total net assets with donor restrictions	<u>1,898,560</u>	<u>1,275,591</u>
Total net assets	<u>7,623,691</u>	<u>5,949,567</u>
Total liabilities and net assets	<u>\$ 9,794,367</u>	<u>\$ 8,644,618</u>

The accompanying notes are an integral part of these financial statements.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.**Statement of Activities**

For the year ended June 30, 2023

	Without donor restrictions	With donor restrictions		Total
		Temporary in nature	Permanent in nature	
<u>Revenues</u>				
Contract revenue	\$ 9,820,094	\$ -	\$ -	\$ 9,820,094
Program service fees and other	58,125	-	-	58,125
Contributions	876,370	832,500	-	1,708,870
In-kind contributions	133,477	-	-	133,477
Investment return allocated to development and operations	225,000	-	-	225,000
Net assets released from restrictions	237,238	(237,238)	-	-
Total revenues	<u>11,350,304</u>	<u>595,262</u>	<u>-</u>	<u>11,945,566</u>
<u>Expenses</u>				
Program services				
Youth and family services	3,484,099	-	-	3,484,099
Meals on wheels	3,874,224	-	-	3,874,224
Senior services	1,925,747	-	-	1,925,747
Total program services	<u>9,284,070</u>	<u>-</u>	<u>-</u>	<u>9,284,070</u>
Supporting services				
Management and general	912,022	-	-	912,022
Fund raising	89,815	-	-	89,815
Total expenses	<u>10,285,907</u>	<u>-</u>	<u>-</u>	<u>10,285,907</u>
Excess of revenues over expenses	1,064,397	595,262	-	1,659,659
<u>Non operating activities</u>				
Depreciation	(21,750)	-	-	(21,750)
Investment return after allocation to development and operations	8,508	-	576	9,084
Change in beneficial interest in perpetual trust	-	-	27,131	27,131
Change in net assets	1,051,155	595,262	27,707	1,674,124
Net assets at beginning of year	4,673,976	658,000	617,591	5,949,567
Net assets at end of year	<u>\$ 5,725,131</u>	<u>\$ 1,253,262</u>	<u>\$ 645,298</u>	<u>\$ 7,623,691</u>

The accompanying notes are an integral part of these financial statements.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.**Statement of Activities**

For the year ended June 30, 2022

	Without donor restrictions	With donor restrictions		Total
		Temporary in nature	Permanent in nature	
<u>Revenues</u>				
Contract revenue	\$ 12,076,177	\$ -	\$ -	\$ 12,076,177
Program service fees and other	41,020	-	-	41,020
Contributions	3,697,476	1,958,240	-	5,655,716
In-kind contributions	205,477	-	-	205,477
Net assets released from restrictions	1,500,240	(1,500,240)	-	-
Total revenues	17,520,390	458,000	-	17,978,390
<u>Expenses</u>				
Program services				
Youth and family services	4,458,558	-	-	4,458,558
Meals on wheels	7,069,459	-	-	7,069,459
Senior services	1,727,317	-	-	1,727,317
Total program services	13,255,334	-	-	13,255,334
Supporting services				
Management and general	2,220,119	-	-	2,220,119
Fund raising	284,937	-	-	284,937
Total expenses	15,760,390	-	-	15,760,390
Excess of revenues over expenses	1,760,000	458,000	-	2,218,000
<u>Non operating activities</u>				
Depreciation	(151,425)	-	-	(151,425)
Investment return after allocation to development and operations	(434,333)	-	(3,080)	(437,413)
Change in beneficial interest in perpetual trust	-	-	(111,834)	(111,834)
Change in net assets	1,174,242	458,000	(114,914)	1,517,328
Net assets at beginning of year	3,499,734	200,000	732,505	4,432,239
Net assets at end of year	\$ 4,673,976	\$ 658,000	\$ 617,591	\$ 5,949,567

The accompanying notes are an integral part of these financial statements.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.

Statement of Functional Expenses

For the year ended June 30, 2023

	Program services				Supporting services		Total Program and Supporting Services
	Youth and Family Services	Meals on Wheels	Senior Services	Total Program Services	Management and General	Fund raising	
Salary and wages	\$ 2,088,335	\$ 951,652	\$ 860,779	\$ 3,900,766	\$ 491,905	\$ -	\$ 4,392,671
Payroll taxes and employee benefits	474,696	176,968	209,171	860,835	112,764	-	973,599
Total salaries and related expenses	2,563,031	1,128,620	1,069,950	4,761,601	604,669	-	5,366,270
Consultant	73,616	9,103	323,810	406,529	121,982	18,315	546,826
Occupancy	58,063	-	-	58,063	2,762	-	60,825
Subcontractors	-	1,578,429	-	1,578,429	-	-	1,578,429
Program supplies	244,491	143,911	122,437	510,839	-	-	510,839
Food and beverage	124,088	734,314	119,677	978,079	-	28	978,107
Repair and maintenance	67,680	41,570	66,940	176,190	23,558	-	199,748
Liability insurance	57,748	120,016	39,680	217,444	5,009	-	222,453
Telecommunications	19,130	14,975	29,041	63,146	18,254	-	81,400
Printing and publishing	26,064	315	14,557	40,936	4,711	14,083	59,730
Postage	161	-	-	161	504	2,451	3,116
Auto and travel	49,748	47,493	71,634	168,875	-	-	168,875
Miscellaneous expenses	51,412	5,701	7,679	64,792	7,855	35,326	107,973
Stipends and scholarship payments	64,938	-	-	64,938	-	-	64,938
Professional development	14,285	80	855	15,220	-	-	15,220
Office expenses	25,152	5,205	14,994	45,351	100,230	19,612	165,193
Total expenses before non cash expenses	3,439,607	3,829,732	1,881,254	9,150,593	889,534	89,815	10,129,942
In-kind occupancy costs	44,492	44,492	44,493	133,477	-	-	133,477
Bad debt expense	-	-	-	-	22,488	-	22,488
Total expenses before depreciation	3,484,099	3,874,224	1,925,747	9,284,070	912,022	89,815	10,285,907
Depreciation	8,166	-	13,584	21,750	-	-	21,750
Total expenditures	\$ 3,492,265	\$ 3,874,224	\$ 1,939,331	\$ 9,305,820	\$ 912,022	\$ 89,815	\$ 10,307,657

The accompanying notes are an integral part of these financial statements.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.

Statement of Functional Expenses

For the year ended June 30, 2022

	Program services				Supporting services		Total Program and
	Youth and Family Services	Meals on Wheels	Senior Services	Total Program Services	Management and General	Fund raising	Supporting Services
Salary and wages	\$ 2,041,787	\$ 878,971	\$ 839,009	\$ 3,759,767	\$ 657,688	\$ 95,066	\$ 4,512,521
Payroll taxes and employee benefits	413,483	143,367	136,586	693,436	146,358	20,880	860,674
Total salaries and related expenses	2,455,270	1,022,338	975,595	4,453,203	804,046	115,946	5,373,195
Consultant	134,343	121,575	243,216	499,134	239,176	54,612	792,922
Occupancy	41,535	-	-	41,535	1,893	-	43,428
Subcontractors	-	1,232,298	-	1,232,298	80,000	-	1,312,298
Program supplies	35,062	30,232	33,118	98,412	1,198	4,329	103,939
Food and beverage	89,529	4,265,669	76,650	4,431,848	9,031	-	4,440,879
Repair and maintenance	68,510	54,985	136,157	259,652	34,784	4,075	298,511
Liability insurance	35,952	117,656	39,196	192,804	4,895	-	197,699
Telecommunications	19,950	14,218	51,426	85,594	1,224	253	87,071
Printing and publishing	11,565	993	1,596	14,154	6,936	38,185	59,275
Postage	59	-	1,878	1,937	3,451	26,781	32,169
Auto and travel	103,389	41,790	52,984	198,163	334	-	198,497
Program activities	199,345	108,285	53,343	360,973	21,617	13,302	395,892
Stipends and scholarship payments	1,096,434	-	-	1,096,434	-	-	1,096,434
Professional development	24,240	520	2,521	27,281	-	-	27,281
Office expenses	26,883	14,408	15,144	56,435	143,882	27,454	227,771
Total expenses before non cash expenses	4,342,066	7,024,967	1,682,824	13,049,857	1,352,467	284,937	14,687,261
In-kind consultant fees	72,000	-	-	72,000	-	-	72,000
In-kind occupancy costs	44,492	44,492	44,493	133,477	-	-	133,477
Bad debt expense	-	-	-	-	867,652	-	867,652
Total expenses before depreciation	4,458,558	7,069,459	1,727,317	13,255,334	2,220,119	284,937	15,760,390
Depreciation	61,011	23,517	30,347	114,875	21,654	14,896	151,425
Total expenditures	\$ 4,519,569	\$ 7,092,976	\$ 1,757,664	\$ 13,370,209	\$ 2,241,773	\$ 299,833	\$ 15,911,815

The accompanying notes are an integral part of these financial statements.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.**Statements of Cash Flows**

For the years ended June 30,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 1,674,124	\$ 1,517,328
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized and unrealized loss (gain) on investments	(145,871)	418,221
Bad debt expense	22,488	867,652
Donated marketable securities	-	45,259
Change in beneficial interest in perpetual trust	(27,131)	111,834
Depreciation	21,750	151,425
Change in contributions receivable	196,663	(1,079,652)
Change in due from government agencies	(1,211,722)	(1,096,141)
Change in prepaid expenses and other assets	(1,643)	(207)
Change in accounts payable and accrued expenses	97,464	780,712
Change in accrued salaries and related liabilities	(281,131)	201,052
Change in due to affiliate	(144,308)	319,612
Net cash provided by operating activities	<u>200,683</u>	<u>2,237,095</u>
Cash flows from investing activities		
Purchase of investments	(2,167,581)	(4,028,681)
Proceeds from sale of investments	2,088,459	1,336,777
Purchase of fixed assets	(73,874)	-
Net cash used in investing activities	<u>(152,996)</u>	<u>(2,691,904)</u>
Cash flows from financing activities		
Proceeds from PPP loan	-	390,685
Repayments of PPP loan	(196,400)	-
Net cash provided by (used in) financing activities	<u>(196,400)</u>	<u>390,685</u>
Net change in cash and cash equivalents	(148,713)	(64,124)
Cash and cash equivalents at beginning of year	<u>469,683</u>	<u>533,807</u>
Cash and cash equivalents at end of year	<u>\$ 320,970</u>	<u>\$ 469,683</u>

The accompanying notes are an integral part of these financial statements.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

Note 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.

Note 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 – Net assets 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 the Financial Statements

June 30, 2023 and 2022

Note 2 Summary of significant accounting policies - (continued)

Fair value measurements. The Center follows 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 and 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, 2023 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. Allowance for doubtful accounts for each of the years ended June 30, 2023 and 2022 was \$166,000.

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 the Financial Statements
June 30, 2023 and 2022

Note 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 year 2023 and 2022.

Leases. As of July 1, 2022, the Center adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which was amended in some respects by subsequent ASUs, collectively Accounting Standards Codification 842 (ASC 842), and supersedes existing lease guidance. The standard requires the Center to record operating lease right-of-use assets and corresponding lease liabilities on the statement of financial position and disclose key quantitative and qualitative information about lease contracts.

Under ASC 842, the Center determines if a contract is a leasing arrangement at inception. Operating lease right-of-use assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Center uses the risk-free rate of return. The Center recognized operating lease expense for operating leases on a straight-line basis over the lease term.

Leases with an initial term of 12 months or less are not recorded on the statement of financial position and are expensed on a straight-line basis.

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.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

Note 2 Summary of significant accounting policies - (continued)

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.

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 2023 and 2022, 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 2023 and 2022 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 \$- and \$72,000 in 2023 and 2022, 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.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.
Notes to the Financial Statements
June 30, 2023 and 2022

Note 2 Summary of significant accounting policies - (continued)

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.

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, 2020.

Reclassification. Certain accounts relating to the prior year have been reclassified to conform to the current year's presentation. The reclassifications had no effect on 2022 net assets.

Recently adopted accounting pronouncement. In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* that requires a lessee to recognize on the statement of financial position a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term, regardless of classification of a lease as an operating or finance lease. The Center adopted ASU 2016-02 on July 1, 2022, using the modified retrospective approach for operating leases, with a term greater than 12 months. The Center also elected the package of practical expedients permitted under the new standard that allowed the Center to carry forward historical lease classification for existing leases on the adoption date, and allowed the Center not to assess whether an existing contract contains a lease or initial direct costs. As permitted by the guidance, prior comparative periods will not be adjusted under this method. The adoption of ASU 2016-02 does not have a material impact on the Center's financial statements.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

Note 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.

Note 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 90% of the Center’s government grants and contracts were provided from DFTA and DYCD during the years ended June 30, 2023 and 2022, and represent 69% and 90% of receivables at June 30, 2023 and 2022. The Center is economically dependent on these grants to continue its DFTA and DYCD funded programs.

Note 5 Investments and investment return

Investments consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 117,290	\$ 303,876
Fixed income securities	1,673,382	1,943,634
Equities	2,789,318	2,027,336
Mutual funds	469,034	549,185
Total	<u>\$ 5,049,024</u>	<u>\$ 4,824,031</u>

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.**Notes to the Financial Statements**

June 30, 2023 and 2022

Note 5 Investments and investment return – (continued)

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

	<u>2023</u>	<u>2022</u>
Interest and dividends from investments, net of direct fees of \$45,471 and \$35,934	\$ 88,213	\$ (19,192)
Realized/unrealized gain (loss) on investments	<u>145,871</u>	<u>(418,221)</u>
Investment return	234,084	(437,413)
Investment return allocated to development and operations	<u>(225,000)</u>	<u>-</u>
Investment return allocated to non-operations activities	<u>\$ 9,084</u>	<u>\$ (437,413)</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.

Note 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:

	<u>2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Fixed income securities	\$ 1,673,382	\$ -	\$ -	\$ 1,673,382
Equities	2,789,318	-	-	2,789,318
Mutual funds	<u>469,034</u>	<u>-</u>	<u>-</u>	<u>469,034</u>
	4,931,734	-	-	4,931,734
Cash and cash equivalents - at cost				<u>117,290</u>
Total investments				5,049,024
Beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>601,820</u>	<u>601,820</u>
Total	<u>\$ 4,931,734</u>	<u>\$ -</u>	<u>\$ 601,820</u>	<u>\$ 5,650,844</u>

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.
Notes to the Financial Statements
June 30, 2023 and 2022

Note 6 Fair value of financial instruments – (continued)

	2022			
	Level 1	Level 2	Level 3	Total
Investments				
Fixed income securities	\$ 1,052,018	\$ 891,616	\$ -	\$ 1,943,634
Equities	2,027,336	-	-	2,027,336
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	<u>574,689</u>
Total	<u>\$ 3,628,539</u>	<u>\$ 891,616</u>	<u>\$ 574,689</u>	<u>\$ 5,398,720</u>

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

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 574,689	\$ 686,523
Change in fair value of beneficial interest in perpetual trust	<u>27,131</u>	<u>(111,834)</u>
Balance, end of year	<u>\$ 601,820</u>	<u>\$ 574,689</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, 2023 and 2022.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.
Notes to the Financial Statements
June 30, 2023 and 2022

Note 7 Property, plant and equipment

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

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 3,845,570	\$ 3,845,570
Furniture and equipment	946,298	946,298
Automobiles	<u>416,615</u>	<u>342,741</u>
Total fixed assets	5,208,483	5,134,609
Less: accumulated depreciation	<u>(5,046,736)</u>	<u>(5,024,986)</u>
Fixed assets, net	<u>\$ 161,747</u>	<u>\$ 109,623</u>

Note 8 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. 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. As of June 30, 2023 and 2022, PPP loan balance is \$245,674 and \$442,074, respectively.

Note 9 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, 2023 and 2022.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.**Notes to the Financial Statements**

June 30, 2023 and 2022

Note 10 Net assets with donor restrictions

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

	<u>2023</u>	<u>2022</u>
Permanent in nature	\$ 645,298	\$ 617,591
Time restricted	30,000	-
Youth and family service programs	860,003	658,000
Senior service programs	363,259	-
Total	<u>\$ 1,898,560</u>	<u>\$ 1,275,591</u>

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

	<u>2023</u>	<u>2022</u>
Youth and family service programs	\$ 196,997	\$ 1,500,240
Senior service programs	40,241	-
Total	<u>\$ 237,238</u>	<u>\$ 1,500,240</u>

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

	<u>2023</u>	<u>2022</u>
Investments in perpetuity, the income from which is expendable to support education scholarships	\$ 43,478	\$ 42,464
Beneficial interest in perpetual trust	601,820	574,689
	<u>\$ 645,298</u>	<u>\$ 617,153</u>

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.

Notes to the Financial Statements

June 30, 2023 and 2022

Note 11 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>2023</u>	<u>2022</u>
	With donor restrictions	With donor restrictions
Balance, beginning of year	\$ 42,464	\$ 45,544
Investment income	1,250	2,500
Unrealized loss on investment	1,014	(3,080)
Appropriations for expenditures	(1,250)	(2,500)
Balance, end of year	<u>\$ 43,478</u>	<u>\$ 42,464</u>

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.
Notes to the Financial Statements
June 30, 2023 and 2022

Note 12 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 320,970	\$ 469,683
Contributions receivable	45,001	241,664
Due from government agencies, net	3,581,267	2,392,033
Investments (including perpetual trust)	<u>5,650,844</u>	<u>5,398,720</u>
Total financial assets	<u>9,598,082</u>	<u>8,502,100</u>
Less : amounts not available to be used within one year		
Net assets with donor restrictions	<u>(1,898,560)</u>	<u>(1,275,591)</u>
Financial assets at year end available to meet cash needs for general expenditure within one year	<u>\$ 7,699,522</u>	<u>\$ 7,226,509</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.

Note 13 Subsequent events

Management has evaluated subsequent events occurring after June 30, 2023 through March 29, 2024, the date the financial statements were available to be issued. Based on this evaluation, management has determined that there are no subsequent events that require additional recognition or disclosures in the financial statements.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2023

Federal Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Identifying Entity	Passed Through to Subrecipients	Federal Expenditures
Aging Cluster				
Department of Health and Human Services				
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	The City of New York Department for the Aging	\$ -	\$ 3,357
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	The City of New York Department for the Aging	-	41,472
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	The City of New York Department for the Aging	-	886,913
Nutrition Services Incentive Program	93.053	The City of New York Department for the Aging	-	402,752
Total Department of Health and Human Services			-	1,334,494
Total Aging Cluster			-	1,334,494
477 Cluster				
Department of Health and Human Services				
Community Services Block Grant	93.569	The City of New York Department of Youth and Community Development	-	35,690
Total Department of Health and Human Services			-	35,690
Total 477 Cluster			-	35,690
Other Programs				
Department of Agriculture				
Community Food Projects	10.225		-	99,871
Total Department of Agriculture			-	99,871
Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds	21.027	The City of New York Department for the Aging	-	340,625
Total Department of the Treasury			-	340,625
Department of Education				
Adult Education - Basic Grants to States	84.002	New York State Education Department	-	245,501
Total Department of Education			-	245,501
Total Expenditures of Federal Awards			\$ -	\$ 2,056,181

The accompanying notes are an integral part of this schedule.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.

Notes to Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

Note 1 Basis of presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Stanley M. Isaacs Neighborhood Center, Inc. (the “Center”) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations 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.

Note 2 Summary of significant accounting policies

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

Note 3 Indirect cost rate

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

Independent Auditor’s 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*

To the Board of Directors of
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., which comprise the statement of financial position as of June 30, 2023, 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 March 29, 2024.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered Stanley M. Isaacs Neighborhood Center, Inc.’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 Stanley M. Isaacs Neighborhood Center, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Stanley M. Isaacs Neighborhood Center, Inc.’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 or significant deficiencies may exist that were not identified.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether Stanley M. Isaacs Neighborhood Center, Inc.'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 Stanley M. Isaacs Neighborhood Center, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stanley M. Isaacs Neighborhood Center, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

NCheng LLP

New York, New York
March 29, 2024

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on compliance for each major federal program

Opinion on each major federal program

We have audited Stanley M. Isaacs Neighborhood Center, Inc.’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Stanley M. Isaacs Neighborhood Center, Inc.’s major federal programs for the year ended June 30, 2023. Stanley M. Isaacs Neighborhood Center, Inc.’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for opinion on each major federal program

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* Part 200, *Uniform administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Stanley M. Isaacs Neighborhood Center, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Stanley M. Isaacs Neighborhood Center, Inc.’s compliance with the compliance requirements referred to above.

Responsibilities of management for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Stanley M. Isaacs Neighborhood Center, Inc.'s federal programs.

Auditor's responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Stanley M. Isaacs Neighborhood Center, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Stanley M. Isaacs Neighborhood Center, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Stanley M. Isaacs Neighborhood Center, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Stanley M. Isaacs Neighborhood Center, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Stanley M. Isaacs Neighborhood Center, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

NChing LLP

New York, New York
March 29, 2024

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.
Schedule of Findings and Questioned Costs
 For the year ended June 30, 2023

Section I – Summary of auditor’s 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 auditor’s 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>Listing Number</u>	<u>Name of federal program or cluster</u>
	Aging Cluster
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services
93.044	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

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.
Schedule of Findings and Questioned Costs
For the year ended June 30, 2023

Section II – Financial Statements findings

None

Section III - Federal award findings and questioned costs

None

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.
Summary Schedule of Prior Year Audit Findings and Questioned Costs
For the year ended June 30, 2023

Financial statements findings

None

Federal award findings and questioned costs

2022-001: Late Filing of the Single Audit

Federal Program

Aging Cluster, Social Services Block Grant

Criteria

The Single Audit should be filed timely.

Condition

The Single Audit report and corresponding data collection form were not completed by the due date.

Cause

The board and leadership had significant difficulty obtaining a confirmation on a 5% interest in a perpetual trust held by another entity as trustee. This matter could not be resolved without legal intervention. The difficulty resulted from a change in management as part of the strategic alignment between Goddard Riverside Community Center and the Center that is in-process.

Effect

Failure to have the financial data available in time resulted in the single audit being filed after the deadline.

Questioned Costs

See Corrective Action Plan.

Context

See Corrective Action Plan.

Recommendation

The financial condition of the Center can only be determined and communicated to the Board of Directors on a timely basis if the books and records are accurate and reconciled in a timely manner. We recommend that key general ledger accounts and reconciliations be analyzed and reconciled on a regular basis (at least quarterly) throughout the fiscal year.

Views of Responsible Officials

See Corrective Action Plan.

STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.
Summary Schedule of Prior Year Audit Findings and Questioned Costs
For the year ended June 30, 2023

Federal award findings and questioned costs – (continued)

2022-002: Maintenance of Employee Payroll Files

Federal Program
Aging Cluster

Criteria
Employee payroll filed should be properly maintained with all required documents.

Condition
The Center failed to have on file an I-9 and W-4 as well as a wage rate authorization form for one employee of our sample selection.

Cause
Turnover within the Center's finance team resulted in payroll files not being properly maintained.

Effect
Documents that are required to be held by the Center were not being properly retained.

Questioned Costs
\$14,765

Context
One selection out of a sample of seven employees.

Recommendation
The Center should follow the new hire and termination checklists that are in place to properly maintain employee files.

Views of Responsible Officials
See Corrective Action Plan.



Isaacs Center

Corrective Action Plan.

Finding 2022-01: Late Filing of the Single Audit

The delay in closing the audit was due to unprecedented difficulty in obtaining a confirmation statement for a 5% beneficial share of the perpetuity trust established by Eileen W. Bamberger that was contributed to Stanley Issacs in 1989 which is held at Deutsche bank. This delay is attributed to the Bank's request to clarify on the trust as being Stanley Isaacs' as Meals-on-Wheels program, and the recent affiliation of Stanley Isaacs in contemplation of merger with Goddard Riverside Community Center (Goddard). A law firm, acting pro bono, was retained to address the issues with Deutsche Bank as to the identity of the beneficiary as of June 30, 2022, and prospectively. The rest of the books and records were analyzed and provided to the audit prior to March 25, 2023.

Finding 2022-02: Maintenance of Employee Payroll Files

Factors contributing to the missing documentation include the difficulty managing some processes and paperwork during the pandemic. Additionally, we moved the Stanley Isaacs employee files from the Isaacs Center to Goddard Riverside, and some of the files were sent to storage. As a solution, we are in the process of scanning and storing electronically all employee personnel files. We are also conducting an internal audit to determine and correct any other deficiencies in Isaacs employee files.



Stanley M. Isaacs Neighborhood Center, 415 E 93rd St New York, NY 10128
212.360.7620 | www.isaacscenter.org | info@isaacscenter.org