

---

**STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.**

**Audited Financial Statements**

June 30, 2024

**STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.**  
**Financial Statements**  
June 30, 2024

<b>Contents</b>	<b>Page</b>
Independent Auditor's Report.....	1-2
Statement of Financial Position.....	3
Statement of Activities .....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows .....	6
Notes to the Financial Statements.....	7-19

## **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. (the "Center"), which comprise the statement of financial position as of June 30, 2024, 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, 2024, and the changes in 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 the Center 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.

#### ***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.

### ***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 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 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

*NCHHS LLP*

New York, New York  
March 31, 2025

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

As of June 30, 2024

**Assets**

Cash and cash equivalents	\$ 212,369
Investments	5,222,215
Government grant receivables, net	6,177,412
Prepaid expenses and other assets	12,144
Property and equipment, net	153,525
Beneficial interest in perpetual trust	649,338
Investments restricted for endowment	47,877
Total assets	<u>\$ 12,474,880</u>

**Liabilities and Net Assets**

Liabilities	
Accounts payable and accrued expenses	\$ 2,191,985
Accrued salaries and related liabilities	285,419
Government grant advances	347,408
Due to affiliate	3,077,334
Loan payable	32,733
Total liabilities	<u>5,934,879</u>
Net assets	
Without donor restrictions	
Undesignated	184,182
Board designated	<u>5,222,215</u>
Total net assets without donor restrictions	<u>5,406,397</u>
With donor restrictions	
Restricted for purpose and time	1,085,727
Restricted for endowment	<u>47,877</u>
Total net assets with donor restrictions	<u>1,133,604</u>
Total net assets	<u>6,540,001</u>
Total liabilities and net assets	<u>\$ 12,474,880</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, 2024

	Without Donor Restrictions	With Donor Restrictions			
		Purpose and time	Endowment	Total With Donor Restrictions	Total
<b><u>Revenues</u></b>					
Government grants	\$ 10,595,793	\$ -	\$ -	\$ -	\$ 10,595,793
Contributions	712,181	370,000	-	370,000	1,082,181
Special events (net of expenses with a direct benefit to donor)	50,374	-	-	-	50,374
In-kind contributions	461,526	-	-	-	461,526
Program service fees	33,842	-	-	-	33,842
Other income	115,935	-	-	-	115,935
Net assets released from restriction	309,966	(309,966)	-	(309,966)	-
Appropriations from board designated reserve/ endowment fund	226,697	-	(1,697)	(1,697)	225,000
Total revenues	12,506,314	60,034	(1,697)	58,337	12,564,651
<b><u>Expenses</u></b>					
Program services					
Youth and family services	4,319,117	-	-	-	4,319,117
Meals on wheels	4,621,379	-	-	-	4,621,379
Senior services	1,899,364	-	-	-	1,899,364
Total program services	10,839,860	-	-	-	10,839,860
Supporting services					
Management and general	3,162,195	-	-	-	3,162,195
Fundraising	84,470	-	-	-	84,470
Total supporting services	3,246,665	-	-	-	3,246,665
Total functional expenses	14,086,525	-	-	-	14,086,525
Change in net assets from operations	(1,580,211)	60,034	(1,697)	58,337	(1,521,874)
<b><u>Non-operating activities</u></b>					
Depreciation	(24,423)	-	-	-	(24,423)
Investment return, net	444,674	-	6,096	6,096	450,770
Appropriations from board designated reserve	(225,000)	-	-	-	(225,000)
Change in beneficial interest in perpetual trust	-	47,518	-	47,518	47,518
Total non-operating activities	195,251	47,518	6,096	53,614	248,865
Change in net assets	(1,384,960)	107,552	4,399	111,951	(1,273,009)
Net assets at beginning of year, restated	6,791,357	978,175	43,478	1,021,653	7,813,010
Net assets at end of year	\$ 5,406,397	\$ 1,085,727	\$ 47,877	\$ 1,133,604	\$ 6,540,001

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, 2024

	Program services				Supporting services			
	Youth and Family Services	Meals on Wheels	Senior Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 2,295,031	\$ 1,305,773	\$ 939,044	\$ 4,539,848	\$ 700,163	\$ -	\$ 700,163	\$ 5,240,011
Payroll taxes and benefits	568,468	273,671	261,349	1,103,488	132,103	-	132,103	1,235,591
Total personnel services	2,863,499	1,579,444	1,200,393	5,643,336	832,266	-	832,266	6,475,602
Professional fees	267,364	51,825	308,497	627,686	61,747	56,560	118,307	745,993
Occupancy	446,908	-	37,900	484,808	2,835	-	2,835	487,643
Subcontractors	-	1,923,550	-	1,923,550	-	-	-	1,923,550
Management fee	-	-	-	-	1,500,000	-	1,500,000	1,500,000
Event expenses	-	-	-	-	-	71,173	71,173	71,173
Supplies	141,782	140,500	52,812	335,094	3,877	-	3,877	338,971
Food and beverage	175,461	663,458	122,525	961,444	4,161	-	4,161	965,605
Rental, repair and maintenance	50,621	19,085	25,800	95,506	6,815	564	7,379	102,885
Insurance	60,662	134,575	50,737	245,974	8,750	-	8,750	254,724
Telecommunications	19,931	23,913	20,189	64,033	4,611	94	4,705	68,738
Printing and publishing	12,018	250	18,425	30,693	1,309	13,523	14,832	45,525
Postage	78	6	45	129	-	-	-	129
Travel	46,318	1,338	27,228	74,884	-	49	49	74,933
Vehicle maintenance	144	80,786	12,334	93,264	-	-	-	93,264
Miscellaneous expenses	53,594	39	14,421	68,054	9,247	13,335	22,582	90,636
Stipends and scholarships	111,403	-	-	111,403	-	-	-	111,403
Professional development	29,658	290	205	30,153	100	-	100	30,253
Loss on insurance claim	-	-	-	-	272,754	-	272,754	272,754
Office expenses	39,676	2,320	7,853	49,849	93,489	345	93,834	143,683
Bad debt expense	-	-	-	-	360,234	-	360,234	360,234
Depreciation	6,298	-	18,125	24,423	-	-	-	24,423
Total expenses	4,325,415	4,621,379	1,917,489	10,864,283	3,162,195	155,643	3,317,838	14,182,121
Less: depreciation	(6,298)	-	(18,125)	(24,423)	-	-	-	(24,423)
Less: direct costs netted with revenue	-	-	-	-	-	(71,173)	(71,173)	(71,173)
Total functional expenses	<u>\$ 4,319,117</u>	<u>\$ 4,621,379</u>	<u>\$ 1,899,364</u>	<u>\$ 10,839,860</u>	<u>\$ 3,162,195</u>	<u>\$ 84,470</u>	<u>\$ 3,246,665</u>	<u>\$ 14,086,525</u>

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

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

For the year ended June 30, 2024

**Cash flows from operating activities**

Change in net assets	\$ (1,273,009)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Realized and unrealized gain on investments	(346,850)
Bad debt expense	360,234
Change in beneficial interest in perpetual trust	(47,518)
Depreciation	24,423
Change in contributions receivable	40,001
Change in government grant receivables	(2,732,111)
Change in prepaid expenses and other assets	22,394
Change in accounts payable and accrued expenses	916,112
Change in accrued salaries and related liabilities	33,264
Change in government grant advances	128,140
Change in due to affiliate	<u>2,869,679</u>
Net cash used in operating activities	<u>(5,241)</u>

**Cash flows from investing activities**

Purchase of investments	(1,748,135)
Proceeds from sale of investments	1,873,917
Purchase of fixed assets	<u>(16,201)</u>
Net cash provided by investing activities	<u>109,581</u>

**Cash flows from financing activities**

Repayments of loan payable	<u>(212,941)</u>
Net cash used in financing activities	<u>(212,941)</u>
Net change in cash and cash equivalents	(108,601)
Cash and cash equivalents at beginning of year	<u>320,970</u>
Cash and cash equivalents at end of year	<u><u>\$ 212,369</u></u>

**Supplemental disclosure of cash flow information**

Interest paid	<u><u>\$ 1,391</u></u>
Taxes paid	<u><u>\$ -</u></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, 2024

### **Note 1 Organization**

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 (“GRCC”) entered into a strategic alignment. GRCC 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 following are significant programs offered by the Center:

Youth and Family Services – supports out-of-school and unemployed youth facing significant barriers, including homelessness, gang involvement, and single parenthood. It provides sector-specific job training, internships, employment placement, and retention support in culinary arts, health services, and technology. To promote long-term success, participants receive intensive case management, high school equivalency classes, and financial literacy training, helping them build skills, confidence, and secure full-time, salaried positions.

Meals on Wheels – focuses on reducing hunger and hospitalizations among older adults. It provides meal preparation and delivery services, ensuring seniors have access to nutritious food. Surveys indicate that food insecurity is a major concern, with many seniors struggling to afford food, rent, and medical care. By offering meals through the senior center, the program helps ease financial worries while also promoting social interaction among participants.

Senior Services - empowers older New Yorkers to live independently with dignity by offering education, recreation, case management, and health-focused support. These programs enhance housing stability, financial security, and overall well-being through services like healthcare management, case assistance, meal programs, exercise groups, technology support, a food pantry, and social outings.

The primary sources of revenue are grants from government agencies, private grants, and contributions. The Center has been notified by the Internal Revenue Service that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Center has not been designated as a private foundation.

### **Note 2 Summary of significant accounting policies**

**Basis of accounting.** The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

# STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.

## Notes to the Financial Statements

June 30, 2024

### Note 2 Summary of significant accounting policies - (continued)

**Recently adopted accounting pronouncement.** On July 1, 2023, the Center adopted Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2016-13, Financial Instruments - Credit Losses (Topic 326). Financial assets, which potentially subject the Center to credit losses, consist of receivables from program service fees. Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The credit loss allowance is determined through analysis of the financial assets and assessments of risk that are based on historical trends and evaluation of the impact of current and projected economic conditions.

**Measure of operations.** The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Center's ongoing services. Non-operating activities consist of depreciation, change in beneficial interest in perpetual trust, and investment return, net in excess of amounts appropriated for spending.

**Basis of presentation.** The Center reports information regarding its financial position and activities according to the following classes of net assets:

Net Assets Without Donor Restrictions – represents all activity without donor-imposed restrictions. The board designated reserve is included within net assets without donor restrictions as these funds are internally designated. The board designated reserve was established to serve as a working capital fund, providing financial stability and liquidity for operational needs.

Net Assets With Donor Restrictions – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

**Revenue recognition.** The Center follows the requirements of FASB Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recorded when it becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions.

Unconditional promises to give are recorded at net realizable value if expected to be received in less than one year, or at fair value using a risk-adjusted discount rate if expected to be received in greater than one year.

# STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.

## Notes to the Financial Statements

June 30, 2024

### Note 2 Summary of significant accounting policies - (continued)

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Center recognizes the exchange element as the fair value of the direct benefit to donors when the event takes place. Contributions to special events fall under FASB ASC 958-605 and are considered to be conditional upon the event taking place unless the donor explicitly waives the condition.

The Center receives program services fees that falls under FASB ASC 606. Program service fees are recognized in the period the services are performed. Program service fees collected that relate to future periods are recorded as deferred income and will be recognized as income in the period earned.

Management assesses the collectability of government grant receivables and contribution receivables based upon historical trends and experience with donors and grantors. Based on that review, management has established a reserve for government grant receivables in the amount of \$321,887 as of June 30, 2024.

**Cash and cash equivalents.** The Center considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, which includes cash held in banks and money market funds other than those held by the investment manager.

**Concentration of credit risk.** Financial instruments, which potentially subject the Center to a concentration of credit risk have been placed with financial institutions that management feels are creditworthy. Although at times and at year-end, cash and cash equivalent balances exceeded federally insured limits under the Federal Deposit Insurance Corporation (FDIC), The Center has not experienced any losses in such accounts and management believes it is not exposed to any significant financial risk therein.

The Center has investments which are held by the financial institutions in brokerage accounts. These brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) insurance which offers limited coverage up to a ceiling of \$500,000 (including a maximum of \$250,000 for claims of uninvested cash). The SIPC insurance does not protect against market losses on investments.

The market value of investments is subject to fluctuation and principal is not guaranteed. Management believes that the investment policy is prudent for the long-term welfare of the Center.

**Fair value measurements.** Accounting standards have established a fair value hierarchy, giving the highest priority to quoted market prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

**STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.**

**Notes to the Financial Statements**

June 30, 2024

**Note 2 Summary of significant accounting policies - (continued)**

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets - or liabilities that the Center has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all - significant inputs are not observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**Investments.** Investments are stated at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Net realized and unrealized gains and losses are reported on the statement of activities.

Investments are recorded at fair value, which is defined as the price that would be received when selling an asset in an orderly transaction between market participants at the measurement date. Investment return consists of interest and dividend income, realized and unrealized gains and losses, net of investment fees, which are included on the statement of activities.

Donated securities are recorded at fair value on the date of the gift. Donated securities are classified as operating activities in the statement of cash flows unless the donor restricts the use of the contributed resources to long-term purposes, in which case those cash receipts are classified as cash flows from financing activities.

**Property and equipment.** The Center capitalizes all purchases of property and equipment in excess of \$5,000 and a useful life of greater than one year. Property and equipment are recorded at cost or at the fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful life of the respective asset, which range from 5 to 7 years for furniture, equipment and automobiles. Leasehold improvements are amortized over the shorter of the remaining term or the useful life of the improvement.

Maintenance and repairs, which neither materially add to the value of the asset nor appreciably prolong its life are charged to expenses as incurred.

**Beneficial interest in perpetual trust.** The beneficial interest in a perpetual trust represents funds held by an external trustee for the benefit of the Center under the terms of an irrevocable trust. The Center does not have possession or control of the trust assets but is entitled to receive all or a portion of the income earned annually, as specified in the trust agreement.

# STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.

## Notes to the Financial Statements

June 30, 2024

### Note 2 Summary of significant accounting policies - (continued)

At the time the trust is established, the Center recognizes its beneficial interest as an asset and gift income. This interest is reported at fair value, which is determined based on the Center's proportionate share of the trust's total fair value at the measurement date. Distributions received and changes in fair value are recorded as investment return. Under the trust terms, the Center's proportionate share is 5% of the trust assets and distributions are restricted for the Center's programming.

**Leases.** Under FASB ASC 842, adopted as of July 1, 2022, the Center determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The change in operating lease right-of-use asset and liability on the statement of cash flows includes the amortization of the ROU asset and cash payments for leases offset by the accretion of the discounted lease liability. Operating lease expense is recognized on a straight-line basis over the lease term.

The Center does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Center will exercise that option. As of June 30, 2024, the Center had no long-term lease agreements.

**Donated goods, services, and spaces.** Donated marketable securities and other non-cash donations are recorded as contributions at fair value on the date of donation. Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind. See Note 9 for additional details.

Board members and other individuals volunteer their time and perform a variety of services that assist the Center. Other than services that involve specific professional skills, these volunteer activities do not meet the criteria to be recorded and have not been included in the financial statements.

**Functional allocation of expenses.** The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Expenses are recorded directly to either program, management and general, or fundraising whenever possible. However, certain categories of expenditures are attributable to more than one function and therefore, require allocation on a reasonable basis that is consistently applied. These expenditures are allocated on the basis of square footage or time and effort estimates made by management of the Center. Insurance is allocated based on square footage. Salaries, payroll taxes and benefits, professional fees, and subcontractors are allocated based on time and effort.

**Advertising costs.** The cost of advertising is expensed as incurred.

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

June 30, 2024

**Note 2 Summary of significant accounting policies - (continued)**

**Use of estimates.** In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Contingencies.** Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves. Any disallowed costs would be recorded in the period notified, if it is probable that a liability has been incurred.

**Accounting for uncertainty of income taxes.** The Center does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2021 and later are subject to examination by applicable taxing authorities.

**Note 3 Investments and fair value measurements**

Investments are held for the following purposes:

Investments held for board designated reserve	\$ 5,222,215
Investments restricted for endowment	47,877
Total	<u>\$ 5,270,092</u>

Investments consist of the following at June 30, 2024:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income				
Certificates of deposit	\$ 20,103	\$ -	\$ 20,103	\$ -
Government and agency	1,115,302	1,115,302	-	-
Corporate bonds	350,522	-	350,522	-
Mutual funds	515,284	515,284	-	-
Equities				
Common stock	3,144,286	3,144,286	-	-
Exchange-traded-funds	27,007	27,007	-	-
Total	<u>\$ 5,172,504</u>	<u>\$ 4,801,879</u>	<u>\$ 370,625</u>	<u>\$ -</u>
Cash and cash equivalents - at cost	97,588			
Total investments	<u>\$ 5,270,092</u>			
Beneficial interest in perpetual trust	<u>\$ 649,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 649,338</u>

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

June 30, 2024

**Note 3 Investments and fair value disclosures – (continued)**

Level 1 securities are valued at the closing price reported on the active market that they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned. Those methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements. The beneficial interest in perpetual trust is categorized as a level 3 fair value measurement because the Center will never receive the trust's assets.

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 year ended June 30, 2024:

Balance, beginning of year	\$ 601,820
Change in fair value of beneficial interest in perpetual trust	47,518
Balance, end of year	<u>\$ 649,338</u>

Investment return consisted of following for the year ended June 30, 2024:

Interest and dividends income	\$ 150,334
Realized/unrealized gain on investments	346,850
Investment fees	<u>(46,414)</u>
Investment return, net	450,770
Appropriations for endowment	(1,697)
Appropriations for operations	<u>(225,000)</u>
Investment return, net in excess of amounts appropriated for spending	<u>\$ 224,073</u>

The portion of investment return appropriated for 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 the Financial Statements**

June 30, 2024

**Note 4 Property and equipment**

Property and equipment consist of the following at June 30, 2024:

Leasehold improvements	\$ 3,845,570
Furniture and equipment	962,499
Automobiles	<u>416,615</u>
Total property and equipment	5,224,684
Less: accumulated depreciation	<u>(5,071,159)</u>
Property and equipment, net	<u>\$ 153,525</u>

**Note 5 Due to affiliate**

The Center shares the costs of staffing and other expenditures with its affiliate, GRCC. Additionally, GRCC provides the Center with advances for working capital purposes. GRCC charges the Center a management fee, which covers the costs associated with administrative services, oversight, and support provided to the Center.

A summary of the transactions between the Center and GRCC for the year ended June 30, 2024 is listed below:

Beginning balance	\$ 207,655
Shared costs recorded by the Center	(56,811)
Shared costs recorded by GRCC	640,766
Advances from GRCC	2,600,848
Repayments of advances to GRCC	(1,815,124)
Management fee charged by GRCC	<u>1,500,000</u>
Ending balance	<u>\$ 3,077,334</u>

**Note 6 Loan payable**

On April 22, 2020, the Center obtained a loan from the Small Business Administration ("SBA") in the amount of \$736,500 through the Paycheck Protection Program ("PPP"). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven. Portions that were not forgiven would be payable over a five-year period, with a ten-month deferral of payments and interest would accrue at 1%. As of June 30, 2024, the loan balance is \$32,733. Subsequent to year-end, the loan balance was paid in full.



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

June 30, 2024

**Note 7 Net assets with donor restrictions**

The following summarizes the nature of net assets with donor restrictions as of June 30, 2024:

Program restricted:	
Youth and family service programs	\$ 436,389
Total program restricted	436,389
Beneficial interest in perpetual trust	649,338
Donor restricted endowment	47,877
Total	<u>\$ 1,133,604</u>

Net assets were released from donor restrictions by satisfying the following restrictions for the year ended June 30, 2024:

Program restricted:	
Youth and family service programs	\$ 279,966
Senior service programs	30,000
Total program restricted	309,966
Appropriated endowment earnings	1,697
Total	<u>\$ 311,663</u>

**Note 8 Endowment funds**

The endowment consists of restricted gifts required to be held in perpetuity with the income restricted to funding education scholarships. The Center, on an annual basis, appropriates expenditures of dividends and interest earned on endowed funds. Unrealized gains and losses increase or decrease the corpus as per donor stipulation.

**Interpretation of law.** The Center follows New York Prudent Management of Institutional Funds Act (“NYPMIFA”), which the board of directors has interpreted as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the Center will preserve the fair value of the original gift as of the gift date for all donor-restricted endowment funds. However, under certain circumstances, the Center has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA. As a result of this interpretation, the Center classifies as endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

June 30, 2024

**Note 8 Endowment funds – (continued)**

**Spending policy.** In accordance with NYPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Center and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Center;
- (7) The investment policies of the Center;
- (8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Center.

The following summarizes the changes in endowment net assets for the year ended June 30, 2024:

	Corpus	Accumulated Earnings	Total
Balance, beginning of year	\$ 43,478	\$ -	\$ 43,478
Interest and dividends income	-	1,697	1,697
Unrealized gain on investment	4,399	-	4,399
Appropriations for expenditures	-	(1,697)	(1,697)
Balance, end of year	<u>\$ 47,877</u>	<u>\$ -</u>	<u>\$ 47,877</u>

**Endowment investment policies.** 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.

**Funds with deficiencies.** From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires to be retained as a fund of perpetual duration. There were no such deficiencies as of June 30, 2024.

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

June 30, 2024

**Note 9 In-kind contributions**

During the year ended June 30, 2024, the Center occupied rent-free two premises in New York City Housing Authority- owned buildings for Senior service programming and two public schools to conduct programming for Youth and Family Services. In valuing the donated space for Youth and Family services, the Center estimated the fair value on the basis of recent comparable rental prices in the metropolitan real estate market. In valuing the donated space for Senior services, the Center estimated the fair value on the basis of rental fees charged by New York City Housing Authority for similar properties.

Additionally, in partnership with Department of Education, specialists provided services without charge for the Center's Youth Employment and Education Services Program. Contributed services from consultants are valued at the estimated fair value based on current rates for similar services.

The following summarizes the donated goods, services, and space:

	Youth and Family Services	Senior Services	Total Program Services
Donated space	\$ 370,500	\$ 37,900	\$ 408,400
Consultant	-	53,126	53,126
Total program	<u>\$ 370,500</u>	<u>\$ 91,026</u>	<u>\$ 461,526</u>

There were no donor restrictions associated with any of the donated services, and space.

**Note 10 Line of credit**

The Center has a revolving line of credit in the amount of \$1,355,755 with Bank of America with a variable interest rate. The variable rate is defined as 2.25% plus the Bloomberg Short-Term Bank Yield Index (BSBY). As of June 30, 2024, there was no balance outstanding. Subsequent to year end, the interest rate was adjusted to 2.25% plus the daily Secured Overnight Financing Rate (SOFR) effective August 19, 2024. The line of credit remains available as long as the brokerage account with the financial institution is active. The proceeds of the line of credit may not be used to purchase securities, including crypto investment products and private equity funds.

The line of credit is collateralized by the Center's securities held at Bank of America with a fair value of \$1,688,923 as of June 30, 2024.

## **STANLEY M. ISAACS NEIGHBORHOOD CENTER, INC.**

### **Notes to the Financial Statements**

June 30, 2024

#### **Note 11 Retirement plan**

The Center maintains a tax-deferred 403(b) retirement plan on behalf of participating employees. All employees who are at least 21 years of age and have completed one year of service with at least 1,000 hours worked during the plan year are eligible to receive employer base contributions. Employees may participate by electing to contribute a percentage of their salaries on a pre-tax or post-tax (Roth) basis, subject to IRS limits. Although employer contributions are not required to be made, the Center contributed \$36,686 to the plan for the year ended June 30, 2024.

#### **Note 12 Significant concentration and uncertainty related to future funding**

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”). Approximately 85% of the Center’s government grants and contracts were provided from DFTA and DYCD during the year ended June 30, 2024 and represent 67% of receivables at June 30, 2024.

The Center’s operations are partially funded through government grants and contracts. Recent regulatory changes have introduced uncertainties regarding the availability and continuity of such funding. While management is actively monitoring the impact of these changes and exploring alternative funding sources, there is no assurance that current levels of government support will be maintained.

The potential reduction or modification of government funding could impact the Center’s ability to continue certain programs and services at their current levels. Management is assessing various strategies to mitigate this risk, including diversifying funding sources and adjusting operational plans as needed.

At the date of these financial statements, the ultimate impact of the regulatory changes on the Center’s financial position and operations cannot be reasonably estimated.

#### **Note 13 Liquidity and availability of financial assets**

The Center maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, the Center operates its programs within a board-approved budget and relies on contributions and government grants to fund its operations and program activities. The Center’s goal is to generally maintain financial assets to meet 90 days of operating expenses.

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

June 30, 2024

**Note 13 Liquidity and availability of financial assets – (continued)**

Financial assets available within one year of the date of the statement of financial position for general expenditure are as follows:

Cash and cash equivalents	\$ 212,369
Investments	5,222,215
Government grant receivables, net	<u>6,177,412</u>
Total financial assets	<u>11,611,996</u>
Less : amounts not available to be used within one year	
Donor restricted for specific purposes	(436,389)
Board designated reserve	<u>(5,222,215)</u>
Financial assets at year end available to meet cash needs for general expenditure within one year	<u><u>\$ 5,953,392</u></u>

The board designated reserve is not considered available for general expenditures until it is appropriated for spending. As part of the budgeting process, the Board approves an amount from the board designated reserve that can be used for the year. This portion is considered available for general expenditures and the remaining balance is not considered available for general expenditures within one year.

**Note 14 Prior period adjustment**

Prior period adjustments were made to recognize the release of certain restricted contributions totaling \$876,907 and to remove liabilities that did not exist as of the beginning of the year in the amount of \$189,319. As a result, the beginning balances of net assets were restated as follows:

	Balance as Originally Stated	Adjustment	Restated Balance
Net assets - without donor restrictions	\$ 5,725,131	\$ 1,066,226	\$ 6,791,357
Net assets - with donor restrictions	<u>1,898,560</u>	<u>(876,907)</u>	<u>1,021,653</u>
Total net assets	<u><u>\$ 7,623,691</u></u>	<u><u>\$ 189,319</u></u>	<u><u>\$ 7,813,010</u></u>

**Note 15 Subsequent events**

Subsequent events have been evaluated through March 31, 2025, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.