

LiveOn NY

Making New York a better place to age

COUNCIL OF SENIOR CENTERS AND SERVICES OF NEW YORK CITY, INC.
(d/b/a LiveOn NY)

Audited Financial Statements

June 30, 2021

Independent Auditor's Report

To the Board of Directors of
Council of Senior Centers and Services of New York City, Inc.
(d/b/a LiveOn NY)

Report on the Financial Statements

We have audited the accompanying financial statements of Council of Senior Centers and Services of New York City, Inc. (d/b/a LiveOn NY) (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

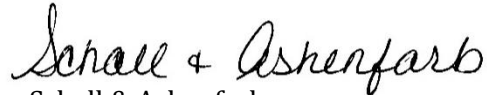
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Council of Senior Centers and Services of New York City, Inc. (d/b/a LiveOn NY) as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

February 21, 2022

COUNCIL OF SENIOR CENTERS AND SERVICES OF NEW YORK CITY, INC.
d/b/a LiveOn NY
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2021

(With comparative totals at June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Assets		
Cash and cash equivalents	\$417,897	\$540,076
Government grants receivable	130,836	242,788
Grants receivable	270,311	105,101
Prepaid expenses	34,212	38,253
Security deposit	61,200	61,200
Cash restricted for endowment (Notes 6)	250,000	0
Investments held for endowment (Notes 3 and 6)	<u>210,354</u>	<u>375,733</u>
 Total assets	 <u><u>\$1,374,810</u></u>	 <u><u>\$1,363,151</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$82,799	\$95,922
Refundable advances	36,000	11,542
Paycheck Protection Program loan (Note 4)	190,800	179,100
Deferred rent	83,014	89,587
Security deposit payable	<u>16,563</u>	<u>16,563</u>
Total liabilities	<u><u>409,176</u></u>	<u><u>392,714</u></u>
Net assets:		
Without donor restrictions	(123,683)	47,294
With donor restrictions (Notes 5 and 6)	<u>1,089,317</u>	<u>923,143</u>
Total net assets	<u><u>965,634</u></u>	<u><u>970,437</u></u>
 Total liabilities and net assets	 <u><u>\$1,374,810</u></u>	 <u><u>\$1,363,151</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

COUNCIL OF SENIOR CENTERS AND SERVICES OF NEW YORK CITY, INC.
(d/b/a LiveOn NY)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

(With comparative totals for the year ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/21	Total 6/30/20
Public support and revenue:				
Government grants	\$543,285		\$543,285	\$916,817
Paycheck Protection Program grant (Note 4)	179,100		179,100	0
Grants from foundations	44,500	\$714,989	759,489	742,500
Individual contributions	79,684		79,684	29,878
Membership dues	207,265		207,265	216,528
Special event (net of expenses with a direct benefit to donor) (Note 9)	0		0	11,850
Market place initiative income	24,689		24,689	79,720
Conference income	78,815		78,815	93,257
Rental income	49,770		49,770	59,969
Other income	0		0	4,055
Interest income	487	5,632	6,119	8,235
Net assets released from restrictions	633,436	(633,436)	0	0
Total public support and revenue	<u>1,841,031</u>	<u>87,185</u>	<u>1,928,216</u>	<u>2,162,809</u>
Expenses:				
Program services:				
Member services	1,068,466		1,068,466	1,041,222
Policy and advocacy	403,670		403,670	352,994
Total program services	<u>1,472,136</u>	<u>0</u>	<u>1,472,136</u>	<u>1,394,216</u>
Supporting services:				
Management and general	329,779		329,779	236,747
Fundraising	210,093		210,093	197,636
Total supporting services	<u>539,872</u>	<u>0</u>	<u>539,872</u>	<u>434,383</u>
Total expenses	<u>2,012,008</u>	<u>0</u>	<u>2,012,008</u>	<u>1,828,599</u>
Change in net assets from operations	(170,977)	87,185	(83,792)	334,210
Non-operating:				
Unrealized gains on investments	0	78,989	78,989	14,722
Change in net assets	(170,977)	166,174	(4,803)	348,932
Net assets - beginning of year	47,294	923,143	970,437	621,505
Net assets - end of year	<u>(\$123,683)</u>	<u>\$1,089,317</u>	<u>\$965,634</u>	<u>\$970,437</u>

The attached notes and auditor's report are an integral part of these financial statements.

COUNCIL OF SENIOR CENTERS AND SERVICES OF NEW YORK CITY, INC.
(d/b/a LiveOn NY)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	Program Services			Supporting Services		Total Expenses 6/30/21	Total Expenses 6/30/20	
	Member Services	Policy and Advocacy	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$466,855	\$255,900	\$722,755	\$128,516	\$130,118	\$258,634	\$981,389	\$883,924
Payroll taxes and employee benefits	114,077	62,530	176,607	31,404	31,795	63,199	239,806	222,220
Occupancy	116,093	52,356	168,449	29,593	29,593	59,186	227,635	219,208
COVID-19 equipment and materials	102,571		102,571			0	102,571	19,223
Printing and supplies	14,146	6,380	20,526	3,606	3,606	7,212	27,738	39,232
Telephone	11,769	5,308	17,077	3,000	3,000	6,000	23,077	20,338
Postage and shipping	3,697	1,668	5,365	943	943	1,886	7,251	8,224
Travel	0		0			0	0	4,712
Professional fees, legal, and accounting	140,439	12,035	152,474	104,234	6,803	111,037	263,511	166,938
Subcontractors	0		0			0	0	44,432
Equipment rental and maintenance	10,721	4,834	15,555	2,732	2,732	5,464	21,019	24,874
Depreciation	0		0			0	0	2,289
Insurance	5,985	2,659	8,644	7,235	1,503	8,738	17,382	17,908
Dues and subscriptions	0		0	14,958		14,958	14,958	15,970
Utilities	0		0			0	0	9,810
Reservists	54,035		54,035			0	54,035	41,267
Meetings and conferences	261		261			0	261	16,496
Annual conference	7,262		7,262			0	7,262	64,083
Other expenses	20,555		20,555	3,558		3,558	24,113	5,951
Interest expense			0			0	0	1,500
Total expenses	\$1,068,466	\$403,670	\$1,472,136	\$329,779	\$210,093	\$539,872	\$2,012,008	\$1,828,599

The attached notes and auditor's report are an integral part of these financial statements.

COUNCIL OF SENIOR CENTERS AND SERVICES OF NEW YORK CITY, INC.
(d/b/a LiveOn NY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

(With comparative totals for the year ended June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Cash flows from operating activities:		
Change in net assets	(\$4,803)	\$348,932
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	0	2,289
Unrealized gain on investments	(78,989)	(14,722)
Changes in assets and liabilities:		
Government grants receivable	111,952	(26,192)
Grants receivable	(165,210)	5,694
Prepaid expenses	4,041	(38,061)
Accounts payable and accrued expenses	(13,123)	2,371
Refundable advances	24,458	(12,653)
Deferred rent	(6,573)	(606)
Paycheck Protection Program loan	11,700	179,100
Security deposit payable	0	6
Total adjustments	<u>(111,744)</u>	<u>97,226</u>
Net cash (used for)/provided by operating activities	<u>(116,547)</u>	<u>446,158</u>
Cash flows from investing activities:		
Purchases of investments, including reinvested dividends	(5,632)	(3,384)
Proceeds from sale of investments held for endowment	250,000	35,000
Net cash provided by investing activities	<u>244,368</u>	<u>31,616</u>
Cash flows from financing activities:		
Proceeds of loan	0	100,000
Repayment of loan	0	(100,000)
Net cash used for financing activities	<u>0</u>	<u>0</u>
Net increase in cash, cash equivalents and restricted cash	127,821	477,774
Cash, cash equivalents and restricted cash - beginning of year	<u>540,076</u>	<u>62,302</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$667,897</u>	<u>\$540,076</u>
Net increase in cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$417,897	\$540,076
Cash restricted for endowment	250,000	0
	<u>\$667,897</u>	<u>\$540,076</u>
Supplemental information:		
Interest paid	\$0	\$1,500
Taxes paid	\$0	\$0

The attached notes and auditor's report are an integral part of these financial statements.

COUNCIL OF SENIOR CENTERS AND SERVICES OF NEW YORK CITY, INC.
(d/b/a LiveOn NY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 - Organization

The Council of Senior Centers and Services of New York City, Inc. (d/b/a LiveOn NY), (the "Organization") was incorporated as a New York not-for-profit corporation in December 1978 for the purpose of promoting the quality of life, independent living, productivity, and dignity of older adults and their families in New York including, but not limited to, the promotion of the general welfare of senior citizens and the broader New York community.

The Organization is supported primarily through government grants and private donor contributions.

The following are significant programs offered by the Organization:

- Membership Services – The Organization is a membership organization of nonprofit aging service providers that builds power and capacity at the city and state level to change public policy, grow resources, and strengthen services for older adults.
- Policy and Advocacy – The Organization is recognized as the lead New York - based organization representing senior services and aging issues, our policy and advocacy work focuses on advocating for needed community-based services that allow older adults to age with independence and dignity.

The Organization has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation.

Note 2 - Significant Accounting Policies

a. 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.

b. Basis of Presentation

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* – relates to contributions of cash and other assets with donor stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature; whereby, the donor has stipulated the funds be maintained in perpetuity.

c. Revenue Recognition

The Organization follows the requirements of Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 606 for recognizing revenue from contracts with customers. Market place initiative income and conference income fall under ASC 606. The Organization analyzes each source of revenue to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is completed. Payments received in advance of the completion of the earnings process are reported as refundable advances.

For market-place initiative income, the performance obligation is met when the purchased products have been delivered. Revenue earned in advance of being collected is reflected as an accounts receivable.

For conference income, the performance obligation is met after the conference has taken place. Fees collected in advance of performances are reflected as deferred revenue.

Rental income consists of a lease with a third party for use of its office space under a sub-lease and falls under the scope of ASC 840: *Leases*.

The Organization follows FASB ASC 958-605 for recording grants and contributions from foundations and individuals, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions and grants that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions and grants that contain donor restrictions are recorded in the class of net assets with donor restrictions. 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 were received, they are classified in the class of net assets without donor restrictions.

Grants and 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.

The Organization's government grants are primarily conditional non-exchange transactions and fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as a government grant advance.

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. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization receives dues from its members based on a sliding scale of members' operating budgets, which are recognized as revenue when billed. As tangible benefits are not identifiable, membership income is considered a contribution.

Management assesses the collectability of all outstanding receivables based upon historical trends and experience with donors and grantors. Based on that review, management has concluded that all receivables are expected to be collected within one year. As such, no allowance for uncollectible accounts was deemed necessary at June 30, 2021 and 2020.

d. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for cash held with an investment custodian for long-term purposes.

e. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash, money market accounts, and investment securities which are placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federal limits. At year end and at various times throughout the year, balances were in excess of insured amounts. The Organization has not experienced any losses from these accounts due to bank failure.

f. Fixed Assets

Leasehold improvements, equipment, and furniture that exceed pre-determined amounts and that have a useful life of greater than one year are recorded at cost or if donated, at the estimated fair value at donation. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets, as follows:

Office equipment – 3 years

Furniture and fixtures – 7 years

Leasehold improvements – *Shorter of lease term or economic life*

g. Investments

Investments are recorded at fair value which is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are reflected in the statement of activities.

The fair value of investments is subject to fluctuation. Management believes the investment policy is prudent for its long-term welfare. The portfolio is diversified with the goal of being able to obtain the long-term objectives of the organization without taking on risks they feel are imprudent.

h. Deferred Rent

Rent expense is recorded on the straight-line basis over the life of the lease. Rent expense recognized in excess of cash payments is reflected as deferred rent. As future payments exceed the annual expense recognized, deferred rent will be reduced to zero by the end of the lease term.

i. In-Kind and Donated Services

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.

Many volunteers, including board members, provide services in support of the Organization's mission. Those services have not been recognized on the financial statements because they do not meet the criteria outlined above.

j. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

k. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following costs are allocated by time and effort:

- Salaries
- Payroll taxes and employee benefits
- Occupancy
- Printing and supplies
- Telephone
- Postage and shipping
- Travel
- Equipment rental and maintenance
- Depreciation
- Insurance
- Utilities

All other expenses have been charged directly to the applicable program or supporting services.

l. Prior Year Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

m. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2018 and later are subject to examination by applicable taxing authorities.

n. New Accounting Pronouncements

FASB issued Accounting Standards Update ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding “right to use asset” on the statement of financial position.

The Organization is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Investments

Investments are reflected at fair value. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

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 Organization 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 observable, either directly or indirectly.

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

All investments are level 1 securities and can be summarized as follows:

	<u>6/30/21</u>	<u>6/30/20</u>
Exchange traded funds	\$208,783	\$369,920
Cash	<u>1,571</u>	<u>5,813</u>
Total	<u>\$210,354</u>	<u>\$375,733</u>

Level 1 securities are valued at the closing price reported on the active market they are traded on. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Note 4 - Paycheck Protection Program

During the year ended June 30, 2020, the Organization obtained a loan from the Small Business Administration (“SBA”) in the amount of \$179,100 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. The Organization accounts for the PPP loan as a contribution in accordance with FASB ASC 958-605. The conditions for forgiveness on this loan were met during the year ended June 30, 2021 and the full amount was recognized as revenue during the year then ended. On March 30, 2021, the loan was forgiven by the SBA.

During the year ended June 30, 2021, the Organization obtained a second PPP in the amount of \$190,800. Terms of the second loan are the same as described above. The loan forgiveness amount has not been determined as of the date of these financial statements; however, the Organization will recognize revenue from this loan consistent with the method used for the first loan.

Note 5 - Net Assets With Donor Restrictions

During the years ended June 30, 2021 and 2020, net assets released from restriction were spent as follows:

	<u>6/30/21</u>	<u>6/30/20</u>
Programs:		
RISE Program	\$0	\$13,846
Creative Aging Initiative	0	40,000
Training and Education Initiative	159,807	70,193
COVID-19 Tech Capacity	220,330	29,670
Communications	82,000	18,000
Tech support	10,000	0
Civic Engagement	20,000	20,000
COVID-19 Response	45,273	4,727
Aging Policy Agenda	33,337	0
Reframing Aging in NYC	15,309	0
Pandemic Response	12,495	0
Senior Housing Initiative	<u>0</u>	<u>87,500</u>
Total program	598,551	283,936
Total time restricted	<u>34,885</u>	<u>0</u>
Total	<u>\$633,436</u>	<u>\$283,936</u>

The following summarizes the nature of net assets with donor restrictions:

	<u>6/30/21</u>	<u>6/30/20</u>
Program:		
Training and Education Initiative	\$0	\$159,807
COVID-19 Tech Capacity	0	220,330
Communications	0	82,000
Tech support	10,000	10,000
Civic Engagement	0	20,000
COVID-19 Response	0	45,273
Aging Policy Agenda	316,663	0
Reframing Aging in NYC	184,691	0
Pandemic Response	12,495	0
Creative Aging Initiative	<u>0</u>	<u>0</u>
Total program restricted	523,849	537,410
Total time restricted	<u>105,114</u>	<u>10,000</u>
Restricted for endowment (See Note 6):		
Endowment funds -corpus	370,000	370,000
Endowment funds-earnings	<u>90,354</u>	<u>5,733</u>
Total restricted for endowment	<u>460,354</u>	<u>375,733</u>
Total	<u>\$1,089,317</u>	<u>\$923,143</u>

Note 6 - Net Assets With Donor Restrictions - Endowment Funds

The Organization's endowment consists of specific donor restricted funds to be held in perpetuity. The balances were as follows at June 30, 2021 and 2020:

Andrew Freedman Fund	\$100,000
The Corey Foundation	170,000
Various individuals	<u>100,000</u>
Total	<u>\$370,000</u>

Interpretation of Relevant Law

The Organization follows the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Board of Directors of the Organization has interpreted NYPMIFA as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the Organization 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 Organization 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 Organization classifies as endowment corpus (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted 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.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the board appropriates for expenditures, therefore, they have been classified in the class of net assets with donor restrictions.

Spending Policies

In accordance with NYPMIFA, the Organization 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 Organization 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 Organization;
- (7) The investment policies of the Organization;
- (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 Organization.

Andrew Freedman Fund

The Organization has the right to withdraw up to \$10,000 for general operations in a calendar year at the discretion of the Board of Directors. No withdrawals were made in 2021 or 2020.

Other Donor Restricted Endowment Funds

The Organization appropriates for expenditure all realized and unrealized gains, dividends and interest earned on endowed funds following various donor stipulations.

Changes in investments and investments held for endowment are as follows:

	<u>June 30, 2021</u>		
	<u>Endowment</u>	<u>Endowment</u>	
	<u>Earnings</u>	<u>Corpus</u>	<u>Total</u>
Beginning of year	\$5,733	\$370,000	\$375,733
Interest and dividend income	5,632	0	5,632
Unrealized gain	<u>78,989</u>	<u>0</u>	<u>78,989</u>
End of year	<u>\$90,354</u>	<u>\$370,000</u>	<u>\$460,354</u>

	<u>June 30, 2020</u>		
	<u>Endowment</u>	<u>Endowment</u>	
	<u>Earnings</u>	<u>Corpus</u>	<u>Total</u>
Beginning of year	\$22,627	\$370,000	\$392,627
Interest and dividend income	3,384	0	3,384
Unrealized gain	14,722	0	14,722
Appropriations	<u>(35,000)</u>	<u>0</u>	<u>(35,000)</u>
End of year	<u>\$5,733</u>	<u>\$370,000</u>	<u>\$375,733</u>

Endowment Investment Policies

The Organization has adopted an investment policy for endowment assets that relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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 the Organization to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2021 and June 30, 2020.

Note 7 - Commitments and Contingencies

The Organization has a noncancelable lease for rental of office space in Manhattan, New York. The lease runs from May 1, 2015 through April 30, 2025. On July 15, 2021, the lease was amended to provide for certain rental abatements between August 1, 2021 and July 31, 2022. The Organization is required to additionally pay its pro rata share of Real Estate Tax increases.

Minimum rental amounts due are as follows:

Year ending:	June 30, 2022	\$178,237
	June 30, 2023	230,671
	June 30, 2024	241,872
	June 30, 2025	<u>206,160</u>
Total		<u>\$856,940</u>

The Organization has a sublease agreement for a portion of its premises with another not-for-profit agency. The sublease runs from May 1, 2015 through April 30, 2025. On August 30, 2021, the lease was amended to provide for certain rental abatements between September 1, 2021 and April 30, 2023. Rental income from this agreement, including additional charges, for the year ended June 30, 2021 was \$49,770.

The following represents the future amounts expected to be received:

Year ending:	June 30, 2022	38,564
	June 30, 2023	39,724
	June 30, 2024	49,644
	June 30, 2025	<u>41,370</u>
Total		<u>\$169,302</u>

During the year ended June 30, 2020, the Organization entered into a loan agreement with the Fund for the City of New York for \$100,000. A one-time interest charge was assessed by the Fund when the loan was made. The loan was fully repaid by June 30, 2020.

Note 8 - Retirement Plan

The Organization sponsors a tax deferred 401(k) retirement plan. Employees are eligible to participate after they complete twelve months of service. The employer contributions are at the discretion of the Board of Directors and are based upon a fixed rate of employee's salary. The total amount contributed was \$58,910 and \$55,675 at June 30, 2021 and 2020, respectively.

Note 9 - Special Event

As a result of the COVID-19 pandemic, the Organization did not hold a special event during the year ended June 30, 2021 or 2020. Instead, during the year ended June 30, 2020, a smaller Housing Benefit was held which had gross revenue of \$11,850 and no expenses with a direct benefit to donor.

Note 10 - Availability and Liquidity

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. The Organization operates its programs within a board approved budget. As part of its liquidity management, the Organization relies on grants and contributions to fund its operations. The Organization's endowment funds are held for long term purposes and consist of donor-restricted endowments. Therefore, these assets are not considered available for general expenditures.

The following reflects the Organization's financial assets at June 30, 2021 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:	
Cash and cash equivalents	\$417,897
Government grants receivable	130,836
Grants receivable	<u>270,311</u>
 Total	 \$819,044
Less amounts not available to be used within one year:	
Contributions with purpose restrictions	(523,849)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$295,195</u>

Note 11 - Availability of Funds for Donor-Imposed Restrictions

At fiscal year-end June 30, 2021, the Organization does not maintain sufficient resources to meet donor-imposed restrictions.

Note 12 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. As of the date of the financial statements, many of the travel restrictions and stay at home orders have been lifted, however, supply chains remain impacted. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact cannot be quantified.

Note 13 - Subsequent Events

Subsequent events have been evaluated through February 21, 2022, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.