

**THE KINGSBRIDGE HEIGHTS
COMMUNITY CENTER, INC.**

Audited Financial Statements

June 30, 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Kingsbridge Heights Community Center, Inc.

Opinion

We have audited the accompanying financial statements of The Kingsbridge Heights Community Center, Inc. (the "Center"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of June 30, 2022, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

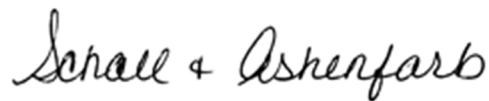
In performing an audit in accordance with generally accepted auditing standards, we:

- 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.

Report on Summarized Comparative Information

We have previously audited the Center's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

November 21, 2022

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2022

(With comparative totals at June 30, 2021)

	6/30/22	6/30/21*
Assets		
Cash	\$42,482	\$63,609
Government grants receivable	2,245,723	1,364,118
Contributions and other receivables	128,742	131,142
Prepaid expenses and other assets	43,581	36,633
Fixed assets, net (Note 3)	1,039,492	1,058,886
Total assets	\$3,500,020	\$2,654,388
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$797,602	\$612,856
Accrued payroll and payroll related liabilities	153,416	59,992
Deferred revenue	554,780	21,963
Due to Administration for Children's Services (Note 4)	407,732	407,732
Line of credit (Note 5)	249,612	400,000
Loans payable (Note 6)	89,919	132,448
Total liabilities	2,253,061	1,634,991
Net assets:		
Without donor restrictions	456,739	318,817
With donor restrictions (Note 7)	790,220	700,580
Total net assets	1,246,959	1,019,397
Total liabilities and net assets	\$3,500,020	\$2,654,388

*Reclassified for comparative purposes

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

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/22</u>	<u>Total 6/30/21</u>
Operating revenues and support:				
Government grant income	\$10,584,407		\$10,584,407	\$8,335,596
Government grant income - Paycheck Protection Program (Note 8)			0	1,254,989
Contributions	269,803	\$457,875	727,678	1,086,159
Program fees	754,320		754,320	559,460
Special events (net of expenses with a direct benefit to donor) (Note 13)	185,278		185,278	188,036
Donated goods, services and in-kind rent (Note 14)	1,006,181		1,006,181	865,614
Other income	28,819		28,819	10,485
Net assets released from restrictions	368,235	(368,235)	0	0
Total operating revenues and support	<u>13,197,043</u>	<u>89,640</u>	<u>13,286,683</u>	<u>12,300,339</u>
Operating expenses:				
Program services:				
Early childhood services	6,712,087		6,712,087	6,315,035
Youth and family services	4,595,985		4,595,985	3,561,382
Total program services	<u>11,308,072</u>	<u>0</u>	<u>11,308,072</u>	<u>9,876,417</u>
Supporting services:				
Management and general	1,393,325		1,393,325	1,401,822
Fundraising	357,724		357,724	307,995
Total supporting services	<u>1,751,049</u>	<u>0</u>	<u>1,751,049</u>	<u>1,709,817</u>
Total operating expenses	<u>13,059,121</u>	<u>0</u>	<u>13,059,121</u>	<u>11,586,234</u>
Change in net assets	137,922	89,640	227,562	714,105
Net assets - beginning of year	<u>318,817</u>	<u>700,580</u>	<u>1,019,397</u>	<u>305,292</u>
Net assets - end of year	<u>\$456,739</u>	<u>\$790,220</u>	<u>\$1,246,959</u>	<u>\$1,019,397</u>

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

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

(With comparative totals for the year ended June 30, 2021)

	Program Services			Supporting Services		Total Expenses 6/30/22	Total Expenses 6/30/21	
	Early Childhood Services	Youth and Family Services	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$2,783,380	\$2,813,331	\$5,596,711	\$880,216	\$184,494	\$1,064,710	\$6,661,421	\$6,361,952
Payroll taxes and benefits	766,045	670,952	1,436,997	32,671	21,270	53,941	1,490,938	1,292,274
Total personnel services	3,549,425	3,484,283	7,033,708	912,887	205,764	1,118,651	8,152,359	7,654,226
Contractual child care	1,470,657		1,470,657			0	1,470,657	1,331,591
Professional fees (including in-kind of \$115,637) (Note 14)	101,055	46,255	147,310	332,022	78,912	410,934	558,244	519,020
Office and program supplies	210,173	303,147	513,320	11,494	25,391	36,885	550,205	353,366
Occupancy (including in-kind of \$834,316) (Notes 9 and 14)	734,695	78,659	813,354	29,723	14,039	43,762	857,116	772,619
Telephone	19,102	9,990	29,092		151	151	29,243	29,030
Insurance	54,684	53,042	107,726		865	865	108,591	98,564
Training and conferences	146,690	64,478	211,168		28	28	211,196	117,774
Travel	14,809	141,422	156,231	494	1,669	2,163	158,394	45,265
Food	90,021	164,931	254,952		19,958	19,958	274,910	276,942
Repairs and maintenance	196,838	50,218	247,056	41,032	8,565	49,597	296,653	161,187
Participant costs and parent activities	11,700	114,616	126,316		2,000	2,000	128,316	90,170
Event expenses		56,228	56,228		27,475	27,475	83,703	6,068
Interest expenses			0	15,492		15,492	15,492	15,063
Bank fees			0	6,711		6,711	6,711	3,840
Other expenses	20,103	10,783	30,886	41,201	248	41,449	72,335	13,445
Depreciation	92,135	17,933	110,068	2,269	134	2,403	112,471	98,064
Total expenses	6,712,087	4,595,985	11,308,072	1,393,325	385,199	1,778,524	13,086,596	11,586,234
Less: direct costs of special events			0		(27,475)	(27,475)	(27,475)	0
Total expenses reported by function on the statement of activities	\$6,712,087	\$4,595,985	\$11,308,072	\$1,393,325	\$357,724	\$1,751,049	\$13,059,12	\$11,586,234

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

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	6/30/22	6/30/21*
Cash flows from operating activities:		
Change in net assets	\$227,562	\$714,105
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	112,471	98,064
Disposal of capital asset	0	10,500
Changes in assets and liabilities:		
Government grants receivable	(881,605)	8,681
Contributions and other receivables	2,400	(58,594)
Prepaid expenses and other assets	(6,948)	(29,421)
Accounts payable and accrued expenses	184,746	248,566
Accrued payroll and payroll related liabilities	93,424	(270,795)
Deferred revenue	532,817	15,147
Due to Administration for Children's Services	0	0
Paycheck Protection Program Loan	0	(1,254,989)
Total adjustments	37,305	(1,232,841)
Net cash provided by/(used for) operating activities	264,867	(518,736)
Cash flows from investing activities:		
Purchases of fixed assets	(93,077)	(231,103)
Net cash used for investing activities	(93,077)	(231,103)
Cash flows from financing activities:		
Repayment of line of credit and cash flow loan	(1,488,388)	(275,000)
Repayment of loans payable	(42,529)	(39,774)
Proceeds from line of credit and cash flow loan	1,338,000	675,000
Net cash (used for)/provided by financing activities	(192,917)	360,226
Net decrease in cash	(21,127)	(389,613)
Cash - beginning of year	63,609	453,222
Cash - end of year	\$42,482	\$63,609
Supplemental information:		
Interest paid	\$15,492	\$15,063
Taxes paid	\$0	\$0

*Reclassified for comparative purposes

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

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Nature of the Organization

The Kingsbridge Heights Community Center, Inc. (the “Center”) is a non-profit organization whose mission is to provide resources to empower Bronx residents from cradle to career to advance education and well-being for a vibrant community. The Center achieves this in an environment that fosters academic milestones, literacy, mental health support, nutrition, technology, and the arts. The Center serves 4,500 participants annually, a demographically diverse and socioeconomically vulnerable population. Families come from all parts of the borough with the majority being north and central Bronx residents. The Center has served an invaluable role in disrupting cycles of poverty, abuse, and lack of access within our community through education, support, and treatment and counseling services. This is achieved through the following areas: Early Childhood, Youth and Family Services.

The primary sources of revenue are grants from government agencies, private grants, contributions, and service fees.

- **Early Childhood Services:** Our early childhood programs—including Early Head Start, Early Learn, Head Start, Universal Pre-Kindergarten (UPK), and Family Childcare Network—provide more than 500 children, birth-5, with nurturing, educational environments where they can learn, grow, and thrive. We help parents of the children we serve develop skills to become effective caregivers and create nurturing home environments.
- **Youth Services:** We provide a safe, welcoming environment during afterschool hours where over 500 young people can socialize, learn, and grow. Our programs include elementary and middle school afterschool, summer day camp, Teen Center for high school aged youth to develop leadership skills, College Directions focused on post-secondary education success, and a Respite program for young people, up to age 25, with special needs.
- **Adult and Family Services:** We provide a range of services and supports to adults and families that help break generational cycles of abuse, neglect, and poverty. At the heart of this division is Changing Futures, an intervention for 300 survivors of child sexual abuse annually and their non-offending family members, and Parenting Journey that helps struggling parents at risk of having their children placed in foster care learn self-care and parenting skills. Other offerings include English for Speakers of Other Languages (ESOL) classes and recreation.
- **Nutrition and Food Access Services:** Participants in all programs receive nutrition education and opportunities to grow their own food in our thriving community garden. We offer a diverse array of programming such as internships, cook shops and chef battles, intergenerational gardening, and family cooking classes. To further support food access, we operate a seasonal food pantry and offer 30 garden plots for community members to grow their own vegetables.

- KHC Connect: Our unique case management unit, KHC Connect screens all participants enrolled in our programs for unaddressed needs and provides assistance addressing those needs in the form of referrals, intensive case management, or educational opportunities/workshops. Since its establishment two years ago, KHC Connect has become a critical part of the work we do and has had a deep impact on the lives of the families we serve.

The Center also is deeply committed to creating a healthy green environment to escape the demands of city life, combating high rates of food related health disparities such as obesity, diabetes, and heart disease. The Center cultivates curiosity within children of all ages in the seed to plate process and provides an alternative source of fresh produce for our community, many of whom live on low incomes and often struggle to afford fresh fruits and vegetables.

The Center is an active member of United Neighborhood Houses of New York City and United Neighborhood Centers of America. From the adaptive reuse of our historic building to our responsive programs, the Center represents a crucial piece of the fabric of New York City.

The Center has been notified by the Internal Revenue Service that they are 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

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 Center reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents all activity without donor-imposed restrictions.
- *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.

c. Revenue Recognition

The Center follows the requirements of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-605 for recording contributions, which are recorded at the earlier of when cash is received or at the time a pledge 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.

The Center records unconditional promises to give as revenue in the period received at net realizable value, if expected to be received within one year or at fair value based on market conditions using the income approach, if expected to be received in more than one year.

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 Center'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 deferred revenue.

The Center follows FASB ASC 958-606 for recording program fees income which includes special needs program fees, childcare parent fees, summer camp and afterschool fees. The Center recognizes program fees revenue in the period in which it satisfies the performance obligations by providing services to program participants. Special needs program fees are paid by the governmental third-party payor that the Center has an agreement with based on determined rates per service provided.

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, 2022 and 2021.

d. Concentration of Credit Risk

Financial instruments which potentially subject the Center to a concentration of credit risk consist of cash and money market accounts which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits.

e. Fixed Assets

The Center capitalizes all purchases of property and equipment in excess of \$5,000 and a useful life of greater than one year. Fixed assets 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. Leasehold improvements are amortized over the shorter of the remaining term or the useful life of the improvement.

Useful lives are as follows:

Leasehold improvements – *5-20 year life*
Buildings and improvements – *5-25 year life*
Furniture and equipment – *3-5 year life*
Vehicles – *5 year life*

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

f. In-Kind Rent

The Center occupies space for program and administrative services provided at no cost by the Parks Department of the City of New York and NYC Department of Citywide Admin Services ("DCAS"). See Notes 9 and 14 for additional details.

g. 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. See Note 14 for additional details.

h. Functional Allocation of Expenses

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

The following costs are allocated by time and effort reporting:

- Salaries
- Payroll taxes and benefits
- Professional fees

The following costs are allocated by square footage calculations:

- Occupancy
- Telephone
- Insurance
- Repairs and maintenance

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

i. Advertising Costs

The cost of advertising is expensed as incurred.

j. Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

k. 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.

l. 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.

m. 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, 2019 and later are subject to examination by applicable taxing authorities.

n. New Accounting Pronouncement

FASB issued Accounting Standards Update (“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 Center is in the process of evaluating the impact this standard will have on future financial statements.

Note 3 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/22</u>	<u>6/30/21</u>
Leasehold improvements	\$979,607	\$935,607
Building and improvements	1,357,579	1,308,502
Land	61,500	61,500
Furniture and equipment	779,867	779,867
Vehicles	<u>148,909</u>	<u>148,909</u>
	3,327,462	3,234,385
Less: accumulated depreciation	<u>(2,287,970)</u>	<u>(2,175,499)</u>
Total fixed assets, net	<u>\$1,039,492</u>	<u>\$1,058,886</u>

Note 4 - Due to Administration for Children’s Services

Administration for Children’s Services (“ACS”) grant income is recorded based on estimated allowable costs and is subject to audit and adjustments by ACS. As of June 30, 2022, ACS has completed its review and reconciliation of the Center’s fiscal years through 2017. Total due to ACS in the amount of \$407,732 represents activities for the fiscal years 2019 and prior. The Center’s policy is to write-off old liabilities at the time the statute of limitations expires.

Note 5 - Line of Credit

The Center maintains a \$500,000 revolving line of credit with Chase Bank, which is payable with annual interest of 2.65% above the Prime rate which at June 30, 2022 and 2021, was 7.4% and 5.9%, respectively. The line is secured by the Center’s property and has no expiration date. As part of the terms of the line, the Center is required to have a fully restored balance every twelve months and refrain from drawing against the line for 30 days after the balance has been restored. The balance owed on the line of credit was \$249,612 and \$400,000 at June 30, 2022 and 2021, respectively.

Note 6 - Loans Payable

Loans payable consist of the following:

	<u>6/30/22</u>	<u>6/30/21</u>
Loan payable – JP Morgan Chase (a)	\$46,428	\$68,401
Loan payable – JP Morgan Chase (b)	<u>43,491</u>	<u>64,047</u>
Total	<u>\$89,919</u>	<u>\$132,448</u>

- a) On June 8, 2017, the Center refinanced a loan agreement with JP Morgan Chase as the balloon payment of their previous loan came due. The new loan was for \$144,356 and requires payment of \$2,156 for seven years at an interest rate of 6.58%.
- b) On June 8, 2017, the Center refinanced a second loan agreement with JP Morgan Chase as the balloon payment of this previous loan also came due. The new loan was for \$134,944 and requires payment of \$2,021 for seven years at an interest rate of 6.67%.

Annual principal payments due on these loans are as follows:

Year ending:		
	June 30, 2023	\$45,475
	June 30, 2024	<u>44,444</u>
Total		<u>\$89,919</u>

Note 7 - Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

	<u>June 30, 2022</u>			
	Beginning Balance <u>7/1/21</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Ending Balance <u>6/30/22</u>
Program restricted:				
College and teens	\$222,059	\$173,500	(\$173,697)	\$221,862
Changing futures	205,659	149,375	(152,043)	202,991
Capital campaign	65,000	0	(0)	65,000
Respite	19,400	35,000	(33,983)	20,417
Community gardens	175,086	0	(0)	175,086
Family empowerment	<u>13,376</u>	<u>0</u>	<u>(5,003)</u>	<u>8,373</u>
Total program restricted	700,580	357,875	(364,726)	693,729
Time restricted	<u>0</u>	<u>100,000</u>	<u>(3,509)</u>	<u>96,491</u>
Total	<u>\$700,580</u>	<u>\$457,875</u>	<u>(\$368,235)</u>	<u>\$790,220</u>

	<u>June 30, 2021</u>			
	Beginning Balance <u>7/1/20</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Ending Balance <u>6/30/21</u>
Program restricted:				
College and teens	\$220,861	\$246,974	(\$245,776)	\$222,059
Changing futures	52,346	250,000	(96,687)	205,659
Capital campaign	50,000	15,000	(0)	65,000
Respite	18,361	35,000	(33,961)	19,400
Community gardens	185,562	50,000	(60,476)	175,086
Family empowerment	<u>13,376</u>	<u>0</u>	<u>(0)</u>	<u>13,376</u>
Total	<u>\$540,506</u>	<u>\$596,974</u>	<u>(\$436,900)</u>	<u>\$700,580</u>

The Center does not have the appropriate amount of cash on hand to comply with all donor-imposed restrictions.

Note 8 - Paycheck Protection Program Loan

During the year ended June 30, 2020, the Center obtained a loan from the Small Business Administration (“SBA”) 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. In April 2021, full forgiveness on the loan was approved by the SBA. The Center accounted for the PPP loan in accordance with FASB ASC 958-605 as it was considered to have traits similar to a conditional contribution. As all conditions were met as of June 30, 2021, revenue was recognized for the year then ended.

Note 9 - Commitments

The Center has a license agreement with the Parks Department of the City of New York (the “Department”) for the use of a building for one of its programs. Under the terms of this agreement, the Center is entitled to operate its programs at The Kingsbridge Heights Community Center and is responsible for the maintenance of the building.

The agreement can be terminated upon twenty-five days’ notice at the discretion of the Department or the Center and expires March 31, 2034.

The Center receives donated space from DCAS for the second site of the Early Childhood program. DCAS has a licensing agreement with the landlord, which states that the space is to be used by ACS. The Center is not a party to the license agreement; however, the Early Childhood program is funded by ACS. The license agreement expires on November 28, 2022.

Note 10 - Pension Plan

The Center sponsors a 403(b) thrift plan and trust covering all employees who have attained 12 consecutive months of employment. Contributions are determined as a percentage of each eligible employee’s base salary and all employees are fully vested in their contributions. The Center contributed \$60,958 and \$23,295 to the plan for the years ended June 30, 2022 and 2021, respectively.

Note 11 - Multi-Employer Benefit Plan

The Center participates in a multi-employer benefit plan that provides defined benefits to certain contract labor covered by collective bargaining agreements. The “EIN/Pension Plan Number” column provides the Employer Identification Number (“EIN”) and the three-digit plan number. The zone status is based on information that the Center received from the plan and is certified by the plan’s actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are more than 80 percent funded.

Information on the District Council 37 Local 95 Head Start Employees Welfare Fund as of June 30, 2022 is as follows:

<u>EIN/Pension Plan Number</u>	<u>Plan End Date</u>	<u>PPA Zone Status</u>	<u>RP Status</u>	<u>Collective Bargaining Agreement Expiration Date</u>	<u>Contribution</u>
13-3819669/ 501	12/31/21	Green	N/A	1/31/22*	<u>\$189,367</u>

* A new collective bargaining agreement is currently under negotiation.

Note 12 - Significant Concentrations

The Center derives its income primarily from reimbursements from government funding sources and from donations and grants. The two largest government funding sources provided approximately 41% and 50% of the Center’s total public support and revenue during the years ended June 30, 2022 and 2021, respectively.

Note 13 - Special Events

The following summarizes special event income:

	<u>6/30/22</u>	<u>6/30/21</u>
Gross revenue	\$212,753	\$188,036
Less: expenses with a direct benefit to donor	<u>(27,475)</u>	<u>0</u>
	185,278	188,036
Less: other event expenses	<u>(1,525)</u>	<u>(6,068)</u>
Total	<u>\$183,753</u>	<u>\$181,968</u>

Note 14 - Donated Goods, Services and Space

The following summarizes the donated goods, services, and space as well as how the related expenses were allocated:

	Valuation Techniques and Inputs
Donated space	In valuing the donated space with the NYC Department of Parks and Recreation, which is located in Bronx, NY, the Center estimated the fair value on the basis of recent comparable rental prices in Bronx, NY's real estate market. In valuing the donated space with DCAS, the Center estimated the fair value on the basis of rental fees paid by DCAS to the landlord.
Legal fees	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.
Professional services	Contributed services from consultants are valued at the estimated fair value based on current rates for similar services.
Goods	The Center estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

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

	June 30, 2022					
	Early Childhood <u>Services</u>	Youth and Family <u>Services</u>	Total Program <u>Services</u>	Management and <u>General</u>	<u>Fundraising</u>	<u>Total</u>
Donated space	\$718,854	\$74,188	\$793,042	\$28,033	\$13,241	\$834,316
Legal fees	0	0	0	74,837	0	74,837
Professional services	40,800	0	40,800	0	0	40,800
Goods	0	56,228	56,228	0	0	56,228
Total	<u>\$759,654</u>	<u>\$130,416</u>	<u>\$890,070</u>	<u>\$102,870</u>	<u>\$13,241</u>	<u>\$1,006,181</u>

	June 30, 2021					
	Early Childhood <u>Services</u>	Youth and Family <u>Services</u>	Total Program <u>Services</u>	Management and <u>General</u>	<u>Fundraising</u>	<u>Total</u>
Occupancy	\$679,643	\$51,334	\$730,977	\$19,846	\$1,393	\$752,216
Legal fees	0	0	0	113,398	0	113,398
Total	<u>\$679,643</u>	<u>\$51,334</u>	<u>\$730,977</u>	<u>\$133,244</u>	<u>\$1,393</u>	<u>\$865,614</u>

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

Note 15 - Availability and Liquidity

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

Cash	\$42,482	
Government grants receivable	2,245,723	
Contributions and other receivables	<u>128,742</u>	
Total financial assets		\$2,416,947
Less amounts not currently available for general expenditures:		
Donor restricted support		<u>(748,115)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$1,668,832</u>

The Center regularly monitors liquidity and strives to maintain 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 government grants and earned income to fund its operations and program activities.

The Center experiences uneven cash inflows throughout the fiscal year. As the Center's government contracts pay on a reimbursement basis, short-term cash needs will arise in anticipation of these reimbursements. In addition, many of the Center's government grants do not register and allow expenditure reimbursement well into the current contract year. In order to manage liquidity through these challenges, the Center maintains weekly, monthly, and annual cash projection reports. These reports are reviewed by the CFO and Executive Director, and disbursements are only approved after this review is concluded. The Center also maintains a line of credit of \$500,000 for short-term cash needs and utilizes short-term loans from the Fund for the City of New York to manage challenges related to the contract registration process.

Note 16 - Subsequent Events

Subsequent events have been evaluated through November 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.

Note 17 - 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 adverse impact on the economies and financial markets of many countries, including the geographical area in which the Center operates. As of the date of these 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.