
THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.

Financial Statements

June 30, 2024

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.
Financial Statements
June 30, 2024

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Independent Auditor's 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, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Center as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 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, 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

The financial statements of the Center as of and for the year ended June 30, 2023, were audited by other auditors whose report dated November 20, 2023, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects with the audited financial statements for which it was derived.

New York, NY
November 27, 2024

NChing LLP

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.**Statement of Financial Position**

As of June 30, 2024

(With comparative totals at June 30, 2023)

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 268,522	\$ 139,827
Government grant receivables	3,329,234	2,113,617
Contribution and other receivables	142,384	76,005
Prepaid expenses and other assets	1,832	26,061
Fixed assets, net	<u>946,390</u>	<u>1,050,687</u>
Total Assets	<u>\$ 4,688,362</u>	<u>\$ 3,406,197</u>
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 592,960	\$ 584,013
Accrued payroll and payroll related liabilities	399,688	354,513
Loan payable	225,251	200,381
Deferred revenue	199,400	206,750
Line of credit	280,000	500,000
Due to government agencies	442,404	357,984
Total liabilities	<u>2,139,703</u>	<u>2,203,641</u>
<u>Net assets</u>		
Without donor restrictions	1,487,180	464,889
With donor restrictions	<u>1,061,479</u>	<u>737,667</u>
Total net assets	<u>2,548,659</u>	<u>1,202,556</u>
Total liabilities and net assets	<u>\$ 4,688,362</u>	<u>\$ 3,406,197</u>

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

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.**Statement of Activities**

For the year ended June 30, 2024

(With comparative totals for the year ended June 30, 2023)

	Without donor restrictions	With donor restrictions	Total 2024	Total 2023
<u>Public support and revenue:</u>				
Government grants	\$ 12,845,048	\$ -	\$ 12,845,048	\$ 12,519,022
Contributions	234,621	1,027,175	1,261,796	977,139
Gain on extinguishment of liabilities	3,454	-	3,454	325,931
Program fees	783,271	-	783,271	755,667
Special events (net of expenses with a direct benefit to donor)	200,706	-	200,706	117,802
Donated goods, services, and space	1,765,991	-	1,765,991	993,594
Other income	50,534	-	50,534	54,357
	<hr/>	<hr/>	<hr/>	<hr/>
Sub-total	15,883,625	1,027,175	16,910,800	15,743,512
Net assets released from restrictions	703,363	(703,363)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total public support and revenue	16,586,988	323,812	16,910,800	15,743,512
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Expenses</u>				
Program services				
Early childhood services	7,614,188	-	7,614,188	8,341,974
Youth and family services	5,555,564	-	5,555,564	4,930,535
	<hr/>	<hr/>	<hr/>	<hr/>
Total program services	13,169,752	-	13,169,752	13,272,509
	<hr/>	<hr/>	<hr/>	<hr/>
Supporting services				
Management and general	2,078,381	-	2,078,381	1,998,281
Fundraising	316,564	-	316,564	318,478
	<hr/>	<hr/>	<hr/>	<hr/>
Total supporting services	2,394,945	-	2,394,945	2,316,759
	<hr/>	<hr/>	<hr/>	<hr/>
Total functional expenses	15,564,697	-	15,564,697	15,589,268
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net assets	1,022,291	323,812	1,346,103	154,244
Net assets - beginning of year	464,889	737,667	1,202,556	1,048,312
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 1,487,180	\$ 1,061,479	\$ 2,548,659	\$ 1,202,556
	<hr/>	<hr/>	<hr/>	<hr/>

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

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.

Statement of Functional Expenses

For the year ended June 30, 2024

(With comparative totals for the year ended June 30, 2023)

	Program Services			Supporting Services			Total 2024	Total 2023
	Early Childhood Services	Youth and Family Services	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 2,334,232	\$ 3,312,922	\$ 5,647,154	\$ 1,277,621	\$ 174,908	\$ 1,452,529	\$ 7,099,683	\$ 7,657,128
Payroll taxes and benefits	511,181	725,507	1,236,688	279,790	38,304	318,094	1,554,782	1,550,086
Total personnel services	2,845,413	4,038,429	6,883,842	1,557,411	213,212	1,770,623	8,654,465	9,207,214
Contractual child care	2,629,466	86,400	2,715,866	-	-	-	2,715,866	2,813,590
Professional fees	83,968	62,111	146,079	381,331	80,159	461,490	607,569	751,564
Office and program supplies	112,984	194,211	307,195	573	31,201	31,774	338,969	400,458
Occupancy	1,575,620	85,443	1,661,063	36,424	66,520	102,944	1,764,007	902,053
Telephone	11,424	10,860	22,284	3,498	479	3,977	26,261	27,626
Insurance	42,004	63,953	105,957	22,967	3,144	26,111	132,068	107,952
Training and conferences	45,101	216,416	261,517	559	76	635	262,152	217,865
Travel	5,107	212,877	217,984	1,606	1,034	2,640	220,624	174,474
Food	45,790	371,804	417,594	441	626	1,067	418,661	299,486
Repairs and maintenance	133,569	51,719	185,288	11,895	503	12,398	197,686	291,374
Participant costs and parent activities	8,897	141,467	150,364	149	20	169	150,533	123,240
Event expenses	-	-	-	-	3,517	3,517	3,517	62,070
Interest expenses	-	-	-	1,125	-	1,125	1,125	13,955
Bank fees	-	-	-	7,151	-	7,151	7,151	9,958
Bad debt	-	-	-	-	-	-	-	69,285
Other expenses	-	-	-	44,057	-	44,057	44,057	52,409
Depreciation	74,845	19,874	94,719	9,194	384	9,578	104,297	110,123
Total expenses	7,614,188	5,555,564	13,169,752	2,078,381	400,875	2,479,256	15,649,008	15,634,696
Less: direct costs of special events netted with revenue	-	-	-	-	(84,311)	(84,311)	(84,311)	(45,428)
Total functional expenses	\$ 7,614,188	\$ 5,555,564	\$ 13,169,752	\$ 2,078,381	\$ 316,564	\$ 2,394,945	\$ 15,564,697	\$ 15,589,268

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

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.**Statement of Cash Flows**

For the year ended June 30, 2024

(With comparative totals for the year ended June 30, 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 1,346,103	\$ 154,244
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	104,297	110,123
Gain on extinguishment	(3,454)	(325,931)
Changes in assets and liabilities:		
Government grant receivables	(1,215,617)	132,106
Contribution and other receivables	(66,379)	52,737
Prepaid expenses and other assets	24,229	17,520
Accounts payable and accrued expenses	8,947	(213,589)
Accrued payroll and payroll related liabilities	45,175	2,450
Deferred revenue	(7,350)	(84,752)
Due to government agencies	87,874	12,905
	<u>323,825</u>	<u>(142,187)</u>
Cash flows from investing activities		
Purchase of fixed assets	-	(121,318)
	<u>-</u>	<u>(121,318)</u>
Cash flows from financing activities		
Proceeds from loans payable	225,251	200,381
Repayment of loans payable	(200,381)	(89,919)
Proceeds from line of credit	763,694	1,400,000
Repayment of line of credit	(983,694)	(1,149,612)
	<u>(195,130)</u>	<u>360,850</u>
Cash flows (used in) provided by financing activities		
	<u>(195,130)</u>	<u>360,850</u>
Net change in cash	128,695	97,345
Cash, beginning of year	139,827	42,482
	<u>\$ 268,522</u>	<u>\$ 139,827</u>
Cash, end of year		
	<u>\$ 268,522</u>	<u>\$ 139,827</u>
Supplemental disclosure of cash flow information		
Interest paid	\$ 1,125	\$ 13,955
Taxes paid	\$ -	\$ -

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

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.

Notes to the Financial Statements

June 30, 2024

Note 1 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 and 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 (“EHS”), Early Learn, Head Start, Universal Pre-Kindergarten (“UPK”), and Family Childcare Network-provide more than 200 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 support 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 close to 800 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.

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.

Notes to the Financial Statements

June 30, 2024

Note 1 Organization – (continued)

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

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.

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 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.

Based on the analysis performed on the open accounts receivable aging and detail analysis of the customers, the Center did not record an allowance for bad debt as of June 30, 2024. The impact of the adoption was not considered material to the financial statements and primarily results in new/enhanced disclosures only.

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.

Notes to the Financial Statements

June 30, 2024

Note 2 Summary of significant accounting policies – (continued)

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.

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 the FASB’s Accounting Standards Codification (“ASC”) 958-605 for recording contributions, which are recorded at the time a contribution 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 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.

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.

Notes to the Financial Statements

June 30, 2024

Note 2 Summary of significant accounting policies – (continued)

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 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, 2024 and 2023.

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.

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.

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 10 for additional details.

The Center occupies space for program and administrative services provided at no cost by the Parks Department of the City of New York (the “Department”) and the NYC Department of Education (“NYCDOE”). See Notes 9 and 10 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.

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.

Notes to the Financial Statements

June 30, 2024

Note 2 Summary of significant accounting policies – (continued)

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 and/or time and effort estimates made by management of the Center.

Occupancy and depreciation are allocated based on square footage. Office and program supplies and repairs and maintenance are allocated based on square footage and time and effort. All other expenses are allocated based on time and effort.

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

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, 2023, from which the summarized information was derived.

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.

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.**Notes to the Financial Statements**

June 30, 2024

Note 3 Fixed assets

Fixed assets consist of the following:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 979,607	\$ 979,607
Building and improvements	1,478,897	1,478,897
Land	61,500	61,500
Furniture and equipment	779,867	779,867
Vehicles	148,909	148,909
	<u>3,448,780</u>	<u>3,448,780</u>
Less accumulated depreciation	<u>(2,502,390)</u>	<u>(2,398,093)</u>
Total fixed assets, net	<u>\$ 946,390</u>	<u>\$ 1,050,687</u>

Note 4 Loan payable

The Center received interest-free loans from the Returnable Grant Fund administered by the Fund for the City of New York, a non-profit. These loans cover operating expenses for the Center's programs in lieu of receiving timely advances from New York City grantors. The loans are required to be repaid within 90 days of signing a promissory note. New York City grantors may repay these loans on behalf of the Center and subsequently recoup this balance through claims of expenditures submitted by the Center. During the year ended June 30, 2024, the Center received \$225,251 from the Fund for the City of New York. During the year ended June 30, 2023, the Center received \$200,381, which was fully recouped during the year ended June 30, 2023.

Note 5 Line of credit

The Center maintains a \$1,000,000 revolving line of credit with Chase Bank, which is payable with annual interest of 5.275% above the 1-month Secured Overnight Financing Rate ("SOFR"). The interest rate on the line of credit was 10.6% and 8.8% as of June 30, 2024 and 2023, respectively. The line is secured by the Center's assets and matures on December 26, 2024. The balance owed on the line of credit was \$280,000 and \$500,000 as of 2024 and 2023, respectively.

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.

Notes to the Financial Statements

June 30, 2024

Note 6 Due to government agencies

Certain government grant income is recorded based on estimated allowable costs and is subject to audit and adjustments by the appropriate government agency. The Center’s policy is to write-off old liabilities at the time the statute of limitations expires. During the years ended June 30, 2024 and 2023, the statute of limitations expired for government liabilities due to government agencies in the amount of \$3,454 and \$325,931, respectively which is reflected as income on the statement of activities. The total due to government agencies as of June 30, 2024 and June 30, 2023 is \$442,404 and \$357,984, respectively.

Note 7 Net assets with donor restrictions

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

	2024			
	Beginning Balance 7/1/2023	Contributions	Released from Restrictions	Ending Balance 6/30/2024
Program restricted:				
College and teens	\$ 262,849	\$ 463,750	\$ (313,578)	\$ 413,021
Changing futures	138,936	315,000	(311,644)	142,292
Capital campaign	65,000	-	-	65,000
Respite	35,000	35,000	(14,583)	55,417
Community gardens	175,086	-	-	175,086
Family empowerment	8,373	-	-	8,373
Universal Mental Health Supports	-	200,750	(20,876)	179,874
Philanthropies	-	12,675	(6,203)	6,472
Total program restricted	<u>685,244</u>	<u>1,027,175</u>	<u>(666,884)</u>	<u>1,045,535</u>
Time restricted	52,423	-	(36,479)	15,944
Total	<u>\$ 737,667</u>	<u>\$ 1,027,175</u>	<u>\$ (703,363)</u>	<u>\$ 1,061,479</u>

	2023			
	Beginning Balance 7/1/2022	Contributions	Released from Restrictions	Ending Balance 6/30/2023
Program restricted:				
College and teens	\$ 221,862	\$ 293,000	\$ (252,013)	\$ 262,849
Changing futures	202,991	303,000	(367,055)	138,936
Capital campaign	65,000	-	-	65,000
Respite	20,417	35,000	(20,417)	35,000
Community gardens	175,086	-	-	175,086
Family empowerment	8,373	-	-	8,373
Total program restricted	<u>693,729</u>	<u>631,000</u>	<u>(639,485)</u>	<u>685,244</u>
Time restricted	96,491	-	(44,068)	52,423
Total	<u>\$ 790,220</u>	<u>\$ 631,000</u>	<u>\$ (683,553)</u>	<u>\$ 737,667</u>

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.

Notes to the Financial Statements

June 30, 2024

Note 7 Net assets with donor restrictions – (continued)

The Center did not have sufficient cash on hand to comply with all donor-imposed restrictions. As of June 30, 2024, government grant receivables and contribution and other receivables amounted to \$3,402,164, which is expected to be collected within one year from year-end and fund expenditures related to net assets with program restrictions.

Note 8 Special events

The following summarizes special event income:

	<u>2024</u>	<u>2023</u>
Gross revenue	\$ 285,017	\$ 163,230
Less: expenses with a direct benefit to donor	<u>(84,311)</u>	<u>(45,428)</u>
	200,706	117,802
Less; other event expenses	<u>(11,779)</u>	<u>(16,642)</u>
Total	<u>\$ 188,927</u>	<u>\$ 101,160</u>

Note 9 Commitments

The Center has a license agreement with the Department for the use of a building for one of its programs at no cost to the Center. Under the terms of this agreement, the Center is only 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 the NYCDOE for the second site of the Early Childhood program. NYCDOE has a licensing agreement with the landlord, which states that the space is to be used by NYCDOE. The Center is not a party to the license agreement; however, the Early Childhood program is funded by NYCDOE. The license agreement expired on November 28, 2022 and was extended on a month-to-month basis through year-end. The Center entered into a new licensing agreement with the landlord for one year commencing July 1, 2023.

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.

Notes to the Financial Statements

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Note 10 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 Department, 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 NYCDOE, the Center estimated the fair value on the basis of rental fees paid by the NYCDOE to the landlord.
Legal fees and professional services	Contributed services from attorneys and 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:

	2024					
	Early Childhood Services	Youth and Family Services	Total Program Services	Management and General	Fundraising	Total
Donated space	\$ 1,558,317	\$ 78,550	\$ 1,636,867	\$ 36,339	\$ 1,516	\$ 1,674,722
Legal fees	-	-	-	39,052	-	39,052
Professional services	51,000	-	51,000	-	-	51,000
Goods	-	-	-	-	1,217	1,217
Total program	<u>\$ 1,609,317</u>	<u>\$ 78,550</u>	<u>\$ 1,687,867</u>	<u>\$ 75,391</u>	<u>\$ 2,733</u>	<u>\$ 1,765,991</u>

	2023					
	Early Childhood Services	Youth and Family Services	Total Program Services	Management and General	Fundraising	Total
Donated space	\$ 784,346	\$ 54,888	\$ 839,234	\$ 32,328	\$ 1,617	\$ 873,179
Legal fees	-	-	-	60,011	-	60,011
Professional services	51,000	-	51,000	-	-	51,000
Goods	-	9,404	9,404	-	-	9,404
Total program	<u>\$ 835,346</u>	<u>\$ 64,292</u>	<u>\$ 899,638</u>	<u>\$ 92,339</u>	<u>\$ 1,617</u>	<u>\$ 993,594</u>

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

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.

Notes to the Financial Statements

June 30, 2024

Note 11 Pension plans

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. All eligible employees (as defined by the plan) may elect to defer a portion of their salary and contribute to this plan up to statutory amounts. The Center provides a match of an employee's deferred contributions on a discretionary basis. Total contributions to the plan were \$44,176 for the year ended 2023. There were no contributions to the plan for the year ended June 30, 2024.

Note 12 Multi-employer pension plan

The Center participates in a multi-employer pension plan ("MEPP") that provides defined benefits to certain contract labor covered by collective bargaining agreements. The risks of participating in MEPPs differ from single-employer plans. As one of many participating employers in this MEPP, the Center may be responsible with the other participating employers for any plan underfunding. The Center's contributions to the MEPP are established by the applicable collective bargaining agreements; however, its required contributions may increase based on the funded status of the MEPP and the legal requirements of the Pension Protection Act of 2006 (the "PPA"), which requires substantially underfunded MEPPs to implement a funding improvement plan ("FIP") or a rehabilitation plan ("RP") to improve their funded status.

Factors that could impact the funded status of the MEPP include, without limitation, investment performance, changes in the participant demographics, decline in the number of contributing employers, changes in actuarial assumptions, and the utilization of extended amortization provisions.

In the event of the termination of a MEPP or if the Center were to withdraw from a MEPP, under current law, the Center would have material liabilities for its share of the unfunded vested liabilities of each such plan. The Center has not received notification of any plan termination, and the Center does not currently intend to withdraw from the plans. Therefore, the Center believes the occurrence of events that would require recognition of liabilities for its share of unfunded vested benefits is remote.

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% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are more than 80% funded.

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.
Notes to the Financial Statements
June 30, 2024

Note 12 Multi-employer pension plan – (continued)

Information on the District Council 37 Local 95 Head Start Employees Welfare Fund as of June 30, 2024 is as follows:

<u>EIN/Pension Plan Number</u>	<u>Plan End Date</u>	<u>PPA Zone Status</u>	<u>RP Status</u>	<u>Surcharge Imposed</u>	<u>Collective Bargaining Agreement Expiration Date</u>	<u>Contribution</u>	<u>More Than 5% of Employer Contributions</u>
13-3819669/501	12/31/2023	Yellow	Implemented	No	1/31/2022*	<u>\$ 307,521</u>	No

* A new collective bargaining agreement is currently under negotiation.

Note 13 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 72% and 52% of the Center’s total public support and revenue during the years ended June 30, 2024 and June 30, 2023, respectively.

Note 14 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 and cash equivalents	\$ 268,522
Government grant receivables	3,329,234
Contribution and other receivables	<u>142,384</u>
Total financial assets	\$ 3,740,140
Amounts not available for general expenditures:	
Donor restricted for specific purposes	<u>(1,045,535)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,694,605</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 KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.

Notes to the Financial Statements

June 30, 2024

Note 14 Availability and liquidity – (continued)

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 \$800,000 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 15 Subsequent events

Subsequent events have been evaluated through November 27, 2024, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.

As described in Note 9, the Center operated an early childhood education program out of a donated space leased directly by the NYCDOE. NYCDOE allowed the lease to expire on June 30, 2024, leaving the Center with no viable location from which to operate the program. Consequently, the Center opted to terminate the contract with the NYCDOE for the program at year-end, resulting in a decrease of the Center's revenue for the year ending June 30, 2025, of \$2.2M. To mitigate the potential financial impact of the contract termination, all staff working under the contract was laid off by the end of June 2024, and all direct expenses related to this contract concurrently ceased, resulting in a reduction of expenses of approximately \$1.9M. The remaining \$300K is related to indirect costs covered under this contract. To cut those additional costs, the Center has made significant reductions in shared expenses by further reducing administrative staff, supplies, repair expenses, and other shared costs. Overall, the anticipated cost-saving measures will help to reduce FY25 shared indirect costs by approximately \$500K.