

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

Audited Financial Statements

June 30, 2021

Independent Auditor's Report

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

Report on the Financial Statements

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, 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.

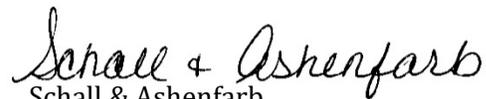
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Kingsbridge Heights Community Center, Inc. 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 Center's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 2020. 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

November 22, 2021

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.
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	\$63,609	\$453,222
Government grants receivable	1,364,118	1,372,799
Contributions and other receivables	131,142	72,548
Prepaid expenses and other assets	36,633	7,212
Fixed assets, net (Note 3)	<u>1,058,886</u>	<u>936,347</u>
Total assets	<u><u>\$2,654,388</u></u>	<u><u>\$2,842,128</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$612,856	\$364,290
Accrued payroll and payroll related liabilities	59,992	330,787
Government grant advances	0	651
Deferred revenue	21,963	6,165
Due to Administration for Children's Services (Note 4)	407,732	407,732
Paycheck Protection Program Loan (Note 5)	0	1,254,989
Line of credit (Note 6)	400,000	0
Loans payable (Note 7)	<u>132,448</u>	<u>172,222</u>
Total liabilities	<u>1,634,991</u>	<u>2,536,836</u>
Net assets:		
Without donor restrictions	318,817	(235,214)
With donor restrictions (Note 8)	<u>700,580</u>	<u>540,506</u>
Total net assets	<u>1,019,397</u>	<u>305,292</u>
Total liabilities and net assets	<u><u>\$2,654,388</u></u>	<u><u>\$2,842,128</u></u>

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

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/21</u>	<u>Total 6/30/20</u>
Operating revenues and support:				
Government grant income	\$8,335,596		\$8,335,596	\$8,119,066
Government grant income - Payroll Protection Program	1,254,989		1,254,989	0
Contributions	489,185	\$596,974	1,086,159	772,069
Program fees	559,460		559,460	1,100,382
Special events (net of expenses with a direct benefit to donor) (Note 13)	188,036		188,036	163,665
Donated goods, services and in-kind rent (Note 14)	865,614		865,614	919,424
Other income	10,485		10,485	7,623
Net assets released from restrictions	436,900	(436,900)	0	0
Total operating revenues and support	<u>12,140,265</u>	<u>160,074</u>	<u>12,300,339</u>	<u>11,082,229</u>
Operating expenses:				
Program services:				
Early childhood services	6,315,035		6,315,035	6,146,869
Youth and family services	3,561,382		3,561,382	3,298,175
Total program services	<u>9,876,417</u>	<u>0</u>	<u>9,876,417</u>	<u>9,445,044</u>
Supporting services:				
Management and general	1,401,822		1,401,822	1,091,406
Fundraising	307,995		307,995	425,304
Total supporting services	<u>1,709,817</u>	<u>0</u>	<u>1,709,817</u>	<u>1,516,710</u>
Total operating expenses	<u>11,586,234</u>	<u>0</u>	<u>11,586,234</u>	<u>10,961,754</u>
Change in net assets	554,031	160,074	714,105	120,475
Net assets - beginning of year	<u>(235,214)</u>	<u>540,506</u>	<u>305,292</u>	<u>184,817</u>
Net assets - end of year	<u>\$318,817</u>	<u>\$700,580</u>	<u>\$1,019,397</u>	<u>\$305,292</u>

The attached notes and auditor's 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, 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
	Early Childhood Services	Youth and Family Services	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$2,972,037	\$2,330,359	\$5,302,396	\$959,034	\$100,522	\$1,059,556	\$6,361,952	\$5,818,846
Payroll taxes and benefits	765,823	479,475	1,245,298	10,908	36,068	46,976	1,292,274	1,148,700
Total personnel services	3,737,860	2,809,834	6,547,694	969,942	136,590	1,106,532	7,654,226	6,967,546
Contractual child care	1,331,591		1,331,591			0	1,331,591	1,495,353
Professional fees (including in-kind of \$113,398) (Note 14)	23,198	90,223	113,421	348,140	57,459	405,599	519,020	606,936
Office and program supplies	165,305	91,348	256,653	21,455	75,258	96,713	353,366	238,675
Occupancy (including in-kind of \$752,216) (Notes 9 and 14)	695,047	54,871	749,918	21,213	1,488	22,701	772,619	772,930
Telephone	22,433	6,251	28,684	20	326	346	29,030	29,543
Insurance	59,534	36,925	96,459	81	2,024	2,105	98,564	77,684
Training and conferences	75,968	40,996	116,964	810		810	117,774	105,332
Travel	3,239	41,696	44,935	330		330	45,265	103,168
Food	379	263,194	263,573	1,783	11,586	13,369	276,942	257,130
Repairs and maintenance	113,678	44,198	157,876	1,363	1,948	3,311	161,187	72,449
Participant costs and parent activities	6,924	68,363	75,287		14,883	14,883	90,170	53,598
Event expenses			0		6,068	6,068	6,068	63,603
Interest expenses			0	15,063		15,063	15,063	20,506
Bank fees			0	3,840		3,840	3,840	10,975
Other expenses	876		876	12,569		12,569	13,445	33,711
Depreciation	79,003	13,483	92,486	5,213	365	5,578	98,064	99,673
Total expenses	6,315,035	3,561,382	9,876,417	1,401,822	307,995	1,709,817	11,586,234	11,008,812
Less: direct costs of special events						0	0	(47,058)
Total expenses reported by function on the statement of activities	<u>\$6,315,035</u>	<u>\$3,561,382</u>	<u>\$9,876,417</u>	<u>\$1,401,822</u>	<u>\$307,995</u>	<u>\$1,709,817</u>	<u>\$11,586,234</u>	<u>\$10,961,754</u>

The attached notes and auditor's 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, 2021
(With comparative totals for the year ended June 30, 2020)

	<u>6/30/21</u>	<u>6/30/2020</u>
Cash flows from operating activities:		
Change in net assets	\$714,105	\$120,475
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	98,064	99,673
Disposal of capital asset	10,500	0
Changes in assets and liabilities:		
Government grants receivable	8,681	(452,734)
Contributions and other receivables	(58,594)	47,500
Prepaid expenses and other assets	(29,421)	2,493
Accounts payable and accrued expenses	248,566	(351,425)
Accrued payroll and payroll related liabilities	(270,795)	46,273
Government grant advances	(651)	(388)
Deferred revenue	15,798	(39,010)
Due to Administration for Children's Services	0	74,061
Paycheck Protection Program Loan (Note 5)	<u>(1,254,989)</u>	<u>1,254,989</u>
Total adjustments	<u>(1,232,841)</u>	<u>681,432</u>
Net cash (used for)/provided by operating activities	<u>(518,736)</u>	<u>801,907</u>
Cash flows from investing activities:		
Purchases of fixed assets	<u>(231,103)</u>	<u>(31,825)</u>
Net cash used for investing activities	<u>(231,103)</u>	<u>(31,825)</u>
Cash flows from financing activities:		
Repayment of line of credit and cash flow loan	(275,000)	(585,000)
Repayment of loans payable	(39,774)	(44,606)
Proceeds from line of credit and cash flow loan	<u>675,000</u>	<u>285,000</u>
Net cash provided by/(used for) financing activities	<u>360,226</u>	<u>(344,606)</u>
Net (decrease)/increase in cash and cash equivalents	(389,613)	425,476
Cash - beginning of year	<u>453,222</u>	<u>27,746</u>
Cash - end of year	<u><u>\$63,609</u></u>	<u><u>\$453,222</u></u>
Supplemental information:		
Interest paid	<u>\$15,063</u>	<u>\$20,506</u>
Taxes paid	<u>\$0</u>	<u>\$0</u>

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

THE KINGSBRIDGE HEIGHTS COMMUNITY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

- KHCCConnect: Our unique case management unit, KHCCConnect 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, KHCCConnect 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 Presentation
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 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.

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 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.

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. Concentration of Credit Risk

Financial instruments which potentially subject the Center to 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. 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
- Office and program supplies
- Telephone
- Insurance

The following costs are allocated by square footage calculations:

- Occupancy
- Repairs and maintenance

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

i. 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, 2020, from which the summarized information was derived.

- j. 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.
- k. 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.
- l. 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, 2018 and later are subject to examination by applicable taxing authorities.
- m. 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 Center is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/21</u>	<u>6/30/20</u>
Leasehold improvements	\$779,867	\$787,466
Building and improvements	1,308,502	1,225,540
Land	61,500	61,500
Furniture and equipment	935,607	790,367
Vehicles	<u>148,909</u>	<u>148,909</u>
	3,234,385	3,013,782
Less: accumulated depreciation	<u>(2,175,499)</u>	<u>(2,077,435)</u>
Total fixed assets, net	<u>\$1,058,886</u>	<u>\$936,347</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, 2021, 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.

Note 5 - Paycheck Protection Program Loan

During the year ended June 30, 2020, the Center obtained a loan from the Small Business Administration (“SBA”) in the amount of \$1,254,989 through the Paycheck Protection Program (“PPP”).

Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven. Portions that are not forgiven would be payable over a five-year period, with a ten-month deferral of payments and interest would accrue at 1%.

The Center has accounted for the PPP loan in accordance with FASB ASC 958-605 as it is considered to have traits similar to a conditional contribution. In April 2021, full forgiveness on the loan of \$1,254,989 loan plus interest was approved by the SBA. As all conditions had been met at year end, revenue was recognized during the year ended June 30, 2021.

Note 6 - 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, 2021 and 2020, was 5.9% and 8.35%, 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 \$400,000 at June 30, 2021. There was no outstanding balance at June 30, 2020.

Note 7 - Loans Payable

Loans payable consist of the following:

	<u>6/30/21</u>	<u>6/30/20</u>
Loan payable – JP Morgan Chase (a)	\$68,401	\$88,960
Loan payable – JP Morgan Chase (b)	<u>64,047</u>	<u>83,262</u>
Total	<u>\$132,448</u>	<u>\$172,222</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, 2022	\$42,529
	June 30, 2023	45,475
	June 30, 2024	<u>44,444</u>
Total		<u>\$132,448</u>

Note 8 - Net Assets With Donor Restrictions

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

	<u>June 30, 2021</u>			
	Beginning Balance <u>7/1/20</u>	Contributions	Released from Restrictions	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>
	<u>June 30, 2020</u>			
	Beginning Balance <u>7/1/19</u>	Contributions	Released from Restrictions	Ending Balance <u>6/30/20</u>
Program restricted:				
College and teens	\$221,381	\$292,500	(\$293,020)	\$220,861
Changing futures	133,718	30,000	(111,372)	52,346
Capital campaign	50,000	0	(0)	50,000
Respite	5,049	35,000	(21,688)	18,361
Community gardens	52,255	163,573	(30,266)	185,562
Family empowerment	<u>53,376</u>	<u>0</u>	<u>(40,000)</u>	<u>13,376</u>
Total	<u>\$515,779</u>	<u>\$521,073</u>	<u>(\$496,346)</u>	<u>\$540,506</u>

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

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 the NYC Department of Citywide Admin Services ("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. \$23,295 was contributed to the plan during the year ended June 30, 2021. The Center did not contribute to the plan during the year ended June 30, 2020.

Note 11 - Multi-Employer Benefit Plan

The Center participates in a multi-employer benefit plan that provide 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 1707 Local 95 Head Start Employees Welfare Fund as of June 30, 2020 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	12/31/20	Green	N/A	1/31/19*	<u>\$146,463</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 50% of the Center's total public support and revenue during the years ended June 30, 2021 and 2020.

Note 13 - Special Events

The following summarizes special event income:

	<u>6/30/21</u>	<u>6/30/20</u>
Gross revenue	\$188,036	\$210,723
Less: expenses with a direct benefit to donor	<u>0</u>	<u>(47,058)</u>
	188,036	163,665
Less: other event expenses	<u>(6,068)</u>	<u>(16,545)</u>
Total	<u>\$181,968</u>	<u>\$147,120</u>

Note 14 - Donated Goods, Services and Occupancy

The following summarizes the allocation of donated goods, services, and in-kind rent:

	<u>June 30, 2021</u>					
	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	<u>0</u>	<u>0</u>	<u>0</u>	<u>113,398</u>	<u>0</u>	<u>113,398</u>
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>

	<u>June 30, 2021</u>					
	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	\$627,065	\$118,634	\$745,699	\$0	\$6,517	\$752,216
Supplies	0	0	0	0	15,884	15,884
Legal fees	<u>0</u>	<u>0</u>	<u>0</u>	<u>151,324</u>	<u>0</u>	<u>151,324</u>
Total	<u>\$627,065</u>	<u>\$118,634</u>	<u>\$745,699</u>	<u>\$151,324</u>	<u>\$22,401</u>	<u>\$919,424</u>

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	\$63,609
Government grants receivable	1,364,118
Contributions and other receivables	<u>131,142</u>
Total financial assets	\$1,558,869
Less amounts not currently available for general expenditures:	
Donor restricted support	<u>(700,580)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$858,289</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 22, 2021, the date the financial statements were issued. The Center has concluded that no other material events have occurred that are not accounted for in the accompanying financial statements or disclosed in the accompanying notes.

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.