
GODDARD RIVERSIDE COMMUNITY CENTER

Financial Statements

For the year ended June 30, 2011
(with comparative totals for 2010)

GODDARD RIVERSIDE COMMUNITY CENTER

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Independent Auditors' Report

To the Board of Directors
Goddard Riverside Community Center
New York, New York

We have audited the accompanying statement of financial position of Goddard Riverside Community Center as of June 30, 2011 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the organization's 2010 financial statements and, in our report dated November 16, 2010, we expressed an unqualified opinion on those financial statements.

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Goddard Riverside Community Center as of June 30, 2011 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

N. Cheng & Co., P.C.

New York, New York
December 6, 2011

GODDARD RIVERSIDE COMMUNITY CENTER**Statement of Financial Position**

June 30, 2011

(with comparative totals for 2010)

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash	\$ 466,479	\$ 392,154
Accounts receivable	2,536,379	2,913,831
Contributions receivable – Note 7	1,395,357	846,333
Interest receivable	34,568	33,679
Prepaid expenses	154,495	241,655
Investments – Note 3	13,392,334	11,542,307
Fixed assets (net) – Note 4	2,367,814	1,608,366
Mortgage receivable – Note 16	2,981,845	2,981,845
Total assets	<u>\$ 23,329,271</u>	<u>\$ 20,560,170</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts and accrued expenses payable	\$ 2,357,181	\$ 2,147,965
Due to related parties – Note 9	283,449	197,029
Refundable advances	870,901	1,310,621
Deferred income	79,251	
Loan – Note 8	600,000	710,000
Total liabilities	<u>4,190,782</u>	<u>4,365,615</u>
Commitments and contingencies – Notes 6, 12 and 15		
<u>Net assets</u>		
Unrestricted		
Operating	309,931	261,972
Board designated fund – Note 13	12,207,354	11,064,542
Total unrestricted	12,517,285	11,326,514
Temporarily restricted – Note 14	3,821,548	2,068,385
Permanently restricted – Note 13	2,799,656	2,799,656
Total net assets	<u>19,138,489</u>	<u>16,194,555</u>
Total liabilities and net assets	<u>\$ 23,329,271</u>	<u>\$ 20,560,170</u>

The accompanying notes are an integral part of this statement.

GODDARD RIVERSIDE COMMUNITY CENTER
Statement of Activities and Change in Net Assets

For the year ended June 30, 2011
(with comparative totals for 2010)

	Unrestricted				Temporarily restricted	Permanently restricted	Total 2011	Total 2010
	Operating	Board designated	Total	Total				
Revenues								
Contributions and grants								
Contributions	\$ 1,200,100		\$ 1,200,100	\$ 4,026,323	\$ 5,226,423	\$ 2,638,574		
Government grants	16,442,078		16,442,078		16,442,078	16,631,137		
Program fees	1,535,852		1,535,852		1,535,852	1,331,494		
Benefits	1,300,570		1,300,570		1,300,570	949,927		
Less: direct benefits expense	(253,602)	(253,602)		(253,602)	224,397)		
In-Kind services – Note 10	769,533		769,533		769,533	603,961		
Net investment income – Note 3	220	\$ 1,663,670	1,663,890		1,663,890	915,455		
Reimbursements from affiliates	845,048		845,048		845,048	885,314		
Other	29,914		29,914		29,914	58,813		
Releases from restriction – Note 14	2,794,018	(520,858)	2,273,160	(2,273,160)				
Total revenues	24,663,731	1,142,812	25,806,543	1,753,163	27,559,706	23,790,278		
Expenses								
Program services								
Youth	2,497,965		2,497,965		2,497,965	2,559,539		
Senior citizens and adults	1,828,301		1,828,301		1,828,301	2,113,439		
Housing and homeless	12,893,826		12,893,826		12,893,826	12,760,186		
Preschool	4,443,963		4,443,963		4,443,963	3,930,577		
Total program services	21,664,055		21,664,055		21,664,055	21,363,741		
Supporting services								
Management and general	2,163,912		2,163,912		2,163,912	2,023,086		
Fund raising	787,805		787,805		787,805	798,172		
Total supporting services	2,951,717		2,951,717		2,951,717	2,821,258		
Total expenses	24,615,772		24,615,772		24,615,772	24,184,999		
Change in net assets	47,959	1,142,812	1,190,771	1,753,163	2,943,934	(394,721)		
Net assets at beginning of year	261,972	11,064,542	11,326,514	2,068,385	16,194,555	16,589,276		
Net assets at end of year	\$ 309,931	\$ 12,207,354	\$ 12,517,285	\$ 3,821,548	\$ 19,138,489	\$ 16,194,555		

The accompanying notes are an integral part of this statement.

GODDARD RIVERSIDE COMMUNITY CENTER**Statement of Cash Flows**

For the year ended June 30, 2011

(with comparative totals for 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ 2,943,934	(\$ 394,721)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	323,141	509,092
Net unrealized gain on investments	(1,150,264)	(663,353)
Change in accounts receivable	377,452	(751,457)
Change in contributions receivable	(549,024)	200,399
Change in interest receivable	(889)	1,888
Change in prepaid expenses	87,160	(87,278)
Change in accounts and accrued expenses payable	209,216	630,678
Change in due to/from related parties	86,420	(65,229)
Change in deferred income	79,251	-
Change in refundable advances	(439,720)	86,331
Net cash provided by/(used in) operating activities	<u>1,966,677</u>	<u>(533,650)</u>
Cash flows from investing activities		
Purchase of fixed assets	(1,082,589)	(477,609)
Purchase of investments including donated stocks	(2,164,724)	(2,731,730)
Proceeds from sale of investments	<u>1,464,961</u>	<u>3,054,059</u>
Net cash (used in) investing activities	<u>(1,782,352)</u>	<u>(155,280)</u>
Cash flows from financing activities		
Loan proceeds	290,000	830,000
Loan payments	(400,000)	(930,000)
Net cash (used in) financing activities	<u>(110,000)</u>	<u>(100,000)</u>
Net increase/(decrease) in cash	74,325	(788,930)
Cash at beginning of year	<u>392,154</u>	<u>1,181,084</u>
Cash at end of year	<u>\$ 466,479</u>	<u>\$ 392,154</u>
Supplementary information		
Cash paid for interest	<u>\$ 27,024</u>	<u>\$ 26,159</u>

The accompanying notes are an integral part of this statement.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2011

Note 1 Organization

Goddard Riverside Community Center (“GRCC”) was organized in the State of New York under Section 805 of the Not-for-profit Corporation Law to provide various social services to its community.

GRCC builds community, changes lives and supports New Yorkers in need through services including early childhood and youth programs, college counseling, supportive housing, employment readiness, and assistance to homeless and older adults in Manhattan. GRCC embraces the potential and worth of each individual, connecting them across social, economic and other barriers, and acknowledges the importance of a strong community.

GRCC cares for families with a variety of educational and recreational programs for toddlers, children, and young people, including making college accessible to low-income youngsters. GRCC helps people who are living on the streets to address the underlying issues that led to their homelessness, acquire basic life skills and reintegrate into the community. GRCC prevents evictions and preserves affordable housing by providing free legal-representation for low-income tenants and organizing tenants to advocate for their rights. Older adults are helped to live in their own homes for as long as possible; in addition, GRCC provides elders with health and social services, meals, recreation, companionship, and arts activities. GRCC educates community members on important civic issues and mobilizes them to advocate for better public policies at the city, state and federal levels. GRCC operates 27 programs at 21 different sites on the Upper West Side and in Harlem.

GRCC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization as described in Code Sections 509(a)(1) and 170(b)(1)(A)(vi).

St. Matthew’s and St. Timothy’s Neighborhood Center, Incorporated (“SMSTNC”), is a 501(c)(3) not-for-profit organization that provides charitable, educational, nutritional and similar assistance programs for the benefit of the community. The financial statements of SMSTNC are consolidated with the operation of GRCC. SMSTNC changed its by-laws to state that GRCC is the sole member of SMSTNC on May 31, 2006. SMSTNC is funded primarily by federal, state and city agencies. Effective January 31, 2011, SMSTNC was officially acquired by GRCC (Note 18).

Note 2 Summary of significant accounting policies

Accrual basis. The financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for profit entities. The accompanying financial statements and prior year consolidated information include the financial position, statement of activities and cash flows of GRCC and SMSTNC. All significant intercompany accounts and transactions had been eliminated in consolidation. The individual entities had interrelated directors and share common personnel. Some expenses, including salaries and professional fees, had been allocated between GRCC and SMSTNC based upon services rendered by common personnel and professional services.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2011

Note 2 Summary of significant accounting policies - (continued)

Financial statements. The financial statements have been prepared in accordance with GAAP which require reporting information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets. Net assets are classified as follows:

Unrestricted - operating - this class includes net assets from unrestricted contributions and from other resources not subject to donor-imposed restrictions.

Unrestricted - board designated endowment - represents resources designated by the Board of Directors for long term support.

Temporarily restricted - this class includes net assets from restricted contributions (temporary restrictions) whose donor-imposed restrictions have not yet been met.

Permanently restricted - this class includes contributions restricted by the donor with no specified expiration date. Annual investment income is available for support of specified purposes. Investment income is recognized in the temporarily restricted or unrestricted classes of net assets based on donor stipulations.

New accounting pronouncements. ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), as modified and adopted by New York State. Endowment is comprised of donor-restricted and board-designated funds, functioning as endowment. Balances are classified and reported as unrestricted, temporarily restricted, or permanently restricted net assets in accordance with donor specifications and state law. As of June 30, 2011, GRCC has not adopted the requirements under the New York Prudent Management of Institutional Funds Act ("NYPMIFA") and therefore, income derived from donor restricted funds was recorded as unrestricted.

Use of estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Comparative information. The financial statements include summarized prior year information, which is presented in total, but not by asset class. This summarized prior year information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the consolidated financial statements for the year ended June 30, 2010, from which the summarized information was derived. The independent auditor's opinion on the consolidated financial statements for the year ended June 30, 2010 was unqualified.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2011

Note 2 Summary of significant accounting policies - (continued)

Contributions receivable. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Support. Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Gifts of goods and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, GRCC and its consolidated affiliate report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Functional allocation of expenses. The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of GRCC.

Concentrations of credit and market risk. Financial instruments that potentially expose GRCC to concentrations of credit and market risk consist primarily of cash and investments. Cash is maintained at one of the nation's largest banks; Investments consist of a U.S. Government money market fund; a mutual fund; interests in long/short domestic equity funds, global long/short credit and event driven funds, Asia and emerging markets funds, and a diversified portfolio of common stocks - all of which are managed by professional investment advisors. Management understands the risks implicit in investing and believes that, with the guidance of the Investment Committee of the Board of Directors, appropriate oversight is being exercised and GRCC's diverse portfolio carries a reasonable overall level of risk.

Deferred revenue. Program fees received in advance that relate to future fiscal years have been recorded as deferred revenue and will be recognized in the period to which they apply.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2011

Note 2 Summary of significant accounting policies - (continued)

Government grant advances. Government grant awards are classified as refundable advances until expended for the purposes of the grants since they have traits that bear a closer resemblance to exchange transactions (purchase of services) than to contributions.

Investments. Investments are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value is based on quotations obtained from national securities exchanges.

GRCC has adopted ASC 820 and its applicable amendments. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). In evaluating the level at which GRCC's externally managed investments have been classified within this hierarchy, management has assessed factors including, but not limited to, price transparency, the ability to redeem these investments at net asset value at the measurement date, and the existence or absence of certain restrictions at the measurement date. The three levels of the fair value hierarchy under ASC 820 are:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3: Prices or valuations that require inputs that are significant to the fair value measurement, unobservable and/or require the organization to develop its own assumptions.

The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

All of GRCC's investments as of June 30, 2011 and 2010 are level 1 investments.

	<u>Level 1</u>
Investment assets at June 30, 2011	
Cash and cash equivalents	\$ 3,103,513
Equity	7,251,406
Fixed income and funds	<u>3,037,415</u>
Total	<u>\$ 13,392,334</u>
Investment assets at June 30, 2010	
Cash and cash equivalents	\$ 3,847,420
Equity	4,519,026
Fixed income and funds	<u>3,175,861</u>
Total	<u>\$ 11,542,307</u>

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2011

Note 2 Summary of significant accounting policies - (continued)

Fixed assets. Depreciation of fixed assets and amortization of leasehold improvements are provided over the estimated useful lives of the respective assets or life of the lease whichever is shorter on a straight-line method as follows:

	<u>Estimated life</u>
Leasehold improvements	3 - 15 years
Office equipment	3 - 5 years
Transportation vehicles	5 years

Uncertainty in income taxes. The organization applies the provision of FASB ASC 740, Income Taxes. Management has considered possible areas of uncertain tax positions and possible areas of risk to its tax-exempt status. Management has concluded that the organization has no uncertain tax positions and that its tax exempt status would sustain examination. Tax years of 2008, 2009, and 2010 remain open and are subject to examination.

Subsequent events. GRCC evaluated its June 30, 2011 financial statements for subsequent events through December 6, 2011, the date the financial statements were available to be issued. GRCC is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Note 3 Investments and investment income

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 3,103,513	\$ 3,847,420
Equity securities and funds	7,251,406	4,519,026
Fixed income	<u>3,037,415</u>	<u>3,175,861</u>
Total investments	<u>\$ 13,392,334</u>	<u>\$ 11,542,307</u>
Dividends and interest	\$ 330,400	\$ 282,649
Net realized (loss)/gain	194,896	(18,670)
Net unrealized (loss)/gain	1,150,264	663,353
Fees	(11,890)	(12,378)
Net investment income	1,663,670	914,954
Other interest	<u>220</u>	<u>501</u>
Total investment income	<u>\$ 1,663,890</u>	<u>\$ 915,455</u>

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2011

Note 3 Investments and investment income – (continued)

Allocation of investment income for 2011 and 2010 are as follows:

2011	Unrestricted board designated	Temporarily restricted	Permanently restricted	2011 Total
Dividends and interest	\$ 234,584	\$ 13,216	\$ 82,600	\$ 330,400
Net realized gain	138,376	7,796	48,724	194,896
Net unrealized (loss)/gain	1,150,264			1,150,264
Fees	(11,890)			(11,890)
Total investment return	1,511,334	21,012	131,324	1,663,670
Transfers	152,336	(21,012)	(131,324)	-
Total allocation	<u>\$ 1,663,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,663,670</u>

2010	Unrestricted board designated	Temporarily restricted	Permanently restricted	2010 Total
Dividends and interest	\$ 201,163	\$ 11,638	\$ 69,848	\$ 282,649
Net realized gain	(13,442)	(560)	(4,668)	(18,670)
Net unrealized (loss)/gain	663,353			663,353
Fees	(12,378)			(12,378)
Total investment return	838,696	11,078	65,180	914,954
Transfers	76,258	(11,078)	(65,180)	-
Total allocation	<u>\$ 914,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 914,954</u>

Note 4 Fixed assets

	2011	2010
Leasehold improvements	\$ 4,918,012	\$ 3,878,620
Equipment	635,983	631,786
Transportation equipment	288,184	249,184
Computer systems	305,451	305,451
Total fixed assets	6,147,630	5,065,041
Less : accumulated depreciation and amortization	(3,779,816)	(3,456,675)
Net fixed assets	<u>\$ 2,367,814</u>	<u>\$ 1,608,366</u>

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2011

Note 5 Pension plan

GRCC and SMSTNC maintain pension plans for their eligible staff. GRCC's pension plan is a defined contribution plan where the annual contribution is at the discretion of the Board of Directors. SMSTNC maintains a TDA plan with a limited employer match. The total pension expense for fiscal years 2011 and 2010 was \$443,333 and \$465,315, respectively.

Note 6 Contingencies

Certain contracts may be subject to audit by the funding sources. Disallowances and adjustments which are considered to be material to the financial statements, if any, resulting from such audit would be reflected in the financial statements.

Note 7 Contributions receivable

Contributions receivable is comprised of unconditional promises to give shown below. Unconditional promises to give are recorded at the present value of their estimated future cash flows. In determining the present value of the expected future cash flows, a discount rate of 3% was applied to long term receivable at June 30, 2011. There was no discount applied at June 30, 2010.

Amounts due in	<u>2011</u>	<u>2010</u>
Less than one year	\$ 1,060,500	\$ 846,333
One to two years	350,000	-
Less: discount	(15,143)	-
	<u>\$ 1,395,357</u>	<u>\$ 846,333</u>

As of June 30, 2011, \$1,395,357 of contributions receivable is temporarily restricted. Management expects all pledges to be fully collected and, accordingly, no allowance for doubtful pledges has been provided.

Note 8 Loan

GRCC secured lines of credit for a total of \$1,000,000. The interest rate is 0.4% over the prime rate. All business assets, inventory, equipment, accounts, general intangibles, chattel papers, documents, instruments and letter of credit rights of the GRCC are pledged as collateral. As of June 30, 2011, a total of \$550,000 was outstanding.

GRCC entered into a multi-year interest free program-related loan in the amount of \$75,000. As of June 30, 2011, a total of \$50,000 was outstanding.

GODDARD RIVERSIDE COMMUNITY CENTER**Notes to Financial Statements**

June 30, 2011

Note 9 Due to related parties

As of June 30, the balances due from/(to) unconsolidated related parties consisted of:

	<u>2011</u>	<u>2010</u>
Capitol Hall Preservation HDFC	(\$ 109,822)	(\$ 144,292)
Corner House Associates, L.P.	127,380	73,916
Phelps House Associates, L.P.	115,548	72,092
New Senate Associates, L.P.	(429,530)	(219,179)
140 W 140 th St. HDFC	<u>12,975</u>	<u>20,434</u>
Total	<u>(\$ 283,449)</u>	<u>(\$ 197,029)</u>

GRCC does not meet the criteria of control and economic interest in the above related parties contained in FSP SOP 94-3-1 and AAG HCO-1; therefore the financial position and activities of these parties are not included in its consolidated financial statements.

Note 10 In-kind services

SFAS No. 116 requires not-for-profit organizations to record the contributed value of facilities, benefits and services received. The following in-kind facilities, fringe benefits paid by NYC Administration for Children's Services and other services have been recorded related to the Head Start Programs for fiscal year ended June 30,

	<u>2011</u>	<u>2010</u>
Occupancy	\$ 476,596	\$ 413,743
Supplies	3,100	1,660
Program volunteers (teacher aides)	80,709	22,558
Fringe benefits	<u>209,128</u>	<u>166,000</u>
Total	<u>\$ 769,533</u>	<u>\$ 603,961</u>

Note 11 Developer's fee

GRCC is a party to an agreement with Phelps House Associates L.P. whereby GRCC oversaw the development and renovations of a 169-unit building for the elderly located at 595 Columbus Avenue, New York, NY. The construction was completed on December 31, 2005. For these services, Phelps House Associates, L.P. agreed to pay GRCC a net developer's fee of \$2,483,463 of which \$1,121,442 is the current portion and \$1,362,021 is payable only to the extent cash flow is available from the property. Income is recognized only when cash is received. As of June 30, 2011, a total of \$1,348,034 was collected in prior years. There's no current balance due.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2011

Note 12 Commitments

GRCC leases various facilities under operating leases expiring between the years 2011 and 2018. As of June 30, the minimum future commitment is as follows:

Year ending June 30,	<u>2011</u>	<u>2010</u>
2011		\$ 308,120
2012	\$ 419,917	153,812
2013	326,065	81,757
2014	219,745	30,668
2015	202,891	
Thereafter	<u>224,872</u>	<u>135,442</u>
Total	<u>\$ 1,393,490</u>	<u>\$ 709,799</u>

Total rent expense paid (excluding in-kind) in 2011 was \$1,850,964, of which \$1,457,748 is on a month to month and yearly basis.

Note 13 Endowment fund

The Board of Directors established a Board designated endowment fund to generate income to support the operations of GRCC. The endowment was funded initially by the unrestricted proceeds from the sales of certain real properties and other funds. Annually, GRCC receives contributions from donors which are restricted or designated by the Board of Directors. GRCC may fund operations from the endowment fund (restricted and unrestricted) with up to 4.5% of the average total value of the endowment fund. This amount is estimated and set by the Board during the approval of the annual operating budget. For fiscal year ended June 30, 2011 the Board approved \$520,858 to be used for operations. This amount was transferred from the board designated endowment fund to the operating fund.

At June 30, permanently restricted endowment funds consist of the following:

	<u>2010</u>	<u>Additions</u>	<u>Released</u>	<u>2011</u>
Lester Martin scholarship fund	\$ 106,000			\$ 106,000
Options endowment	605,000			605,000
Bernie Wohl endowment	<u>2,088,656</u>			<u>2,088,656</u>
Total	<u>\$ 2,799,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,799,656</u>

GODDARD RIVERSIDE COMMUNITY CENTER**Notes to Financial Statements**

June 30, 2011

Note 14 Temporarily restricted net assets

As of June 30, temporarily restricted net assets consist of:

	<u>2010</u>	<u>Additions</u>	<u>Releases</u>	<u>2011</u>
Time restricted	\$ 245,000	\$ 778,600	(\$ 333,600)	\$ 690,000
Program restricted				
Youth	627,964	2,484,813	(991,761)	2,121,016
Housing and homeless	516,806	667,500	(478,469)	705,837
Senior citizens and adults	200,000	31,500	(151,083)	80,417
WEME programs	324,278	20,110	(120,110)	224,278
Bernie Wohl center renovation	154,337	43,800	(198,137)	-
Total	<u>\$ 2,068,385</u>	<u>\$ 4,026,323</u>	<u>(\$ 2,273,160)</u>	<u>\$ 3,821,548</u>

Note 15 Client representative payee accounts

GRCC is acting as “rep-payee” for approximately 70 clients who receive services from several of the GRCC programs. Funds, received on behalf of each client, are deposited in individual client accounts. Funds are disbursed from these accounts to pay each client’s expenses and provide cash to individual clients from each client’s fund, based on need. The activity in these accounts, which is not reflected in the accompanying financial statements, is summarized below:

	<u>2011</u>	<u>2010</u>
Balance at beginning of year	\$ 307,977	\$ 305,339
Deposits during the year	812,940	662,863
Disbursements during the year	(661,410)	(660,225)
Balance at end of year	<u>\$ 459,507</u>	<u>\$ 307,977</u>

Note 16 Mortgage receivable

In December 2004, Goddard Riverside Housing Development Fund Company, Inc. (“GRHDFC”), an unconsolidated affiliate of GRCC, sold real estate it owned at 595 Columbus Avenue, New York, NY to Phelps House Associates, L.P. (the “Partnership”). Part of the consideration received by GRCC is a mortgage receivable in the amount of \$2,981,845 dated December 17, 2004.

The mortgage bears an annual interest rate of 4.68% with principal and interest payments due annually over 30 years. These payments will be made only to the extent of available cash flow from the property as defined in the Partnership agreement. Because the amount of cash flow is uncertain, the interest income will be recognized only as and when payments are received by GRCC. No interest payments were received in fiscal year ended June 30, 2011 and no interest income was recognized.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2011

Note 17 Manhattan outreach contract

GRCC was awarded a three-year contract with the New York City Department of Homeless Services (DHS) and is the lead agency in the Manhattan Outreach Consortium. The consortium is the single point of accountability in the borough responsible for all outreach and housing placement services. The Manhattan Outreach Consortium includes other neighborhood based centers as shown below.

Total contract amount in 2011 and 2010 was \$6,003,350 and \$5,888,461, respectively. GRCC's portion of the contract for both its service delivery and administrative roles was \$3,875,131 and \$3,336,996, respectively, with the remaining shared by the consortium partners as follows:

	<u>2011</u>	<u>2010</u>
Common Ground Community	\$ 595,797	\$ 571,430
Center for Urban Community Services	1,190,861	878,910
Lenox Hill Neighborhood House	39,046	287,705
Urban Pathways	286,384	523,351
The Bridge, Inc.	16,130	220,235
Neighborhood Coalition for Shelter	-	<u>69,834</u>
Total	<u>\$ 2,128,218</u>	<u>\$ 2,551,465</u>

Note 18 Acquisition

On February 1, 2011, an acquisition of SMSTNC took place after approval by both Boards of Directors. In 2005, GRCC was approached by the Board of SMSTNC asking GRCC to take over the management of its six programs. The GRCC Board voted to do so in 2006, and SMSTNC re-constituted itself as a membership organization, with GRCC as the sole member, and with a new Board of Directors. The programs, which provided early childhood, afterschool and senior citizen services, were a good match for GRCC's core competencies, and the Board and staff believed that the eventual acquisition would preserve critical community services and streamline operations.

Over the next few years, the operations of SMSTNC were increasingly run through the GRCC administration, first the fiscal operations, then the operational administration. By 2009, the GRCC Board and the SMSTNC Board were prepared for the final corporate acquisition to take place. Although the acquisition was approved in late 2009, administrative delays at the NYS Attorney General's office resulted in a 2011 acquisition effective date. The accompanying financial statements reflect the combined assets, liabilities, and net assets of the two organizations at June 30, 2011 and 2010 (as GRCC maintained control over SMSTNC prior to the acquisition date).

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December 6, 2011

To the Board of Directors
Goddard Riverside Community Center
New York, New York

The financial statements of Goddard Riverside Community Center and Related Entity, namely the statement of financial position as of June 30, 2011 and the related statements of activities and change in net assets and cash flows for the year then ended and our Independent Auditor's Report thereon, are included in the preceding section of this report.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

N. Cheng & Co., P.C.

New York, New York

GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY
Schedule of Functional Expenses

For the year ended June 30, 2011
(with comparative totals for 2010)

	Program services				Supporting services			Total program and supporting services		
	Youth	Senior citizens and adults	Housing and homeless	Preschool	Total	Management and general	Fund raising	Total	2011	2010
Salaries	\$ 1,574,987	\$ 1,211,529	\$ 5,936,491	\$ 1,938,446	\$ 10,661,453	\$ 1,090,376	\$ 363,459	\$ 1,453,835	\$ 12,115,288	\$ 12,008,539
Employee benefits – in-kind of \$209,128	466,810	359,084	1,759,514	574,535	3,159,943	323,176	107,725	430,901	3,590,844	3,398,707
Total personnel	2,041,797	1,570,613	7,696,005	2,512,981	13,821,396	1,413,552	471,184	1,884,736	15,706,132	15,407,246
Professional fees – in-kind of \$80,709	46,402	40,418	241,017	222,178	550,015	456,572	239,185	695,757	1,245,772	843,234
Supplies – in-kind of \$3,100	145,893	8,918	193,560	153,102	501,473	29,300	5,207	34,507	535,980	539,115
Telephone	5,047	4,121	119,370	31,996	160,534	61,154	410	61,564	222,098	187,891
Postage	4,677	4,549	8,619	2,618	20,463	13,364	7,758	21,122	41,585	35,087
Occupancy costs – in-kind of \$476,596	4,760	1,749,872	1,749,872	743,528	2,498,160	27,933		27,933	2,526,093	2,301,012
Transportation and travel	38,687	1,910	122,993	50,640	214,230	13,721	446	14,167	228,397	193,841
Printing and publications	28,804	11,382	51,939	17,617	109,742	11,328	10,848	22,176	131,918	141,742
Insurance	27,430	3,846	64,884	77,106	173,266	33,057		33,057	206,323	235,218
Equipment rental and maintenance	34,453	9,477	170,779	93,629	308,338		1,450	1,450	309,788	194,952
Food	40,601	123,406	93,926	468,341	726,274	5,200	594	5,794	732,068	733,724
Membership dues	1,070	2,030	8,087	2,306	13,493	18,898	2,139	21,037	34,530	39,978
Program expense				105	105				105	63,165
Other	36,336	15,317	86,218	16,114	153,985	50,750	38,890	89,640	243,625	208,237
MOC subcontractors - Note 17			2,128,218		2,128,218				2,128,218	2,551,465
Depreciation and amortization	42,008	32,314	158,339	51,702	284,363	29,083	9,694	38,777	323,140	509,092
Total other than personnel	456,168	257,688	5,197,821	1,930,982	7,842,659	750,360	316,621	1,066,981	8,909,640	8,777,753
Total expenses	\$ 2,497,965	\$ 1,828,301	\$ 12,893,826	\$ 4,443,963	\$ 21,664,055	\$ 2,163,912	\$ 787,805	\$ 2,951,717	\$ 24,615,772	\$ 24,184,999