

---

**GODDARD RIVERSIDE COMMUNITY CENTER  
AND RELATED ENTITY**

**Consolidated Financial Statements**

For the year ended June 30, 2009  
(with comparative totals for 2008)

# GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY

## Contents

	Page
Independent Auditors' Report.....	1
Consolidated Statement of Financial Position .....	2
Consolidated Statement of Activities.....	3
Consolidated Statement of Cash Flows .....	4
Notes to Consolidated Financial Statements .....	5 -15

## Supplementary Information

Accountant's Letter .....	16
Consolidated Schedule of Functional Expenses .....	17

**N. CHENG & CO. P.C.**  
Certified Public Accountants

40 Exchange Place  
Suite 1206  
New York, New York 10005  
Voice (212) 785.0100  
Fax (212) 785.9168  
www.ncheng.com



## Independent Auditors' Report

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

We have audited the accompanying consolidated statements of financial position of Goddard Riverside Community Center and related entity as of June 30, 2009 and the related consolidated statements of activities and cash flows for the years 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.

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 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Goddard Riverside Community Center and related entity as of June 30, 2009 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 04, 2009

**GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY****Consolidated Statement of Financial Position**

June 30, 2009

(with comparative totals for 2008)

	<u>2009</u>	<u>2008</u>
<b><u>Assets</u></b>		
Cash	\$ 1,181,084	\$ 754,125
Accounts receivable	2,162,374	2,436,868
Contributions receivable – Note 7	1,046,732	798,500
Interest receivable	35,567	38,257
Prepaid expenses	154,377	158,763
Investments - Note 4	11,201,283	12,238,924
Fixed assets, at cost - net of accumulated depreciation and amortization of \$2,947,582 (2009) and \$2,341,317 (2008) – Note 3	1,639,849	1,853,870
Mortgage receivable – Note 15	<u>2,981,845</u>	<u>2,981,845</u>
<b>Total assets</b>	<b><u>\$ 20,403,111</u></b>	<b><u>\$ 21,261,152</u></b>
<b><u>Liabilities and net assets</u></b>		
<b><u>Liabilities</u></b>		
Accounts and accrued expenses payable	\$ 1,517,287	\$ 1,876,034
Due to related parties – Note 8	262,258	169,454
Refundable advances	1,224,290	1,250,822
Loan – Note 9	<u>810,000</u>	<u>150,000</u>
<b>Total liabilities</b>	<b><u>3,813,835</u></b>	<b><u>3,446,310</u></b>
Commitments and contingencies – Notes 6, 11 and 16		
<b><u>Net assets</u></b>		
<b>Unrestricted</b>		
Operating	485,241	772,710
Board designated endowment – Note 12	<u>10,645,231</u>	<u>12,187,385</u>
<b>Total unrestricted</b>	<b>11,130,472</b>	<b>12,960,095</b>
Temporarily restricted – Note 13	2,659,148	1,868,136
Permanently restricted – Note 12	<u>2,799,656</u>	<u>2,986,611</u>
<b>Total net assets</b>	<b><u>16,589,276</u></b>	<b><u>17,814,842</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 20,403,111</u></b>	<b><u>\$ 21,261,152</u></b>

The accompanying notes are an integral part of this statement.

**GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY**

**Consolidated Statement of Activities**

For the year ended June 30, 2009

(with comparative totals for 2008)

	Unrestricted				Total 2008
	Operating	Board designated	Temporarily restricted	Permanently restricted	
<b>Revenues</b>					
<b>Contributions and grants</b>					
Contributions	\$ 1,003,217	\$ 513,816	\$ 2,963,814	\$ 13,545	\$ 4,494,392
Government grants	16,339,497	1,517,033			3,658,510
Program fees	1,219,492	16,339,497			16,277,661
Benefits	1,124,514	1,219,492			1,077,503
Less: direct benefits expense	(219,879)	(219,879)			1,249,954
In-kind services – Note 10	801,627	801,627			248,553
Net investment income – Note 4	(2,529)	(1,397,584)			548,864
Reimbursements from affiliates	850,216	850,216			841,122
Other revenues	97,897	97,897			733,750
Releases from restriction – Notes 13	3,031,688	(658,386)	(2,373,302)		97,897
Transfer – Notes 12 and 13			200,500	(200,500)	
<b>Total revenues</b>	<u>24,245,740</u>	<u>(1,542,154)</u>	<u>791,012</u>	<u>(186,955)</u>	<u>23,307,643</u>
					<u>22,596,175</u>
<b>Expenses</b>					
<b>Program services</b>					
Youth	2,944,034	2,944,034			2,915,676
Senior citizens and adults	1,985,947	1,985,947			2,048,116
Housing and homeless	12,212,467	12,212,467			11,639,633
Preschool	4,519,946	4,519,946			4,233,548
Total program services	<u>21,662,394</u>	<u>21,662,394</u>			<u>20,836,973</u>
<b>Supporting services</b>					
Management and general	2,137,268	2,137,268			2,214,945
Fund raising	733,547	733,547			718,139
Total supporting services	<u>2,870,815</u>	<u>2,870,815</u>			<u>2,933,084</u>
<b>Total expenses</b>	<u>24,533,209</u>	<u>24,533,209</u>			<u>23,770,057</u>
Change in net assets from operations	(287,469)	(1,542,154)	791,012	(186,955)	(1,173,882)
Developer's fee – Note 14					49,072
Net assets at beginning of year	772,710	12,187,385	1,868,136	2,986,611	18,939,652
Net assets at end of year	<u>\$ 485,241</u>	<u>\$ 10,645,231</u>	<u>\$ 2,659,148</u>	<u>\$ 2,799,656</u>	<u>\$ 17,814,842</u>

The accompanying notes are an integral part of this statement.

**GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY****Consolidated Statement of Cash Flows**

For the year ended June 30, 2009

(with comparative totals for 2008)

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities</b>		
Change in net assets	(\$ 1,225,566)	(\$ 1,124,810)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	606,266	579,812
Net unrealized losses and (gains) on investments	1,750,650	1,774,630
Change in accounts receivable	274,494	( 1,367,305)
Change in contribution receivable	( 248,232)	( 40,527)
Change in interest receivable	2,690	15,088
Change in prepaid expenses	4,386	98,865
Change in accounts and accrued expenses payable	( 358,747)	946,135
Change in due to/from related parties	92,804	330,526
Change in refundable advances	( 26,532)	465,977
Net cash provided by operating activities	<u>872,213</u>	<u>1,678,391</u>
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets	( 392,245)	( 1,014,068)
Purchase of investments including donated stocks	( 6,663,019)	( 5,348,052)
Proceeds from sale of investments	<u>5,950,010</u>	<u>4,811,528</u>
Net cash used in investing activities	<u>( 1,105,254)</u>	<u>( 1,550,592)</u>
<b>Cash flows from financing activities</b>		
Loan proceeds	<u>660,000</u>	<u>150,000</u>
Net increase in cash and cash equivalents	426,959	277,799
Cash at beginning of year	<u>754,125</u>	<u>476,326</u>
Cash at end of year	<u>\$ 1,181,084</u>	<u>\$ 754,125</u>
<b>Supplementary information</b>		
Cash paid for interest	<u>\$ 18,777</u>	<u>\$ 6,903</u>

The accompanying notes are an integral part of this statement.

# **GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY**

## **Notes to Consolidated Financial Statements**

June 30, 2009

### **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. We help 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. We prevent evictions and preserve 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, we provide elders with health and social services, meals, recreation, companionship, and arts activities. We educate community members on important civic issues and mobilize them to advocate for better public policies at the city, state and federal levels. We are operating 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”), 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 GRCC the sole member of SMSTNC on May 31, 2006. SMSTNC is funded primarily by federal, state and city agencies.

### **Note 2 Summary of significant accounting policies**

**Basis of consolidation.** The accompanying consolidated financial statements include the financial position, statement of activities and cash flows of GRCC and SMSTNC. All significant intercompany accounts and transactions have been eliminated in consolidation. The individual entities have interrelated directors and share common personnel. Some expenses, including salaries and professional fees, have been allocated between GRCC and SMSTNC based upon services rendered by common personnel and professional services. The accompanying consolidated 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.

## **GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY**

### **Notes to Consolidated Financial Statements**

June 30, 2009

#### **Note 2 Summary of significant accounting policies - (continued)**

**Financial statements.** The financial statements have been prepared in accordance with the Financial Accounting Standards Board in its Statement of Financial Accounting Standards SFAS Nos. 116 and 117, which established accounting standards for not-for-profit organizations. The standards require to report 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 been met yet.

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.

**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 consolidated financial statements include summarized prior year information, which is presented in total, but not by asset class. This summarized 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, 2008, from which the summarized information was derived. The independent auditor's opinion on the consolidated financial statements for the year ended June 30, 2008 was unqualified.

**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.

# GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY

## Notes to Consolidated Financial Statements

June 30, 2009

### Note 2 Summary of significant accounting policies - (continued)

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.

**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.

**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 and SMSTNC.

**Cash and cash equivalents.** Cash and cash equivalents consist of cash held in checking and money market accounts. All highly liquid investments with maturity of three months or less when purchased are considered to be cash equivalents. GRCC and SMSTNC maintain its cash and cash equivalents in what it believes to be quality financial institutions. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 effective through December 31, 2013. GRCC is exposed to credit risk for \$795,180 held in excess of the FDIC limit.

**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

**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.

**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 AND RELATED ENTITY

## Notes to Consolidated Financial Statements

June 30, 2009

### Note 2 Summary of significant accounting policies - (continued)

**New accounting pronouncements.** Statement of Financial Standards No. 157, Fair Value Measurements (SFAS 157) defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosure about fair value measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under SFAS 157 must maximize the use of observable inputs and minimize the use of unobservable inputs.

The standard describes how to measure fair value based on a three-level hierarchy of inputs, of which the first two are considered observable and the last unobservable.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liability.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents GRCC's and SMSTNC's valuation levels of investments as of June 30, 2009:

Level 1 Quoted prices	\$ 11,201,283
Level 2 Other significant observable inputs	-
Level 3 Unobservable inputs	-
Total	<u>\$ 11,201,283</u>

The adoption of this statement does not have a material impact on GRCC's and SMSTNC's statement of activities or financial position.

In addition, in August 2008, the FASB released a Staff Position document ("FSP"), SFAS No. 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enhanced Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds." The FSP requires expanded disclosures about the activities in an organization's endowment funds (both donor restricted and board designated) and is effective for operating years ending after December 15, 2008.

**FASB interpretation No. 48.** In July 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109 (FIN 48). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in

**GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY****Notes to Consolidated Financial Statements**

June 30, 2009

**Note 2 Summary of significant accounting policies - (continued)**

**FASB interpretation No. 48** - (continued) interim periods, disclosure, and transition. FIN 48 was effective for fiscal years beginning after December 15, 2006. On November 7, 2007, the FASB voted to defer FIN 48 for one year until fiscal years beginning after December 15, 2007. On October 15, 2008, the FASB voted to continue the deferral of FIN 48 for non-public companies and not-for-profits for an additional year until fiscal years beginning after December 15, 2008, which for GRCC will be the year ending June 30, 2010. Due to GRCC's and SMSTNC's general tax exempt status, FIN 48 is not expected to have a material effect on its financial statements.

**Note 3 Fixed assets**

	<u>2009</u>	<u>2008</u>
Leasehold improvements	\$ 3,487,099	\$ 3,132,190
Equipment	626,806	623,911
Transportation equipment	189,040	168,096
Computer systems	<u>284,486</u>	<u>270,990</u>
Total fixed assets	4,587,431	4,195,187
Less - accumulated depreciation and amortization	( <u>2,947,582</u> )	( <u>2,341,317</u> )
Net fixed assets	<u>\$ 1,639,849</u>	<u>\$ 1,853,870</u>

**Note 4 Investments and investment income**

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 4,618,058	\$ 4,392,992
Equity securities and funds	3,594,467	5,182,511
Fixed income	<u>2,988,758</u>	<u>2,663,421</u>
Total investments	<u>\$ 11,201,283</u>	<u>\$ 12,238,924</u>
Dividends and interest	\$ 305,999	\$ 406,523
Net realized gain	56,795	537,868
Net unrealized (loss)/gain	( 1,750,650 )	( 1,774,630 )
Fees	( <u>12,641</u> )	( <u>13,169</u> )
Net investment income	( 1,400,497 )	( 843,408 )
Other interest	<u>384</u>	<u>2,286</u>
Total investment income	<u>( \$ 1,400,113 )</u>	<u>( \$ 841,122 )</u>

**GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY****Notes to Consolidated Financial Statements**

June 30, 2009

**Note 4 Investments and investment income – (continued)**

Allocation of investment income is as follows:

	Unrestricted Board designated	Temporarily restricted Bernie Wohl renovation	Permanently restricted	Total
Dividends and interest	\$ 229,499	\$ 6,120	\$ 70,380	\$ 305,999
Net realized gain	42,596	1,136	13,063	56,795
Net unrealized (loss)/gain	( 1,750,650 )	-	-	( 1,750,650 )
Fees	( 12,641 )	-	-	( 12,641 )
Total investment return	( 1,491,196 )	7,256	83,443	( 1,400,497 )
Transfers	90,699	( 7,256 )	( 83,443 )	-
Total allocation	<u>( \$ 1,400,497 )</u>	<u>\$ -</u>	<u>\$ -</u>	<u>( \$ 1,400,497 )</u>

**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 2009 and 2008 was \$258,076 and \$399,360 respectively.

**Note 6 Contingencies**

Certain contracts may be subject to audit by the funding sources. Disallowances and adjustments, if any, are considered to be immaterial to 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 0.87% to 1.11% was applied at June 30, 2009.

	<u>2009</u>	<u>2008</u>
Amounts due in		
Less than one year	\$ 815,933	\$ 423,500
One to three years	238,000	383,101
Less: discount	( 7,201 )	( 8,101 )
	<u>\$ 1,046,732</u>	<u>\$ 798,500</u>

# GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY

## Notes to Consolidated Financial Statements

June 30, 2009

### Note 7 Contributions receivable – (continued)

As of June 30, 2009, \$1,046,732 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 Due to related parties

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

	<u>2009</u>	<u>2008</u>
Capitol Hall Preservation HDFC	( \$ 203,453 )	( \$ 115,992 )
Cornerhouse Associates, L.P.	29,466	4,022
Phelps House Associates, L.P.	156,223	( 64,689 )
New Senate Associates, L.P.	( 261,105 )	( 5,461 )
140 W 140 <sup>th</sup> St. HDFC	<u>16,611</u>	<u>12,666</u>
Total	<u>( \$ 262,258 )</u>	<u>( \$ 169,454 )</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 9 Loan

GRCC and SMSTNC secured lines of credit for a total of \$1,150,000. The interest rate is .75% over the prime rate. All assets of the GRCC and SMSTNC are pledged as collateral. As of June 30, 2009, a total of \$810,000 was outstanding.

### Note 10 In-kind services

SFAS No. 116 requires not-for-profit organizations to record the contributed value of facilities and services received. The following in-kind facilities and services have been recorded related to the Head Start Programs for fiscal year ended June 30, 2009

	<u>2009</u>	<u>2008</u>
Occupancy	\$ 623,533	\$ 527,917
Program volunteers (teacher aides)	25,357	20,947
Fringe benefits	<u>152,737</u>	<u>          </u>
Total	<u>\$ 801,627</u>	<u>\$ 548,864</u>

**GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY****Notes to Consolidated Financial Statements**

June 30, 2009

**Note 11 Commitments**

GRCC and SMSTNC lease various facilities under operating leases expiring between the years 2009 and 2018. As of June 30, the minimum future commitment is as follows:

Year ending June 30,	2009	2008
2009		\$ 367,395
2010	\$ 411,425	313,947
2011	308,120	240,359
2012	153,812	89,792
2013	81,757	81,757
Thereafter	166,110	166,110
Total	\$ 1,121,224	\$ 1,259,360

Total rent expense paid (excluding in-kind) in 2009 was \$920,598 (\$510,759 is on a month to month basis).

**Note 12 Board designated endowment and permanently restricted net assets**

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, 2009 the Board approved \$548,685 to be used for operations. This amount was transferred from the board designated endowment fund to the operating fund. In addition to the endowment support for operations, \$109,701 was transferred from the board designated endowment to the operating fund for the renovation of the 109<sup>th</sup> St. SRO Law Project office.

At June 30, permanently restricted net assets consist of the following:

	2008	Additions	* Released	2009
Lester Martin scholarship fund	\$ 106,000			\$ 106,000
Options endowment	605,000			605,000
Bernie Wohl endowment	2,275,611	\$ 13,545	( \$ 200,500 )	2,088,656
Total	\$ 2,986,611	\$ 13,545	( \$ 200,500 )	\$ 2,799,656

\*Certain donors released \$200,500 from the endowment to allow its use for the renovation of the Bernie Wohl Center.

**GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY****Notes to Consolidated Financial Statements**

June 30, 2009

**Note 13 Temporarily restricted net assets**

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

	<u>2008</u>	<u>Additions</u>	<u>Releases</u>	<u>2009</u>
Time restricted	\$ 460,000	\$ 764,940	( \$ 525,000 )	\$ 699,940
Program restricted				
Youth	363,774	831,544	( 797,316 )	398,002
Housing and homeless	523,402	594,525	( 618,400 )	499,527
Senior citizens and adults		342,743	( 72,743 )	270,000
SMSTNC programs	441,778	230,062	( 210,362 )	461,478
Management and general	79,182		( 79,182 )	
Bernie Wohl center renovation		200,000	( 70,299 )	129,701
Sub-total	1,868,136	2,963,814	( 2,373,302 )	2,458,648
Transfer from Bernie Wohl endowment		200,500		200,500
Total	<u>\$ 1,868,136</u>	<u>\$ 3,164,314</u>	<u>( \$ 2,373,302 )</u>	<u>\$ 2,659,148</u>

**Note 14 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, 2009, a total of \$1,348,034 was collected (\$1,298,962 was received in prior years and \$49,072 was received in fiscal year ended June, 30 2008).

**Note 15 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, 2009 and no interest income was recognized.

**GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY**

**Notes to Consolidated Financial Statements**

June 30, 2009

**Note 16 Client representative payee accounts**

GRCC is acting as “rep-payee” for over 130 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>2009</u>	<u>2008</u>
Balance at beginning of year	\$ 292,580	\$ 279,091
Deposits during the year	766,853	858,481
Disbursements during the year	( <u>754,094</u> )	( <u>844,992</u> )
Balance at end of year	<u>\$ 305,339</u>	<u>\$ 292,580</u>

**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 on 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 six other neighborhood based centers, namely, Common Ground Community, Center for Urban Community Services, John Heuss House, Lenox Hill Neighborhood House, Urban Pathways, and The Bridge, Inc.

Total contract amount in 2009 and 2008 was \$5,216,435 and \$4,567,689 respectively. GRCC’s portion of the contract for both its service delivery and administrative roles was \$1,728,360 and \$1,149,107 respectively, with the remaining shared by the consortium partners as follows:

	<u>2009</u>	<u>2008</u>
Common Ground Community	\$ 656,215	\$ 729,154
Center for Urban Community Services	904,233	866,144
John Heuss House	399,893	539,170
Lenox Hill Neighborhood House	326,200	296,441
Urban Pathways	956,989	794,880
The Bridge, Inc.	<u>244,545</u>	<u>192,793</u>
Total	<u>\$ 3,488,075</u>	<u>\$ 3,418,582</u>

**GODDARD RIVERSIDE COMMUNITY CENTER AND RELATED ENTITY**

**Notes to Consolidated Financial Statements**

June 30, 2009

**Note 18 Subsequent event**

The Board of GRCC is planning to complete a merger with St. Matthew's and St. Timothy's Neighborhood Center, Inc. by the end of fiscal year 2010. The Boards of both entities are scheduled to review the merger plan and other documents at meetings scheduled for December 2009.

**N. CHENG & CO. P.C.**  
*Certified Public Accountants*

40 Exchange Place  
Suite 1206  
New York, New York 10005  
Voice (212) 785.0100  
Fax (212) 785.9168  
www.ncheng.com

December 04, 2009

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, 2009 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**  
**Consolidated Schedule of Functional Expenses**

For the year ended June 30, 2009  
(with comparative totals for 2008)

	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	2009	2008
Salaries	\$ 1,933,597	\$ 1,084,187	\$ 5,221,476	\$ 2,262,544	\$ 10,501,804	\$ 1,243,456	\$ 324,789	\$ 1,568,245	\$ 12,070,049	\$ 11,569,558
Employee benefits	473,511	276,421	1,643,636	413,735	2,807,303	352,328	113,520	465,848	3,273,151	2,945,538
Total personnel	2,407,108	1,360,608	6,865,112	2,676,279	13,309,107	1,595,784	438,309	2,034,093	15,343,200	14,515,096
Professional fees	32,549	22,440	185,697	127,567	368,253	227,668	210,084	437,752	806,005	1,073,821
Supplies	176,771	12,784	221,858	93,241	504,654	15,214	5,979	21,193	525,847	580,319
Telephone	7,275	10,881	78,000	22,038	118,194	51,100		51,100	169,294	171,268
Postage	5,397	3,630	7,348	1,037	17,412	15,229	11,916	27,145	44,557	56,752
Occupancy costs	48,885	43,698	833,292	815,566	1,741,441	6,371		6,371	1,747,812	1,425,638
Transportation and travel	44,847	18,313	88,974	6,361	158,495	13,567	1,574	15,141	173,636	244,775
Printing and publications	23,342	12,195	41,466	5,084	82,087	15,127	25,859	40,986	123,073	136,544
Insurance	46,870	5,278	67,189	24,057	143,394	80,961		80,961	224,355	225,211
Equipment rental and maintenance	6,302	10,290	114,033	52,722	183,347	4,279	160	4,439	187,786	191,259
Food	62,442	435,512	101,072	189,637	788,663	5,243	705	5,948	794,611	844,038
Membership dues	1,875	2,770	9,104	504	14,253	17,888	130	18,018	32,271	39,404
Program expense	7,156	20,465		33,645	61,266	140		140	61,406	58,847
Other	29,694	11,319	67,726	18,486	127,225	45,177	32,613	77,790	205,015	208,689
MOC subcontractors - Note 17			3,488,075		3,488,075				3,488,075	3,418,582
Depreciation and amortization	43,521	15,764	43,521	453,722	556,528	43,520	6,218	49,738	606,266	579,814
Total other than personnel	536,926	625,339	5,347,355	1,843,667	8,353,287	541,484	295,238	836,722	9,190,009	9,254,961
Total expenses	\$ 2,944,034	\$ 1,985,947	\$ 12,212,467	\$ 4,519,946	\$ 21,662,394	\$ 2,137,268	\$ 733,547	\$ 2,870,815	\$ 24,533,209	\$ 23,770,057