
GODDARD RIVERSIDE COMMUNITY CENTER

Financial Statements

For the years ended June 30, 2017 and 2016

GODDARD RIVERSIDE COMMUNITY CENTER

Financial Statements

June 30, 2017 and 2016

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Independent Auditors' Report

To the Board of Directors
Goddard Riverside Community Center

Report on the financial statements

We have audited the accompanying financial statements of Goddard Riverside Community Center "GRCC", which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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 GRCC as of June 30, 2017 and 2016, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

NChang LLP

New York, New York
March 30, 2018



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

As of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash	\$ 1,271,689	\$ 446,645
Accounts receivable	4,513,491	5,504,600
Contributions receivable – Note 7	1,042,961	959,136
Interest receivable	6,587	8,545
Due from related parties – Note 9	1,263,433	39,220
Prepaid expenses	123,778	172,860
Investments – Note 5	18,298,560	19,106,179
Fixed assets (net) – Note 4	2,561,559	2,734,399
Mortgage receivable – Note 16	<u>2,735,227</u>	<u>2,981,845</u>
Total assets	<u>\$ 31,817,285</u>	<u>\$ 31,953,429</u>
<u>Liabilities and Net Assets</u>		
Accounts and accrued expenses payable	\$ 2,937,441	\$ 3,428,778
Refundable advances	2,316,518	2,204,312
Line of credit – Note 8	750,000	1,100,000
Other current liabilities	<u>229,382</u>	<u>257,640</u>
Total liabilities	<u>6,233,341</u>	<u>6,990,730</u>
Commitments and contingencies – Notes 6 and 12		
Net assets		
Unrestricted		
Operating	131,062	946,034
Board designated fund – Note 13	<u>18,355,578</u>	<u>17,002,421</u>
Total unrestricted	18,486,640	17,948,455
Temporarily restricted – Notes 13 and 14	2,546,140	2,468,080
Permanently restricted – Note 13	<u>4,551,164</u>	<u>4,546,164</u>
Total net assets	<u>25,583,944</u>	<u>24,962,699</u>
Total liabilities and net assets	<u>\$ 31,817,285</u>	<u>\$ 31,953,429</u>

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

GODDARD RIVERSIDE COMMUNITY CENTER

Statement of Activities

For the year ended June 30, 2017

			Unrestricted			
	Operating	Board designated	Total	Temporarily restricted	Permanently restricted	Total
Revenues						
Contributions	\$ 1,110,943	\$	\$ 1,110,943	\$ 2,432,437	\$ 5,000	\$ 3,548,380
Government grants	21,007,783		21,007,783			21,007,783
Program fees	1,010,259		1,010,259			1,010,259
Benefit events	1,238,433		1,238,433			1,238,433
Less: direct benefit events expense	(300,171)		(300,171)			(300,171)
In-kind services – Note 10	346,013		346,013			346,013
Net investment income – Notes 5 and 13	85	1,705,756	1,705,841	568,586		2,274,427
Reimbursements from affiliates	1,088,713		1,088,713			1,088,713
Other – Note 11	77,535	722,866	800,401			800,401
Releases from restriction – Notes 13 and 14	3,998,428	(1,075,465)	2,922,963	(2,922,963)		-
Total revenues	29,578,021	1,353,157	30,931,178	78,060	5,000	31,014,238
Expenses						
Program services						
Youth	3,941,173		3,941,173			3,941,173
Senior citizens and adults	3,923,054		3,923,054			3,923,054
Homeless and mentally ill	12,303,191		12,303,191			12,303,191
Housing	3,684,191		3,684,191			3,684,191
Preschool	2,572,073		2,572,073			2,572,073
Total program services	26,423,682		26,423,682			26,423,682
Supporting services						
Management and general	2,951,541		2,951,541			2,951,541
Fund raising	1,017,770		1,017,770			1,017,770
Total supporting services	3,969,311		3,969,311			3,969,311
Total expenses	30,392,993		30,392,993			30,392,993
Change in net assets	(814,972)	1,353,157	538,185	78,060	5,000	621,245
Net assets at beginning of year	946,034	17,002,421	17,948,455	2,468,080	4,546,164	24,962,699
Net assets at end of year	\$ 131,062	\$ 18,355,578	\$ 18,486,640	\$ 2,546,140	\$ 4,551,164	\$ 25,583,944

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

GODDARD RIVERSIDE COMMUNITY CENTER

Statement of Activities

For the year ended June 30, 2016

	Unrestricted		Temporarily	Permanently		
	Operating	Board designated	Total	restricted	restricted	2016
Revenues						
Contributions	\$ 5,552,775	\$	\$ 5,552,775	\$ 2,136,154	\$ 246,508	\$ 7,935,437
Government grants	18,158,726		18,158,726			18,158,726
Program fees	1,183,747		1,183,747			1,183,747
Benefit events	1,124,546		1,124,546			1,124,546
Less: direct benefit events expense	(260,809)		(260,809)			(260,809)
In-kind services – Note 10	329,475		329,475			329,475
Net investment income – Notes 5 and 13	7	(728,313)	(728,306)	72,360		(655,946)
Reimbursements from affiliates	924,125		924,125			924,125
Other – Note 11	237,053	4,153,815	4,390,868			4,390,868
Releases from restriction – Notes 13 and 14	3,608,454	(507,980)	3,100,474	(3,100,474)		-
Total revenues	30,858,099	2,917,522	33,775,621	(891,960)	246,508	33,130,169
Expenses						
Program services						
Youth	4,265,489		4,265,489			4,265,489
Senior citizens and adults	4,062,682		4,062,682			4,062,682
Homeless and mentally ill	9,280,247		9,280,247			9,280,247
Housing	3,823,337		3,823,337			3,823,337
Preschool	2,657,044		2,657,044			2,657,044
Total program services	24,088,799		24,088,799			24,088,799
Supporting services						
Management and general	2,460,158		2,460,158			2,460,158
Fund raising	978,686		978,686			978,686
Total supporting services	3,438,844		3,438,844			3,438,844
Total expenses	27,527,643		27,527,643			27,527,643
Change in net assets	3,330,456	2,917,522	6,247,978	(891,960)	246,508	5,602,526
Net assets at beginning of year	(2,384,422)	14,084,899	11,700,477	3,360,040	4,299,656	19,360,173
Net assets at end of year	\$ 946,034	\$ 17,002,421	\$ 17,948,455	\$ 2,468,080	\$ 4,546,164	\$ 24,962,699

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

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

For the years ended June 30,

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 621,245	\$ 5,602,526
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	413,565	356,692
Net realized and unrealized loss/(gain) on investments	(1,851,051)	850,836
Donated securities	(163,085)	(4,392,214)
Proceeds from donated securities	163,441	4,402,864
Change in accounts receivable	991,109	(1,174,745)
Change in contributions receivable	(83,825)	261,811
Change in interest receivable	1,958	4,008
Change in prepaid expenses	49,082	133,982
Change in accounts and accrued expenses payable	(519,596)	(304,076)
Change in due from related parties	(1,224,212)	196,031
Change in mortgage receivable	246,618	-
Change in refundable advances	112,206	132,716
Net cash (used in)/provided by operating activities	<u>(1,242,545)</u>	<u>6,070,431</u>
Cash flows from investing activities		
Purchase of fixed assets	(240,725)	(287,136)
Purchase of investments	(4,901,814)	(15,770,443)
Proceeds from sale of investments	<u>7,560,128</u>	<u>10,505,494</u>
Net cash provided by/(used in) investing activities	<u>2,417,589</u>	<u>(5,552,085)</u>
Cash flows from financing activities		
Loan proceeds	1,650,000	1,100,000
Loan payments	<u>(2,000,000)</u>	<u>(2,025,000)</u>
Net cash used in by financing activities	<u>(350,000)</u>	<u>(925,000)</u>
Net increase /(decrease) in cash	825,044	(406,654)
Cash at beginning of year	<u>446,645</u>	<u>853,299</u>
Cash at end of year	<u>\$ 1,271,689</u>	<u>\$ 446,645</u>
Supplemental information		
Cash paid for interest	\$ 46,424	\$ 32,397
Noncash transactions		
Donated securities	\$ 163,085	\$ 4,392,214

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

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2017 and 2016

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, in Harlem, and in Lower Manhattan.

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).

On June 1, 2015, GRCC formed a formal strategic alliance agreement with Lincoln Square Neighborhood Center, Inc. (“LSNC”), a not-for-profit organization organized in the state of New York under Internal Revenue Code Section 501(c)(3) that provides various services to meet the social, educational, recreational and cultural needs of those within the greater Lincoln Center neighborhood. GRCC became the sole member of LSNC and elected the directors of the corporation. On February 6, 2017, the New York State Attorney General’s Office approved the merger of GRCC and LSNC. The merger was made on the close of business on June 30, 2017.

Note 2 Summary of significant accounting policies

Basis of Accounting. The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America as applicable to not-for profit entities.

Principles of Consolidation. GRCC also presents consolidated financial statements with its affiliates and subsidiary in conformity with accounting principles generally accepted in the United States of America, and will issue consolidated financial statements. The accompanying financial statements are prepared to comply with the requirements of a grantor of GRCC, and therefore do not include the activities of the affiliates and subsidiary.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2017 and 2016

Note 2 Summary of significant accounting policies - (continued)

Basis of Presentation. The statements of financial position and activities are presented according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors:

Unrestricted:

- Operating - these net assets represent resources that are not subject to donor-imposed restrictions and are available for general use.
- Board designated fund - these represent resources designated by the Board of Directors for long term support.

Temporarily restricted: these net assets represent those resources that are subject to donor-imposed restrictions that will be met by the actions of the organization or the passage of time. Net assets released from restriction represent the satisfaction of the restricted purposes specified by the donors.

Permanently restricted: these net assets represent 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.

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 accompanying statements of activities. 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 management.

Use of estimates. The preparation of the 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.

Cash and cash equivalents. Cash and cash equivalents consist of cash held in checking, and money market accounts, except for cash balance in the money market funds held in investment portfolio.

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 to be 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.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2017 and 2016

Note 2 Summary of significant accounting policies - (continued)

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 their use.

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.

Concentrations of credit and market risk. Financial instruments that potentially expose GRCC to concentrations of credit and market risk consist primarily of cash and cash equivalents and investments. Cash and cash equivalents is maintained at a major financial institution that is one of the nation's largest banks; investments consist of a variety of investments including mutual funds, exchange traded funds, limited partnerships, corporate bonds, government bonds and money market funds - 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 and the consultation by the brokerage advisor with respect to managing and investing of the assets, appropriate oversight is being exercised and GRCC's diverse portfolio carries a reasonable overall level of risk.

Investments valuation. Investments, other than alternative investments, are recorded at fair market value. Alternative investment are recorded using net asset value per share as the practical expedient.

Donated assets. Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. Donated investments are promptly sold after receipt.

Fair value measurements. GRCC follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted market prices in active markets which may include quoted prices for similar assets and liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In 2015, the Financial Accounting Standards Board ("FASB") issued guidance amending the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share as a practical expedient. The amendments within this update must be applied retrospectively to all periods presented. As such, GRCC adopted this guidance for the years ended June 30, 2017 and 2016. The new guidance only amended disclosure requirements and did not have any impact on GRCC's statements of financial position or statements of activities and changes in net assets for the years presented.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2017 and 2016

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 and computers	3 - 5 years
Transportation vehicles	5 years

Uncertainty in income taxes. Because of its general tax-exempt status, Management has not and is not anticipated to have material and uncertain tax positions on its financial statements in accordance with Accounting Standards Codification ("ASC") Topic 740, Income Taxes, which provides standards for establishing and classifying any tax provision for uncertain tax positions. Tax filing periods ending June 30, 2014 and later are subject to examinations by appropriate tax authorities.

Subsequent events. Management evaluated its June 30, 2017 financial statements for subsequent events through March 30, 2018, which is the date the financial statements were available to be issued. GRCC has determined that there are no subsequent events that require additional recognition or disclosures in the financial statements.

Note 3 Pension plan

GRCC maintains a defined contribution pension plan covering eligible employees with at least one year of eligible service. GRCC's annual contribution is at the discretion of the Board of Directors. GRCC contributed 3% and 6% of annual compensation for the years ended June 30, 2017 and 2016, respectively. The total expense for the years ended June 30, 2017 and 2016 was \$478,778 and \$294,359, respectively.

Note 4 Fixed assets

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ 6,788,941	\$ 6,665,235
Equipment	763,567	763,567
Transportation equipment	482,074	456,465
Computer systems and software	466,386	374,976
Total fixed assets	8,500,968	8,260,243
Less: accumulated depreciation and amortization	<u>(5,939,409)</u>	<u>(5,525,844)</u>
Net fixed assets	<u>\$ 2,561,559</u>	<u>\$ 2,734,399</u>

GODDARD RIVERSIDE COMMUNITY CENTER
Notes to Financial Statements
June 30, 2017 and 2016

Note 5 Investments and investment income

The fair value of investments measured on a recurring basis as of June 30, 2017 and 2016 are as follows:

Recurring fair value measurements	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>
Fair value measurements at June 30, 2017		
Cash and cash equivalents	\$ 119,065	\$ 119,065
Government fixed income	241,477	241,477
Corporate fixed income	409,582	409,582
Equity(Domestic/Global)	11,755,136	11,755,136
Bond funds	<u>4,018,726</u>	<u>4,018,726</u>
Total investments at published fair value	<u>\$ 16,543,986</u>	<u>\$ 16,543,986</u>
Alternative investments measured at Net Asset Value (“NAV”):		
Hedge equity	954,241	
Limited partnership	<u>800,333</u>	
Total alternative investments measured at NAV	<u>1,754,574</u>	
Total investments	<u><u>\$ 18,298,560</u></u>	

GODDARD RIVERSIDE COMMUNITY CENTER
Notes to Financial Statements
June 30, 2017 and 2016

Note 5 Investments and investment income – (continued)

Recurring fair value measurements	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>
Fair value measurements at June 30, 2017		
Cash and cash equivalents	\$ 1,419,166	\$ 1,419,166
Government fixed income	269,089	269,089
Corporate fixed income	525,869	525,869
Real assets	207,225	207,225
Equity(Domestic/Global)	10,823,339	10,823,339
Bond funds	<u>2,830,344</u>	<u>2,830,344</u>
Total investments at published fair value	<u>\$ 16,075,032</u>	<u>\$ 16,075,032</u>
Alternative investments measured at Net Asset Value (“NAV”):		
Hedge equity	1,815,841	
Hybrid equity	580,376	
Limited partnership	<u>634,930</u>	
Total alternative investments measured at NAV	<u>3,031,147</u>	
Total investments	<u>\$ 19,106,179</u>	

Investment income as of June 30, is as follows:

	<u>2017</u>	<u>2016</u>
Dividends and interest	\$ 389,567	\$ 301,500
Net realized gain / (loss)	131,746	(148,710)
Net unrealized gain / (loss)	1,851,051	(702,126)
Fees	(98,021)	(106,617)
Other interest	<u>84</u>	<u>7</u>
Total investment income / (loss)	<u>\$ 2,274,427</u>	<u>\$ (655,946)</u>

Note 6 Contingencies

GRCC receives a significant amount of financial assistance from the federal government. Grants and contracts normally provide for the recovery of direct and indirect costs. Entitlement to the recovery of the direct and related indirect costs are conditional upon compliance with the terms and conditions of the grant agreements and with applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance reviews and audits by the grantors. In management's opinion, it is highly unlikely that an adverse material outcome will result from those reviews and audits.

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

June 30, 2017 and 2016

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 2.35% was applied to long term receivable at June 30,:

Amounts due in	<u>2017</u>	<u>2016</u>
Less than one year	\$ 1,042,961	\$ 720,930
One to two years	-	243,772
Less: discount	-	(5,566)
	<u>\$ 1,042,961</u>	<u>\$ 959,136</u>

As of June 30, 2017, \$1,042,961 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 Line of credit

GRCC has a total line of credit of \$2,000,000. The interest rate is LIBOR rate. For the periods ending June 30, 2017 and 2016, the interest rates charged amounted to 4.39% and 3.76%, respectively. All business assets, inventory, equipment, accounts and general intangibles are pledged as collateral. The line of credit matures on annually. As of June 30, 2017 and 2016, the outstanding balance was \$750,000 and \$1,100,000, respectively.

Note 9 Due from related parties

As of June 30, 2017 and 2016, the balance due from/(to) the related parties in connection with these services consisted of:

	<u>2017</u>	<u>2016</u>
Capitol Hall Preservation HDFC	\$ 89,394	\$ (7,384)
Corner House Associates HDFC	131,139	129,717
Phelps House Associates, L.P.	173,213	104,532
New Senate Associates, L.P.	(322,622)	(442,962)
140 W 140 th St. HDFC	35,016	28,320
Lincoln Square Neighborhood Center	<u>1,157,293</u>	<u>226,997</u>
Due from related parties	<u>\$ 1,263,433</u>	<u>\$ 39,220</u>

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

June 30, 2017 and 2016

Note 10 In-kind services

In-kind contributions are recorded as income and expenses at the time the items are received, which is also the time they are placed into service or distributed. Donated services are reported as income at their fair value if such services create or enhance non-financial assets or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills. The in-kind services as of June 30, 2017 and 2016, are as follows:

	<u>2017</u>	<u>2016</u>
Occupancy	\$ 285,243	\$ 275,076
Program volunteers (teachers)	<u>60,770</u>	<u>54,399</u>
Total	<u>\$ 346,013</u>	<u>\$ 329,475</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 \$1,468,294 has been paid. Interest on the deferred development fee shall accrue from and after the completion date, March 1, 2006 at the rate of 8% per annum, compounded annually. The balance of \$1,015,169 plus interest are payable only to the extent cash flow from the property permits, and income is recognized only when cash is received. As of June 30, 2016, a total principal and interest payment of \$2,235,984 was received.

GRCC is a party to an agreement with Capitol Hall Preservation Associates LP ("Capitol Hall") whereby GRCC is overseeing the development and renovations of a 202 unit residential building for formally homeless adults located at 166 West 87th Street, New York, NY. The renovation project was scheduled to be completed in December 2014. For these services, Capitol Hall agreed to pay a developer fee of \$5,130,655, of which \$900,000 is for the advisory consultant fee to Rockabill Advisors (GRCC is responsible to collect and remit these amounts). For the years ended June 30, 2017 and 2016, GRCC collected and recognized \$476,248 and \$2,308,615, respectively, in its statements of activities. The balance of \$1,545,792 is payable only to the extent that cash flow from the property permits, and income will be recognized only when cash is received.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2017 and 2016

Note 12 Commitments

GRCC leases various facilities under operating leases expiring between the years 2017 and 2022. The minimum future leases commitment is as follows:

Year ending June 30,	
2018	\$ 435,858
2019	252,294
2020	256,698
2021	264,690
2022	<u>62,821</u>
Total	<u>\$ 1,272,361</u>

Note 13 Endowment and board designated funds

The Board of Directors established a Board designated fund to generate income to support the operations of GRCC. The fund was initially established by the unrestricted proceeds from the sales of certain real properties and other funds. GRCC also receives contributions from donors which are restricted.

The primary investment objectives for all of the institutional funds under the control of GRCC including endowment funds (collectively the “Fund”) are, except as otherwise required by the terms of restricted funds, to provide for:

- long-term growth of principal and income by maximizing total return consistent with prudent risk taking; and
- a stable source of perpetual financial support and liquidity to GRCC.

The Investment Committee is responsible for actively determining the allocation of assets between various investment categories. Asset allocation decisions should be focused on longer-term trends and projections. The spending policy is intended to ensure that the Fund’s purchasing power, at a minimum, is maintained over time by keeping the long-term rate of annual spending from the Fund in support of operations equal to or less than the long-term inflation-adjusted investment return of the Fund. The amount to be drawn from the Fund and spent in any year will be determined as part of GRCC’s budget process.

Endowment is comprised of donor restricted funds. GRCC may fund operations from the endowment funds (temporarily restricted) with up to 4.5% of a 20-quarter rolling average of the value of the Fund. This amount is estimated and set by the Board during the approval of the annual operating budget. The total return basis for calculating spending is intended to comply with the NYPMIFA and the directive of the attorney general of New York which has set guidelines under which an institution’s spending is reasonably deemed prudent.

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

June 30, 2017 and 2016

Note 13 Endowment and board designated funds - (continued)

The endowment and board designated funds consist of the following as of June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor restricted funds				
Lester Martin scholarship fund		\$ 23,312	\$ 106,000	\$ 129,312
Community Arts		39,310	500,000	539,310
Options endowment		193,058	1,605,000	1,798,058
Bernie Wohl endowment		<u>469,411</u>	<u>2,340,164</u>	<u>2,809,575</u>
Total donor restricted funds		725,091	4,551,164	5,276,255
Board designated funds				
Other *	<u>\$ 18,355,578</u>			<u>18,355,578</u>
Total donor restricted and board designated funds as of June 30, 2017	<u>\$ 18,355,578</u>	<u>\$ 725,091</u>	<u>\$ 4,551,164</u>	<u>\$ 23,631,833</u>

*This balance includes a mortgage note receivable of \$2,735,227 from Phelps House Associates, L.P. See note 16, for additional disclosures.

The endowment and board designated funds consist of the following as of June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor restricted funds				
Lester Martin scholarship fund		\$ 13,889	\$ 106,000	\$ 119,889
Community Arts		11	500,000	500,011
Options endowment		62,033	1,851,508	1,913,541
Bernie Wohl endowment		<u>265,040</u>	<u>2,088,656</u>	<u>2,353,696</u>
Total donor restricted funds		340,973	4,546,164	4,887,137
Board designated funds				
Other *	<u>\$ 17,002,421</u>			<u>17,002,421</u>
Total donor restricted and board designated funds as of June 30, 2017	<u>\$ 17,002,421</u>	<u>\$ 340,973</u>	<u>\$ 4,546,164</u>	<u>\$ 21,889,558</u>

*This balance includes a mortgage note receivable of \$2,981,845 from Phelps House Associates, L.P. See note 16, for additional disclosures.

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

June 30, 2017 and 2016

Note 13 Endowment and board designated funds - (continued)

Roll-forward of the fund balances as of June 30, 2017, is as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Fund net assets, beginning of year	\$ 17,002,421	\$ 340,972	\$ 4,546,164	\$ 21,889,557
Investment returns:				
Investment income	292,175	97,392		389,567
Realized/unrealized (loss)	1,413,581	471,194		1,884,775
Total investment return	<u>1,705,756</u>	<u>568,586</u>		<u>2,274,342</u>
Appropriation of fund assets for expenditure	(1,075,465)	(184,467)		(1,259,932)
Changes/contributions	722,866	-	5,000	727,866
	<u>(352,599)</u>	<u>(184,467)</u>	<u>5,000</u>	<u>(532,066)</u>
Fund net assets, June 30, 2017	<u>\$ 18,355,578</u>	<u>\$ 725,091</u>	<u>\$ 4,551,164</u>	<u>\$ 23,631,833</u>

For fiscal year ended June 30, 2017, the Board approved \$1,259,932 (\$1,075,465 Board-designated and \$184,467 temporarily restricted) to be used for operations.

Roll-forward of the fund balances as of June 30, 2016, is as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Fund net assets, beginning of year	\$ 14,084,899	\$ 437,317	\$ 4,299,656	\$ 18,821,872
Investment returns:				
Investment income	229,140	72,360		301,500
Realized/unrealized (loss)	(957,453)			(957,453)
Total investment return	<u>(728,313)</u>	<u>72,360</u>		<u>(655,953)</u>
Appropriation of fund assets for expenditure	(507,980)	(168,704)		(676,684)
Changes/contributions	4,153,815	-	246,508	4,400,323
	<u>3,645,835</u>	<u>(168,704)</u>	<u>246,508</u>	<u>3,723,639</u>
Fund net assets, June 30, 2016	<u>\$ 17,002,421</u>	<u>\$ 340,973</u>	<u>\$ 4,546,164</u>	<u>\$ 21,889,558</u>

For fiscal year ended June 30, 2016, the Board approved \$676,684 (\$507,980 Board-designated and \$168,704 temporarily restricted) to be used for operations.

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

June 30, 2017 and 2016

Note 14 Temporarily restricted net assets

As of June 30, 2017 temporarily restricted net assets consist of:

	<u>2016</u>	<u>Additions</u>	<u>Releases</u>	<u>2017</u>
Time restricted	\$ 269,318	\$ 229,532	\$ (326,317)	\$ 172,533
Program restricted:				
Youth	1,225,308	1,449,175	(1,544,592)	1,129,891
Youth promise campaign	67,063	-	(30,000)	37,063
Housing and homeless	467,069	623,630	(676,737)	413,962
Senior citizens and adults	98,350	130,100	(160,850)	67,600
Temporarily restricted endowment	<u>340,972</u>	<u>568,586</u>	<u>(184,467)</u>	<u>725,091</u>
Total	<u>\$ 2,468,080</u>	<u>\$ 3,001,023</u>	<u>\$ (2,922,963)</u>	<u>\$ 2,546,140</u>

As of June 30, 2016 temporarily restricted net assets consist of:

	<u>2015</u>	<u>Additions</u>	<u>Releases</u>	<u>2016</u>
Time restricted	\$ 475,299	\$ 171,051	\$ (377,032)	\$ 269,318
Program restricted:				
Youth	1,687,474	1,070,675	(1,532,841)	1,225,308
Youth promise campaign	172,063	65,000	(170,000)	67,063
Housing and homeless	422,797	725,179	(680,907)	467,069
Senior citizens and adults	165,090	104,250	(170,990)	98,350
Temporarily restricted endowment	<u>437,317</u>	<u>72,359</u>	<u>(168,704)</u>	<u>340,972</u>
Total	<u>\$ 3,360,040</u>	<u>\$ 2,208,514</u>	<u>\$ (3,100,474)</u>	<u>\$ 2,468,080</u>

Note 15 Client representative payee accounts

GRCC is acting as “rep-payee” for 42 clients in 2017 and 45 clients in 2016 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 statements of financial position, is summarized below:

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	\$ 331,750	\$ 312,170
Deposits during the year	445,993	463,017
Disbursements during the year	<u>(424,175)</u>	<u>(443,437)</u>
Balance at end of year	<u>\$ 353,568</u>	<u>\$ 331,750</u>

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2017 and 2016

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. Subsequently, as part of a plan of liquidation, GRHDFC assigned the note and mortgage to GRCC. The outstanding mortgage receivable amounted to \$2,735,227 and \$2,981,845 for the years ended June 30, 2017 and 2016, respectively.

The note bears an annual interest rate of 4.7% 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. Interest payments of \$246,618 and \$0 were received in fiscal years ended June 30, 2017 and 2016, respectively, and was recognized as interest income in the statements of activities.

Note 17 Concentration of revenue

GRCC provide various social services, and the majority of this revenue is generated from government funds which account for about 68% and 56% of this total revenue on June 30, 2017 and 2016, respectively.

Note 18 Subcontracts

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 revenue amount in 2017 was \$9,747,736 and was \$6,756,461 in 2016. GRCC’s portion of the contract for both its service delivery and administrative roles was \$5,760,277 and \$4,159,642, for 2017 and 2016 respectively, with the remaining shared by the consortium partners as follows:

	<u>2017</u>	<u>2016</u>
Common Ground Community	\$ 1,800,253	\$ 1,285,472
Center for Urban Community Services	<u>2,187,207</u>	<u>1,311,347</u>
Total	<u>\$ 3,987,460</u>	<u>\$ 2,596,819</u>

GODDARD RIVERSIDE COMMUNITY CENTER

Schedule of Functional Expenses

For the year ended June 30,

	Youth	Senior citizens and adults	Homeless and Mentally ill	Housing	Preschool	Total	Management and general	Fund raising	Total	Total Program and Supporting services 2017	Total Program and Supporting services 2016
Salaries	\$ 2,311,028	\$ 2,117,127	\$ 3,972,819	\$ 2,381,816	\$ 1,270,345	\$ 12,053,135	\$ 1,541,187	\$ 542,101	\$ 2,083,288	\$ 14,136,423	\$ 13,464,037
Employee benefits	574,177	644,011	1,075,110	664,967	304,492	3,262,757	629,587	174,424	804,011	4,066,768	3,763,342
Total personnel	<u>2,885,205</u>	<u>2,761,138</u>	<u>5,047,929</u>	<u>3,046,783</u>	<u>1,574,837</u>	<u>15,315,892</u>	<u>2,170,774</u>	<u>716,525</u>	<u>2,887,299</u>	<u>18,203,191</u>	<u>17,227,379</u>
Professional fees – in-kind of \$133,770	166,766	131,078	259,864	178,166	119,268	855,142	537,161	215,638	752,799	1,607,941	1,758,450
Supplies	92,461	115,232	133,165	65,438	62,703	468,999	14,951	11,192	26,143	495,142	522,394
Telephone	47,294	27,616	130,817	39,175	17,241	262,143	46,392	-	46,392	308,535	265,204
Postage	2,747	4,440	3,742	1,850	806	13,585	7,729	10,868	18,597	32,182	43,267
Occupancy costs – in-kind of \$338,553	129,839	96,948	2,061,134	125,961	524,130	2,938,012	-	-	-	2,938,012	2,219,760
Transportation and travel	34,752	29,609	149,220	3,528	3,119	220,228	15,930	1,500	17,430	237,658	239,874
Printing and publications	33,491	14,873	10,217	6,159	3,622	68,362	5,052	34,319	39,371	107,733	90,743
Insurance	43,788	103,079	215,088	81,501	59,576	503,032	2,297	1,017	3,314	506,346	542,999
Repairs and maintenance	78,348	55,519	119,603	60,292	49,994	363,756	10,415	3,402	13,817	377,573	374,399
Food	89,614	525,781	25,362	44,100	77,262	762,119	10,387	801	11,188	773,307	771,274
Membership dues	2,932	2,094	7,739	12,261	2,400	27,426	18,603	55	18,658	46,084	53,537
College Access Training Program											
Scholarships	61,506	-	13,755	-	1,857	77,118	-	-	-	77,118	55,626
Other	60,963	26,346	35,500	10,043	14,720	147,572	101,391	18,825	120,216	267,788	334,073
Subcontractors	13,358	-	3,987,460	-	-	4,000,818	-	-	-	4,000,818	2,671,972
Depreciation and amortization	198,109	29,301	102,596	8,934	60,538	399,478	10,459	3,628	14,087	413,565	356,692
Total other than personnel	<u>1,055,968</u>	<u>1,161,916</u>	<u>7,255,262</u>	<u>637,408</u>	<u>997,236</u>	<u>11,107,790</u>	<u>780,767</u>	<u>301,245</u>	<u>1,082,012</u>	<u>12,189,802</u>	<u>10,300,264</u>
Total expenses	<u>\$ 3,941,173</u>	<u>\$ 3,923,054</u>	<u>\$ 12,303,191</u>	<u>\$ 3,684,191</u>	<u>\$ 2,572,073</u>	<u>\$ 26,423,682</u>	<u>\$ 2,951,541</u>	<u>\$ 1,017,770</u>	<u>\$ 3,969,311</u>	<u>\$ 30,392,993</u>	<u>\$ 27,527,643</u>