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**GODDARD RIVERSIDE COMMUNITY CENTER  
& AFFILIATE**

**Consolidated Financial Statements**

For the years ended June 30, 2016 and 2015

**GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE**

Consolidated Financial Statements

June 30, 2016 and 2015

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# NCheng LLP

accountants and advisors

40 Wall Street, 32nd Floor  
New York, NY 10005  
T 212 785 0100  
F 212 785 9168  
[www.ncheng.com](http://www.ncheng.com)

## **Independent Auditors' Report**

To the Board of Directors  
Goddard Riverside Community Center and Affiliate

### ***Report on the financial statements***

We have audited the accompanying consolidated financial statements of Goddard Riverside Community Center "GRCC", and its affiliate, Lincoln Square Neighborhood Center, which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of GRCC and affiliate as of June 30, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in the reporting entity***

As discussed in Note 1 to the consolidated financial statements, presenting consolidated financial statements for the first time for the year ended June 30, 2015. Our opinion is not modified with respect to that matter.

***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 pages 19- 20 are 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.

NCheng LLP

New York, New York  
March 30, 2017

**GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE****Consolidated Statements of Financial Position**

June 30,

	<u>2016</u>	<u>2015</u>
<b><u>Assets</u></b>		
Cash	\$ 477,524	\$ 893,196
Accounts receivable	5,890,950	4,485,959
Contributions receivable – Note 7	959,136	1,250,947
Interest receivable	8,545	12,553
Due from related parties – Note 9	-	235,251
Prepaid expenses	201,419	322,898
Investments – Note 2 and 5	19,106,179	14,702,716
Fixed assets (net) – Note 4	2,777,274	2,857,693
Mortgage receivable – Note 16	<u>2,981,845</u>	<u>2,981,845</u>
<b>Total assets</b>	<b><u>\$ 32,402,872</u></b>	<b><u>\$ 27,743,058</u></b>
<b><u>Liabilities and Net Assets</u></b>		
<b>Liabilities</b>		
Accounts and accrued expenses payable	\$ 3,820,984	\$ 4,203,013
Due to related parties – Note 9	187,777	-
Refundable advances	2,533,478	2,141,485
Loan payable – Note 8	<u>1,189,583</u>	<u>2,115,000</u>
Total liabilities	<u>7,731,822</u>	<u>8,459,498</u>
Commitments and contingencies – Notes 6, 12 and 15		
<b>Net assets</b>		
Unrestricted		
Operating	634,385	( 2,471,035)
Board designated fund – Note 13	<u>17,002,421</u>	<u>14,084,899</u>
Total unrestricted	17,636,806	11,613,864
Temporarily restricted – Note 13 and 14	2,488,080	3,370,040
Permanently restricted – Note 13	<u>4,546,164</u>	<u>4,299,656</u>
Total net assets	<u>24,671,050</u>	<u>19,283,560</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 32,402,872</u></b>	<b><u>\$ 27,743,058</u></b>

The accompanying notes are an integral part of these consolidated financial statement.

# GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE

## Consolidated Statement of Activities

For the year ended June 30, 2016

		Board	Unrestricted			
	Operating	designated	Total	Temporarily restricted	Permanently restricted	2016
<b>Revenues</b>						
Contributions	\$ 5,656,990		\$ 5,656,990	\$ 2,345,329	\$ 246,508	\$ 8,248,827
Government grants	19,540,634		19,540,634			19,540,634
Program fees	1,382,821		1,382,821			1,382,821
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	479,185		479,185			479,185
Net investment income – Note 3 and 13	64	( \$ 728,313 )	( 728,249 )	72,360		( 655,889 )
Reimbursements from affiliates	924,125		924,125			924,125
Other – Note 11	239,981	4,153,815	4,393,796			4,393,796
Releases from restriction – Note 13 and 14	3,807,629	( 507,980 )	3,299,649	( 3,299,649 )		-
<b>Total revenues</b>	<u>32,895,166</u>	<u>2,917,522</u>	<u>35,812,688</u>	<u>( 881,960 )</u>	<u>246,508</u>	<u>35,177,236</u>
<b>Expenses</b>						
<b>Program services</b>						
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
Lincoln Square Neighborhood Center	2,262,103		2,262,103			2,262,103
<b>Total program services</b>	<u>26,350,902</u>		<u>26,350,902</u>			<u>26,350,902</u>
<b>Supporting services</b>						
Management and general	2,460,158		2,460,158			2,460,158
Fund raising	978,686		978,686			978,686
<b>Total supporting services</b>	<u>3,438,844</u>		<u>3,438,844</u>			<u>3,438,844</u>
<b>Total expenses</b>	<u>29,789,746</u>		<u>29,789,746</u>			<u>29,789,746</u>
Change in net assets	3,105,420	2,917,522	6,022,942	( 881,960 )	246,508	5,387,490
Net assets at beginning of year	( 2,471,035 )	14,084,899	11,613,864	3,370,040	\$ 4,299,656	19,283,560
<b>Net assets at end of year</b>	<u>\$ 634,385</u>	<u>\$ 17,002,421</u>	<u>\$ 17,636,806</u>	<u>\$ 2,488,080</u>	<u>\$ 4,546,164</u>	<u>\$ 24,671,050</u>

The accompanying notes are an integral part of these consolidated financial statement.

# GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE

## Consolidated Statement of Activities

For the year ended June 30, 2015

	Operating	Board designated	Unrestricted Total	Temporarily restricted	Permanently restricted	Total
<b>Revenues</b>						
Contributions	\$ 1,541,318		\$ 1,541,318	\$ 2,919,237		\$ 4,460,555
Government grants	17,996,927		17,996,927			17,996,927
Program fees	1,220,891		1,220,891			1,220,891
Benefit events	1,661,292		1,661,292			1,661,292
Less: direct benefit events expense	( 360,714 )		( 360,714 )			( 360,714 )
In-kind services – Note 10	264,154		264,154			264,154
Net investment income – Note 3 and 13	6	\$ 121,486	121,492	85,551		207,043
Reimbursements from affiliates	885,338		885,338			885,338
Other	79,085		79,085			79,085
Releases from restriction – Note 13 and 14	3,529,651	( 436,356 )	3,093,295	( 3,093,295 )		-
Total revenues	26,817,948	( 314,870 )	26,503,078	( 88,507 )		26,414,571
<b>Expenses</b>						
<b>Program services</b>						
Youth	4,570,076		4,570,076			4,570,076
Senior citizens and adults	3,758,083		3,758,083			3,758,083
Homeless and mentally ill	8,938,871		8,938,871			8,938,871
Housing	3,538,710		3,538,710			3,538,710
Preschool	3,103,067		3,103,067			3,103,067
Lincoln Square Neighborhood Center	256,502		256,502			256,502
Total program services	24,165,309		24,165,309			24,165,309
<b>Supporting services</b>						
Management and general	2,667,937		2,667,937			2,667,937
Fund raising	1,037,748		1,037,748			1,037,748
Total supporting services	3,705,685		3,705,685			3,705,685
Total expenses	27,870,994		27,870,994			27,870,994
Change in net assets	( 1,053,046 )	( 314,870 )	( 1,367,916 )	( 88,507 )		( 1,456,423 )
GRCC Net assets at beginning of year	( 1,363,940 )	14,399,769	13,035,829	3,444,100	\$ 4,299,656	20,779,585
LSNC Net assets – June 1, 2015	( 54,049 )	-	( 54,049 )	14,447		( 39,602 )
Net assets at end of year	(\$ 2,471,035 )	\$ 14,084,899	\$ 11,613,864	\$ 3,370,040	\$ 4,299,656	\$ 19,283,560

The accompanying notes are an integral part of these consolidated financial statement.

**GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE****Consolidated Statements of Cash Flows**

For the years ended June 30,

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 5,387,490	( \$ 1,456,423 )
Adjustment of net assets		
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	367,555	359,877
Net unrealized loss/(gain) on investments	702,126	216,343
Change in accounts receivable	( 1,404,989 )	( 1,152,974 )
Change in contributions receivable	291,811	( 193,335 )
Change in interest receivable	4,008	2,297
Change in prepaid expenses	121,479	14,358
Change in accounts and accrued expenses payable	( 382,029 )	( 367,237 )
Change in due to/from related parties	423,028	( 32,950 )
Change in refundable advances	391,991	831,821
Net cash provided by/(used in) operating activities	<u>5,902,470</u>	<u>( 1,778,223 )</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	( 287,136 )	( 262,156 )
LSNC net assets		( 39,602 )
Purchase of investments including donated stocks	( 15,770,443 )	( 3,744,802 )
Proceeds from sale of investments	<u>10,664,854</u>	<u>5,618,973</u>
Net cash (used in)/provided by investing activities	<u>( 5,392,725 )</u>	<u>1,572,413</u>
<b>Cash flows from financing activities</b>		
Loan proceeds	1,290,244	1,600,000
Loan payments	( 2,215,661 )	( 1,185,000 )
Net cash (used in)/provided by financing activities	<u>( 925,417 )</u>	<u>415,000</u>
Net (decrease)/increase in cash	( 415,672 )	209,190
Cash at beginning of year	<u>893,196</u>	<u>684,006</u>
Cash at end of year	<u>\$ 477,524</u>	<u>\$ 893,196</u>
<b>Supplementary information</b>		
Cash paid for interest	<u>\$ 35,870</u>	<u>\$ 68,799</u>

The accompanying notes are an integral part of these consolidated financial statement.



# **GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE**

## **Notes to Consolidated Financial Statements**

June 30, 2016 and 2015

### **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 and it is GRCC’s intent, subject to administrative filing with the New York Department of State and program contract transfers, to merge effectively on the close of business June 30, 2017.

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

**Basis of Accounting.** The accompanying consolidated 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.

**Basis of Presentation.** The consolidated 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:

**GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE**  
**Notes to Consolidated Financial Statements**  
June 30, 2016 and 2015

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

Unrestricted - operating: these net assets represent resources that are not subject to donor-imposed restrictions and are available for general use.

Unrestricted - 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.

**Basis of Consolidation.** The consolidated financial statements include the accounts of LSNC from the date GRCC exercises control over the entity on June 1, 2015. Accordingly, the June 30, 2015 consolidated financial statements included one month of the activities of LSNC. Intra-entity transactions during the years were eliminated in the consolidated financial statements.

**Comparative Financial Information.** The accompanying consolidated financial statements do not include sufficient detail of LSNC's financial statements for the years presented herein. Accordingly, such information should be read in conjunction with LSNC's financial statement for the year ended June 30, 2016, from which the summarized information was derived.

**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 consolidated statement 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 consolidated 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 consolidated 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.

## **GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE**

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

June 30, 2016 and 2015

#### **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 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.

**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.

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 consolidated 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, Management reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**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 revenue.** GRCC and LSNC provide various social services, and the majority of this revenue is generated from government funds which account for about 56% and 68% of this total revenue on June 30, 2016 and 2015, respectively. As of June 30, 2016 and 2015, total related receivable were \$5,890,950 and \$4,485,959, of which 89% and 80% were collected as of the date the consolidated financial statements were issued, respectively.

**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 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 bond and money market fund - 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.

## GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE

### Notes to Consolidated Financial Statements

June 30, 2016 and 2015

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

**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.

**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, 2013 and later are subject to examinations by appropriate tax authorities.

#### 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 up to 6% of annual compensation. The total expense for fiscal years ended June 30, 2016 and 2015 were \$294,359 and \$427,718, respectively.

#### Note 4 Fixed assets

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 7,068,360	\$ 6,948,300
Equipment	807,873	751,427
Transportation equipment	456,465	345,836
Computer systems	<u>374,976</u>	<u>374,976</u>
Total fixed assets	8,707,674	8,420,539
Less: accumulated depreciation and amortization	<u>( 5,930,400 )</u>	<u>( 5,562,846 )</u>
Net fixed assets	<u>\$ 2,777,274</u>	<u>\$ 2,857,693</u>

**GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE**

**Notes to Consolidated Financial Statements**

June 30, 2016 and 2015

**Note 5 Investments and investment income**

The fair value of investments as of June 30, 2016 and 2015 are as follows:

<b>Recurring fair value measurements</b>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>
<b>Fair value measurements at June 30, 2016</b>			
Cash and cash equivalents	\$ 1,419,166	\$ 1,419,166	
Traditional fixed income	794,957	794,957	
Equity(Domestic/Global)	12,038,645	12,038,645	
Hedge equity	1,815,841	-	\$ 1,815,841
Real assets	207,225	207,225	-
Diversifying multi-strategy	2,830,345	2,830,345	-
<b>Total investments</b>	<u>\$ 19,106,179</u>	<u>\$ 17,290,338</u>	<u>\$ 1,815,841</u>

**Fair value measurements at June 30, 2015**

Cash and cash equivalents	\$ 274,949	\$ 274,949	
Traditional fixed income	2,388,043	2,388,043	
Equity(Domestic/Global)	8,009,031	8,009,031	
Hedge equity	1,220,775	-	\$ 1,220,775
Real assets	243,000	243,000	-
Diversifying multi-strategy	2,566,918	2,566,918	-
<b>Total investments</b>	<u>\$ 14,702,716</u>	<u>\$ 13,481,941</u>	<u>\$ 1,220,775</u>

Level 2 measurements

The fair value for a hedge equity is measured using quoted prices for similar assets in active markets.

Investment income as of June 30 are as follows:

	<u>2016</u>	<u>2015</u>
Dividends and interest	\$ 301,500	\$ 295,003
Net realized (loss)/ gain	( 148,710 )	216,150
Net unrealized loss	( 702,126 )	( 216,343 )
Fees	( 106,617 )	( 87,773 )
Other interest	64	6
<b>Total investment (loss) /income</b>	<u>(\$ 655,889 )</u>	<u>\$ 207,043</u>

## **GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE**

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

June 30, 2016 and 2015

#### **Note 6 Contingencies**

GRCC & LSNC receive 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 is 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.

#### **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, 2016 and 2015, respectively.

Amounts due in	<u>2016</u>	<u>2015</u>
Less than one year	\$ 720,930	\$ 814,031
One to two years	243,772	446,500
Less: discount	( 5,566 )	( 9,584 )
	<u>\$ 959,136</u>	<u>\$ 1,250,947</u>

As of June 30, 2016 and 2015, \$959,136 and \$1,250,947 of contributions receivable is temporarily restricted, respectively. Management expects all pledges to be fully collected and, accordingly, no allowance for doubtful pledges has been provided.

#### **Note 8 Loan payable**

GRCC has a line of credit for a total of \$2,000,000. The interest rate is LIBOR rate. All business assets, inventory, equipment, accounts, general intangibles, chattel papers, documents, instruments and letter of credit rights of GRCC are pledged as collateral. As of June 30, 2016 and 2015, the outstanding balances were \$1,100,000 and \$2,000,000, respectively.

GRCC entered into a multi-year interest free program-related loan in the amount of \$75,000 for the period of 2012-2013. As of June 30, 2016 and 2015, a total of \$0 and \$25,000 were outstanding, respectively.

LSNC has a revolving line of credit of \$100,000 with a local bank that is subject to a blanket lien on all of LSNC's assets. During 2016, the revolving credit line was no longer being offered by the financial institution, and the line of credit was converted to a loan that will require monthly payments of principal and interest. The outstanding balance at June 30, 2016 and 2015 were \$89,583 and \$90,000, respectively.

Interest expense amounted to \$32,397 and \$68,309 for the year-ending June 30, 2016 and 2015, respectively.

## GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE

### Notes to Consolidated Financial Statements

June 30, 2016 and 2015

#### Note 9 Due to/ Due from related parties

GRCC receives subsidies from the Department of Homeless Services (“DHS”) and Department of Housing and Urban Development (“HUD”) to provide certain social services and front desk services to the residents of the following properties. As of June 30, the balances due from/(to) the related parties in connection with these services consisted of:

	<u>2016</u>	<u>2015</u>
Capitol Hall Preservation HDFC	( \$ 7,384 )	( \$ 161,404 )
Corner House Associates HDFC	129,717	124,700
Phelps House Associates, L.P.	104,532	808,999
New Senate Associates, L.P.	( 442,962 )	( 555,937 )
140 W 140 <sup>th</sup> St. HDFC	<u>28,320</u>	<u>18,893</u>
Due (to)/ due from	<u>( \$ 187,777 )</u>	<u>\$ 235,251</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

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, are as follows:

	<u>2016</u>	<u>2015</u>
Occupancy	\$ 328,386	\$ 132,910
Program volunteers (teacher aides)	54,399	108,199
Food	22,000	9,916
Professional fees	74,400	5,559
Health Services	<u>-</u>	<u>7,570</u>
Total	<u>\$ 479,185</u>	<u>\$ 264,154</u>

## **GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE**

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

June 30, 2016 and 2015

#### **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 87<sup>th</sup> 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. As of June 30, 2016, \$3,117,831 was received as a partial payment on the developer fee, of which \$900,000 was paid to Rockabill Advisors. Another \$681,799 is scheduled to be paid in two installments on around April 2017. The balance of \$1,340,241 is payable only to the extent that cash flow from the property permits, and income will be recognized only when cash is received. As of June 30, 2016, the unpaid fee was \$2,022,040.

#### **Note 12 Commitments**

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

Year ending June 30,		
2017	\$	509,284
2018		318,474
2019		252,294
2020		256,698
2021		264,690
Thereafter		<u>62,821</u>
Total	\$	<u><u>1,664,261</u></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. Annually, GRCC receives contributions from donors which are restricted or designated by the Board of Directors.



# GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE

## Notes to Consolidated Financial Statements

June 30, 2016 and 2015

### Note 13 Endowment and board designated funds - (continued)

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.

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

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
<b>Donor restricted funds</b>					
Lester Martin scholarship fund		\$ 13,889	\$ 106,000	\$ 119,889	\$ 122,378
Community Arts		11	500,000	500,011	501,582
Options endowment		62,033	1,851,508	1,913,541	1,701,642
Bernie Wohl endowment		<u>265,040</u>	<u>2,088,656</u>	<u>2,353,696</u>	<u>2,411,371</u>
Total donor restricted funds		340,973	4,546,164	4,887,137	4,736,973
<b>Board designated funds</b>					
Other *	<u>\$ 17,002,421</u>			<u>17,002,421</u>	<u>\$ 14,084,899</u>
Total donor restricted and board designated funds as of June 30, 2016	<u>\$ 17,002,421</u>	<u>\$ 340,973</u>	<u>\$ 4,546,164</u>	<u>\$ 21,889,558</u>	<u>\$ 18,821,872</u>

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

**GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE**  
**Notes to Consolidated Financial Statements**  
June 30, 2016 and 2015

**Note 13 Endowment and board designated funds - (continued)**

Roll-forward of fund balances as of June 30, 2015, is as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Fund net assets, beginning of year	\$ 14,399,769	\$ 504,750	\$ 4,299,656	\$ 19,204,175
Investment returns:				
Investment income	209,452	85,551		295,003
Realized/unrealized (loss)	( 87,966 )			( 87,966 )
Total investment return	<u>121,486</u>	<u>85,551</u>		<u>207,037</u>
Appropriation of fund assets for expenditure	( 436,356 )	( 152,984 )		( 589,340 )
Changes/contributions	<u>( 436,356 )</u>	<u>( 152,984 )</u>		<u>( 589,340 )</u>
Fund net assets, June 30,2015	<u>\$ 14,084,899</u>	<u>\$ 437,317</u>	<u>\$ 4,299,656</u>	<u>\$ 18,821,872</u>

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	<u>4,153,815</u>		<u>246,508</u>	<u>4,400,323</u>
	<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. For fiscal year ended June 30, 2015, the Board approved \$589,340 (\$436,356 Board-designated and \$152,984 temporarily restricted) to be used for operations.

**GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE**  
**Notes to Consolidated Financial Statements**  
June 30, 2016 and 2015

**Note 14 Temporarily restricted net assets**

As of June 30, 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
Time restricted - LSNC	10,000	10,000	( 16,667 )	3,333
Program restricted - LSNC		199,175	( 182,508 )	16,667
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>\$ 3,370,040</u>	<u>\$ 2,417,689</u>	<u>( \$ 3,299,649 )</u>	<u>\$ 2,488,080</u>

**Note 15 Client representative payee accounts**

GRCC is acting as “rep-payee” for 45 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 consolidated financial statements, is summarized below:

	<u>2016</u>	<u>2015</u>
Balance at beginning of year	\$ 312,170	\$ 337,243
Deposits during the year	463,017	472,318
Disbursements during the year	( 443,437 )	( 497,391 )
Balance at end of year	<u>\$ 331,750</u>	<u>\$ 312,170</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. Subsequently, as part of a plan of liquidation, GRHDFC assigned the note and mortgage to GRCC.

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. No interest payments were received in fiscal year ended June 30, 2016 and no interest income was recognized.

**GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE**

**Notes to Consolidated Financial Statements**

June 30, 2016 and 2015

**Note 17 Subcontracts**

- (1) 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 2016 and 2015 was \$6,756,461 and \$5,709,590 respectively. GRCC's portion of the contract for both its service delivery and administrative roles was \$4,159,642 and \$3,576,247, respectively, with the remaining shared by the consortium partners as follows:

	<u>2016</u>	<u>2015</u>
Common Ground Community	\$ 1,285,472	\$ 945,153
Center for Urban Community Services	<u>1,311,347</u>	<u>1,188,190</u>
Subtotal	<u>\$ 2,596,819</u>	<u>\$ 2,133,343</u>

**Note 18 Subsequent events**

Management evaluated its June 30, 2016 consolidated financial statements for subsequent events through March 30, 2017, which is the date the consolidated financial statements were available to be issued. GRCC has determined that there are no subsequent events that require additional recognition or disclosures in the consolidated financial statements.

**GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE**

**Schedule of Functional Expenses**

For the year ended June 30, 2016

	<u>Program services</u>						<u>Supporting services</u>			<u>Total program and supporting services</u>	
	<u>Youth</u>	<u>Senior citizens and adults</u>	<u>Homeless and Mentally ill</u>	<u>Housing</u>	<u>Preschool</u>	<u>LSNC</u>	<u>Total</u>	<u>Management and general</u>	<u>Fund raising</u>		<u>Total</u>
Salaries	\$ 2,420,175	\$ 2,178,560	\$ 3,294,104	\$ 2,471,403	\$ 1,344,738	\$ 1,313,127	\$ 13,022,107	\$ 1,321,905	\$ 433,153	\$ 1,755,058	\$ 14,777,165
Employee benefits	618,329	669,210	920,701	703,891	314,846	263,870	3,490,847	393,706	142,658	536,364	4,027,211
<b>Total personnel</b>	<b>3,038,504</b>	<b>2,847,770</b>	<b>4,214,805</b>	<b>3,175,294</b>	<b>1,659,584</b>	<b>1,576,997</b>	<b>16,512,954</b>	<b>1,715,611</b>	<b>575,811</b>	<b>2,291,422</b>	<b>18,804,376</b>
Professional fees – in-kind of											
\$128,799	231,778	126,144	222,841	189,711	117,570	301,064	1,189,108	576,678	293,728	870,406	2,059,514
Supplies	108,134	113,978	114,766	75,618	88,700	68,256	569,452	10,822	10,376	21,198	590,650
Telephone	46,752	30,919	89,080	38,601	19,884	22,430	247,666	39,921	47	39,968	287,634
Postage	3,127	4,756	2,477	1,258	348	2,091	14,057	10,939	20,362	31,301	45,358
Occupancy costs – in-kind of											
\$328,386	124,989	98,451	1,367,843	124,435	504,042	69,891	2,289,651				2,289,651
Transportation and travel	70,207	32,663	123,462	4,404	869	12,773	244,378	7,501	768	8,269	252,647
Printing and publications	7,970	11,895	15,736	3,375	3,517		42,493	5,517	42,733	48,250	90,743
Insurance	49,414	130,949	209,588	80,970	64,711	23,481	559,113	6,022	1,345	7,367	566,480
Equipment rental and maintenance	63,665	74,902	68,018	95,299	63,456	28,171	393,511	4,408	4,651	9,059	402,570
Food – in-kind of \$22,000	87,428	521,716	24,964	24,182	101,718	112,672	872,680	10,579	687	11,266	883,946
Membership dues	5,586	2,764	13,139	5,440	3,763	5,768	36,460	20,040	2,805	22,845	59,305
Other	147,634	25,013	123,930	4,750	16,902	27,646	345,875	47,774	23,696	71,470	417,345
Subcontractors - Note 17	75,153		2,596,819				2,671,972				2,671,972
Depreciation and amortization	205,148	40,762	92,779		11,980	10,863	361,532	4,346	1,677	6,023	367,555
<b>Total other than personnel</b>	<b>1,226,985</b>	<b>1,214,912</b>	<b>5,065,442</b>	<b>648,043</b>	<b>997,460</b>	<b>685,106</b>	<b>9,837,948</b>	<b>744,547</b>	<b>402,875</b>	<b>1,147,422</b>	<b>10,985,370</b>
<b>Total expenses</b>	<b>\$ 4,265,489</b>	<b>\$ 4,062,682</b>	<b>\$ 9,280,247</b>	<b>\$ 3,823,337</b>	<b>\$ 2,657,044</b>	<b>\$ 2,262,103</b>	<b>\$ 26,350,902</b>	<b>\$ 2,460,158</b>	<b>\$ 978,686</b>	<b>\$ 3,438,844</b>	<b>\$ 29,789,746</b>

**GODDARD RIVERSIDE COMMUNITY CENTER & AFFILIATE**

**Schedule of Functional Expenses**

For the year ended June 30, 2015

	Program services						Supporting services			Total program and supporting services	
	Youth	Senior citizens and adults	Homeless and Mentally ill	Housing	Preschool	LSNC	Total	Management and general	Fund raising		Total
Salaries	\$ 2,477,174	\$ 1,958,034	\$ 3,405,285	\$ 2,298,494	\$ 1,588,983	\$ 131,562	\$ 11,859,532	\$ 1,318,245	\$ 462,261	\$ 1,780,506	\$ 13,640,038
Employee benefits	665,994	638,166	1,027,328	671,718	369,627	17,930	3,390,763	600,296	159,196	759,492	4,150,255
Total personnel	<u>3,143,168</u>	<u>2,596,200</u>	<u>4,432,613</u>	<u>2,970,212</u>	<u>1,958,610</u>	<u>149,492</u>	<u>15,250,295</u>	<u>1,918,541</u>	<u>621,457</u>	<u>2,539,998</u>	<u>17,790,293</u>
Professional fees – in-kind of \$121,328	252,451	139,701	117,608	105,646	169,292	40,168	824,866	499,573	235,684	735,257	1,560,043
Supplies	116,272	99,522	108,990	82,766	123,372	11,872	542,794	17,262	8,492	25,754	568,548
Telephone	45,571	27,664	97,614	40,853	22,961	2,088	236,751	46,851	16	46,867	283,618
Postage	4,275	6,259	2,853	1,442	659	400	15,888	10,644	32,125	42,769	58,657
Occupancy costs – in-kind of \$132,910	193,055	88,676	1,199,974	132,910	345,711	5,825	1,966,151				1,966,151
Transportation and travel	85,436	21,277	150,370	1,965	4,993	4,740	268,781	10,569	2,001	12,570	281,351
Printing and publications	51,128	16,138	8,100	6,038	1,344		82,748	6,681	44,625	51,306	134,054
Insurance	45,832	75,810	174,886	76,033	61,107	1,915	435,583	15,549	658	16,207	451,790
Equipment rental and maintenance	69,919	64,215	94,223	90,700	98,122	2,507	419,686	13,469	9,360	22,829	442,515
Food – in-kind of \$9,916	107,403	543,419	21,252	21,323	168,604	20,941	882,942	15,444	415	15,859	898,801
Membership dues	2,208	5,519	4,620	845	3,400		16,592	20,540	387	20,927	37,519
Other	160,389	29,362	302,531	7,977	140,492	14,941	655,692	88,107	80,454	168,561	824,253
Subcontractors - Note 17	80,101		2,133,343				2,213,444				2,213,444
Depreciation and amortization	212,868	44,321	89,894		4,400	1,613	353,096	4,707	2,074	6,781	359,957
Total other than personnel	<u>1,426,908</u>	<u>1,161,883</u>	<u>4,506,258</u>	<u>568,498</u>	<u>1,144,457</u>	<u>107,010</u>	<u>8,915,014</u>	<u>749,396</u>	<u>416,291</u>	<u>1,165,687</u>	<u>10,080,701</u>
Total expenses	<u>\$ 4,570,076</u>	<u>\$ 3,758,083</u>	<u>\$ 8,938,871</u>	<u>\$ 3,538,710</u>	<u>\$ 3,103,067</u>	<u>\$ 256,502</u>	<u>\$ 24,165,309</u>	<u>\$ 2,667,937</u>	<u>\$ 1,037,748</u>	<u>\$ 3,705,685</u>	<u>\$ 27,870,994</u>