
GODDARD RIVERSIDE COMMUNITY CENTER

Stand Alone Financial Statements

For the years ended June 30, 2018 and 2017

GODDARD RIVERSIDE COMMUNITY CENTER
Financial Statements
June 30, 2018 and 2017

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Independent Auditors' Report

To the Board of Directors of
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, 2018 and 2017, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GRCC as of June 30, 2018 and 2017, 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.

New York, New York
March 30, 2019

NChing LLP

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

As of June 30,

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash	\$ 409,876	\$ 1,271,689
Accounts receivable	11,769,744	4,513,491
Contributions receivable – Note 7	986,386	1,042,961
Interest receivable	13,418	6,587
Due from related parties – Note 9	-	1,263,433
Prepaid expenses	82,908	123,778
Investments – Note 5	18,096,826	18,298,560
Fixed assets (net) – Note 4	2,271,610	2,561,559
Mortgage receivable – Note 16	2,488,609	2,735,227
Total assets	\$ 36,119,377	\$ 31,817,285
<u>Liabilities and Net Assets</u>		
Accounts and accrued expenses payable	\$ 2,975,321	\$ 2,937,441
Refundable advances	3,976,520	2,316,518
Line of credit – Note 8	2,889,583	750,000
Due to related parties – Note 9	65,043	-
Other current liabilities	229,473	229,382
Total liabilities	10,135,940	6,233,341
Commitments and contingencies – Notes 6 and 12		
Unrestricted		
Operating	6,851	131,062
Board designated fund – Note 13	18,364,115	18,355,578
Total Unrestricted	18,370,966	18,486,640
Temporarily restricted – Notes 13 and 14	3,061,307	2,546,140
Permanently restricted – Note 13	4,551,164	4,551,164
Total net assets	25,983,437	25,583,944
Total liabilities and net assets	\$ 36,119,377	\$ 31,817,285

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

GODDARD RIVERSIDE COMMUNITY CENTER

Statement of Activities

For the year ended June 30, 2018

	Unrestricted					
	Operating	Board designated	Total	Temporarily restricted	Permanently restricted	Total
Revenues						
Contributions	\$ 1,009,288	\$ -	\$ 1,009,288	\$ 2,783,749	\$ -	\$ 3,793,037
Government grants	17,047,181		17,047,181			17,047,181
Program fees	1,415,735		1,415,735			1,415,735
Benefit events	904,435		904,435			904,435
Less: direct benefit events expense	(246,952)		(246,952)			(246,952)
In-kind services – Note 10	573,782		573,782			573,782
Net investment income – Notes 5 and 13	1,180	985,300	986,480	328,433		1,314,913
Reimbursements from affiliates	1,111,715		1,111,715			1,111,715
Other – Note 11	319,851	1,150,000	1,469,851			1,469,851
Releases from restriction – Notes 13 and 14	4,149,947	(1,552,932)	2,597,015	(2,597,015)		-
Total revenues	<u>26,286,162</u>	<u>582,368</u>	<u>26,868,530</u>	<u>515,167</u>		<u>27,383,697</u>
Expenses						
Program services						
Youth	4,202,312		4,202,312			4,202,312
Senior citizens and adults	3,401,365		3,401,365			3,401,365
Homeless and mentally ill	5,245,123		5,245,123			5,245,123
Housing	4,372,006		4,372,006			4,372,006
Family and community services	1,621,061		1,621,061			1,621,061
Preschool	3,494,791		3,494,791			3,494,791
Total program services	<u>22,336,658</u>		<u>22,336,658</u>			<u>22,336,658</u>
Supporting services						
Management and general	3,301,316		3,301,316			3,301,316
Fund raising	772,399		772,399			772,399
Total expenses	<u>26,410,373</u>		<u>26,410,373</u>			<u>26,410,373</u>
Change in net assets	(124,211)	582,368	458,157	515,167	-	973,324
Net assets assumed from LSNC – Note 1	-	(573,831)	(573,831)	-	-	(573,831)
Net assets at beginning of year	131,062	18,355,578	18,486,640	2,546,140	4,551,164	25,583,944
Net assets at end of year	<u>\$ 6,851</u>	<u>\$ 18,364,115</u>	<u>\$ 18,370,966</u>	<u>\$ 3,061,307</u>	<u>\$ 4,551,164</u>	<u>\$ 25,983,437</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 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**Statements of Cash Flows**

For the years ended June 30,

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 973,324	\$ 621,245
Adjustments to reconcile change in net assets to net cash used in operating activities		
Net deficit assumed from LSNC	(573,831)	-
Depreciation and amortization	413,565	413,565
Net realized and unrealized loss/(gain) on Donated securities	918,358	(1,851,051)
Proceeds from donated securities	(333,780)	(163,085)
Change in accounts receivable	338,534	163,441
Change in contributions receivable	(7,256,253)	991,109
Change in interest receivable	56,575	(83,825)
Change in prepaid expenses	(6,831)	1,958
Change in accounts and accrued expenses payable	40,870	49,082
Change in due from related parties	37,971	(519,596)
Change in mortgage receivable	1,328,476	(1,224,212)
Change in refundable advances	246,618	246,618
	<u>1,660,002</u>	<u>112,206</u>
Net cash used in operating activities	<u>(2,156,402)</u>	<u>(1,242,545)</u>
Cash flows from investing activities		
Purchase of fixed assets	(123,616)	(240,725)
Purchase of investments	(8,273,123)	(4,901,814)
Proceeds from sale of investments	<u>7,551,745</u>	<u>7,560,128</u>
Net cash (used in)/provided by investing activities	<u>(844,994)</u>	<u>2,417,589</u>
Cash flows from financing activities		
Loan proceeds	2,564,583	1,650,000
Loan payments	<u>(425,000)</u>	<u>(2,000,000)</u>
Net cash provided by/(used in) by financing activities	<u>2,139,583</u>	<u>(350,000)</u>
Net (decrease)/increase in cash	(861,813)	825,044
Cash at beginning of year	<u>1,271,689</u>	<u>446,645</u>
Cash at end of year	<u>\$ 409,876</u>	<u>\$ 1,271,689</u>
Supplemental information		
Cash paid for interest	\$ 81,914	\$ 32,397
Noncash transactions		
Donated securities	\$ 333,780	\$ 4,392,214

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

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2018 and 2017

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. GRCC assumed a net operating deficit of \$573,831.

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 is required to present and also presents a consolidated financial statements with its affiliates and subsidiary in conformity with accounting principles generally accepted in the United States of America. The accompanying stand alone 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, 2018 and 2017

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, 2018 and 2017

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, 2018 and 2017. 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, 2018 and 2017

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, 2015 and later are subject to examinations by appropriate tax authorities.

Subsequent events. Management evaluated its June 30, 2018 financial statements for subsequent events through March 30, 2019, 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% of annual compensation for the years ended June 30, 2018 and 2017, respectively. The total expense for the years ended June 30, 2018 and 2017 was \$320,806 and \$478,778, respectively.

Note 4 Fixed assets

Fixed assets consist of the following:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 7,192,066	\$ 6,788,941
Equipment	823,565	763,567
Transportation equipment	490,111	482,074
Computer systems and software	542,232	466,386
Total fixed assets	9,047,974	8,500,968
Less: accumulated depreciation and amortization	(6,776,364)	(5,939,409)
Net fixed assets	<u>\$ 2,271,610</u>	<u>\$ 2,561,559</u>

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

June 30, 2018 and 2017

Note 5 Investments and investment income

The fair value of investments measured on a recurring basis as of June 30, 2018 and 2017 are as follows:

	Total	Quoted prices in active markets for identical assets Level 1
	<u> </u>	<u> </u>
Fair value measurements at June 30, 2018		
Cash and cash equivalents	\$ 79,629	\$ 79,629
Government fixed income	232,234	232,234
Equity (Domestic/Global)	10,903,264	10,903,264
Bond funds	4,337,358	4,337,358
Total investments at published fair value	<u>\$ 15,552,485</u>	<u>\$ 15,552,485</u>
Alternative investments measured at Net Asset Value (“NAV”):		
Hedge equity	1,646,299	
International/Global Equity	898,042	
Total alternative investments measured at NAV	<u>2,544,341</u>	
Total investments	<u>\$ 18,096,826</u>	
	Total	Quoted prices in active markets for identical assets Level 1
	<u> </u>	<u> </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	4,018,726	4,018,726
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	
International/Global Equity	800,333	
Total alternative investments measured at NAV	<u>1,754,574</u>	
Total investments	<u>\$ 18,298,560</u>	

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

June 30, 2018 and 2017

Note 5 Investments and investment income – (continued)

Investment income as of June 30, is as follows:

	<u>2018</u>	<u>2017</u>
Dividends and interest	\$ 485,797	\$ 389,567
Net realized gain/(loss)	910,064	131,746
Net unrealized gain/(loss)	13,048	1,851,051
Fees	(95,178)	(98,021)
Other interest	<u>1,182</u>	<u>84</u>
Total	<u>\$ 1,314,913</u>	<u>\$ 2,274,427</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.

Note 7 Contributions receivable

Contributions receivable is comprised of unconditional promises to give. Unconditional promises to give are recorded at the present value of their estimated future cash flows. As of June 30, 2018 and 2017, \$986,386 and \$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.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2018 and 2017

Note 8 Line of credit

GRCC has a total line of credit of \$3,000,000. The interest rate is LIBOR rate. For the periods ending June 30, 2018 and 2017, 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 is renewed annually. As of June 30, 2018 and 2017, the outstanding balance was \$2,850,000 and \$750,000, respectively

LSNC has a loan with a local bank that requires monthly repayments of principal and interest. All outstanding principal and interest payments are due January 25, 2020. The outstanding balance at June 30, 2018 and 2017 were \$64,583 and 39,583.

Note 9 Due from related parties

As of June 30, 2018 and 2017, the balance due from/(to) the related parties in connection with services provided consist of:

	<u>2018</u>	<u>2017</u>
Capitol Hall Preservation HDFC	\$ (72,783)	\$ 89,394
Corner House Associates HDFC	135,680	131,139
Phelps House Associates, L.P.	202,071	173,213
New Senate Associates, L.P.	(379,701)	(322,622)
140 W 140 th St. HDFC	49,690	35,016
Lincoln Square Neighborhood Center	-	1,157,293
Due from related parties	<u>\$ (65,043)</u>	<u>\$ 1,263,433</u>

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, 2018 and 2017, are as follows:

	<u>2018</u>	<u>2017</u>
Occupancy	\$ 349,026	\$ 285,243
Food and supplies	22,655	-
Program volunteers (teachers and painters)	202,101	60,770
Total	<u>\$ 573,782</u>	<u>\$ 346,013</u>

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to Financial Statements

June 30, 2018 and 2017

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, 2018, 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 202unit 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, 2018 and 2017, GRCC collected and recognized \$1,150,000 and \$476,248, respectively, in its statements of activities. The balance of \$2,604,407 is payable only to the extent that cash flow from the property permits, and income will be recognized only when cash is received.

Note 12 Commitments

GRCC leases various facilities under operating leases expiring between the years 2019 and 2022. The minimum future leases commitment is as follows:

Year ending June 30,	
2019	\$ 252,294
2020	256,698
2021	264,690
2022	62,821
Total	<u>\$ 836,503</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.

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

June 30, 2018 and 2017

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, 2018:

	Unrestricted	Temporarily restricted (Donor)	Permanently restricted	Total
Donor restricted				
Lester Martin scholarship fund	\$ -	\$ 26,455	\$ 106,000	\$ 132,455
Community Arts	-	52,415	500,000	552,415
Options endowment	-	236,747	1,605,000	1,841,747
Bernie Wohl endowment	-	537,678	2,340,164	2,877,842
Total donor restricted funds	-	853,295	4,551,164	5,404,459
Board designated funds				
Other *	18,364,115	-	-	18,364,115
Total donor restricted and board designated funds as of June 30,	<u>\$ 18,364,115</u>	<u>\$ 853,295</u>	<u>\$ 4,551,164</u>	<u>\$ 23,768,574</u>

*This balance includes a mortgage note receivable of \$2,488,609 from Phelps House Associates, L.P. See note 16, for additional disclosures.

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

June 30, 2018 and 2017

Note 13 Endowment and board designated funds – (continued)

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

	Unrestricted	Temporarily restricted (Donor)	Permanently restricted	Total
Donor restricted				
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	-	469,411	2,340,164	2,809,575
Total donor restricted funds	-	725,091	4,551,164	5,276,255
Board designated funds				
Other *	18,355,578	-	-	18,355,578
Total donor restricted and board designated funds as of June 30,	\$ 18,355,578	\$ 725,091	\$ 4,551,164	\$ 23,631,833

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

Roll-forward of the fund balances as of June 30, 2018, is as follows:

	Unrestricted	Temporarily restricted (Donor)	Permanently restricted	Total
Fund net assets, beginning of year	\$ 18,355,578	\$ 725,091	\$ 4,551,164	\$ 23,631,833
Investment returns:				
Investment income	364,348	121,449	-	485,797
Realized/unrealized (loss)	620,952	206,984	-	827,936
Total investment return	985,300	328,433	-	1,313,733
Appropriation of fund assets for expenditure	(1,552,932)	(200,230)	-	(1,753,162)
Changes/contributions	1,150,000	-	-	1,150,000
Net assets assumed from LSNC – Note 1	(573,831)	-	-	(573,831)
	(976,763)	(200,230)	-	(1,176,993)
Fund net assets, June 30, 2018	\$ 18,364,115	\$ 853,294	\$ 4,551,164	\$ 23,768,573

For fiscal year ended June 30, 2018, the Board approved \$1,885,061 (\$1,684,831 Board-designated and \$200,230 temporarily restricted) to be used for operations.

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

June 30, 2018 and 2017

Note 13 Endowment and board designated funds – (continued)

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

	Unrestricted	Temporarily restricted (Donor)	Permanently restricted	Total
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>-</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, 2018	<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.

Note 14 Temporarily restricted net assets – all sources

As of June 30, 2018 temporarily restricted net assets from all sources consist of:

	2017	Additions	Releases	2018
Time restricted	\$ 172,533	\$ 975,000	\$ (298,166)	\$ 849,367
Program restricted:				
Youth	1,129,891	1,171,774	(1,486,333)	815,332
Youth promise campaign	37,063	-	(30,000)	7,063
Housing and homeless	163,146	230,000	(123,479)	269,667
Family and community	250,816	330,375	(329,607)	251,584
Senior citizens and adults	67,600	76,600	(129,200)	15,000
Donor restricted	725,091	328,433	(200,230)	853,294
Total	<u>\$ 2,546,140</u>	<u>\$ 3,112,182</u>	<u>\$ (2,597,015)</u>	<u>\$ 3,061,307</u>

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

June 30, 2018 and 2017

Note 14 Temporarily restricted net assets – all sources - (continued)

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

	2016	Additions	Releases	2017
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
Donor restricted	340,972	568,586	(184,467)	725,091
Total	<u>\$ 2,468,080</u>	<u>\$ 3,001,023</u>	<u>\$ (2,922,963)</u>	<u>\$ 2,546,140</u>

Note 15 Client representative payee accounts

GRCC is acting as “rep-payee” for 40 clients in 2018 and 42 clients in 2017 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:

	2018	2017
Balance at beginning of year	\$ 353,568	\$ 331,750
Deposits during the year	417,333	445,993
Disbursements during the year	(503,234)	(424,175)
Balance at end of year	<u>\$ 267,667</u>	<u>\$ 353,568</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 outstanding mortgage receivable amounted to \$2,488,609 and \$2,735,227 for the years ended June 30, 2018 and 2017, respectively.

GODDARD RIVERSIDE COMMUNITY CENTER
Notes to Financial Statements
June 30, 2018 and 2017

Note 16 Mortgage receivable – (continued)

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 \$246,618 were received in fiscal years ended June 30, 2018 and 2017, 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 62% and 68% of this total revenue on June 30, 2018 and 2017, respectively.

GODDARD RIVERSIDE COMMUNITY CENTER

Schedule of Functional Expenses

For the year ended June 30,

	Program services						Support services			Total Program and Supporting services 2018	Total Program and Supporting services 2017
	Aging Services	Early Child Hood	Family and Community Supports	Homeless and Mental Health Programs	Supportive Housing	Youth Programs	Total Program Services	Management and General	Fund raising		
Personnel											
Salary and Wages	\$ 1,535,333	\$ 1,869,985	\$ 1,018,930	\$ 3,265,933	\$ 2,744,951	\$ 2,414,515	\$ 12,849,647	\$ 1,986,203	\$ 341,959	\$ 15,177,809	\$ 13,464,037
Fringes	584,068	507,591	353,097	839,837	758,198	650,734	3,693,525	442,965	87,114	4,223,604	3,763,342
Total Personnel	2,119,401	2,377,576	1,372,027	4,105,770	3,503,149	3,065,249	16,543,172	2,429,168	429,073	19,401,413	17,227,379
Occupancy	81,825	514,171	41,512	277,853	225,439	123,756	1,264,556	16,210	-	1,280,766	1,758,450
Professional Fees	216,154	126,955	104,632	144,427	306,951	264,182	1,163,301	578,163	274,001	2,015,465	522,394
Program Supplies	118,948	123,610	19,854	111,759	64,921	80,105	519,197	30,363	6,245	555,805	265,204
Communication	32,850	15,015	11,533	74,668	37,081	38,802	209,949	51,867	6,148	267,964	43,267
Postage & Messenger	5,050	1,021	3,259	5,174	869	2,285	17,658	10,073	3,848	31,579	2,219,760
Transportation and travel	33,010	1,408	683	105,409	3,238	23,934	167,682	6,350	471	174,503	239,874
Printing and publications	2,997	1,944	7,623	7,122	2,486	28,600	50,772	2,945	26,894	80,611	90,743
Dues and subscriptions	1,246	950	5,096	9,272	7,171	3,433	27,168	10,485	539	38,192	542,999
Insurance	98,068	74,490	18,650	162,717	68,928	76,520	499,373	19,695	1,470	520,538	374,399
Rental, repair and maintenance	69,548	53,410	26,710	83,825	83,372	49,606	366,471	6,205	2,343	375,019	771,274
Food	588,441	125,600	3,586	20,336	38,286	98,712	874,961	13,102	1,127	889,190	53,537
Training and development	122	5,299	1,114	4,348	4,553	26,706	42,142	6,957	198	49,297	55,626
Scholarships	-	-	-	-	-	56,100	56,100	-	-	56,100	334,073
Other	4,404	12,804	4,782	29,847	16,628	66,213	134,678	109,274	16,414	260,366	2,671,972
Depreciation and amortization	29,301	60,538	-	102,596	8,934	198,109	399,478	10,459	3,628	413,565	356,692
Total Expenditures	\$ 3,401,365	\$ 3,494,791	\$ 1,621,061	\$ 5,245,123	\$ 4,372,006	\$ 4,202,312	\$ 22,336,658	\$ 3,301,316	\$ 772,399	\$ 26,410,373	\$ 27,527,643