
GODDARD RIVERSIDE COMMUNITY CENTER

Standalone Financial Statements

For the years ended June 30, 2019 and 2018

GODDARD RIVERSIDE COMMUNITY CENTER
Financial Statements
June 30, 2019 and 2018

Contents	Page
Independent Auditors' Report.....	1-2
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Functional Expense.....	6-7
Statements of Cash Flows	8
Notes to the Financial Statements.....	9-22

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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, 2019 and 2018, and the related statements of activities, functional expenses 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 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, 2019 and 2018, 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.

NCheng LLP

New York, New York
February 24, 2020

GODDARD RIVERSIDE COMMUNITY CENTER

Statements of Financial Position

As of June 30,

	2019	2018
<u>Assets</u>		
Cash	\$ 963,677	\$ 409,876
Accounts receivable	11,492,188	11,769,744
Contributions receivable – Note 8	944,956	986,386
Interest receivable	1,585	13,418
Prepaid expenses	50,008	82,908
Investments – Note 6	14,771,587	18,096,826
Fixed assets (net) – Note 5	2,054,767	2,271,610
Mortgage receivable – Note 17	2,488,609	2,488,609
Total assets	<u>\$ 32,767,377</u>	<u>\$ 36,119,377</u>
<u>Liabilities and Net Assets</u>		
Accounts and accrued expenses payable	\$ 3,191,315	\$ 2,975,321
Refundable advances	3,956,927	3,976,520
Line of credit – Note 9	500,000	2,889,583
Due to related parties – Note 10	819,674	65,043
Other current liabilities	229,564	229,473
Total liabilities	<u>8,697,480</u>	<u>10,135,940</u>
Commitments and contingencies – Notes 7 and 13		
<u>Net asset</u>		
Net assets without donor restrictions		
Undesignated	-	6,851
Designated - Note 14	16,588,847	18,364,115
Total net assets without donor restrictions	<u>16,588,847</u>	<u>18,370,966</u>
Net assets with donor restrictions - Notes 14 and 15	<u>7,481,050</u>	<u>7,612,471</u>
Total net assets	<u>24,069,897</u>	<u>25,983,437</u>
Total liabilities and net assets	<u>\$ 32,767,377</u>	<u>\$ 36,119,377</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, 2019

	Without donor restrictions	With donor restrictions	Total
<u>Revenues</u>			
Contributions	\$ 928,723	\$ 3,552,524	\$ 4,481,247
Government grants	18,347,067		18,347,067
Program fees	1,292,991		1,292,991
Benefit events	832,521		832,521
Less: direct benefit events expense	(182,094)		(182,094)
In-kind services – Note 11	737,874		737,874
Net investment income – Notes 6 and 14	293,285	127,134	420,419
Reimbursements from affiliates	1,185,649		1,185,649
Other – Note 12	540,166		540,166
Releases from restriction – Notes 14 and 15	3,811,079	(3,811,079)	-
Total revenues	<u>27,787,261</u>	<u>(131,421)</u>	<u>27,655,840</u>
<u>Expenses</u>			
Program services			
Youth	5,040,996		5,040,996
Senior citizens and adults	3,594,218		3,594,218
Homeless and mentally ill	6,136,358		6,136,358
Housing	4,629,413		4,629,413
Family and community services	1,856,982		1,856,982
Preschool	4,066,711		4,066,711
Total program services	<u>25,324,678</u>		<u>25,324,678</u>
Supporting services			
Management and general	3,428,066		3,428,066
Fund raising	816,636		816,636
Total program and supporting services expenses	<u>29,569,380</u>		<u>29,569,380</u>
Change in net assets	(1,782,119)	(131,421)	(1,913,540)
Net assets at beginning of year	<u>18,370,966</u>	<u>7,612,471</u>	<u>25,983,437</u>
Net assets at end of year	<u>\$ 16,588,847</u>	<u>\$ 7,481,050</u>	<u>\$ 24,069,897</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, 2018

	Without donor restrictions	With donor restrictions	Total
<u>Revenues</u>			
Contributions	\$ 1,009,288	\$ 2,783,749	\$ 3,793,037
Government grants	17,047,181		17,047,181
Program fees	1,415,735		1,415,735
Benefit events	904,435		904,435
Less: direct benefit events expense	(246,952)		(246,952)
In-kind services – Note 11	573,782		573,782
Net investment income – Notes 6 and 14	986,480	328,433	1,314,913
Reimbursements from affiliates	1,111,715		1,111,715
Other – Note 12	1,469,851		1,469,851
Releases from restriction – Notes 14 and 15	2,597,015	(2,597,015)	-
Total revenues	<u>26,868,530</u>	<u>515,167</u>	<u>27,383,697</u>
<u>Expenses</u>			
Program services			
Youth	4,202,312		4,202,312
Senior citizens and adults	3,401,365		3,401,365
Homeless and mentally ill	5,245,123		5,245,123
Housing	4,372,006		4,372,006
Family and community services	1,621,061		1,621,061
Preschool	3,494,791		3,494,791
Total program services	<u>22,336,658</u>		<u>22,336,658</u>
Supporting services			
Management and general	3,301,316		3,301,316
Fund raising	772,399		772,399
Total program and supporting services expenses	<u>26,410,373</u>		<u>26,410,373</u>
Change in net assets	458,157	515,167	973,324
Net assets assumed from LSNC – Note 1	(573,831)	-	(573,831)
Net assets at beginning of year	<u>18,486,640</u>	<u>7,097,304</u>	<u>25,583,944</u>
Net assets at end of year	<u>\$ 18,370,966</u>	<u>\$ 7,612,471</u>	<u>\$ 25,983,437</u>

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

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GODDARD RIVERSIDE COMMUNITY CENTER

Schedule of Functional Expenses

For the year ended June 30, 2019

	Program services						Supporting services		Total Program and Supporting services 2019	
	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	\$ 1,675,221	\$ 2,296,068	\$ 1,156,729	\$ 3,720,336	\$ 2,932,357	\$ 2,986,813	\$ 14,767,524	\$ 1,740,799	\$ 341,200	\$ 16,849,523
Fringes	530,962	622,243	366,017	1,055,189	753,505	771,000	4,098,916	426,559	62,554	4,588,029
Total Personnel	2,206,183	2,918,311	1,522,746	4,775,525	3,685,862	3,757,813	18,866,440	2,167,358	403,754	21,437,552
Occupancy	100,135	534,549	45,200	329,786	250,785	135,099	1,395,554	18,048	-	1,413,602
Professional fees	209,489	144,001	144,294	222,626	224,771	224,248	1,169,429	902,026	320,911	2,392,366
Program supplies	157,815	147,795	36,644	119,271	94,548	172,571	728,644	34,491	4,047	767,182
Communication	43,512	20,977	17,469	74,436	46,260	40,965	243,619	25,290	4,742	273,651
Postage & messenger	8,067	2,304	4,873	8,003	4,431	6,178	33,856	4,421	4,456	42,733
Transportation and travel	12,110	5,600	1,508	97,657	2,013	33,017	151,905	13,972	2,371	168,248
Printing and publications	1,944	3,248	5,455	12,733	6,575	29,213	59,168	4,047	17,947	81,162
Dues and subscriptions	2,060	660	5,852	7,826	1,712	5,050	23,160	65,404	6,324	94,888
Insurance	84,337	60,318	21,920	153,198	65,259	74,106	459,138	15,520	1,596	476,254
Rental, repair and maintenance	80,079	42,901	33,698	101,340	145,945	107,085	511,048	9,263	1,368	521,679
Food	633,650	104,370	4,910	29,903	47,564	85,063	905,460	13,838	15,087	934,385
Training and development	711	3,504	2,940	5,128	5,590	11,566	29,439	14,203	5,557	49,199
Scholarships	-	-	-	-	-	60,150	60,150	-	-	60,150
Other	26,325	17,635	9,473	93,830	39,664	100,763	287,690	107,868	25,348	420,906
Depreciation and amortization	27,801	60,538	-	105,096	8,434	198,109	399,978	32,317	3,128	435,423
Total expenditures	<u>\$ 3,594,218</u>	<u>\$ 4,066,711</u>	<u>\$ 1,856,982</u>	<u>\$ 6,136,358</u>	<u>\$ 4,629,413</u>	<u>\$ 5,040,996</u>	<u>\$ 25,324,678</u>	<u>\$ 3,428,066</u>	<u>\$ 816,636</u>	<u>\$ 29,569,380</u>

The accompanying notes are an integral part of these financial statements

GODDARD RIVERSIDE COMMUNITY CENTER
Schedule of Functional Expenses
For the year ended June 30, 2018

	Program services						Supporting services		Total Program and Supporting services 2018	
	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
Fringes	584,068	507,591	353,097	839,837	758,198	650,734	3,693,525	442,965	87,114	4,223,604
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
Occupancy	81,825	514,171	41,512	277,853	225,439	123,756	1,264,556	16,210	-	1,280,766
Professional Fees	216,154	126,955	104,632	144,427	306,951	264,182	1,163,301	578,163	274,001	2,015,465
Program Supplies	118,948	123,610	19,854	111,759	64,921	80,105	519,197	30,363	6,245	555,805
Communication	32,850	15,015	11,533	74,668	37,081	38,802	209,949	51,867	6,148	267,964
Postage & Messenger	5,050	1,021	3,259	5,174	869	2,285	17,658	10,073	3,848	31,579
Transportation and travel	33,010	1,408	683	105,409	3,238	23,934	167,682	6,350	471	174,503
Printing and publications	2,997	1,944	7,623	7,122	2,486	28,600	50,772	2,945	26,894	80,611
Dues and subscriptions	1,246	950	5,096	9,272	7,171	3,433	27,168	10,485	539	38,192
Insurance	98,068	74,490	18,650	162,717	68,928	76,520	499,373	19,695	1,470	520,538
Rental, repair and maintenance	69,548	53,410	26,710	83,825	83,372	49,606	366,471	6,205	2,343	375,019
Food	588,441	125,600	3,586	20,336	38,286	98,712	874,961	13,102	1,127	889,190
Training and development	122	5,299	1,114	4,348	4,553	26,706	42,142	6,957	198	49,297
Scholarships	-	-	-	-	-	56,100	56,100	-	-	56,100
Other	4,404	12,804	4,782	29,847	16,628	66,213	134,678	109,274	16,414	260,366
Depreciation and amortization	29,301	60,538	-	102,596	8,934	198,109	399,478	10,459	3,628	413,565
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

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,

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ (1,913,540)	\$ 973,324
Adjustments to reconcile change in net assets to net cash used in operating activities		
Net deficit assumed from LSNC	-	(573,831)
Depreciation and amortization	435,423	413,565
Net realized and unrealized loss/(gain) on investments	872	918,358
Donated securities	(104,846)	(333,780)
Proceeds from donated securities	99,071	338,534
Change in accounts receivable	277,556	(7,256,253)
Change in contributions receivable	41,430	56,575
Change in interest receivable	11,833	(6,831)
Change in prepaid expenses	32,900	40,870
Change in accounts and accrued expenses payable	216,085	37,971
Change in due from related parties	754,631	1,328,476
Change in mortgage receivable	-	246,618
Change in refundable advances	(19,593)	1,660,002
Net cash used in operating activities	<u>(168,178)</u>	<u>(2,156,402)</u>
Cash flows from investing activities		
Purchase of fixed assets	(218,580)	(123,616)
Purchase of investments	(5,398,225)	(8,273,123)
Proceeds from sale of investments	8,728,367	7,551,745
Net cash provided by/(used in) investing activities	<u>3,111,562</u>	<u>(844,994)</u>
Cash flows from financing activities		
Loan proceeds	1,000,000	2,564,583
Loan payments	(3,389,583)	(425,000)
Net cash (used in)/provided by financing activities	<u>(2,389,583)</u>	<u>2,139,583</u>
Net increase/(decrease) in cash	553,801	(861,813)
Cash at beginning of year	409,876	1,271,689
Cash at end of year	<u>\$ 963,677</u>	<u>\$ 409,876</u>
Supplemental information		
Cash paid for interest	\$ 66,517	\$ 81,914
Noncash transactions		
Donated securities	\$ 104,846	\$ 333,780

The accompanying notes are an integral part of these financial statements

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to the Financial Statements

June 30, 2019 and 2018

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 standalone 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 the Financial Statements

June 30, 2019 and 2018

Note 2 Summary of significant accounting policies - (continued)

Financial statement presentation. GRCC reports information regarding its statements of financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of GRCC and subsidiaries or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted and member contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Functional allocation of expenses. The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of allocation
Salary and benefits	Time and effort
Occupancy	Square footage
Professional fees	Time and effort
Program Supplies	Time and effort
Rental, repair and maintenance	Time and effort

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.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to the Financial Statements

June 30, 2019 and 2018

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.

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.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to the Financial Statements

June 30, 2019 and 2018

Note 2 Summary of significant accounting policies - (continued)

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, 2019 and 2018. 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.

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, 2016 and later are subject to examinations by appropriate tax authorities.

New accounting pronouncement. On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. GRCC has implemented ASU 2016-14 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to the prior period presented.

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

June 30, 2019 and 2018

Note 3 Availability and liquidity

The following represents GRCC financial assets at June 30, 2019:

Financial assets at year-end:	
Cash	\$ 963,677
Accounts receivable	11,492,188
Contribution receivable	944,956
Investments	<u>14,771,587</u>
Total financial assets	<u>28,172,408</u>
Adjustments: amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(7,481,050)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 20,691,358</u>

Note 4 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, 2019 and 2018 respectively. The total expense for the years ended June 30, 2019 and 2018 was \$322,357 and \$320,806, respectively.

Note 5 Fixed assets

Fixed assets consist of the following:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ 7,410,646	\$ 7,192,066
Equipment	823,565	823,565
Transportation equipment	490,111	490,111
Computer systems and software	<u>542,232</u>	<u>542,232</u>
Total fixed assets	9,266,554	9,047,974
Less: accumulated depreciation and amortization	<u>(7,211,787)</u>	<u>(6,776,364)</u>
Net fixed assets	<u>\$ 2,054,767</u>	<u>\$ 2,271,610</u>

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to the Financial Statements

June 30, 2019 and 2018

Note 6 Investments and investment income

The fair value of investments measured on a recurring basis as of June 30, 2019 and 2018 are as follows:

	<u>Total</u>	Quoted prices in active markets for identical assets Level 1	Significant Other Observable Inputs Level 2
Fair value measurements at June 30, 2019			
Cash and cash equivalents	\$ 110,121	\$ -	\$ -
Government fixed income	251,488	-	251,488
Equity (Domestic/Global)	9,109,334	9,109,334	-
Bond funds	<u>4,158,808</u>	<u>-</u>	<u>4,158,808</u>
Total investments at published fair value	<u>\$ 13,629,751</u>	<u>\$ 9,109,334</u>	<u>\$ 4,410,296</u>
Alternative investments measured at Net Asset Value (“NAV”):			
Hedge equity	<u>\$ 1,141,836</u>		
Total investments at fair value	<u><u>\$ 14,771,587</u></u>		
	<u>Total</u>	Quoted prices in active markets for identical assets Level 1	Significant Other Observable Inputs Level 2
Fair value measurements at June 30, 2018			
Cash and cash equivalents	\$ 79,629	\$ -	\$ -
Government fixed income	232,234	-	232,234
Equity (Domestic/Global)	10,903,264	10,903,264	-
Bond funds	<u>4,337,358</u>	<u>-</u>	<u>4,337,358</u>
Total investments at published fair value	<u>\$ 15,552,485</u>	<u>\$ 10,903,264</u>	<u>\$ 4,569,592</u>
Alternative investments measured at Net Asset Value (“NAV”):			
Hedge equity	\$ 1,646,299		
International/Global Equity	<u>898,042</u>		
Total alternative investments measured at NAV	<u>2,544,341</u>		
Total investments at fair value	<u><u>\$ 18,096,826</u></u>		

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to the Financial Statements

June 30, 2019 and 2018

Note 6 Investments and investment income - (continued)

Investment income as of June 30, is as follows:

	2019	2018
Dividends and interest	\$ 508,544	\$ 485,797
Net realized (loss)/gain	91,524	910,064
Net unrealized (loss)/gain	(90,652)	13,048
Fees	(88,997)	(95,178)
Other interest	465	1,182
Net investment income	<u>\$ 420,884</u>	<u>\$ 1,314,913</u>

Note 7 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 8 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, 2019 and 2018, \$944,956 and \$986,386 of contributions receivable is with donor restrictions. Management expects all pledges to be fully collected and, accordingly, no allowance for doubtful pledges has been provided.

Note 9 Line of credit

GRCC has a total line of credit of \$3,000,000. The interest rate is 3% per annum plus the adjusted LIBOR rate. For the periods ending June 30, 2019 and 2018, the interest rates charged amounted to 4.94% and 4.39%, 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, 2019 and 2018, the outstanding balance was \$500,000 and \$2,889,583, 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 remaining balance was paid off as of June 30, 2019 and 2018 were \$0 and \$64,583.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to the Financial Statements

June 30, 2019 and 2018

Note 10 Due to related parties

As of June 30, 2019 and 2018, the balance due from/(to) the related parties in connection with services provided consist of:

	2019	2018
Capitol Hall Preservation HDFC	\$ (709,081)	\$ (72,783)
Corner House Associates HDFC	151,496	135,680
Phelps House Associates, L.P.	132,986	202,071
New Senate Associates, L.P.	(430,306)	(379,701)
140 W 140th St. HDFC	35,231	49,690
Due to related parties	<u>\$ (819,674)</u>	<u>\$ (65,043)</u>

Note 11 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, 2019 and 2018, are as follows:

	2019	2018
Occupancy	\$ 366,044	\$ 349,026
Food and supplies	6,070	22,655
Program volunteers (teachers and painters)	365,760	202,101
Total	<u>\$ 737,874</u>	<u>\$ 573,782</u>

Note 12 Developer's fee

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, 2019 and 2018, GRCC collected and recognized \$0 and \$1,150,000, respectively, in its statements of activities. The balance of \$395,792 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 the Financial Statements

June 30, 2019 and 2018

Note 13 Commitments

GRCC leases various facilities under operating leases expiring between the years 2019 and 2028. The minimum future leases commitment is as follows:

Year ending June 30,	
2020	\$ 758,927
2021	392,121
2022	230,261
2023	196,199
2024	135,218
Thereafter	<u>200,340</u>
Total	<u>\$ 1,913,066</u>

Note 14 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 (net assets with restrictions) 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 the Financial Statements**

June 30, 2019 and 2018

Note 14 Endowment and board designated funds – (continued)

The endowment and board designated funds consist of the following as of June 30, 2019:

	Without donor restrictions	With donor restrictions	Total
Donor restricted			
Lester Martin scholarship fund	\$ -	\$ 130,608	\$ 130,608
Community Arts	-	544,712	544,712
Options endowment	-	1,816,066	1,816,066
Bernie Wohl endowment	-	2,837,712	2,837,712
Total donor restricted funds	-	5,329,098	5,329,098
Board designated funds			
Other *	16,588,847	-	16,588,847
Total donor restricted and board designated funds as of June 30, 2019	<u>\$ 16,588,847</u>	<u>\$ 5,329,098</u>	<u>\$ 21,917,945</u>

*This balance includes a mortgage note receivable of \$2,488,609 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, 2018:

	Without donor restrictions	With donor restrictions	Total
Donor restricted			
Lester Martin scholarship fund	\$ -	\$ 132,455	\$ 132,455
Community Arts	-	552,415	552,415
Options endowment	-	1,841,747	1,841,747
Bernie Wohl endowment	-	2,877,842	2,877,842
Total donor restricted funds	-	5,404,459	5,404,459
Board designated funds			
Other *	18,364,115	-	18,364,115
Total donor restricted and board designated funds as of June 30, 2018	<u>\$ 18,364,115</u>	<u>\$ 5,404,459</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 the Financial Statements**

June 30, 2019 and 2018

Note 14 Endowment and board designated funds – (continued)

Roll-forward of the fund balances as of June 30, 2019, is as follows:

	Without donor restrictions	With donor restrictions	Total
Fund net assets, beg of year	\$ 18,364,115	\$ 5,404,458	\$ 23,768,573
Investment returns:			
Investment income	381,410	127,134	508,544
Realized/unrealized (loss)	(88,125)	-	(88,125)
Total investment return	<u>18,657,400</u>	<u>5,531,592</u>	<u>24,188,992</u>
Appropriation of fund assets for expenditure	<u>(2,068,553)</u>	<u>(202,494)</u>	<u>(2,271,047)</u>
Fund net assets, June 30, 2019	<u>\$ 16,588,847</u>	<u>\$ 5,329,098</u>	<u>\$ 21,917,945</u>

For fiscal year ended June 30, 2019, the Board approved \$2,068,553 to be used for operations.

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

	Without donor restrictions	With donor restrictions	Total
Fund net assets, beg of year	\$ 18,355,578	\$ 5,276,255	\$ 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	<u>19,340,878</u>	<u>5,604,688</u>	<u>24,945,566</u>
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	<u>(573,831)</u>	<u>-</u>	<u>(573,831)</u>
	<u>(976,763)</u>	<u>(200,230)</u>	<u>(1,176,993)</u>
Fund net assets, June 30, 2018	<u>\$ 18,364,115</u>	<u>\$ 5,404,458</u>	<u>\$ 23,768,573</u>

For fiscal year ended June 30, 2018, the Board approved \$1,885,061 to be used for operations.

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

June 30, 2019 and 2018

Note 15 Net assets with donor restrictions - all sources

As of June 30, 2019 net assets with donor restrictions from all sources consist of:

	As of July 1, 2018	Additions	Releases	As of June 30, 2019
Donor time & program restricted:				
Time restricted	\$ 849,367	\$ 690,000	\$ (645,617)	\$ 893,750
Program restricted:				
Youth	815,332	2,106,524	(2,050,549)	871,307
Youth promise campaign	7,063	-	(7,063)	-
Housing and mental health homeless	269,667	122,500	(344,669)	47,498
Family and community services	251,584	547,000	(474,187)	324,397
Senior citizens and adults	15,000	86,500	(86,500)	15,000
Donor restricted	853,294	127,134	(202,494)	777,934
Donor endowment:				
Lester Martin scholarship fund	106,000	-	-	106,000
Community Arts	500,000	-	-	500,000
Options endowment	1,605,000	-	-	1,605,000
Bernie Wohl endowment	2,340,164	-	-	2,340,164
Total	<u>\$ 7,612,471</u>	<u>\$ 3,679,658</u>	<u>\$ (3,811,079)</u>	<u>\$ 7,481,050</u>

As of June 30, 2018 net assets with donor restrictions from all sources consist of:

	As of July 1, 2017	Additions	Releases	As of June 30, 2018
Donor time & program restricted:				
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 services	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
Donor endowment:				
Lester Martin scholarship fund	106,000	-	-	106,000
Community Arts	500,000	-	-	500,000
Options endowment	1,605,000	-	-	1,605,000
Bernie Wohl endowment	2,340,164	-	-	2,340,164
Total	<u>\$ 7,097,304</u>	<u>\$ 3,112,182</u>	<u>\$ (2,597,015)</u>	<u>\$ 7,612,471</u>

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to the Financial Statements

June 30, 2019 and 2018

Note 16 Client representative payee accounts

GRCC is acting as “rep-payee” for 32 clients in 2019 and 40 clients in 2018 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>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 267,667	\$ 353,568
Deposits during the year	425,668	417,333
Disbursements during the year	<u>(416,402)</u>	<u>(503,234)</u>
Balance at end of year	<u>\$ 276,933</u>	<u>\$ 267,667</u>

Note 17 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 \$2,488,609 for the years ended June 30, 2019 and 2018, 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 \$246,618 were received in fiscal years ended June 30, 2019 and 2018, respectively, and was recognized as interest income in the statements of activities.

Note 18 Concentration of revenue

GRCC provide various social services, and the majority of this revenue is generated from government funds which account for about 66% and 62% of this total revenue on June 30, 2019 and 2018, respectively.

GODDARD RIVERSIDE COMMUNITY CENTER

Notes to the Financial Statements

June 30, 2019 and 2018

Note 19 Subsequent events

In December 4, 2019, a newly formed LLC (595 Columbus Avenue LLC) of which Goddard Riverside is the beneficial owner acquired the limited partnership interests in Phelps House, L.P. the owner of the Phelps House property. At the same time, Phelps House, L.P. refinanced the mortgage on the property with a new, non-recourse mortgage in the amount of \$65,695,000. Excess proceeds from the refinancing after paying off the then-existing debt, including the mortgage note disclosed in footnote 17, and establishing reserves required by the lender, yielded cash proceeds to Phelps House, L.P. of \$41,661,817 of which \$37,311,817 was distributed to 595 Columbus Avenue LLC and, in turn, to Goddard Riverside.

Management evaluated its June 30, 2019 financial statements for subsequent events through February 24, 2020, which is the date the financial statements were available to be issued. Except for the above disclosure, there were no other events which would require recognition or disclosures to the financial statement.