

LiveOn NY

Making New York a better place to age

COUNCIL OF SENIOR CENTERS AND SERVICES OF NEW YORK CITY, INC.
(d/b/a LiveOn NY)

Audited Financial Statements

June 30, 2020

Independent Auditor's Report

To the Board of Directors of
Council of Senior Centers and Services of New York City, Inc.
(d/b/a LiveOn NY)

Report on the Financial Statements

We have audited the accompanying financial statements of Council of Senior Centers and Services of New York City, Inc. (d/b/a LiveOn NY) (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's 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. 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 Council of Senior Centers and Services of New York City, Inc. (d/b/a LiveOn NY) as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

April 21, 2021

COUNCIL OF SENIOR CENTERS AND SERVICES OF NEW YORK CITY, INC.
d/b/a LiveOn NY
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2020

(With comparative totals at June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19*</u>
Assets		
Cash and cash equivalents	\$540,076	\$62,302
Government grants receivable	242,788	216,596
Grants receivable	105,101	110,795
Prepaid expenses	38,253	192
Security deposit	61,200	61,200
Fixed assets, net (Note 3)	0	2,289
Investments held for endowment (Notes 4 and 7)	<u>375,733</u>	<u>392,627</u>
 Total assets	 <u><u>\$1,363,151</u></u>	 <u><u>\$846,001</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$95,922	\$93,551
Refundable advances	11,542	24,195
Deferred rent	89,587	90,193
Paycheck Protection Program loan (Note 5)	179,100	0
Security deposit payable	<u>16,563</u>	<u>16,557</u>
Total liabilities	<u><u>392,714</u></u>	<u><u>224,496</u></u>
Net assets:		
Without donor restrictions	47,294	47,532
With donor restrictions (Notes 6 and 7)	<u>923,143</u>	<u>573,973</u>
Total net assets	<u><u>970,437</u></u>	<u><u>621,505</u></u>
 Total liabilities and net assets	 <u><u>\$1,363,151</u></u>	 <u><u>\$846,001</u></u>

*Restated for prior period adjustment (See Note 12)

The attached notes and auditor's report are an integral part of these financial statements.

COUNCIL OF SENIOR CENTERS AND SERVICES OF NEW YORK CITY, INC.
(d/b/a LiveOn NY)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/20	Total 6/30/19
Public support and revenue:				
Government grants	\$916,817		\$916,817	\$1,003,553
Grants from foundations	92,500	\$650,000	742,500	257,000
Individual contributions	29,878		29,878	14,889
Donated services	0		0	73,000
Membership dues	216,528		216,528	217,505
Special event (net of expenses with a direct benefit to donor) (Note 10)	11,850		11,850	110,704
Market place initiative income	79,720		79,720	42,014
Conference income	93,257		93,257	85,745
Rental income	59,969		59,969	59,619
Other income	4,055		4,055	11,525
Interest income	4,851	3,384	8,235	8,490
Net assets released from restrictions	283,936	(283,936)	0	0
Total public support and revenue	<u>1,793,361</u>	<u>369,448</u>	<u>2,162,809</u>	<u>1,884,044</u>
Expenses:				
Program services:				
Member services	1,041,222		1,041,222	1,057,317
Policy and advocacy	352,994		352,994	450,515
Total program services	<u>1,394,216</u>	<u>0</u>	<u>1,394,216</u>	<u>1,507,832</u>
Supporting services:				
Management and general	236,747		236,747	247,029
Fundraising	197,636		197,636	79,138
Total supporting services	<u>434,383</u>	<u>0</u>	<u>434,383</u>	<u>326,167</u>
Total expenses	<u>1,828,599</u>	<u>0</u>	<u>1,828,599</u>	<u>1,833,999</u>
Change in net assets from operations	(35,238)	369,448	334,210	50,045
Non-operating:				
Borrowings from endowment	35,000	(35,000)	0	0
Unrealized gains on investments	0	14,722	14,722	19,068
Total non-operating activity	<u>35,000</u>	<u>(20,278)</u>	<u>14,722</u>	<u>19,068</u>
Change in net assets	(238)	349,170	348,932	69,113
Net assets - beginning of year - restated (See Note 12)	<u>47,532</u>	<u>573,973</u>	<u>621,505</u>	<u>552,392</u>
Net assets - end of year	<u>\$47,294</u>	<u>\$923,143</u>	<u>\$970,437</u>	<u>\$621,505</u>

The attached notes and auditor's report are an integral part of these financial statements.

COUNCIL OF SENIOR CENTERS AND SERVICES OF NEW YORK CITY, INC.
(d/b/a LiveOn NY)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Program Services			Supporting Services			Total Expenses 6/30/20	Total Expenses 6/30/19
	Member Services	Policy and Advocacy	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$456,771	\$215,158	\$671,929	\$104,254	\$107,741	\$211,995	\$883,924	\$825,357
Payroll taxes and employee benefits	114,833	54,091	168,924	26,210	27,086	53,296	222,220	240,277
Occupancy	120,564	43,842	164,406	21,921	32,881	54,802	219,208	220,428
COVID-19 equipment and materials	19,223		19,223				19,223	0
Printing and supplies	21,577	7,846	29,423	3,924	5,885	9,809	39,232	19,367
Telephone	11,185	4,068	15,253	2,034	3,051	5,085	20,338	21,656
Postage and shipping	4,523	1,645	6,168	822	1,234	2,056	8,224	5,937
Travel	2,592	942	3,534	471	707	1,178	4,712	7,178
Professional fees, legal, and accounting	87,981	14,425	102,406	53,713	10,819	64,532	166,938	203,097
Subcontractors	44,432		44,432			0	44,432	78,120
Equipment rental and maintenance	13,681	4,975	18,656	2,487	3,731	6,218	24,874	19,530
Depreciation	1,259	458	1,717	229	343	572	2,289	7,504
Insurance	9,849	3,582	13,431	1,791	2,686	4,477	17,908	16,582
Dues and subscriptions			0	15,970		15,970	15,970	22,253
Utilities	5,395	1,962	7,357	981	1,472	2,453	9,810	12,236
Reservists	41,267		41,267			0	41,267	23,889
Meetings and conferences	16,496		16,496			0	16,496	17,753
Annual conference	64,083		64,083			0	64,083	52,052
Other expenses	5,511		5,511	440		440	5,951	12,385
Interest expense			0	1,500		1,500	1,500	0
Event expenses			0			0	0	80,626
Total expenses	1,041,222	352,994	1,394,216	236,747	197,636	434,383	1,828,599	1,886,227
Less: direct special event expenses netted with revenue			0			0	0	(52,228)
Total expenses for statement of activities	\$1,041,222	\$352,994	\$1,394,216	\$236,747	\$197,636	\$434,383	\$1,828,599	\$1,833,999

The attached notes and auditor's report are an integral part of these financial statements.

COUNCIL OF SENIOR CENTERS AND SERVICES OF NEW YORK CITY, INC.
(d/b/a LiveOn NY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19</u>
Cash flows from operating activities:		
Change in net assets	\$348,932	\$69,113
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	2,289	7,504
Unrealized gain on investments	(14,722)	(19,068)
Changes in assets and liabilities:		
Government grants receivable	(26,192)	(46,519)
Grants receivable	5,694	13,798
Prepaid expenses	(38,061)	(192)
Accounts payable and accrued expenses	2,371	19,301
Refundable advances	(12,653)	(113,744)
Deferred rent	(606)	5,204
Paycheck Protection Program loan	179,100	0
Security deposit payable	6	0
Total adjustments	<u>97,226</u>	<u>(133,716)</u>
Net cash provided by/(used for) operating activities	<u>446,158</u>	<u>(64,603)</u>
 Cash flows from investing activities:		
Purchases of investments, including reinvested dividends	(3,384)	(8,487)
Proceeds from sale of investments held for endowment	35,000	92,795
Net cash provided by investing activities	<u>31,616</u>	<u>84,308</u>
 Cash flows from financing activities:		
Proceeds of loan	100,000	0
Repayment of loan	(100,000)	0
Net cash used for financing activities	<u>0</u>	<u>0</u>
 Net increase in cash and cash equivalents	477,774	19,705
 Cash and cash equivalents - beginning of year	<u>62,302</u>	<u>42,597</u>
 Cash and cash equivalents - end of year	<u>\$540,076</u>	<u>\$62,302</u>
 Supplemental information:		
Interest paid	<u>\$1,500</u>	<u>\$0</u>
Taxes paid	<u>\$0</u>	<u>\$0</u>

The attached notes and auditor's report are an integral part of these financial statements.

COUNCIL OF SENIOR CENTERS AND SERVICES OF NEW YORK CITY, INC.
(d/b/a LiveOn NY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 - Organization

The Council of Senior Centers and Services of New York City, Inc. (d/b/a LiveOn NY), (the "Organization") was incorporated as a New York not-for-profit corporation in December 1978 for the purpose of promoting the quality of life, independent living, productivity, and dignity of older adults and their families in New York including, but not limited to, the promotion of the general welfare of senior citizens and the broader New York community.

The Organization is supported primarily through government grants and private donor contributions.

The following are significant programs offered by the Organization:

- Membership Services – The Organization is a membership organization of nonprofit aging service providers that builds power and capacity at the city and state level to change public policy, grow resources, and strengthen services for older adults.
- Policy and Advocacy – The Organization is recognized as the lead New York - based organization representing senior services and aging issues, our policy and advocacy work focuses on advocating for needed community-based services that allow older adults to age with independence and dignity.

The Organization has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

Effective July 1, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective July 1, 2019, the Organization adopted ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the

accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, the Center evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, the Organization applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way the Center recognizes revenue.

b. Basis of Presentation

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* – relates to contributions of cash and other assets with donor stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature; whereby, the donor has stipulated the funds be maintained in perpetuity.

c. Revenue Recognition

The Organization has adopted Topic 606 using the modified retrospective method applied to all contracts after July 1, 2019 and continues to use legacy GAAP for all contracts before July 1, 2019.

The Organization has the following types of revenue that fall under Topic 606: market-place initiative income and conference income. Each different source of revenue is analyzed to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete.

For conference income, the performance obligation is met after the conference has taken place. Fees collected in advance of performances are reflected as deferred revenue.

For market-place initiative income, the performance obligation is met when the purchased products have been delivered. Revenue earned in advance of being collected is reflected as an accounts receivable.

Rental income consists of a lease with a third party for use of its office space under a sub-lease and falls under the scope of ASC 840: *Leases*.

Grants from foundations fall under Topic 605. Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

If donor restricted contributions are satisfied in the same period they were received, they are reflected in the class of net assets without donor restrictions.

Contributions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

The Organization's government grants are primarily conditional non-exchange transactions and fall under the scope of Topic 605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Unconditional promises to give are recorded at net realizable value if expected to be received in less than one year, or at fair value using a risk-adjusted discount rate if expected to be received in greater than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization receives dues from its members based on a sliding scale of members' operating budgets, which are recognized as revenue when billed. As tangible benefits are not identifiable, membership income is considered a contribution.

Management assesses the collectability of all outstanding receivables based upon historical trends and experience with donors and grantors. Based on that review, management has concluded that all receivables are expected to be collected within one year. As such, no allowance for uncollectible accounts was deemed necessary at June 30, 2020 and 2019.

d. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for cash held with an investment custodian for long-term purposes.

e. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash, money market accounts, and investment securities which are placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federal limits. As of June 30, 2020, there were no significant uninsured balances.

f. Fixed Assets

Leasehold improvements, equipment, and furniture that exceed pre-determined amounts and that have a useful life of greater than one year are recorded at cost or if donated, at the estimated fair value at donation. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets, as follows:

Office equipment – 3 years

Furniture and fixtures – 7 years

Leasehold improvements – *Shorter of lease term or economic life*

g. Investments

Investments are recorded at fair value which is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are reflected in the statement of activities.

The fair value of investments is subject to fluctuation. Management believes the investment policy is prudent for its long-term welfare. The portfolio is diversified with the goal of being able to obtain the long-term objectives of the organization without taking on risks they feel are imprudent.

h. Deferred Rent

Rent expense is recorded on the straight-line basis over the life of the lease. Rent expense recognized in excess of cash payments is reflected as deferred rent. As future payments exceed the annual expense recognized, deferred rent will be reduced to zero by the end of the lease term.

i. In-Kind and Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind. During the year ended June 30, 2019, the Organization received in-kind legal services of \$73,000, presented as management and general supporting services on the statement of functional expenses.

Many volunteers, including board members, provide services in support of the Organization’s mission. Those services have not been recognized on the financial statements because they do not meet the criteria outlined above.

j. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

k. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following costs are allocated by time and effort:

- Salaries
- Payroll taxes and employee benefits
- Occupancy
- Printing and supplies
- Telephone
- Postage and shipping
- Travel
- Equipment rental and maintenance
- Depreciation
- Insurance
- Utilities

All other expenses have been charged directly to the applicable program or supporting services.

l. Prior Year Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2019, from which the summarized information was derived.

m. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2017 and later are subject to examination by applicable taxing authorities.

n. New Accounting Pronouncements

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding “right to use asset” on the statement of financial position.

The Organization is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/20</u>	<u>6/30/19</u>	<u>Estimated Useful Life</u>
Furniture and equipment	\$37,997	\$37,997	<i>3 to 7 years</i>
Leasehold improvements	<u>14,237</u>	<u>14,237</u>	<i>10 years</i>
	52,234	52,234	
Less: accumulated depreciation	<u>(52,234)</u>	<u>(49,945)</u>	
Net book value	<u>\$0</u>	<u>\$2,289</u>	

Note 4 - Investments

Investments are reflected at fair value. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments can be summarized as follows:

	<u>June 30, 2020</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Exchange traded funds	\$369,920	\$0	\$369,920
Money market funds	<u>0</u>	<u>5,813</u>	<u>5,813</u>
Total	<u>\$369,920</u>	<u>\$5,813</u>	<u>\$375,733</u>

	<u>June 30, 2019</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Exchange traded funds	\$355,198	\$0	\$355,198
Money market funds	<u>0</u>	<u>37,429</u>	<u>37,429</u>
Total	<u>\$355,198</u>	<u>\$37,429</u>	<u>\$392,627</u>

Level 1 securities are valued at the closing price reported on the active market they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Note 5 - Paycheck Protection Program

During the year ended June 30, 2020, the Organization obtained a loan from the SBA in the amount of \$179,100 through the Paycheck Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a five-year period, with a ten-month deferral of payments and interest will accrue at 1%. The Organization expects to recognize revenue from this loan consistent with ASU 2018-08, as it is considered to have traits similar to a conditional contribution. On March 30, 2021, the loan was forgiven by the SBA. Subsequent to year-end the Organization received a second Paycheck Protection Program loan totaling \$190,800.

Note 6 - Net Assets With Donor Restrictions

During the years ended June 30, 2020 and 2019, net assets released from restriction were spent as follows:

	<u>6/30/20</u>	<u>6/30/19*</u>
Programs:		
RISE Program	\$13,846	\$16,154
Creative Aging Initiative	40,000	80,000
Training and Education Initiative	70,193	40,000
COVID-19 Tech Capacity	29,670	0
Communications	18,000	0
Civic Engagement	20,000	0
COVID-19 Response	4,727	0
Senior Housing Initiative	<u>87,500</u>	<u>62,500</u>
Total program	<u>283,936</u>	<u>198,654</u>
Appropriation of endowment fund earnings (See Note 7)	<u>0</u>	<u>37,490</u>
Total	<u>\$283,936</u>	<u>\$236,144</u>

The following summarizes the nature of net assets with donor restrictions:

	<u>6/30/20</u>	<u>6/30/19*</u>
Program:		
RISE Program	\$0	\$13,846
Senior Housing Initiative	0	87,500
Training and Education Initiative	159,807	40,000
COVID-19 Tech Capacity	220,330	0
Communications	82,000	0
Civic Engagement	20,000	0
COVID-19 Response	45,273	0
Tech support	10,000	0
Creative Aging Initiative	<u>0</u>	<u>40,000</u>
Total program restricted	537,410	181,346
Total time restricted	<u>10,000</u>	<u>0</u>
Restricted for endowment (See Note 7):		
Endowment funds -corpus	370,000	370,000
Endowment funds-earnings	<u>5,733</u>	<u>22,627</u>
Total restricted for endowment	<u>375,733</u>	<u>392,627</u>
Total	<u>\$923,143</u>	<u>\$573,973</u>

*Includes restatement (See Note 12)

Note 7 - Net Assets With Donor Restrictions - Endowment Funds

The Organization's endowment consists of specific donor restricted funds to be held in perpetuity. The balances were as follows at June 30, 2020 and 2019:

Andrew Freedman Fund	\$100,000
The Corey Foundation	170,000
Various individuals	<u>100,000</u>
Total	<u>\$370,000</u>

Interpretation of Relevant Law

The Organization follows the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Board of Directors of the Organization has interpreted NYPMIFA as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the Organization will preserve the fair value of the original gift as of the gift date for all donor-restricted endowment funds. However, under certain circumstances, the Organization has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, the Organization classifies as endowment corpus (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the board appropriates for expenditures, therefore, they have been classified in the class of net assets with donor restrictions.

Spending Policies

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Organization;
- (7) The investment policies of the Organization;
- (8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization.

During the year ended June 30, 2020 the Board of Directors of the Organization authorized a one-time borrowing of \$35,000 from the endowment which was intended to be repaid by June 30, 2020. To date the amount has not yet been repaid.

Andrew Freedman Fund

The Organization has the right to withdraw up to \$10,000 for general operations in a calendar year at the discretion of the Board of Directors. No withdrawals were made in 2020 and \$10,000 was withdrawn in 2019. In addition, the Organization withdraws dividends and interest from the fund on a monthly basis to be used for general operations in accordance with the donor's stipulation.

Other Donor Restricted Endowment Funds

The Organization appropriates for expenditure all realized and unrealized gains, dividends and interest earned on endowed funds following various donor stipulations.

Changes in investments and investments held for endowment are as follows:

	<u>June 30, 2020</u>		
	<u>Endowment</u>	<u>Endowment</u>	
	<u>Earnings</u>	<u>Corpus</u>	<u>Total</u>
Beginning of year	\$22,627	\$370,000	\$392,627
Interest and dividend income	3,384	0	3,384
Unrealized gain	14,722	0	14,722
Borrowings	<u>(35,000)</u>	<u>0</u>	<u>(35,000)</u>
End of year	<u>\$5,733</u>	<u>\$370,000</u>	<u>\$375,733</u>

	<u>June 30, 2019</u>		
	<u>Endowment</u>	<u>Endowment</u>	
	<u>Earnings</u>	<u>Corpus</u>	<u>Total</u>
Beginning of year	\$35,701	\$370,000	\$405,701
Interest and dividend income	7,520	0	5,348
Unrealized gain	16,896	0	19,068
Appropriations for expenditure	<u>(37,490)</u>	<u>0</u>	<u>(37,490)</u>
End of year	<u>\$22,627</u>	<u>\$370,000</u>	<u>\$392,627</u>

Endowment Investment Policies

The Organization has adopted an investment policy for endowment assets that relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2020 or 2019.

Note 8 - Commitments and Contingencies

The Organization has a noncancelable lease for rental of office space in Manhattan, New York. The lease runs from May 1, 2015 through April 30, 2025. The Organization is required to additionally pay its pro rata share of Real Estate Tax increases. Minimum rental amounts due are as follows:

Year ending:	June 30, 2021	\$222,970
	June 30, 2022	229,104
	June 30, 2023	235,398
	June 30, 2024	241,872
	June 30, 2025	<u>206,160</u>
Total		<u>\$1,135,504</u>

The Organization has a sublease agreement for a portion of its premises with another not-for-profit agency. The sublease runs from May 1, 2015 through April 30, 2025. Rental income from this agreement, including additional charges, for the year ended June 30, 2020 was \$59,969. The following represents the future amounts expected to be received:

Year ending:	June 30, 2021	\$49,644
	June 30, 2022	49,644
	June 30, 2023	49,644
	June 30, 2024	49,644
	June 30, 2025	<u>41,370</u>
Total		<u>\$239,946</u>

During the year ended June 30, 2020, the Organization entered into a loan agreement with the Fund for the City of New York for \$100,000. A one-time interest charge was assessed by the Fund when the loan was made. The loan was fully repaid by June 30, 2020.

Note 9 - Retirement Plan

The Organization sponsors a tax deferred 401(k) retirement plan. Employees are eligible to participate after they complete twelve months of service. The employer contributions are at the discretion of the Board of Directors and are based upon a fixed rate of employee's salary. The total amount contributed was \$55,675 and \$50,580 at June 30, 2020 and 2019, respectively.

Note 10 - Special Event

As a result of the COVID-19 pandemic, the Organization did not hold a special event during the year ended June 30, 2020. Instead, a smaller Housing Benefit was held which had gross revenue of \$11,850 and no expenses with a direct benefit to donor.

Special event activity for the year ended June 30, 2019 is summarized as follows:

Gross revenue	\$162,932
Less: expenses with a direct benefit to donor	<u>(52,228)</u>
	110,704
Less: other event expenses	<u>(28,398)</u>
Net revenue from event	<u>\$82,306</u>

Note 11 - Availability and Liquidity

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. The Organization operates its programs within a board approved budget. As part of its liquidity management, the Organization relies on grants and contributions to fund its operations. The Organization's endowment funds are held for long term purposes and consist of donor-restricted endowments. Therefore, these assets are not considered available for general expenditures. The following reflects the Organization's financial assets at June 30, 2020 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:	
Cash and cash equivalents	\$540,076
Government grants receivable	242,788
Grants receivable due within one year	105,101
Investments held for endowment	<u>375,733</u>
Total financial assets	\$1,263,698
Less amounts not available to be used within one year:	
Contributions with purpose restrictions	(537,410)
Donor restricted endowment, less amount appropriated for spending for 2021	<u>(375,733)</u>
Total amounts not available for general expenditures	<u>(913,143)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$350,555</u>

Note 12 - Prior Period Adjustment

A reclassification was made to adjust for a contribution received during fiscal year June 30, 2019 that contained a donor restriction that had been recorded in the class of net assets without donor restrictions.

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, June 30, 2019 originally stated	\$87,532	\$533,973	\$621,505
Prior period adjustment	<u>(40,000)</u>	<u>40,000</u>	<u>0</u>
Net assets, June 30, 2019 as restated	<u>\$47,532</u>	<u>\$573,973</u>	<u>\$621,505</u>

Note 13 - Subsequent Events

Management has evaluated the impact of all subsequent events through April 21, 2021, which is the date that the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.

Note 14 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.