

**Riverdale Neighborhood House, Inc.
and Subsidiary**

Consolidated Financial Statements

June 30, 2020

Independent Auditors' Report

Board of Directors
Riverdale Neighborhood House, Inc. and Subsidiary
Bronx, New York

We have audited the accompanying consolidated financial statements of the Riverdale Neighborhood House Inc. and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Riverdale Neighborhood House, Inc. and Subsidiary as of June 30, 2020 and the consolidated changes in their net assets and their 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 Riverdale Neighborhood House, Inc. and Subsidiary's June 30, 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 13, 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.

Report on Supplementary Information

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

PKF O'Connor Davies, LLP

May 12, 2021

Riverdale Neighborhood House, Inc. and Subsidiary

Consolidated Statement of Financial Position June 30, 2020 (with comparative amounts at June 30, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 437,782	\$ 169,495
Accounts and grants receivable	380,189	534,632
Prepaid expenses	6,949	44,921
Investments	633,398	1,157,446
Property and equipment, net	<u>3,233,040</u>	<u>3,281,463</u>
	<u>\$ 4,691,358</u>	<u>\$ 5,187,957</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 409,610	\$ 404,045
Accrued salaries and vacation	147,744	129,303
Deferred revenue	-	89,143
Line of credit	-	195,863
PPP loans	<u>539,787</u>	<u>-</u>
Total Liabilities	<u>1,097,141</u>	<u>818,354</u>
Net Assets		
Without donor restriction	3,572,411	4,347,805
With donor restriction	<u>21,806</u>	<u>21,798</u>
Total Net Assets	<u>3,594,217</u>	<u>4,369,603</u>
	<u>\$ 4,691,358</u>	<u>\$ 5,187,957</u>

See notes to consolidated financial statements

Riverdale Neighborhood House, Inc. and Subsidiary

Consolidated Statement of Activities Year Ended June 30, 2020 (with summarized totals for the year ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Program services	\$ 875,109	\$ -	\$ 875,109	\$ 1,146,862
Membership fees	31,935	-	31,935	61,385
Contributions	47,528	-	47,528	53,510
Government grants	1,932,240	-	1,932,240	2,208,218
Non-government grants	98,250	-	98,250	188,305
Special events, net of direct benefit to donors of \$25,355 and \$33,352	108,608	-	108,608	105,086
Investment return	(15,490)	437	(15,053)	63,354
Miscellaneous income	30,937	-	30,937	19,614
Net assets released from restrictions	429	(429)	-	-
Total Revenue and Support	<u>3,109,546</u>	<u>8</u>	<u>3,109,554</u>	<u>3,846,334</u>
OPERATING EXPENSES				
Program Services				
Early childhood	1,415,600	-	1,415,600	1,437,603
School age	48,403	-	48,403	139,961
Youth program	1,513,791	-	1,513,791	1,592,052
Senior program	56,076	-	56,076	76,208
Pool and recreation program	178,778	-	178,778	255,137
Total Program Services	<u>3,212,648</u>	<u>-</u>	<u>3,212,648</u>	<u>3,500,961</u>
Supporting Services				
General and administrative	558,188	-	558,188	491,004
Fundraising	114,104	-	114,104	103,850
Total Supporting Services	<u>672,292</u>	<u>-</u>	<u>672,292</u>	<u>594,854</u>
Total Operating Expenses	<u>3,884,940</u>	<u>-</u>	<u>3,884,940</u>	<u>4,095,815</u>
Change in Net Assets	(775,394)	8	(775,386)	(249,481)
NET ASSETS				
Beginning of year	<u>4,347,805</u>	<u>21,798</u>	<u>4,369,603</u>	<u>4,619,084</u>
End of year	<u>\$ 3,572,411</u>	<u>\$ 21,806</u>	<u>\$ 3,594,217</u>	<u>\$ 4,369,603</u>

See notes to consolidated financial statements

Riverdale Neighborhood House, Inc. and Subsidiary

Consolidated Statement of Functional Expenses Year Ended June 30, 2020 (with summarized totals for the year ended June 30, 2019)

	2020									2019 Total
	Program Services					Supporting Services				
	Early Childhood	School Age	Youth Program	Senior Program	Pool and Recreation Program	Total Program Services	General and Administrative	Fund- raising	Total	
Salaries	\$ 910,232	\$ 681	\$ 993,908	\$ 39,289	\$ 71,860	\$ 2,015,970	\$ 206,311	\$ 76,078	\$ 2,298,359	\$ 2,448,470
Payroll taxes	86,320	4,060	140,801	4,203	6,895	242,279	60,897	8,451	311,627	342,492
Employee health benefits	78,394	-	38,610	592	2,632	120,228	1,373	3,974	125,575	152,325
Total	<u>1,074,946</u>	<u>4,741</u>	<u>1,173,319</u>	<u>44,084</u>	<u>81,387</u>	<u>2,378,477</u>	<u>268,581</u>	<u>88,503</u>	<u>2,735,561</u>	<u>2,943,287</u>
Professional fees and contract services	66,462	12,117	89,324	4,609	67,740	240,252	186,606	6,025	432,883	392,637
Awards/stipends	1,049	-	33,974	-	-	35,023	-	1,450	36,473	41,385
Supplies	32,780	952	49,366	123	15,423	98,644	9,537	183	108,364	119,251
Telephone	5,293	1,499	4,344	764	605	12,505	2,206	384	15,095	14,192
Postage	310	56	1,188	12	30	1,596	276	17	1,889	4,574
Maintenance supplies and repairs	22,845	5,652	12,841	1,209	2,131	44,678	16,960	610	62,248	52,304
Utilities	17,832	5,650	27,218	1,099	2,450	54,249	3,512	897	58,658	55,258
Equipment rental and purchases	3,337	876	7,921	180	433	12,747	2,184	180	15,111	23,835
Dues and subscriptions	2,204	275	519	-	-	2,998	5,693	-	8,691	9,562
Transportation	6,174	5,654	27,946	-	-	39,774	81	-	39,855	63,526
Printing, publication and advertising	762	622	3,618	122	146	5,270	941	9,702	15,913	22,479
General insurance	11,872	-	9,832	560	908	23,172	13,208	1,094	37,474	75,354
Fees	-	-	7,881	-	-	7,881	9,819	-	17,700	9,546
Food	33,493	9,091	10,589	58	1,243	54,474	837	115	55,426	55,773
Events	-	-	-	-	-	-	-	25,355	25,355	33,352
Interest	-	-	-	-	-	-	12,106	-	12,106	14,989
Travel	-	-	12,792	-	-	12,792	474	-	13,266	-
Bad debt	38,367	1,027	-	-	-	39,394	-	-	39,394	-
Miscellaneous	6,012	191	2,630	7	961	9,801	6,551	14	16,366	20,940
Total Expenses Before Depreciation	<u>1,323,738</u>	<u>48,403</u>	<u>1,475,302</u>	<u>52,827</u>	<u>173,457</u>	<u>3,073,727</u>	<u>539,572</u>	<u>134,529</u>	<u>3,747,828</u>	<u>3,952,244</u>
Depreciation	<u>91,862</u>	<u>-</u>	<u>38,489</u>	<u>3,249</u>	<u>5,321</u>	<u>138,921</u>	<u>18,616</u>	<u>4,930</u>	<u>162,467</u>	<u>176,923</u>
Total Operating Expenses	<u>1,415,600</u>	<u>48,403</u>	<u>1,513,791</u>	<u>56,076</u>	<u>178,778</u>	<u>3,212,648</u>	<u>558,188</u>	<u>139,459</u>	<u>3,910,295</u>	<u>4,129,167</u>
Direct cost of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,355)</u>	<u>(25,355)</u>	<u>(33,352)</u>
Total Expenses Reported by Function on the Statement of Activities	<u>\$ 1,415,600</u>	<u>\$ 48,403</u>	<u>\$ 1,513,791</u>	<u>\$ 56,076</u>	<u>\$ 178,778</u>	<u>\$ 3,212,648</u>	<u>\$ 558,188</u>	<u>\$ 114,104</u>	<u>\$ 3,884,940</u>	<u>\$ 4,095,815</u>

See notes to consolidated financial statements

Riverdale Neighborhood House, Inc. and Subsidiary

Consolidated Statement of Cash Flows
Year Ended June 30, 2020
(with comparative amounts for the year ended June 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (775,386)	\$ (249,481)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	162,467	176,923
Net unrealized and realized (loss) gain on investments	(36,490)	(41,750)
Changes in operating assets and liabilities		
Accounts and grants receivable	154,443	106,150
Prepaid expenses	37,972	(19,522)
Accounts payable and accrued expenses	5,565	265,842
Accrued salaries and vacation	18,441	24,930
Deferred revenue	(89,143)	(221,006)
Net Cash from Operating Activities	(522,131)	42,086
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	581,719	-
Purchases of investments	(21,181)	(21,604)
Acquisition of property and equipment	(114,044)	(84,976)
Net Cash from Investing Activities	446,494	(106,580)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loans	539,787	-
Payment of line of credit	(195,863)	(41,030)
Net Cash from Financing Activities	343,924	(41,030)
 Net Change in Cash and Cash Equivalents	268,287	(105,524)
 CASH AND CASH EQUIVALENTS		
Beginning of year	169,495	275,019
End of year	\$ 437,782	\$ 169,495
 SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 13,628	\$ 16,685

See notes to consolidated financial statements

Riverdale Neighborhood House, Inc. and Subsidiary

Notes to Consolidated Financial Statements
June 30, 2020

1. Organization and Taxation

The Riverdale Neighborhood House, Inc. (“RNH”) is a non-profit organization located in the Northwest Bronx, New York that provides services to individuals and families to strengthen the community through education, direction, and support. RNH provides services including early childhood programs of day care, nursery, and Universal Pre-Kindergarten; after school and summer care for children from Kindergarten through 6th grade; services to assist teens in their healthy development; family counsel services; a senior program for homebound elderly and a summer pool program for all ages.

The Riverdale Community Center, Inc. (the “Center”) is a nonprofit, multi-service agency founded by the Parents’ Association and principal of Middle School/High School (“MS/HS”) 141 in 1972. The Center’s mission is to provide educational, cultural, recreational, and developmental programs and activities to the community. RNH is the sole member of the Center.

RNH and the Center (collectively, the “Organization”) have been granted tax-exempt status under Internal Revenue Code Section 501(c)(3). The Organization has been classified as an organization that is not a private foundation under Section 509(a). Accordingly, no provision for federal and state income taxes has been recorded in the accompanying consolidated financial statements. Contributions to the Organization are tax-deductible within the limitations prescribed by the Internal Revenue Code.

During fiscal year 2020 and 2021, certain programs of the Center are being operated by RNH.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the operations of the Organization. All inter-entity transactions and accounts have been eliminated in consolidation.

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly actual results could differ from those estimates.

Riverdale Neighborhood House, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

Change in Accounting Principles

Revenue from Contracts with Customers

Effective July 1, 2019, the Organization adopted Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers.

ASU 2014-09 provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised good or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgements made by entities when following this framework.

The Organization adopted ASU 2014-09 on a prospective basis and has determined there to be no material impact on its financial statements.

In June 2018, the Financial Accounting Standards Board issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.

ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange or as contribution (nonreciprocal) transactions. Exchange transactions are reciprocal transfers in which each party receives and sacrifices approximately commensurate value. In a contribution transaction, the resource provider often receives value indirectly by providing a societal benefit, although the benefit is not considered to be commensurate value.

ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The Organization adopted ASU 2018-08 on a prospective basis and has determined there to be no material impact to its financial statements.

Net Asset Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are those currently available at the discretion of management and the Board for use in the operations of the Organization. Net assets with donor restrictions are restricted by donor imposed restrictions as to use or time. When a restriction expires, net assets with donor restrictions are re-classified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Riverdale Neighborhood House, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

For financial statement purposes, the Organization considers highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents. Money market funds which are held as part of the investment portfolio are classified as investments and not cash and cash equivalents.

Fair Value Measurements

The Organization 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 prices in active markets which may include quoted prices for similar assets or 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.

Investments and Investment Income Recognition

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized gains and losses on the sale of investments are computed on the specific identification basis. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Accounts and Grants Receivables

Accounts and grants receivable represent amounts due for reimbursable expenditures that have been incurred and for program fees that have been earned. At June 30, 2020 all amounts were due within one year.

Management periodically evaluates receivable balances to determine whether an allowance for doubtful accounts should be established to provide for estimated uncollectible amounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in receivables. As of June 30, 2020 and 2019, no allowance for doubtful accounts has been deemed necessary.

Riverdale Neighborhood House, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment

The Organization follows the practice of capitalizing all expenditures for property and equipment with a cost in excess of \$1,000 and a useful life in excess of one year. Assets are recorded at cost or in the case of gift, at the fair value at the date of the gift. Routine repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	10-40 years
Equipment, furniture and fixtures	5-10 years
Pool and pool building	15-40 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to the fair value. There were no asset impairments for the years ended June 30, 2020 and 2019.

Deferred Revenue

Deferred revenue represents program service fees received by the Organization which pertain to programs and services for the following fiscal year.

Donated Services

Donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Organization pays for most services requiring specialized expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations and various committee assignments. The Organization received more than 11,000 of such volunteer hours per year, but such amounts are not reflected in these consolidated financial statements since they do not meet the criteria for recognition.

Revenue Recognition

Contributions, including unconditional promises to give (pledges), are recognized as income in the period received. Conditional contributions are recognized as income when the conditions on which they depend have been substantially met. Amounts reflected in the consolidated financial statements are net of an allowance for uncollectible gifts, and accordingly, include adjustments, based upon estimates of collectability. Promises to give due in excess of one year are recognized net of a discount to present value.

Revenue and support from program services, special events and other sources are recognized as revenue in the applicable period that the program/event is held. Revenue received in advance for future program/event are reported as deferred revenue.

Riverdale Neighborhood House, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2020

2. Summary of Significant Accounting Policies (continued)

Government Grants

The terms under which grants are awarded provide for reimbursement of expenditures incurred. Funds are received in either predetermined installments, or in increments based upon estimated or actual expenditures for the period. Upon termination, unexpended funds received are returnable to the grantor. Accordingly grant income under these awards is recognized in amounts equal to budgeted expenditures incurred. Any deficit or excess of receipts under or over actual expenditures incurred is reported in the consolidated financial statements under the appropriate captions "Accounts and Grants Receivable" or "Deferred Revenue" subject to the terms of the grant.

Program Fees, Membership and Registration Fees

Fees are recognized as they are earned based upon services rendered in accordance with contract provisions. Membership and registration fees are due at time of registration. Fees received in advance are reported as deferred revenue.

Advertising

The Organization expenses advertising costs as incurred.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs. Expenses which can be identified with a specific program are allocated directly to that activity. Other expenses that are common to several functions are allocated among the programs benefited. Such allocations are determined by management either in accordance with grant provisions or by the division of employee time.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for the periods prior to fiscal 2017.

Prior Year Summarized Information

Information as of and for the year ended June 30, 2019 is presented for comparative purposes only. Certain activity by net asset classification is not included in these consolidated financial statements. Accordingly, such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended June 30, 2019, from which the summarized comparative information was derived.

Riverdale Neighborhood House, Inc. and Subsidiary

Notes to Consolidated Financial Statements
June 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is Date xx, 2021.

3. Concentration of Credit Risk

The Organization's cash and cash equivalents are maintained with several financial institutions. During the normal course of operations, the Organization may have funds on deposit with these banks which exceed the federally insured limits. The Organization believes no significant concentration of credit risk exists with respect to its cash accounts. The Organization's investments are managed by the Investment Committee. Concentrations of credit risk with respect to receivables are limited due to the fact that receivables are due from a number of organizations.

4. Investments

As of June 30, 2020 and 2019 all of the Organization's investments were valued using Level 1 inputs under the fair value hierarchy. See Note 10 for a description of the Organization's endowment. Investments consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Equity mutual funds	\$ 511,264	\$ 960,812
Bond mutual funds	<u>122,134</u>	<u>196,634</u>
	<u>\$ 633,398</u>	<u>\$ 1,157,446</u>

The composition of investment income as reported in the consolidated statement of activities for the years ended June 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 21,429	\$ 21,604
Realized and unrealized (loss) gain	<u>(36,490)</u>	<u>41,750</u>
Total Investment Return	<u>\$ (15,061)</u>	<u>\$ 63,354</u>

Riverdale Neighborhood House, Inc. and Subsidiary

Notes to Consolidated Financial Statements
June 30, 2020

5. Property and Equipment

Property and equipment at June 30 consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 65,695	\$ 65,695
Buildings and improvements	4,713,488	4,599,444
Pool and pool building	584,973	584,973
Furniture, fixtures and equipment	<u>514,490</u>	<u>514,490</u>
	5,878,646	5,764,602
Accumulated depreciation	<u>(2,645,606)</u>	<u>(2,483,139)</u>
	<u>\$ 3,233,040</u>	<u>\$ 3,281,463</u>

6. Line of Credit

The Organization has a \$250,000 revolving line of credit facility at an interest rate of 5.25% available for working capital requirements with JPMorgan Chase. The balance on the line of credit were \$0 and \$195,863 at June 30, 2020 and 2019.

7. Paycheck Protection Program

In May 2020, RNH and the Center received loan proceeds in the amounts of \$437,790 and \$101,977 under the Paycheck Protection Program ("PPP Loans"). The PPP Loans, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provide for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business.

The loans and accrued interest are forgivable after eight or twenty four weeks, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The unforgiven portion of the PPP Loans is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization has used the entire PPP Loans amount for qualifying expenses.

8. Retirement Benefit Plan

The Organization has adopted a 403(b) Thrift Plan (the "Plan") for the benefit of its employees. The Organization makes contributions on behalf of its employees who have attained age twenty one and have completed at least one year of service. Contributions under the Plan were \$42,170 and \$30,457 for the years ended June 30, 2020 and 2019.

Riverdale Neighborhood House, Inc. and Subsidiary

Notes to Consolidated Financial Statements
June 30, 2020

9. Net Assets Restrictions and Releases

Donor restricted net assets restricted for the teen program and scholarships as of June 30, 2020 and 2019 were \$21,806 and \$21,798, respectively. During fiscal years 2020 and 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors as follows:

	<u>2020</u>	<u>2019</u>
Teen program	\$ -	\$ 10,000
Endowment	<u>429</u>	<u>1,263</u>
	<u>\$ 429</u>	<u>\$ 11,263</u>

10. Endowment

General

The Organization's endowment consists of permanently restricted endowment funds from donors and funds designated by the Board to function as an endowment. Currently, \$20,000 of endowment funds have been restricted by the donor for scholarship. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

During 2010, New York State adopted the Uniform Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA includes provisions that differ from previous law, including the elimination of the historic dollar value rule with respect to endowment spending, establishment of new standards governing the expenditure and modification of restrictions on endowment funds, and revision of the prudence standard for the management and investment of endowment funds.

Interpretation of Relevant Law

The Board has interpreted NYPMIFA as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classified as net assets with donor restrictions (held in perpetuity) (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restricted (held in perpetuity) is classified as net assets with donor restrictions (time or purpose restricted) until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Riverdale Neighborhood House, Inc. and Subsidiary

Notes to Consolidated Financial Statements
June 30, 2020

10. Endowment (continued)

Return Objectives, Strategies Employed and Spending Policy

The strategy of the Investment Committee is to maintain a low-risk diverse portfolio that protects the value of the initial endowment gifts while attaining growth in value to approximate those attained by the S&P 500 index.

The Organization relies on the 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 through several instruments within its account at Vanguard. The Investment Committee monitors the performance of each fund on a quarterly basis.

The endowment resolutions allow for the Board to designate income earned from the restricted funds to be allocated to operations or capital expenses; however, the stated goal is to reinvest at least 50% of earnings in the endowment fund to enable the fund to grow.

Changes in the endowment for the years ended June 30, are as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, July 1, 2019	\$ 1,137,446	\$ 20,000	\$ 1,157,446
Investment Return:			
Interest and dividends	21,000	429	21,429
Realized and unrealized loss	(36,490)	-	(36,490)
Released from restriction	429	(429)	-
Appropriation for expenditures	(508,987)	-	(508,987)
Balance, June 30, 2020	\$ 613,398	\$ 20,000	\$ 633,398
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, July 1, 2018	\$ 1,074,092	\$ 20,000	\$ 1,094,092
Investment Return:			
Interest and dividends	21,172	432	21,604
Unrealized gain	40,919	831	41,750
Released from restriction	1,263	(1,263)	-
Balance, June 30, 2019	\$ 1,137,446	\$ 20,000	\$ 1,157,446

Riverdale Neighborhood House, Inc. and Subsidiary

Notes to Consolidated Financial Statements
June 30, 2020

11. Liquidity and Availability of Resources

The following reflects the Organization's assets as of June 30, 2020, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual limitations or donor restrictions.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 437,782	\$ 169,495
Accounts and grants receivable	380,189	534,632
Investments	<u>633,398</u>	<u>1,157,446</u>
Total financial assets	<u>1,451,369</u>	<u>1,861,573</u>
Less:		
Restricted by donor with time or purpose restrictions	1,806	1,798
Endowment Funds:		
Without donor restrictions	613,398	1,137,446
With donor restrictions	<u>20,000</u>	<u>20,000</u>
	<u>635,204</u>	<u>1,159,244</u>
Total financial assets available within one year for general expenditures	<u>\$ 816,165</u>	<u>\$ 702,329</u>

The Organization has a revolving line of credit in the amount of \$250,000 which it could draw upon to support the operating cash flows of the Organization. The Board of Directors reviews the budgets and operating results and cash flows quarterly.

12. COVID – 19

In March 2020, the World Health Organization (“WHO”) declared the outbreak of COVID-19 a pandemic, which has since spread throughout the United States. Starting at the end of March 2020, RNH and the Center transitioned all programs to operate remotely. The ultimate result of any pandemic or other health crisis on the organization will depend on future developments, which cannot be predicted, including new information that may emerge concerning the severity of the pandemic and restrictive measures taken to contain or prevent their further spread.

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**Riverdale Neighborhood House, Inc.
and Subsidiary**

Supplementary Information

June 30, 2020

Riverdale Neighborhood House, Inc. and Subsidiary

Consolidating Schedule of Financial Position
June 30, 2020

	Riverdale Neighborhood House, Inc.	Riverdale Community Center, Inc.	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 336,449	\$ 101,333	\$ -	\$ 437,782
Accounts and grants receivable	291,652	88,537	-	380,189
Due from subsidiary	90,458	-	(90,458)	-
Prepaid expenses	6,949	-	-	6,949
Investments	633,398	-	-	633,398
Property and equipment, net	3,233,040	-	-	3,233,040
	\$ 4,591,946	\$ 189,870	\$ (90,458)	\$ 4,691,358
LIABILITIES AND NET ASSETS (DEFICIT)				
Liabilities				
Accounts payable and accrued expenses	\$ 303,650	\$ 105,960	\$ -	\$ 409,610
Due to parent	-	90,458	(90,458)	-
Accrued salaries and vacation	147,744	-	-	147,744
Deferred revenue	-	-	-	-
PPP loans	437,790	101,997	-	539,787
Total Liabilities	889,184	298,415	(90,458)	1,097,141
Net Assets (Deficit)				
Without donor restrictions	3,682,762	(110,351)	-	3,572,411
With donor restrictions	20,000	1,806	-	21,806
Total Net Assets (Deficit)	3,702,762	(108,545)	-	3,594,217
	\$ 4,591,946	\$ 189,870	\$ (90,458)	\$ 4,691,358

See independent auditors' report

Riverdale Neighborhood House, Inc. and Subsidiary

Consolidating Schedule of Activities Year Ended June 30, 2020

	Riverdale Neighborhood House, Inc.			Riverdale Community Center, Inc.			Elimination	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
REVENUE AND SUPPORT								
Program services	\$ 829,142	\$ -	\$ 829,142	\$ 45,967	\$ -	\$ 45,967	\$ -	\$ 875,109
Membership fees	31,935	-	31,935	-	-	-	-	31,935
Contributions	47,528	-	47,528	-	-	-	-	47,528
Government grants	1,439,354	-	1,439,354	492,886	-	492,886	-	1,932,240
Non-government grants	98,250	-	98,250	-	-	-	-	98,250
Special events, net	108,078	-	108,078	530	-	530	-	108,608
Investment return	(15,490)	429	(15,061)	-	8	8	-	(15,053)
Miscellaneous income	213,710	-	213,710	2,063	-	2,063	(184,836)	30,937
Net assets released from restrictions	429	(429)	-	-	-	-	-	-
Total Revenue and Support	2,752,936	-	2,752,936	541,446	8	541,454	(184,836)	3,109,554
OPERATING EXPENSES								
Program Services								
Early childhood	1,415,600	-	1,415,600	-	-	-	-	1,415,600
School age	48,403	-	48,403	-	-	-	-	48,403
Youth program	933,965	-	933,965	764,662	-	764,662	(184,836)	1,513,791
Senior program	56,076	-	56,076	-	-	-	-	56,076
Pool and recreation program	178,778	-	178,778	-	-	-	-	178,778
Total Program Services	2,632,822	-	2,632,822	764,662	-	764,662	(184,836)	3,212,648
Supporting Services								
General and administrative	491,892	-	491,892	66,296	-	66,296	-	558,188
Fundraising	114,104	-	114,104	-	-	-	-	114,104
Total Supporting Services	605,996	-	605,996	66,296	-	66,296	-	672,292
Total Operating Expenses	3,238,818	-	3,238,818	830,958	-	830,958	(184,836)	3,884,940
Change in Net Assets (Deficit)	(485,882)	-	(485,882)	(289,512)	8	(289,504)	-	(775,386)
NET ASSETS (DEFICIT)								
Beginning of year	4,168,644	20,000	4,188,644	179,161	1,798	180,959	-	4,369,603
End of year	\$ 3,682,762	\$ 20,000	\$ 3,702,762	\$ (110,351)	\$ 1,806	\$ (108,545)	\$ -	\$ 3,594,217

See independent auditors' report