

Riverdale Neighborhood House, Inc.

Financial Statements

June 30, 2021

Independent Auditors' Report

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

We have audited the accompanying financial statements of the Riverdale Neighborhood House, Inc., which comprise the statement of financial position as of June 30, 2021, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 the Riverdale Neighborhood House, Inc. as of June 30, 2021 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 Riverdale Neighborhood House, Inc.'s June 30, 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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 financial statements as a whole. The consolidating schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP

March 17, 2022

Riverdale Neighborhood House, Inc.

Statement of Financial Position
June 30, 2021
(with comparative amounts at June 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 96,069	\$ 437,782
Accounts and grants receivable	743,050	380,189
Prepaid expenses	2,466	6,949
Investments	776,923	633,398
Property and equipment, net	<u>3,174,209</u>	<u>3,233,040</u>
	<u>\$ 4,792,717</u>	<u>\$ 4,691,358</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 189,359	\$ 409,610
Accrued salaries and vacation	172,753	147,744
Line of credit	150,000	-
PPP loans	<u>437,790</u>	<u>539,787</u>
Total Liabilities	<u>949,902</u>	<u>1,097,141</u>
Net Assets		
Without donor restriction	3,740,580	3,572,411
With donor restriction	<u>102,235</u>	<u>21,806</u>
Total Net Assets	<u>3,842,815</u>	<u>3,594,217</u>
	<u>\$ 4,792,717</u>	<u>\$ 4,691,358</u>

See notes to consolidated financial statements

Riverdale Neighborhood House, Inc.

Statement of Activities Year Ended June 30, 2021 (with summarized totals for the year ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Program services	\$ 500,580	\$ -	\$ 500,580	\$ 875,109
Membership fees	50,126	-	50,126	31,935
Contributions	122,320	181,280	303,600	47,528
Government grants	2,274,541	-	2,274,541	1,932,240
Non-government grants	288,399	-	288,399	98,250
Special events, net of direct benefit to donors of \$0 and \$23,355	-	-	-	108,608
Investment gain (loss)	178,766	4,720	183,486	(15,053)
Miscellaneous income	19,167	-	19,167	30,937
Net assets released from restrictions	103,765	(103,765)	-	-
Total Revenue and Support	<u>3,537,664</u>	<u>82,235</u>	<u>3,619,899</u>	<u>3,109,554</u>
 OPERATING EXPENSES				
Program Services				
Childhood program	1,222,970	-	1,222,970	1,464,003
Youth program	1,771,599	-	1,771,599	1,513,791
Community program	154,807	-	154,807	234,854
Total Program Services	<u>3,149,376</u>	<u>-</u>	<u>3,149,376</u>	<u>3,212,648</u>
Supporting Services				
General and administrative	256,406	-	256,406	558,188
Fundraising	67,516	-	67,516	114,104
Total Supporting Services	<u>323,922</u>	<u>-</u>	<u>323,922</u>	<u>672,292</u>
Total Operating Expenses	<u>3,473,298</u>	<u>-</u>	<u>3,473,298</u>	<u>3,884,940</u>
Change in Net Assets Before Gain on Deconsolidation of Subsidiary	64,366	82,235	146,601	(775,386)
 NONOPERATING ACTIVITY				
Gain on deconsolidation of subsidiary	103,803	(1,806)	101,997	-
Change in Net Assets	168,169	80,429	248,598	(775,386)
 NET ASSETS				
Beginning of year	<u>3,572,411</u>	<u>21,806</u>	<u>3,594,217</u>	<u>4,369,603</u>
End of year	<u>\$ 3,740,580</u>	<u>\$ 102,235</u>	<u>\$ 3,842,815</u>	<u>\$ 3,594,217</u>

See notes to consolidated financial statements

Riverdale Neighborhood House, Inc.

Statement of Functional Expenses
Year Ended June 30, 2021
(with summarized totals for the year ended June 30, 2020)

	2021							2020 Total
	Program Services				Supporting Services			
	Childhood Program	Youth Program	Community Program	Total Program Services	General and Administrative	Fund- raising	Total	
Salaries	\$ 760,815	\$ 1,161,821	\$ 87,250	\$ 2,009,886	\$ 128,962	\$ 44,580	\$ 2,183,428	\$ 2,298,359
Payroll taxes	78,266	109,518	7,354	195,138	24,131	3,964	223,233	311,627
Employee health benefits	<u>77,044</u>	<u>72,759</u>	<u>5,010</u>	<u>154,813</u>	<u>9,832</u>	<u>874</u>	<u>165,519</u>	<u>125,575</u>
Total	916,125	1,344,098	99,614	2,359,837	162,925	49,418	2,572,180	2,735,561
Professional fees and contract services	95,769	115,539	8,274	219,582	37,249	4,641	261,472	432,883
Awards/stipends	522	44,059	227	44,808	51	-	44,859	36,473
Supplies	25,094	101,770	29,382	156,246	2,645	3,762	162,653	108,364
Recognition awards	-	2,618	-	2,618	-	-	2,618	-
Telephone	4,341	12,926	226	17,493	150	130	17,773	15,095
Postage	210	959	990	2,159	44	433	2,636	1,889
Maintenance supplies and repairs	26,738	38,022	3,919	68,679	1,554	547	70,780	62,248
Utilities	23,414	20,936	2,884	47,234	10,019	796	58,049	58,658
Equipment rental and purchases	2,173	16,970	-	19,143	2,698	61	21,902	15,111
Dues and subscriptions	-	30	-	30	259	-	289	8,691
Transportation	22	446	407	875	204	-	1,079	39,855
Printing, publication and advertising	750	1,087	-	1,837	894	1,984	4,715	15,913
General insurance	-	26,801	-	26,801	13,401	-	40,202	37,474
Fees	-	341	-	341	3,572	-	3,913	17,700
Food	40,366	8,029	331	48,726	556	823	50,105	55,426
Events	-	-	-	-	-	-	-	25,355
Interest	-	-	-	-	639	-	639	12,106
Travel	-	32	-	32	-	-	32	13,266
Bad debt	-	-	-	-	-	-	-	39,394
Miscellaneous	<u>3,088</u>	<u>399</u>	<u>220</u>	<u>3,707</u>	<u>2,437</u>	<u>386</u>	<u>6,530</u>	<u>16,366</u>
Total Expenses Before Depreciation	1,138,612	1,735,062	146,474	3,020,148	239,297	62,981	3,322,426	3,747,828
Depreciation	<u>84,358</u>	<u>36,537</u>	<u>8,333</u>	<u>129,228</u>	<u>17,109</u>	<u>4,535</u>	<u>150,872</u>	<u>162,467</u>
Total Operating Expenses	1,222,970	1,771,599	154,807	3,149,376	256,406	67,516	3,473,298	3,910,295
Direct cost of special events	-	-	-	-	-	-	-	(25,355)
Total Expenses Reported by Function on the Statement of Activities	<u>\$ 1,222,970</u>	<u>\$ 1,771,599</u>	<u>\$ 154,807</u>	<u>\$ 3,149,376</u>	<u>\$ 256,406</u>	<u>\$ 67,516</u>	<u>\$ 3,473,298</u>	<u>\$ 3,884,940</u>

See notes to consolidated financial statements

Riverdale Neighborhood House, Inc.

Statement of Cash Flows
Year Ended June 30, 2021
(with comparative amounts for the year ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 248,598	\$ (775,386)
Adjustments to reconcile change in net assets to net cash from operating activities		
Gain on deconsolidation of subsidiary	(101,997)	-
Depreciation	150,872	162,467
Bad debt	-	39,394
Net unrealized and realized (gain) loss on investments	(173,043)	36,490
Changes in operating assets and liabilities		
Accounts and grants receivable	(362,861)	115,049
Prepaid expenses	4,483	37,972
Accounts payable and accrued expenses	(220,251)	5,565
Accrued salaries and vacation	25,009	18,441
Deferred revenue	-	(89,143)
Net Cash from Operating Activities	(429,190)	(449,151)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	53,000	508,739
Purchases of investments	(23,482)	(21,181)
Acquisition of property and equipment	(92,041)	(114,044)
Net Cash from Investing Activities	(62,523)	373,514
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loans	-	539,787
Payment of line of credit	-	(195,863)
Drawings on line of credit	150,000	-
Net Cash from Financing Activities	150,000	343,924
Net Change in Cash and Cash Equivalents	(341,713)	268,287
CASH AND CASH EQUIVALENTS		
Beginning of year	437,782	169,495
End of year	\$ 96,069	\$ 437,782
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 996	\$ 13,628

See notes to consolidated financial statements

Riverdale Neighborhood House, Inc.

Notes to Financial Statements

June 30, 2021

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.

Since 2018, the Center operated under an Omnibus Agreement whereby RNH became the sole member of the Center. The agreement was terminated effective June 30, 2021. These financial statements include the collective operations of RNH and the Center through June 30, 2021 and reflect the deconsolidation as of that date. Accordingly, the statement of financial position as of June 30, 2021 reflects only the assets and liabilities of RNH, while the statement of activities for the year then ended reflect the operations of RNH and the Center.

RNH has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3). RNH 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 financial statements. Contributions to RNH are tax-deductible within the limitations prescribed by the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly actual results could differ from those estimates.

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 RNH. 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 statement of activities as net assets released from restrictions.

Riverdale Neighborhood House, Inc.

Notes to Financial Statements

June 30, 2021

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For financial statement purposes, the RNH 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

RNH 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, 2021 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, 2021 and 2020, no allowance for doubtful accounts has been deemed necessary.

Riverdale Neighborhood House, Inc.

Notes to Financial Statements

June 30, 2021

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

Property and Equipment

RNH 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, 2021 and 2020.

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. RNH pays for most services requiring specialized expertise. However, many individuals volunteer their time and perform a variety of tasks that assist RNH with specific assistance programs, campaign solicitations and various committee assignments. RNH received more than 11,000 of such volunteer hours per year, but such amounts are not reflected in these 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 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 a future program/event are reported as deferred revenue.

Riverdale Neighborhood House, Inc.

Notes to Financial Statements

June 30, 2021

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 allowable expenditures being incurred. Any deficit or excess of receipts under or over actual expenditures incurred is reported in the 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

RNH expenses advertising costs as incurred.

Functional Allocation of Expenses

RNH 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

RNH recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that RNH had no uncertain tax positions that would require financial statement recognition or disclosure. RNH is no longer subject to examinations by the applicable taxing jurisdictions for the periods prior to fiscal 2018.

Prior Year Summarized Information

Information as of and for the year ended June 30, 2020 is presented for comparative purposes only. Certain activity by net asset classification is not included in these 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 RNH's financial statements as of and for the year ended June 30, 2020, from which the summarized comparative information was derived.

Riverdale Neighborhood House, Inc.

Notes to Financial Statements
June 30, 2021

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

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 17, 2022.

3. Concentration of Credit Risk

RNH's cash and cash equivalents are maintained with several financial institutions. During the normal course of operations, RNH may have funds on deposit with these banks which exceed the federally insured limits. RNH believes no significant concentration of credit risk exists with respect to its cash accounts. RNH'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, 2021 and 2020 all of RNH's investments were valued using Level 1 inputs under the fair value hierarchy. See Note 11 for a description of the RNH's endowment. Investments consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Equity mutual funds	\$ 665,160	\$ 511,264
Bond mutual funds	<u>111,763</u>	<u>122,134</u>
	<u>\$ 776,923</u>	<u>\$ 633,398</u>

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

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 10,443	\$ 21,437
Realized and unrealized gain (loss)	<u>173,043</u>	<u>(36,490)</u>
Total Investment Gain (Loss)	<u>\$ 183,486</u>	<u>\$ (15,053)</u>

Riverdale Neighborhood House, Inc.

Notes to Financial Statements
June 30, 2021

5. Property and Equipment

Property and equipment at June 30 consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 65,695	\$ 65,695
Buildings and improvements	4,783,601	4,713,488
Pool and pool building	584,973	584,973
Furniture, fixtures and equipment	<u>536,418</u>	<u>514,490</u>
	5,970,687	5,878,646
Accumulated depreciation	<u>(2,796,478)</u>	<u>(2,645,606)</u>
	<u>\$3,174,209</u>	<u>\$3,233,040</u>

6. Line of Credit

RNH 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 was \$150,000 and \$0 at June 30, 2021 and 2020.

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.

As of June 30, 2021, RNH's PPP loan is recognized as debt on the statement of financial position. The PPP loan of the Center was eliminated as part of the deconsolidation, (see note 10). RNH will recognize the income from the forgiveness of the PPP Loan in the fiscal year that they receive the notification of forgiveness from the Small Business Administration (the "SBA") in accordance with Accounting Standards Codification ("ASC") 470, Debt. The PPP Loan was subsequently forgiven in full by the SBA on August 26, 2021.

8. Retirement Benefit Plan

RNH has adopted a 403(b) Thrift Plan (the "Plan") for the benefit of its employees. RNH 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 \$33,752 and \$42,170 for the years ended June 30, 2021 and 2020.

Riverdale Neighborhood House, Inc.

Notes to Financial Statements

June 30, 2021

9. Net Assets Restrictions and Releases

Donor restricted net assets as of June 30, are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Amanda's Garden	\$ 82,235	\$ -
Scholarship	<u>20,000</u>	<u>21,806</u>
	<u>\$102,235</u>	<u>\$ 21,806</u>

During fiscal years 2021 and 2020, 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>2021</u>	<u>2020</u>
Amanda's Garden	\$ 99,045	\$ -
Endowment	<u>4,720</u>	<u>429</u>
	<u>\$103,765</u>	<u>\$ 429</u>

10. Deconsolidation

On June 30, 2021, the Boards of Directors of RNH and the Center voted to deconsolidate the entities. As a result, RNH is no longer the sole member of the Center.

The following summarizes the estimated fair value of the liabilities on the deconsolidation at June 30, 2021:

	<u>2021</u>
PPP loan	<u>(101,997)</u>
Gain on deconsolidation of subsidiary	<u>\$ (101,997)</u>

11. Endowment

General

RNH'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.

Riverdale Neighborhood House, Inc.

Notes to Financial Statements

June 30, 2021

11. Endowment (continued)

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, RNH 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 RNH in a manner consistent with the standard of prudence prescribed by NYPMIFA.

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.

RNH 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). RNH 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:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, July 1, 2020	\$ 613,398	\$ 20,000	\$ 633,398
Investment Return:			
Interest and dividends	10,179	265	10,444
Realized and unrealized gain	168,588	4,455	173,043
Released from restriction	4,720	(4,720)	-
Appropriation for expenditures	(39,962)	-	(39,962)
Balance, June 30, 2021	<u>\$ 756,923</u>	<u>\$ 20,000</u>	<u>\$ 776,923</u>

Riverdale Neighborhood House, Inc.

Notes to Financial Statements
June 30, 2021

11. Endowment (continued)

	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

12. Liquidity and Availability of Resources

The following reflects RNH's assets as of June 30, 2021, 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.

	2021	2020
Financial Assets:		
Cash and cash equivalents	\$ 96,069	\$ 437,782
Accounts and grants receivable	743,050	380,189
Investments	776,923	633,398
Total financial assets	1,616,042	1,451,369
Less:		
Restricted by donor with time or purpose restrictions	82,235	1,806
Endowment Funds:		
Without donor restrictions	756,923	613,398
With donor restrictions	20,000	20,000
	859,158	635,204
Total financial assets available within one year for general expenditures	\$ 756,884	\$ 816,165

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

Riverdale Neighborhood House, Inc.

Notes to Financial Statements
June 30, 2021

13. Risks and Uncertainties

The ongoing Coronavirus pandemic has resulted in substantial volatility in the global economy. While management has implemented measures to mitigate the impact of the pandemic, the extent to which RNH's operations are impacted will depend on future developments.

As a result, management cannot reasonably estimate the overall impact of the Coronavirus pandemic to RNH's future results of operations, cash flows, or financial condition.

* * * * *

Riverdale Neighborhood House, Inc.

Supplementary Information

June 30, 2021

Riverdale Neighborhood House, Inc.

Schedule of Activities
Year Ended June 30, 2021

	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	\$ 500,580	\$ -	\$ 500,580	\$ -	\$ -	\$ -	\$ -	\$ 500,580
Membership fees	50,126	-	50,126	-	-	-	-	50,126
Contributions	119,774	181,280	301,054	2,546	-	2,546	-	303,600
Government grants	1,740,286	-	1,740,286	534,255	-	534,255	-	2,274,541
Non-government grants	288,399	-	288,399	-	-	-	-	288,399
Investment gain	178,766	4,720	183,486	-	-	-	-	183,486
Miscellaneous income	104,400	-	104,400	5,424	-	5,424	(90,657)	19,167
Net assets released from restrictions	103,765	(103,765)	-	-	-	-	-	-
Total Revenue and Support	<u>3,086,096</u>	<u>82,235</u>	<u>3,168,331</u>	<u>542,225</u>	<u>-</u>	<u>542,225</u>	<u>(90,657)</u>	<u>3,619,899</u>
OPERATING EXPENSES								
Program Services								
Childhood program	1,222,970	-	1,222,970	-	-	-	-	1,222,970
Youth program	1,223,563	-	1,223,563	548,036	-	548,036	-	1,771,599
Community program	154,807	-	154,807	-	-	-	-	154,807
Total Program Services	<u>2,601,340</u>	<u>-</u>	<u>2,601,340</u>	<u>548,036</u>	<u>-</u>	<u>548,036</u>	<u>-</u>	<u>3,149,376</u>
Supporting Services								
General and administrative	347,063	-	347,063	-	-	-	(90,657)	256,406
Fundraising	67,516	-	67,516	-	-	-	-	67,516
Total Supporting Services	<u>414,579</u>	<u>-</u>	<u>414,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,657)</u>	<u>323,922</u>
Total Operating Expenses	<u>3,015,919</u>	<u>-</u>	<u>3,015,919</u>	<u>548,036</u>	<u>-</u>	<u>548,036</u>	<u>(90,657)</u>	<u>3,473,298</u>
Change in Net Assets (Deficit)	70,177	82,235	152,412	(5,811)	-	(5,811)	-	146,601
Deconsolidation	(12,359)	-	(12,359)	116,162	(1,806)	114,356	-	101,997
NET ASSETS (DEFICIT)								
Beginning of year	<u>3,682,762</u>	<u>20,000</u>	<u>3,702,762</u>	<u>(110,351)</u>	<u>1,806</u>	<u>(108,545)</u>	<u>-</u>	<u>3,594,217</u>
End of year	<u>\$ 3,740,580</u>	<u>\$ 102,235</u>	<u>\$ 3,842,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,842,815</u>

See independent auditors' report