

**Riverdale Neighborhood House, Inc.**

Financial Statements

June 30, 2022



## **Independent Auditors' Report**

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

### ***Opinion***

We have audited the accompanying financial statements of Riverdale Neighborhood House, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverdale Neighborhood House, Inc. as of June 30, 2022 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Riverdale Neighborhood House, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Riverdale Neighborhood House, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

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***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Riverdale Neighborhood House, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Riverdale Neighborhood House, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Board of Directors**  
**Riverdale Neighborhood House, Inc.**  
**Bronx, New York**  
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***Report on Summarized Comparative Information***

We have previously audited Riverdale Neighborhood House, Inc.'s June 30, 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

February 27, 2023

**Riverdale Neighborhood House, Inc.**

Statement of Financial Position  
June 30, 2022  
(with comparative amounts at June 30, 2021)

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 132,709	\$ 96,069
Accounts and grants receivable	1,235,325	743,050
Prepaid expenses	-	2,466
Investments	677,546	776,923
Property and equipment, net	<u>3,358,506</u>	<u>3,174,209</u>
	<u>\$ 5,404,086</u>	<u>\$ 4,792,717</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 284,527	\$ 189,359
Accrued salaries and vacation	108,128	172,753
Line of credit	-	150,000
PPP loan	-	<u>437,790</u>
Total Liabilities	<u>392,655</u>	<u>949,902</u>
Net Assets		
Without donor restriction	4,994,857	3,740,580
With donor restriction	<u>16,574</u>	<u>102,235</u>
Total Net Assets	<u>5,011,431</u>	<u>3,842,815</u>
	<u>\$ 5,404,086</u>	<u>\$ 4,792,717</u>

See notes to financial statements

## Riverdale Neighborhood House, Inc.

### Statement of Activities Year Ended June 30, 2022 (with summarized totals for the year ended June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE AND SUPPORT</b>				
Program services	\$ 545,321	\$ -	\$ 545,321	\$ 500,580
Membership fees	64,040	-	64,040	50,126
Contributions	209,706	-	209,706	303,600
Government grants	3,926,173	-	3,926,173	2,274,541
Non-government grants	322,955	-	322,955	288,399
Special events, net of direct benefit to donors of \$61,901 and \$0	66,024	-	66,024	-
Investment (loss) gain	(105,929)	(3,426)	(109,355)	183,486
Miscellaneous income	64,523	-	64,523	19,167
Net assets released from restrictions	82,235	(82,235)	-	-
Total Revenue and Support	<u>5,175,048</u>	<u>(85,661)</u>	<u>5,089,387</u>	<u>3,619,899</u>
 <b>OPERATING EXPENSES</b>				
Program Services				
Childhood program	2,098,416	-	2,098,416	1,222,970
Youth program	1,751,142	-	1,751,142	1,771,599
Community program	308,815	-	308,815	154,807
Total Program Services	<u>4,158,373</u>	<u>-</u>	<u>4,158,373</u>	<u>3,149,376</u>
Supporting Services				
General and administrative	377,102	-	377,102	256,406
Fundraising	46,169	-	46,169	67,516
Total Supporting Services	<u>423,271</u>	<u>-</u>	<u>423,271</u>	<u>323,922</u>
Total Operating Expenses	<u>4,581,644</u>	<u>-</u>	<u>4,581,644</u>	<u>3,473,298</u>
Change in Net Assets Before Non-Operating Activity	<u>593,404</u>	<u>(85,661)</u>	<u>507,743</u>	<u>146,601</u>
 <b>NON-OPERATING ACTIVITY</b>				
Forgiveness of paycheck protection program loan	437,790	-	437,790	-
Government grants - capital improvements	223,083	-	223,083	-
Gain on deconsolidation of subsidiary	-	-	-	101,997
Total Non-Operating Activity	<u>660,873</u>	<u>-</u>	<u>660,873</u>	<u>101,997</u>
Change in Net Assets	1,254,277	(85,661)	1,168,616	248,598
 <b>NET ASSETS</b>				
Beginning of year	<u>3,740,580</u>	<u>102,235</u>	<u>3,842,815</u>	<u>3,594,217</u>
End of year	<u>\$ 4,994,857</u>	<u>\$ 16,574</u>	<u>\$ 5,011,431</u>	<u>\$ 3,842,815</u>

See notes to financial statements

**Riverdale Neighborhood House, Inc.**

**Statement of Functional Expenses  
Year Ended June 30, 2022  
(with summarized totals for the year ended June 30, 2021)**

	2022							2021 Total
	Program Services				Supporting Services			
	Childhood Program	Youth Program	Community Program	Total Program Services	General and Administrative	Fund- raising	Total	
Salaries	\$ 1,375,076	\$ 1,109,850	\$ 154,490	\$ 2,639,416	\$ 157,804	\$ 27,387	\$ 2,824,607	\$ 2,183,428
Payroll taxes	120,001	119,611	16,739	256,351	14,188	3,154	273,693	223,233
Employee health benefits	61,050	50,163	2,643	113,856	30,332	59	144,247	165,519
Total	<u>1,556,127</u>	<u>1,279,624</u>	<u>173,872</u>	<u>3,009,623</u>	<u>202,324</u>	<u>30,600</u>	<u>3,242,547</u>	<u>2,572,180</u>
Professional fees and contract services	152,770	91,080	17,736	261,586	89,207	5,251	356,044	261,472
Awards/stipends	-	74,769	2,215	76,984	1,144	-	78,128	44,859
Supplies	119,088	101,599	29,880	250,567	5,774	119	256,460	162,653
Recognition awards	-	-	-	-	-	-	-	2,618
Telephone	5,410	12,230	995	18,635	1,819	200	20,654	17,773
Postage	-	775	33	808	87	-	895	2,636
Maintenance supplies and repairs	48,743	14,407	37,241	100,391	18,863	1,789	121,043	70,780
Utilities	29,711	14,320	3,709	47,740	16,895	389	65,024	58,049
Equipment rental and purchases	3,406	24,160	1,649	29,215	919	16	30,150	21,902
Dues and subscriptions	2,965	528	298	3,791	4,675	2,893	11,359	289
Transportation	10	12,721	272	13,003	76	-	13,079	1,079
Printing, publication and advertising	-	3,958	603	4,561	783	2,994	8,338	4,715
General insurance	16,067	30,365	-	46,432	808	-	47,240	40,202
Fees	-	-	-	-	-	-	-	3,913
Food	76,800	26,818	26,238	129,856	1,424	-	131,280	50,105
Events	-	-	-	-	-	61,901	61,901	-
Interest	-	-	15	15	4,581	-	4,596	639
Travel	-	-	-	-	-	-	-	32
Miscellaneous	13,984	1,958	6,004	21,946	3,567	18	25,531	6,530
Total Expenses Before Depreciation	<u>2,025,081</u>	<u>1,689,312</u>	<u>300,760</u>	<u>4,015,153</u>	<u>352,946</u>	<u>106,170</u>	<u>4,474,269</u>	<u>3,322,426</u>
Depreciation	<u>73,335</u>	<u>61,830</u>	<u>8,055</u>	<u>143,220</u>	<u>24,156</u>	<u>1,900</u>	<u>169,276</u>	<u>150,872</u>
Total Operating Expenses	<u>2,098,416</u>	<u>1,751,142</u>	<u>308,815</u>	<u>4,158,373</u>	<u>377,102</u>	<u>108,070</u>	<u>4,643,545</u>	<u>3,473,298</u>
Direct cost of special events	-	-	-	-	-	(61,901)	(61,901)	-
Total Expenses Reported by Function on the Statement of Activities	<u>\$ 2,098,416</u>	<u>\$ 1,751,142</u>	<u>\$ 308,815</u>	<u>\$ 4,158,373</u>	<u>\$ 377,102</u>	<u>\$ 46,169</u>	<u>\$ 4,581,644</u>	<u>\$ 3,473,298</u>

See notes to financial statements

## Riverdale Neighborhood House, Inc.

### Statement of Cash Flows Year Ended June 30, 2022 (with comparative amounts for the year ended June 30, 2021)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,168,616	\$ 248,598
Adjustments to reconcile change in net assets to net cash from operating activities		
Forgiveness of Paycheck Protection Program loan payable	(437,790)	-
Contributions restricted for capital improvements	(223,083)	-
Gain on deconsolidation of subsidiary	-	(101,997)
Depreciation	169,276	150,872
Net unrealized and realized loss (gain) on investments	116,047	(173,043)
Changes in operating assets and liabilities		
Accounts and grants receivable	(492,275)	(362,861)
Prepaid expenses	2,466	4,483
Accounts payable and accrued expenses	95,168	(239,087)
Accrued salaries and vacation	(64,625)	25,009
Government advances	-	18,836
Net Cash from Operating Activities	333,800	(429,190)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	-	53,000
Purchases of investments	(16,670)	(23,482)
Acquisition of property and equipment	(353,573)	(92,041)
Net Cash from Investing Activities	(370,243)	(62,523)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of line of credit	(150,000)	-
Contributions restricted for capital improvements	223,083	-
Drawings on line of credit	-	150,000
Net Cash from Financing Activities	73,083	150,000
 Net Change in Cash and Cash Equivalents	 36,640	 (341,713)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	96,069	437,782
End of year	\$ 132,709	\$ 96,069
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 4,596	\$ 996

See notes to financial statements



# Riverdale Neighborhood House, Inc.

Notes to Financial Statements  
June 30, 2022

## 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 6<sup>th</sup> 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, 2022 and 2021 reflects only the assets and liabilities of RNH, while the statements of activities, functional expenses and cash flows for the year ended June 30, 2021 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, 2022

### **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, 2022 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, 2022 and 2021, no allowance for doubtful accounts has been deemed necessary.

## Riverdale Neighborhood House, Inc.

Notes to Financial Statements

June 30, 2022

### 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, 2022 and 2021.

#### ***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, 2022

### **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 which is when services are provided. 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 2019.

#### ***Prior Year Summarized Information***

Information as of and for the year ended June 30, 2021 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, 2021, from which the summarized comparative information was derived.

## Riverdale Neighborhood House, Inc.

Notes to Financial Statements  
June 30, 2022

### 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 February 27, 2023.

### 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, 2022 and 2021 all of RNH's investments were valued using Level 1 inputs under the fair value hierarchy. See Note 11 for a description of RNH's endowment. Investments consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Equity mutual funds	\$ 577,407	\$ 665,160
Bond mutual funds	<u>100,139</u>	<u>111,763</u>
	<u>\$ 677,546</u>	<u>\$ 776,923</u>

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

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 6,692	\$ 10,443
Realized and unrealized (loss) gain	<u>(116,047)</u>	<u>173,043</u>
Total Investment (Loss) Gain	<u>\$ (109,355)</u>	<u>\$ 183,486</u>

## Riverdale Neighborhood House, Inc.

Notes to Financial Statements  
June 30, 2022

### 5. Property and Equipment

Property and equipment at June 30 consists of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 65,695	\$ 65,695
Buildings and improvements	5,102,106	4,783,601
Pool and pool building	584,973	584,973
Furniture, fixtures and equipment	<u>571,486</u>	<u>536,418</u>
	6,324,260	5,970,687
Accumulated depreciation	<u>(2,965,754)</u>	<u>(2,796,478)</u>
	<u>\$ 3,358,506</u>	<u>\$ 3,174,209</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 \$0 and \$150,000 at June 30, 2022 and 2021.

### 7. Paycheck Protection Program

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

During the year ended June 30, 2022, the full loan amount of \$437,790 was forgiven and is shown as non-operating activity on the statement of activities.

### 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 \$31,938 and \$33,752 for the years ended June 30, 2022 and 2021.

### 9. Net Assets Restrictions and Releases

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

	<u>2022</u>	<u>2021</u>
Amanda's Garden	\$ -	\$ 82,235
Scholarship	<u>16,764</u>	<u>20,000</u>
	<u>\$ 16,764</u>	<u>\$ 102,235</u>

## Riverdale Neighborhood House, Inc.

### Notes to Financial Statements

June 30, 2022

#### 9. Net Assets Restrictions and Releases (*continued*)

During fiscal years 2022 and 2021, 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>2022</u>	<u>2021</u>
Amanda's Garden	\$ 82,235	\$ 99,045
Endowment	-	4,720
	<u>\$ 82,235</u>	<u>\$ 103,765</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. At June 30, 2021 the Center held no assets and had a PPP loan payable totaling \$101,997. Accordingly, RNH recorded a gain on deconsolidation of \$101,997 for the year ended June 30, 2021.

#### 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.

##### ***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.

## Riverdale Neighborhood House, Inc.

### Notes to Financial Statements

June 30, 2022

#### 11. Endowment (continued)

##### *Interpretation of Relevant Law (continued)*

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:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, July 1, 2021	\$ 756,923	\$ 20,000	\$ 776,923
Investment Return:			
Interest and dividends	6,502	190	6,692
Realized and unrealized loss	(112,621)	(3,426)	(116,047)
Additions	9,978	-	9,978
Balance, June 30, 2022	<u>\$ 660,782</u>	<u>\$ 16,764</u>	<u>\$ 677,546</u>



**Riverdale Neighborhood House, Inc.**

Notes to Financial Statements  
June 30, 2022

**11. Endowment (continued)**

***Return Objectives, Strategies Employed and Spending Policy (continued)***

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, July 1, 2020	\$ 613,398	\$ 20,000	\$ 633,398
Investment Return:			
Interest and dividends	10,178	265	10,443
Realized and unrealized gain	168,588	4,455	173,043
Released from restriction	4,720	(4,720)	-
Appropriation for expenditures	(39,961)	-	(39,961)
Balance, June 30, 2021	\$ 756,923	\$ 20,000	\$ 776,923

***Funds with deficiencies***

Due to unfavorable market fluctuations, from time to time the fair value of assets associated with individual donor-restricted endowment funds may decline below historic dollar value of the donor's original permanently restricted contribution. A deficiency of this nature exists, which has an original gift value of \$20,000, a current fair value of \$16,764, and a deficiency of \$3,236 as of June 30, 2022.

**12. Liquidity and Availability of Resources**

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

	2022	2021
Financial Assets:		
Cash and cash equivalents	\$ 132,709	\$ 96,069
Accounts and grants receivable	1,235,325	743,050
Investments	677,546	776,923
Total financial assets	2,045,580	1,616,042
Less:		
Restricted by donor with time or purpose restrictions	-	82,235
Endowment Funds:		
Without donor restrictions	660,782	756,923
With donor restrictions	20,000	20,000
	680,782	859,158
Total financial assets available within one year for general expenditures	\$ 1,364,798	\$ 756,884

**Riverdale Neighborhood House, Inc.**

Notes to Financial Statements  
June 30, 2022

**12. Liquidity and Availability of Resources (*continued*)**

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.

**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.

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