

# **Mosholu Montefiore Community Center, Inc. and Affiliates**

## **Combined Financial Statements**

**June 30, 2024 and 2023**

**Mosholu Montefiore Community Center, Inc. and Affiliates**  
Combined Financial Statements  
June 30, 2024 and 2023

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## **Independent Auditors' Report**

### **Board of Directors**

### **Mosholu Montefiore Community Center, Inc. and Affiliates**

### **Opinion**

We have audited the accompanying combined financial statements of Mosholu Montefiore Community Center, Inc. and Affiliates (the "Organization"), which comprise the combined statement of financial position as of June 30, 2024, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of June 30, 2024, and the combined 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 Combined Financial Statements section of our report. We are required to be independent of the Organization 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.

### **Prior Period Combined Financial Statements**

The combined financial statements of the Organization as of June 30, 2023 were audited by other auditors whose report dated February 21, 2024 expressed an unmodified opinion on those statements.

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

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

**Board of Directors**  
**Mosholu Montefiore Community Center, Inc. and Affiliates**  
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**Auditors' Responsibilities for the Audit of the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 the Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

*PKF O'Connor Davies, LLP*

March 27, 2025

**Mosholu Montefiore Community Center, Inc. and Affiliates**

## Combined Statements of Financial Position

	June 30,	
	2024	2023
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 12,406,934	\$ 9,582,717
Contributions receivable, net	440,287	158,377
Government grants receivable, net	20,242,932	13,044,722
Prepaid expenses and other current assets	382,742	294,113
Total Current Assets	33,472,895	23,079,929
Property, plant and equipment, net	3,286,401	3,140,016
Right-of-use assets, operating leases	4,793,279	5,318,006
Right-of-use assets, finance leases	406,405	286,215
	<u>\$ 41,958,980</u>	<u>\$ 31,824,166</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,821,990	\$ 3,343,205
Deferred revenue	575,530	771,594
Due to government agencies	11,391,923	2,981,223
Note payable, current portion	462,500	187,500
Operating lease liabilities, current portion	468,767	463,141
Finance lease liabilities, current portion	95,687	92,666
Post-employment retirement obligations, current portion	33,067	33,067
Total Current Liabilities	15,849,464	7,872,396
Note payable, net of current portion	-	562,500
Operating lease liabilities, net of current portion	4,399,538	4,868,305
Finance lease liabilities, net of current portion	315,695	197,750
Post-employment retirement obligations, net of current portion	487,180	507,733
Total Liabilities	<u>21,051,877</u>	<u>14,008,684</u>
Net Assets		
Without donor restrictions	18,324,186	15,671,061
With donor restrictions	2,582,917	2,144,421
Total Net Assets	<u>20,907,103</u>	<u>17,815,482</u>
	<u>\$ 41,958,980</u>	<u>\$ 31,824,166</u>

See notes to combined financial statements

**Mosholu Montefiore Community Center, Inc. and Affiliates**

Combined Statements of Activities

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT, REVENUE AND OTHER</b>						
Government grants	\$ 38,192,298	\$ -	\$ 38,192,298	\$ 35,912,514	\$ -	\$ 35,912,514
Donated facilities and goods	2,491,175	-	2,491,175	1,892,719	-	1,892,719
Program fees and dues	1,866,365	-	1,866,365	1,894,743	-	1,894,743
Contributions	317,779	1,506,070	1,823,849	201,821	1,401,488	1,603,309
Special events, net costs of direct benefit to donors	45,812	-	45,812	26,226	-	26,226
Interest income	472,344	-	472,344	210,924	-	210,924
Rental income	46,313	-	46,313	47,258	-	47,258
Other income	117,910	-	117,910	345,250	-	345,250
Net assets released from restrictions	1,067,574	(1,067,574)	-	1,193,979	(1,193,979)	-
Total Public Support, Revenue and Other	44,617,570	438,496	45,056,066	41,725,434	207,509	41,932,943
<b>EXPENSES</b>						
Program Services						
Pre-school	8,410,734	-	8,410,734	7,268,923	-	7,268,923
Juniors and teens	24,749,818	-	24,749,818	21,824,473	-	21,824,473
Adults and elderly	4,065,719	-	4,065,719	4,448,813	-	4,448,813
Total Program Services	37,226,271	-	37,226,271	33,542,209	-	33,542,209
Supporting Services						
Management and general	4,647,299	-	4,647,299	4,406,044	-	4,406,044
Fundraising	111,928	-	111,928	75,879	-	75,879
Total Supporting Services	4,759,227	-	4,759,227	4,481,923	-	4,481,923
Total Expenses	41,985,498	-	41,985,498	38,024,132	-	38,024,132
Excess of Public Support, Revenue and Other Over Expenses	2,632,072	438,496	3,070,568	3,701,302	207,509	3,908,811
<b>NON-OPERATING ACTIVITIES</b>						
CARES Act stimulus revenue	-	-	-	790,899	-	790,899
Gain on sale of equipment	500	-	500	-	-	-
Post-employment retirement obligations adjustment	20,553	-	20,553	(540,800)	-	(540,800)
Total Non-Operating Activities	21,053	-	21,053	250,099	-	250,099
Change in Net Assets	2,653,125	438,496	3,091,621	3,951,401	207,509	4,158,910
<b>NET ASSETS</b>						
Beginning of year	15,671,061	2,144,421	17,815,482	11,719,660	1,936,912	13,656,572
End of year	\$ 18,324,186	\$ 2,582,917	\$ 20,907,103	\$ 15,671,061	\$ 2,144,421	\$ 17,815,482

See notes to combined financial statements

Combined Statement of Functional Expenses  
Year Ended June 30, 2024

See notes to combined financial statements

**Mosholu Montefiore Community Center, Inc. and Affiliates**Combined Statement of Functional Expenses  
Year Ended June 30, 2023

	Program Services			Supporting Services				
	Pre-School	Juniors and Teens	Adults and Elderly	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
<b>PERSONNEL COSTS</b>								
Employee salaries	\$ 4,103,557	\$ 14,320,446	\$ 2,598,531	\$ 21,022,534	\$ 1,131,667	\$ -	\$ 1,131,667	\$ 22,154,201
Employee fringe benefits and payroll taxes	759,047	1,934,353	463,297	3,156,697	406,488	-	406,488	3,563,185
Total Personnel Costs	4,862,604	16,254,799	3,061,828	24,179,231	1,538,155	-	1,538,155	25,717,386
<b>OTHER THAN PERSONNEL COSTS</b>								
Professional fees	364,051	1,184,906	168,274	1,717,231	94,890	2,940	97,830	1,815,061
Supplies	311,196	1,019,114	142,081	1,472,391	11,507	8,495	20,002	1,492,393
Food and related expenses	341,111	226,884	400,006	968,001	570	17,512	18,082	986,083
Telephone	40,631	103,050	48,788	192,469	19,243	-	19,243	211,712
Postage	6,099	10,509	2,320	18,928	2,571	-	2,571	21,499
Occupancy	1,144,042	633,871	320,456	2,098,369	2,081,394	33,292	2,114,686	4,213,055
Travel	13,326	46,770	17,069	77,165	16,123	449	16,572	93,737
Conferences	26,109	474,161	20,780	521,050	10,501	21,974	32,475	553,525
Printing and publication	3,901	17,106	1,071	22,078	5,199	1,054	6,253	28,331
Dues and subscriptions	40,357	85,996	5,653	132,006	19,044	859	19,903	151,909
Insurance	34,772	186,346	31,356	252,474	177,976	-	177,976	430,450
Equipment rental and maintenance	45,188	205,827	39,910	290,925	-	27,721	27,721	318,646
Non-capital equipment	14,757	399,159	39,392	453,308	7,792	-	7,792	461,100
Advertising	3,150	50,410	130	53,690	19	3,044	3,063	56,753
Outings	-	781,316	1,657	782,973	-	-	-	782,973
Interest and financial costs	-	-	-	-	62,562	71	62,633	62,633
Internships	-	138,896	64,060	202,956	-	-	-	202,956
Client assistance	-	-	66,476	66,476	50	-	50	66,526
Miscellaneous	17,629	5,353	17,506	40,488	29,501	29	29,530	70,018
Bad debt expense	-	-	-	-	107,358	-	107,358	107,358
Depreciation and amortization	-	-	-	-	221,589	-	221,589	221,589
	7,268,923	21,824,473	4,448,813	33,542,209	4,406,044	117,440	4,523,484	38,065,693
Less: Cost of direct benefit to donors	-	-	-	-	-	(41,561)	(41,561)	(41,561)
Total Expenses	\$ 7,268,923	\$ 21,824,473	\$ 4,448,813	\$ 33,542,209	\$ 4,406,044	\$ 75,879	\$ 4,481,923	\$ 38,024,132



# Mosholu Montefiore Community Center, Inc. and Affiliates

## Combined Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 3,091,621	\$ 4,158,910
Adjustments to reconcile change in net assets to net cash from operating activities		
Bad debt expense	142,615	107,358
Discount for contributions receivable	4,498	-
Noncash operating lease expense	524,727	488,798
Noncash finance lease expense	145,998	104,197
Gain on sale of equipment	(500)	-
Depreciation	299,010	221,589
Post-employment retirement obligations adjustment	(20,553)	540,800
Changes in operating assets and liabilities		
Contributions receivable	(286,408)	(138,632)
Government grants receivable	(7,340,825)	(1,422,792)
Prepaid expenses and other current assets	(88,629)	40,918
Accounts payable and accrued liabilities	(521,215)	(800,102)
Deferred revenue	(196,064)	29,444
Due to government agencies	8,410,700	(160,793)
Operating lease liabilities	(463,141)	(475,358)
Net Cash from Operating Activities	<u>3,701,834</u>	<u>2,694,337</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of equipment	500	-
Purchase of property and equipment	(445,395)	(1,190,333)
Net Cash from Investing Activities	<u>(444,895)</u>	<u>(1,190,333)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of note payable	(287,500)	-
Principal paid for finance lease obligations	(145,222)	(99,996)
Net Cash from Financing Activities	<u>(432,722)</u>	<u>(99,996)</u>
Net Change in Cash and Cash Equivalents	2,824,217	1,404,008
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>9,582,717</u>	<u>8,178,709</u>
End of year	<u>\$ 12,406,934</u>	<u>\$ 9,582,717</u>

See notes to combined financial statements

## **Mosholu Montefiore Community Center, Inc. and Affiliates**

### Notes to Combined Financial Statements June 30, 2024 and 2023

#### **1. Organization**

Mosholu Montefiore Community Center, Inc. (the “Center”) and its affiliates, Child Development Center of Mosholu Montefiore Community Center, Inc. (“CDC”) and The Boys and Girls Club of Mosholu Montefiore Community Center, Inc. (the “Club”), are affiliated through common board and management. The Center and its affiliates’ mission is to improve the lives of Bronx and Manhattan residents through dedication to humanitarian efforts; reaching out to a rich tapestry of cultures, building gateways to success through quality services and programs, building confidence, sustainability and working toward self-sufficiency for the individuals and families served. Revenues are derived from membership dues, service fees, contributions and grants from UJA/Federation of Jewish Philanthropies of New York, of which the Center is an affiliated member, as well as the Federal government and both New York State and the City of New York. The Center and its affiliates serve over 35,000 constituents annually in a wide array of services described below.

The Center and CDC are New York not-for-profit organizations formed to operate a community center in the Bronx, New York, providing social services and recreational and cultural activities to residents of its community. The Center’s and CDC’s major program services consist of various pre-school, youth and senior programs. The Center’s and CDC’s revenue is primarily derived from government grants and program service fees.

The Club is a Delaware not-for-profit corporation formed in November 2006 to promote the health, social, education, vocational and character development of youth by establishing and conducting classes, clubs and lectures.

The Center and its affiliated entities, CDC and the Club, are not-for-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualify as not-for-profit organizations under New York State law. No provision for federal or state income taxes is required.

#### **2. Summary of Significant Accounting Policies**

##### ***Principles of Combination***

The combined financial statements include the accounts of the Center, CDC and the Club. All significant intercompany accounts and transactions have been eliminated in the combination. The entities are combined to show the complete set of services provided to the community. Collectively, the entities are referred to as the “Organization” throughout these subsequent notes to the combined financial statements.

##### ***Basis of Presentation and Use of Estimates***

The combined financial statements have been prepared in conformity 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 and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## **Mosholu Montefiore Community Center, Inc. and Affiliates**

### Notes to Combined Financial Statements June 30, 2024 and 2023

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

### ***Adoption of New Accounting Policy***

#### ***Credit Losses***

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*. The new standard removes the previous requirement that a credit loss be probable of occurring for it to be recognized and requires entities to use historical experience, current conditions and reasonable and supportive forecasts to estimate their future expected credit losses. The Organization adopted ASU 2016-13 effective July 1, 2023. The adoption did not have a material impact on the combined financial statements.

#### ***Net Asset Presentation***

The Organization reports information regarding its combined financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

#### ***Net Assets Without Donor Restrictions***

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and management for general operating purposes.

#### ***Net Assets With Donor Restrictions***

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include demand deposit accounts and money market accounts with maturities of three months or less at time of purchase.

#### ***Government Grants Receivable***

Government grants receivable represent uncollected government grant revenue. Grants receivable are expected to be collected in less than one year and are reported at net realizable value. Management estimates an allowance for uncollectable government grants receivable based on current economic conditions, historical trends and past experience with their grantors. The allowance for government grants receivable was \$50,051 as of June 30, 2024 and 2023.

## **Mosholu Montefiore Community Center, Inc. and Affiliates**

### Notes to Combined Financial Statements June 30, 2024 and 2023

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

### ***Property, Plant and Equipment***

Items in excess of \$10,000 with estimated useful lives exceeding one year are capitalized. Property, plant and equipment are stated at cost at the date of acquisition. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, which is three to ten years for furniture and equipment. Leasehold improvements are capitalized and amortized using the straight-line method over the lesser of the term of the lease, or the estimated useful life of the improvement. Construction-in-progress is transferred to building and improvements and depreciated when the construction is substantially complete and the assets are placed in service.

### ***Impairment of Long-Lived Assets***

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization records impairment losses on long-lived assets used in operations when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment charges recognized for the years ended June 30, 2024 and 2023.

### ***Deferred Revenue***

Deferred revenue consists primarily of program fees and membership dues. Program fees collected which relate to programs of the subsequent fiscal year are recorded as deferred revenue and recognized as income in the year the program is conducted. Membership dues are recognized as income ratably over the membership term.

### ***Revenue Recognition***

#### ***Sources of Revenue***

The Organization receives substantially all of its revenue for services provided from governmental agencies, including the Department of Youth and Community Development ("DYCD"), Department of Health and Human Services ("HHS"), New York City Board of Education ("BOE"), Office of Children and Family Services ("OCFS") and other local governmental agencies. These revenues are based on contract amounts which are subject to audit and retroactive adjustment by the respective funding Organization. Management believes that all costs are reimbursable and potential disallowances, if any, would be immaterial. Payment for services due, included in government grants receivable at June 30, 2024 and 2023, are \$20,242,932 and \$13,044,722.

## **Mosholu Montefiore Community Center, Inc. and Affiliates**

### Notes to Combined Financial Statements June 30, 2024 and 2023

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

### ***Revenue Recognition (continued)***

#### *Sources of Revenue (continued)*

Contributions are recorded as revenue upon the earlier of the receipt of cash or other assets or the receipt of unconditional pledges. Contributions are considered available for general use unless specifically restricted by the donor. The Organization records contributions as restricted support if they are received with donor stipulations that limit their use through either purpose or time restrictions.

Rental income is recognized as it accrues in accordance with the terms of the related leases. Advance receipts of rental income are deferred and classified as liabilities until earned or recouped.

#### *How Revenue is Recognized*

Government grants revenue is recognized in amounts equal to expenses incurred by the Organization in administering the related program. Funds received in advance of expenses incurred are reported as due to government agencies on the combined statements of financial position until conditions have been met. Upon termination, any unexpended funds received under the terms of the grant provisions revert to the grantor.

#### *Performance Obligation*

As substantially all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in ASU 2014-09 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period. The Organization measures the performance obligation as services are provided to clients. There are no multiple obligations.

#### *Subsequent Changes in Transaction Price*

Portfolio collection estimates are updated based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the payor's ability to pay (determined on a portfolio basis, when applicable) are recorded as bad debt expense.

Bad debt expense for the years ended June 30, 2024 and 2023 amounted to \$142,615 and \$107,358 related to grant revenue with government agencies.

## **Mosholu Montefiore Community Center, Inc. and Affiliates**

### Notes to Combined Financial Statements June 30, 2024 and 2023

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

### ***Revenue Recognition (continued)***

#### ***Composition of Accounts Receivable***

Government grants receivable is comprised of reimbursable contract receivables and has been adjusted to the estimated amounts expected to be collected.

### ***CARES Act Revenue***

In order to mitigate the financial effects of the COVID-19 pandemic, in March 2020, the Federal government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). As a result of the CARES Act, the Organization received funding from the following program:

#### ***Employee Retention Tax Credit***

During fiscal year 2023, the Organization recognized revenue associated with the Employee Retention Tax Credit ("ERTC") in the amount of \$790,899. The ERTC, established as part of the CARES Act, allows eligible employers to receive a payroll tax credit on certain qualifications. The calculation of the credit varies based on the applicable calendar year and the amount of qualified wages paid during a qualifying period. The ERTC is subject to audit by government agencies through 2025. If the Organization's ERTC claim is audited, the government could reach a different conclusion as to the amount of the qualified wages or whether the Organization met the criteria to qualify for the ERTC. In such circumstances, the Organization may have to return all or a part of the ERTC it has received.

### ***Leases***

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use ("ROU") assets and lease liabilities on the combined statements of financial position. ROU assets represent the right to an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend the lease and when the Organization is reasonably certain to exercise, such amounts are included in right-of-use assets and leases payable on the combined statements of financial position. Lease expense is generally recognized on a straight-line basis over the lease term.

## Mosholu Montefiore Community Center, Inc. and Affiliates

### Notes to Combined Financial Statements June 30, 2024 and 2023

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

### ***Leases (continued)***

The Organization has elected not to record leases with an initial term of 12 months or less on the combined statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the term of the lease.

### ***Donated Occupancy and Services***

Donated occupancy expense is recorded for space provided to the Organization for program purposes for which rent is not currently being charged. The donated transactions are reviewed periodically to ensure that estimates recorded reasonably reflect the estimated fair value of contributed rent. Contributed professional services are recognized if the services create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills and would be purchased if the donation was not provided.

For the years ended June 30, the Organization received the following donated goods and services:

Nonfinancial Asset	2024	2023	Usage in Programs/Activities	Donor-imposed Restrictions	Fair Value Techniques
Rent expense	\$ 2,400,903	\$ 1,826,595	Program, management and general	No associated donor restriction	Based on fair value of rent, provided by donor.
Donated food	41,752	39,124	Program	No associated donor restriction	Based on cost of supplies, food and beverages.
Interest	19,270	-	Management and general	No associated donor restriction	Based on estimated rate for a similar sized loan
Legal services	29,250	27,000	Program	No associated donor restriction	Based on rate provided by the donor.
Total	<u>\$ 2,491,175</u>	<u>\$ 1,892,719</u>			

### ***Advertising***

Advertising expenses are charged to operations when incurred. Advertising expenses were \$57,429 and \$56,753 for the years ended June 30, 2024 and 2023.

### ***Operating Measure***

The Organization has elected to present an operating measure in their combined statements of activities. Accordingly, items affecting operations are segregated from those not affecting operations. Non-operating activities include CARES Act revenue, gain on sale of equipment, and post-employment retirement obligations adjustment.

**Mosholu Montefiore Community Center, Inc. and Affiliates****Notes to Combined Financial Statements  
June 30, 2024 and 2023****2. Summary of Significant Accounting Policies *(continued)******Functional Allocation of Expenses***

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function such as employee salaries, employee fringe benefits, occupancy, equipment rental and maintenance are allocated to programs and supporting services either in accordance with grant provisions or by the division of employee time. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

***Income Taxes***

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be 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 applicable taxing jurisdictions for fiscal periods prior to June 30, 2021.

***Concentration of Credit Risk***

Financial instruments which potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents and government grants receivables. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. At times balances may exceed the FDIC limit. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal. As of June 30, 2024 and 2023, the uninsured portion of cash and cash equivalents was \$12,196,752 and \$9,332,715.

A significant portion of the Organization's government grants receivables consist of reimbursements owed from government agencies for services performed under their program contracts. As such, collection is deemed probable.

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the combined financial statements through the date that the combined financial statements were available to be issued, which date is March 27, 2025.



## Mosholu Montefiore Community Center, Inc. and Affiliates

### Notes to Combined Financial Statements June 30, 2024 and 2023

#### 3. Liquidity And Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the combined statements of financial position date, comprise the following as of June 30:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 12,406,934	\$ 9,582,717
Contributions receivable, net	440,287	158,377
Government grants receivable, net	<u>20,242,932</u>	<u>13,044,722</u>
Total financial assets	33,090,153	22,785,816
Less donor imposed restricted amounts:		
Restricted by donor with time or purpose restrictions	<u>2,582,917</u>	<u>2,144,421</u>
Total Financial Assets Available for General Use within One Year	<u>\$ 30,507,236</u>	<u>\$ 20,641,395</u>

The Organization's goal is generally to maintain financial assets to manage its operating expenses by striving for a breakeven budget. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. In addition to these available financial assets, a significant portion of the Organization's annual expenditures will be funded by current year operating revenues, including grants, fees for services, and contributions. The Organization also has a line of credit available to meet short-term needs.

#### 4. Contributions Receivable

Contributions receivable at June 30 were as follows:

	<u>2024</u>	<u>2023</u>
Receivables in less than one year	\$ 394,785	\$ 208,377
Receivables in one to five years	<u>100,000</u>	<u>-</u>
	494,785	208,377
Discounts to present value	(4,498)	-
Allowance for uncollectible promises to give	<u>(50,000)</u>	<u>(50,000)</u>
	<u>\$ 440,287</u>	<u>\$ 158,377</u>

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4.71%.

## Mosholu Montefiore Community Center, Inc. and Affiliates

### Notes to Combined Financial Statements June 30, 2024 and 2023

#### 5. Government Grants Receivable

The Organization's government grants receivable were comprised of the following as of June 30:

	2024	2023
Federal agencies	\$ 1,837,706	\$ 1,207,104
New York State agencies	711,135	669,157
New York City agencies	17,731,208	11,102,835
Other	12,934	115,677
	<u>20,292,983</u>	<u>13,094,773</u>
Allowance for credit losses	<u>(50,051)</u>	<u>(50,051)</u>
	<u>\$ 20,242,932</u>	<u>\$ 13,044,722</u>

#### 6. Property, Plant and Equipment

Property, plant and equipment consist of the following at June 30:

	2024	2023
Leasehold improvements	\$ 5,141,265	\$ 4,791,457
Furniture and equipment	<u>927,097</u>	<u>831,510</u>
	6,068,362	5,622,967
Accumulated depreciation	<u>(2,781,961)</u>	<u>(2,482,951)</u>
	<u>\$ 3,286,401</u>	<u>\$ 3,140,016</u>

#### 7. Note Payable

On May 5, 2020, the Organization entered into an unsecured, interest free loan agreement with Nonprofit Finance Fund totaling \$750,000, payable in three equal quarterly installments beginning on April 1, 2024, with the final payment on January 1, 2025. Payments of \$287,500 were made during the year ended June 30, 2024. As of June 30, 2024 and 2023, the note payable was \$462,500 and \$750,000. Final payment of the note payable was made on December 31, 2024.

#### 8. Line of Credit

The Organization has a secured \$5,000,000 revolving line of credit from TD Bank, N.A. used to meet operating expenses. The line of credit is scheduled to mature on May 28, 2025. The interest rate is equal to 1.00% over the Prime rate listed in The Wall Street Journal, amounting to 8.75% and 8.25% as of June 30, 2024 and 2023. The line of credit is collateralized by substantially all of the Organization's assets. There was no balance on the line of credit at June 30, 2024 and 2023.

## **Mosholu Montefiore Community Center, Inc. and Affiliates**

### Notes to Combined Financial Statements June 30, 2024 and 2023

#### **9. Pension Plan**

The Organization participates in a multiemployer defined benefit pension plan (the "Plan") covering eligible union and non-union employees of the Organization as well as eligible employees of participating affiliated agencies of United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc.

The risks of participating in a multi-employer defined benefit pension plan is different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (c) if the Organization chooses to stop participating in one of its multiemployer plans, it may be required to pay a withdrawal liability to the plan. In connection with ongoing renegotiation of collective bargaining agreements, the Organization may discuss and negotiate for the complete or partial withdrawal from one or more multiemployer pension plan. Depending on the number of employees withdrawn in any future period and the financial condition of the multiemployer plan at the time of withdrawal, the associated withdrawal liabilities could be material to the Organization's combined change in net assets in the period of the withdrawal. The Organization has no plans to withdraw from the Plan.

The Retirement Plan for Employees of United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. and Affiliated Agencies and Institutions, is filed under the Employer Identification Number 51-0172429 with a three-digit Pension Plan Number of 333. Since the Plan is classified as a CSEC ("Cooperative and Small Employer Charity") plan, the Plan is required to file a Certified Zone Status report, called a Funding Restoration Status actuarial certification. Based on this certification, the Plan's funded percentage as of September 30, 2023 and 2022 (the latest information available) is estimated to be above 75%. Therefore, no funding restoration plan is required to be established. The expiration date of the collective bargaining agreement requiring contributions to the Plan for those employees who elect to participate is January 31, 2028. There are no minimum contributions required in the future by the collective bargaining agreement and the Organization did not pay a surcharge to the Plan for the years ended June 30, 2024 and 2023.

The Organization's contributions to the Plan for the years ended June 30, 2024 and 2023 were \$545,235 and \$462,119, respectively, and represented 2.3% and 2.1% of the total contributions to the Plan for the years then ended.

## Mosholu Montefiore Community Center, Inc. and Affiliates

### Notes to Combined Financial Statements June 30, 2024 and 2023

#### 10. Post - Employment Benefit Obligations

The Organization provides severance pay to all former full-time employees who meet certain criteria. Severance pay is accrued at the rate of one week's salary for each of the first three years of employment; two weeks' salary for each of the next seven years of employment; three weeks' salary for each of the next three years of employment, to a maximum of twenty-six weeks. An employee who leaves the Organization after twenty years or more of service and having attained 65 years of age, and who is on full Social Security will, beginning with his retirement, receive the severance pay. Any employee who leaves the Organization after twenty or more years of service and having attained 62 years of age, but less than 65 years of age, and who is receiving the maximum amount of Social Security benefits to which a person of that age is entitled will, beginning with retirement, receive eighty percent (80%) of the severance pay.

As of June 30, 2024 and 2023, the Organization recorded a liability for severance payments in the amounts of \$520,247 and \$540,800, and is included in the accompanying combined statements of financial position. The significant actuarial assumptions and methods used to arrive at the liability are as follows for the years ended June 30:

	2024	2023
Discount rate	5.29%	4.88%
Salary scale	3.00%	3.00%
Rates of turnover	27%-0% between ages 20 and 62	27%-0% between ages 20 and 62

The adjustment for the years ended June 30, 2024 and 2023 amounted to \$20,553 and (\$540,800), and are included in the combined statements of activities.

Expected benefit payments for the years ending after June 30, 2024 are as follows:

2025	\$ 14,000
2026	37,000
2027	49,000
2028	25,000
2029	11,000
2030 - 2034	<u>203,000</u>
	<u>\$ 339,000</u>

The Organization does not expect to make a contribution during fiscal year 2025 beyond any severance payments which may occur.

## Mosholu Montefiore Community Center, Inc. and Affiliates

### Notes to Combined Financial Statements June 30, 2024 and 2023

#### 11. Net Assets

Net assets with donor restrictions are available for the following purposes at June 30:

	2024	2023
Co-Op City Teen Center	\$ 262,756	\$ 363,251
Family Choice	243,740	259,033
PS 95 Obesity Program	102,104	146,125
B'N Fit	63,727	63,727
Workforce	200,189	80,778
Pinkerton Foundation	211,137	128,267
COVID-19	168,991	192,745
Response and Recovery	76,850	91,967
Teen Center	75,704	10,295
Time restricted	195,502	-
Various others below 50,000	982,217	808,233
Total Net Assets with Donor Restrictions	<u>\$ 2,582,917</u>	<u>\$ 2,144,421</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the fiscal years ended June 30:

	2024	2023
Co-Op City Teen Center	\$ 197,495	\$ 177,723
Family Choice	15,293	33,627
PS 95 Obesity Program	144,022	84,309
Workforce	18,589	2,526
Pinkerton Foundation	47,130	-
COVID-19	23,754	18,255
Response and Recovery	79,817	-
Teen Center	22,054	20,397
Various others	519,420	857,142
Total Net Assets with Donor Restrictions	<u>\$ 1,067,574</u>	<u>\$ 1,193,979</u>

#### 12. Commitments and Contingencies

##### ***Lease Commitments***

The Organization's lease agreements consist of building leases for its operating locations and office equipment with lease terms ranging from 4 years to 15 years. As of June 30, 2024 and 2023, assets recorded under finance leases are \$509,693 and \$390,412 and accumulated amortization associated with finance leases is \$103,288 and \$104,197. ROU assets for finance leases of \$89,744 that were fully amortized were written off as of June 30, 2024. As of June 30, 2024 and 2023, assets recorded under operating leases are \$5,806,804 and accumulated amortization associated with operating leases is \$1,013,525 and \$488,798.

## Mosholu Montefiore Community Center, Inc. and Affiliates

### Notes to Combined Financial Statements June 30, 2024 and 2023

#### 12. Commitments and Contingencies *(continued)*

##### ***Lease Commitments (continued)***

At inception, the Organization determines if an arrangement contains a lease and whether that lease meets the classification criteria of a finance or operating lease. Certain leases contain lease and non-lease components (i.e. maintenance and property tax). The Organization accounts for lease and non-lease components as a single lease component.

The Organization's leases consist of operating and finance leases and are presented as right of use lease assets and short and long-term lease liabilities on the combined statements of financial position as of June 30, 2024 and 2023. These assets and liabilities are recognized at the commencement date based on the present value of remaining lease payments over the lease term using the available discount rate stated in the lease, when readily determinable. For leases for which a discount rate is not readily available, the Organization has elected to use the risk-free rate based on the information available at the lease inception date. Short term leases, which have an initial term of 12 months or less, are not recorded on the combined statements of financial position.

	<u>2024</u>	<u>2023</u>
Lease expense		
Operating lease cost	\$ 683,036	\$ 688,376
Finance lease cost		
Amortization of ROU asset	\$ 145,998	\$ 104,197
Interest on lease liabilities	9,871	12,848
Total finance lease cost	<u>\$ 155,869</u>	<u>\$ 117,045</u>
Supplemental cash flows		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 621,451	\$ 674,936
Operating cash flows from finance leases	145,998	104,197
Finance cash flows from finance leases	145,222	112,843
ROU assets obtained in exchange for lease obligations		
Finance leases	\$ 266,188	\$ -
Weighted average remaining lease term		
Operating leases	10.54 years	11.17 years
Finance leases	4.44 years	2.84 years
Weighted average discount rate		
Operating leases	3.23%	3.20%
Finance leases	5.01%	3.20%

## Mosholu Montefiore Community Center, Inc. and Affiliates

### Notes to Combined Financial Statements June 30, 2024 and 2023

#### 12. Commitments and Contingencies (*continued*)

##### ***Lease Commitments (continued)***

Future minimum payments under noncancellable leases as of June 30 are as follows:

	<u>Operating</u>	<u>Finance</u>
2025	\$ 614,534	\$ 113,721
2026	627,192	111,698
2027	644,730	87,475
2028	468,793	72,619
2029	463,943	68,801
Thereafter	<u>3,032,242</u>	<u>5,732</u>
Total lease payments	5,851,434	460,046
Less: Present value discount	<u>(983,129)</u>	<u>(48,664)</u>
Present Value of Lease Liabilities	<u>\$ 4,868,305</u>	<u>\$ 411,382</u>

##### ***Litigation***

The Organization is involved in litigation arising in the normal course of its operations. Management believes that the amount of losses that might be sustained beyond existing insurance coverage, if any, would not have a material effect on the accompanying combined financial statements.

##### ***Other Matters***

Pursuant to the Organization's contractual relationships with certain funding sources, outside agencies have the right to examine the Organization's books and records which pertain to transactions relating to these contracts. The accompanying combined financial statements do not include a provision for possible disallowances and reimbursements. The Organization has contracted with various governmental agencies to perform certain services and receives revenue from the Federal government, City of New York and the State of New York. Reimbursements received under these contracts and payments are subject to audit by the federal, state and city governments. Upon audit, if discrepancies are discovered, the Organization could be held responsible for reimbursing the agencies for the amount in question. Although such possible disallowances can be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

#### 13. Concentrations

##### ***Revenue Concentration***

The government grant revenue represents 85% and 86% of total revenue for the years ended June 30, 2024 and 2023.

**Mosholu Montefiore Community Center, Inc. and Affiliates**

Notes to Combined Financial Statements  
June 30, 2024 and 2023

**13. Concentrations (*continued*)**

***Collective Bargaining Agreement***

Substantially all of the Organization's non-management employees are covered by a collective bargaining agreement. The agreement with New York's Community and Social Organization Employees Union District Council 1707 (the "Union") was signed on May 18, 2022 for the period from January 2021 through December 31, 2024. The agreement was extended while negotiations continued on a collective bargaining agreement. The Union and the Organization have entered into an agreement which is retroactive to January 1, 2025, and requires ratification and approval by the Union, bargaining unit members and the boards of directors of constituent agencies. The existing collective bargaining agreement shall remain in full force for one year through December 31, 2025 with this agreement.

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