



Audited Financial Statements

June 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Queens Community House, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Queens Community House, Inc. ("QCH"), 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

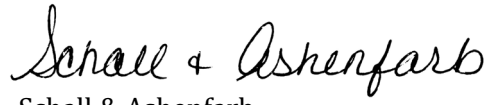
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Queens Community 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 QCH's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 10, 2020. 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.



Schall & Ashenfarb
Certified Public Accountants, LLC

December 10, 2021

QUEENS COMMUNITY HOUSE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
(With comparative totals as of June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Assets		
Current assets:		
Cash and cash equivalents	\$1,071,244	\$2,656,838
Grants receivable, net	9,979,267	7,994,289
Fees receivable	14,110	12,233
Pledges receivable	190,625	382,000
Prepaid expenses and deposits	191,685	125,688
Total current assets	<u>11,446,931</u>	<u>11,171,048</u>
Long-term assets:		
Investments (Note 3)	139,837	111,112
Fixed assets, net (Note 4)	1,646,304	644,256
Total long-term assets	<u>1,786,141</u>	<u>755,368</u>
Total assets	<u><u>\$13,233,072</u></u>	<u><u>\$11,926,416</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$2,958,530	\$2,665,173
Loans payable (Note 5)	400,000	25,688
Government grant advances	1,620,995	728,843
Paycheck Protection Program loan (Note 6)	0	3,010,635
Total current liabilities	<u>4,979,525</u>	<u>6,430,339</u>
Net assets:		
Without donor restrictions	6,453,968	3,765,767
With donor restrictions (Note 7)	1,799,579	1,730,310
Total net assets	<u>8,253,547</u>	<u>5,496,077</u>
Total liabilities and net assets	<u><u>\$13,233,072</u></u>	<u><u>\$11,926,416</u></u>

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

QUEENS COMMUNITY HOUSE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	Without Donor Restrictions			With Donor Restrictions			Total 6/30/21	Total 6/30/20
	Operations	Board Designated	Total	Programs (Note 7)	Endowment (Note 8)	Total		
Support:								
Grants and contributions:								
Government grants (Note 11)	\$20,156,210		\$20,156,210			\$0	\$20,156,210	\$21,190,719
Government grant - Paycheck Protection Program	3,044,618		3,044,618			0	3,044,618	0
Foundation grants and individual contributions	770,969		770,969	\$1,648,162		1,648,162	2,419,131	2,706,880
Donated rent	1,288,575		1,288,575			0	1,288,575	1,530,076
Total support	<u>25,260,372</u>	<u>0</u>	<u>25,260,372</u>	<u>1,648,162</u>	<u>0</u>	<u>1,648,162</u>	<u>26,908,534</u>	<u>25,427,675</u>
Revenue:								
Fundraising events	185,382		185,382			0	185,382	445,183
Other income	15,009		15,009			0	15,009	102,667
Investment income	3,976	11,670	15,646		13,085	13,085	28,731	(9,432)
Total revenue	<u>204,367</u>	<u>11,670</u>	<u>216,037</u>	<u>0</u>	<u>13,085</u>	<u>13,085</u>	<u>229,122</u>	<u>538,418</u>
Net assets released from restriction:								
Satisfaction of program restrictions (Note 7)	1,591,978		1,591,978	(1,591,978)		(1,591,978)	0	0
Total support and revenue	<u>27,056,717</u>	<u>11,670</u>	<u>27,068,387</u>	<u>56,184</u>	<u>13,085</u>	<u>69,269</u>	<u>27,137,656</u>	<u>25,966,093</u>
Expenses:								
Program services (Note 9)	20,580,456		20,580,456			0	20,580,456	21,359,221
Supporting services:								
Management and general	3,416,713		3,416,713			0	3,416,713	3,581,835
Fundraising	383,017		383,017			0	383,017	441,944
Total supporting services	<u>3,799,730</u>	<u>0</u>	<u>3,799,730</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,799,730</u>	<u>4,023,779</u>
Total expenses	<u>24,380,186</u>	<u>0</u>	<u>24,380,186</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,380,186</u>	<u>25,383,000</u>
Change in net assets	2,676,531	11,670	2,688,201	56,184	13,085	69,269	2,757,470	583,093
Net assets - beginning of year	<u>3,753,000</u>	<u>12,767</u>	<u>3,765,767</u>	<u>1,650,260</u>	<u>80,050</u>	<u>1,730,310</u>	<u>5,496,077</u>	<u>4,912,984</u>
Net assets - end of year	<u>\$6,429,531</u>	<u>\$24,437</u>	<u>\$6,453,968</u>	<u>\$1,706,444</u>	<u>\$93,135</u>	<u>\$1,799,579</u>	<u>\$8,253,547</u>	<u>\$5,496,077</u>

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

QUEENS COMMUNITY HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	Supporting Services			Total Supporting Services	Total Expenses 6/30/21	Total Expenses 6/30/20
	Program Services	Management and General	Fundraising			
Salaries	\$11,596,848	\$1,469,388	\$160,690	\$1,630,078	\$13,226,926	\$13,322,341
Payroll taxes and benefits	2,560,838	337,859	35,494	373,353	2,934,191	3,564,654
Occupancy	235,198	28,416	172	28,588	263,786	361,209
In-kind occupancy	1,191,075	97,500		97,500	1,288,575	1,530,076
Consultation expenses	509,004	129,400	89,040	218,440	727,444	897,745
Insurance	193,715	66,436	5,409	71,845	265,560	195,805
Food	1,013,662	5,912		5,912	1,019,574	1,327,416
Program activities and admissions	567,828	20,878	24,371	45,249	613,077	1,008,675
Communications	226,971	33,640	4,706	38,346	265,317	215,755
Materials and supplies	642,048	37,083	340	37,423	679,471	447,782
Maintenance and repairs	122,554	26,233		26,233	148,787	187,671
Printing and postage	6,890	8,513	13,489	22,002	28,892	51,421
Office expenses	104,304	459,854	8,666	468,520	572,824	506,699
Professional fees	364,383	390,387	28,470	418,857	783,240	713,145
Equipment and rentals	219,256		5,605	5,605	224,861	196,322
Interest and bank charges		42,278		42,278	42,278	13,300
Transportation for elderly	3,350	200		200	3,550	110,288
Travel and conferences	182,523	12,690	6,226	18,916	201,439	128,125
COVID related expenses	181,946	25,264		25,264	207,210	137,253
Provider payments	494,571			0	494,571	0
Miscellaneous expenses	163,492	25,442	339	25,781	189,273	277,637
Total expenses before depreciation	20,580,456	3,217,373	383,017	3,600,390	24,180,846	25,193,319
Depreciation		199,340		199,340	199,340	189,681
Total expenses	<u>\$20,580,456</u>	<u>\$3,416,713</u>	<u>\$383,017</u>	<u>\$3,799,730</u>	<u>\$24,380,186</u>	<u>\$25,383,000</u>

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

QUEENS COMMUNITY HOUSE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Cash flows from operating activities:		
Change in net assets	\$2,757,470	\$583,093
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	199,340	189,681
Bad debt expense	295,103	234,706
Net realized/unrealized (gain)/loss on investments	(28,725)	10,413
Changes in assets and liabilities:		
Grants receivable	(2,280,081)	(1,785,736)
Fees receivable	(1,877)	(12,233)
Pledges receivable	191,375	(574,206)
Prepaid expenses and deposits	(65,997)	143,355
Accounts payable and accrued expenses	293,357	814,866
Government grant advances	892,152	389,016
Paycheck Protection Program loan	<u>(3,010,635)</u>	<u>3,010,635</u>
Total adjustments	<u>(3,515,988)</u>	<u>2,420,497</u>
Net cash (used for)/provided by operating activities	<u>(758,518)</u>	<u>3,003,590</u>
Cash flows from investing activities:		
Purchases of investments	0	(15,000)
Purchases of fixed assets	<u>(1,201,388)</u>	<u>(258,828)</u>
Net cash used for investing activities	<u>(1,201,388)</u>	<u>(273,828)</u>
Cash flows from financing activities:		
Repayments of loans	(25,688)	(1,619,752)
Proceeds from loans	<u>400,000</u>	<u>1,100,000</u>
Net cash provided by/(used for) financing activities	<u>374,312</u>	<u>(519,752)</u>
Net (decrease)/increase in cash and cash equivalents	(1,585,594)	2,210,010
Cash and cash equivalents - beginning of year	<u>2,656,838</u>	<u>446,828</u>
Cash and cash equivalents - end of year	<u><u>\$1,071,244</u></u>	<u><u>\$2,656,838</u></u>
Supplemental data:		
Interest paid	<u>\$42,278</u>	<u>\$13,300</u>
Income taxes paid	<u>\$0</u>	<u>\$0</u>

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

QUEENS COMMUNITY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 - Organization

Queens Community House, Inc. ("QCH") is a New York not-for-profit organization, which maintains and operates several community centers and numerous additional community-based program locations for persons residing in the City of New York. QCH provides a wide variety of programs and services for families, older adults, children, and youth. Programs and services include individual counseling, assistance with entitlement, and group activities that are social, recreational, and educational for all age groups, all without profit to QCH.

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

Note 2 - Significant Accounting Policies

a. Basis of Accounting

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

b. Basis of Presentation

As a not-for-profit organization, QCH reports information regarding its financial position and activities according to specific classes of net assets as follows:

- *Net Assets Without Donor Restrictions* – accounts for activity without donor-imposed restrictions. The Board of Directors has elected to restrict a specific stock donation received in a prior year. Because the donor did not restrict this contribution, a separate category of net assets without donor restrictions has been created to reflect the Board's decision. Therefore, the net assets without donor restrictions have the following sub-categories:
 - *Board Designated* – represents net assets that the Board has designated as a reserve fund for future use. The Board of Directors is required to approve any requests for the use of the funds and authorize any transfers from the fund.
 - *Operations* – all other activity without donor restrictions.
- *Net Assets With Donor Restrictions* – relates to contributions of cash and other assets with donor stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of QCH or by the passage of time. Other donor restrictions are perpetual in nature; whereby, the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

c. Revenue Recognition

QCH follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature.

QCH's government grants are primarily conditional non-exchange transactions and fall under the scope of ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as a government grant advance. At June 30, 2021, all government grants receivable are expected to be collected within one year.

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques. At June 30, 2021 and 2020, all contributions were expected to be received within one year.

QCH reviews all outstanding receivables at year end and makes an assessment as to collectability based on historical experience and the age of the receivable. Management established an allowance for potential uncollectable government grants receivables of \$262,000 and \$190,000 as of June 30, 2021 and 2020, respectively.

d. Cash and Cash Equivalents

All unrestricted cash with a maturity of three months or less is considered to be cash and cash equivalents. As a stipulation to several government contracts, certain bank accounts are limited to use for those particular contracts.

e. Investments

Investments are stated at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Unrealized gains and losses are included in income on the statement of activities.

f. Fixed Assets

QCH capitalizes equipment, furniture, vehicles, and leasehold improvements purchased with a useful life greater than one year. Purchases of capital items made with funds obtained as part of government grant agreements are also capitalized when it is probable that the asset will not revert back to the grantor.

Fixed assets are carried at cost, except for donated items, which are carried at the estimated fair value at the date of donation. Such amounts do not purport to represent replacement values. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets or terms of the lease.

g. Donated Rent

During the year, QCH received donated facilities at several program and administrative sites, which have been reflected on the financial statements at fair value.

h. In-kind Services

Donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind, are recognized at fair value.

Board members volunteer their time and perform a variety of tasks that assist QCH with fundraising and various committee assignments. These services do not meet the criteria for recognition and have not been recognized in the financial statements.

i. Concentration of Credit Risk

Financial instruments, which potentially subject QCH to concentration of credit risk, consist of cash and money market accounts, which have been placed with financial institutions that management feels are creditworthy. At times and at year-end, balances may exceed federally insured limits; however, QCH has not experienced any losses from these accounts.

j. Management Estimates

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

k. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort as the basis:

- Salaries, payroll taxes and benefits
- Consultation expenses
- Insurance
- Communications
- Materials and supplies
- Printing and postage
- Office expenses
- Equipment and rentals
- Travel and conferences

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

l. Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with QCH's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

m. Accounting for Uncertainty of Income Taxes

QCH does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2018 and later are subject to examination by applicable taxing authorities.

n. New Accounting Pronouncements

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

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

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

Note 3 - Investments

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

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

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

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

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

Investments consist of the following:

	<u>June 30, 2021</u>		
	<u>Market Value</u>	<u>Level 1</u>	<u>Other (a)</u>
Cash and money funds	\$50,478	\$50,478	\$0
Equities	79,587	79,587	0
FJC Pooled CD Portfolio	<u>9,772</u>	<u>0</u>	<u>9,772</u>
Total	<u>\$139,837</u>	<u>\$130,065</u>	<u>\$9,772</u>

	<u>June 30, 2020</u>		
	<u>Market Value</u>	<u>Level 1</u>	<u>Other (a)</u>
Cash and money funds	\$49,472	\$49,472	\$0
Equities	51,869	51,869	0
FJC Pooled CD Portfolio	<u>9,771</u>	<u>0</u>	<u>9,771</u>
Total	<u>\$111,112</u>	<u>\$101,341</u>	<u>\$9,771</u>

Investments consist of:

	<u>6/30/21</u>	<u>6/30/20</u>
Investments held for endowment	\$93,135	\$80,050
Unrestricted	22,265	18,295
Board designated investments	<u>24,437</u>	<u>12,767</u>
Total	<u>\$139,837</u>	<u>\$111,112</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on.

(a) At June 30, 2021 and 2020, all funds were invested in investment pools which are reported at fair value utilizing the net asset values provided by fund managers. Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Investment income consists of:

	<u>6/30/21</u>	<u>6/30/20</u>
Net realized/unrealized gain/(loss)	\$28,725	(\$10,413)
Interest and dividends	<u>6</u>	<u>981</u>
Total	<u>\$28,731</u>	<u>(\$9,432)</u>

Note 4 - Fixed Assets

Fixed assets consist of the following:

	<u>June 30, 2021</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment – 3 and 5 yr. life	\$1,760,636	\$1,414,512	\$346,124
Building improvements – 30 yr. life	573,397	308,604	264,793
Construction in progress (see below)	<u>1,035,387</u>	<u>0</u>	<u>1,035,387</u>
Total	<u>\$3,369,420</u>	<u>\$1,723,116</u>	<u>\$1,646,304</u>

	<u>June 30, 2020</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment – 3 and 5 yr. life	\$1,468,515	\$1,234,285	\$234,230
Building improvements – 30 yr. life	573,397	289,491	283,906
Construction in progress	<u>126,120</u>	<u>0</u>	<u>126,120</u>
Total	<u>\$2,168,032</u>	<u>\$1,523,776</u>	<u>\$644,256</u>

During the year ended June 30, 2021, QCH entered into a purchase and sale agreement; whereby, it purchased the property and building that has long been its headquarters in Forest Hills, New York. Under the terms of this agreement, the seller has the right of first offer if QCH sells or transfers the property within 60 years from the purchase date. Additionally, the agreement restricts the use of the property to run a community facility.

In connection with the purchase, QCH has initiated a capital campaign to fund construction and renovation costs. During the year ended June 30, 2021, QCH received conditional pledges of \$1,400,000 from the Empire State Development, \$4,810,488 from the New York City Economic Development Corporation, and \$1,122,500 from the Dormitory Authority of the State of New York. These pledges are conditioned upon incurring qualifying capital expenses and will be recognized as income once conditions are substantially met.

Note 5 - Loans Payable

On March 14, 2016, QCH entered into a cash flow loan agreement with an interest rate of 5.06% due on March 14, 2021. As of June 30, 2020, the outstanding balance totaled \$25,688. The loan was fully repaid during the year ended June 30, 2021.

Additionally, QCH has an agreement dated April 21, 2017, and further amended on July 10, 2019 with the M&T Bank providing for a \$1,500,000 line of credit with interest payable equal to the prime rate plus 1.8%, but no less than 4.00% per annum. The line is secured by QCH's accounts receivable. The outstanding balance was \$400,000 at June 30, 2021. There was no outstanding balance at June 30, 2020.

Note 6 - Paycheck Protection Program Loan Payable

During the year ended June 30, 2021, QCH obtained a loan from the Small Business Administration ("SBA") in the amount of \$3,010,635 through the Paycheck Protection Program ("PPP"). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven. QCH accounts for the PPP loan as a conditional contribution in accordance with FASB ASC 958-605, and as all conditions were met during the year ended June 30, 2021, this was recognized as revenue.

Note 7 - Net Assets with Donor Restrictions

The following summarizes net assets released from restrictions:

	<u>6/30/21</u>	<u>6/30/20</u>
Programs:		
Youth	\$976,948	\$839,770
Community program	513,514	308,665
Senior program	62,235	75,395
Hurricane Sandy	0	6,342
Administration	<u>39,281</u>	<u>128,676</u>
Total net assets released from restrictions	<u>\$1,591,978</u>	<u>\$1,358,848</u>

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

	<u>6/30/21</u>	<u>6/30/20</u>
Programs:		
Youth	\$653,887	\$861,365
Community program	430,178	269,320
Senior program	88,190	60,425
Capital grants	514,411	223,750
Administration	<u>19,778</u>	<u>235,400</u>
Total restricted for programs	<u>1,706,444</u>	<u>1,650,260</u>
Restricted for endowment	<u>93,135</u>	<u>80,050</u>
Total net assets with donor restrictions	<u>\$1,799,579</u>	<u>\$1,730,310</u>

Net assets were released from restriction due to satisfaction of program obligations.

Note 8 - Net Assets With Donor Restrictions - Endowment Funds

Over the years, QCH received donations totaling \$75,750 that were restricted by the donors to be held in perpetuity. QCH set up an endowment account for these donations. The terms of the endowment provide for the corpus to remain intact and income to be used for operating purposes.

Interpretation of Relevant Law

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

As a result of this interpretation, QCH classified as endowment: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. When endowment earnings have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the Board appropriates for expenditure. Therefore, they have been classified in the class of net assets with donor restrictions.

Spending Policies

QCH considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Changes in endowment net assets are as follows:

	<u>June 30, 2021</u>		
	<u>Endowment</u> <u>Earnings</u>	<u>Endowment</u> <u>Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$4,300	\$75,750	\$80,050
Net investment return	<u>13,085</u>	<u>0</u>	<u>13,085</u>
Endowment net assets, end of year	<u>\$17,385</u>	<u>\$75,750</u>	<u>\$93,135</u>

	<u>June 30, 2020</u>		
	Endowment	Endowment	
	<u>Earnings</u>	<u>Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	(\$10,184)	\$75,750	\$65,566
Transfer into endowment	15,000	0	15,000
Net investment return	<u>(516)</u>	<u>0</u>	<u>(516)</u>
Endowment net assets, end of year	<u>\$4,300</u>	<u>\$75,750</u>	<u>\$80,050</u>

Endowment Investment Policies

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

Funds with Deficiencies

From time to time, the fair value of assets associated with the endowment funds may fall below the level that the donor or NYPMIFA requires QCH to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021 or June 30, 2020.

Note 9 - Program Services

The following outlines the major programs that were performed for the year:

	<u>6/30/21</u>	<u>6/30/20</u>
Youth	\$10,549,853	\$11,867,046
Senior services	5,721,780	6,088,772
Community	<u>4,308,823</u>	<u>3,403,403</u>
Total	<u>\$20,580,456</u>	<u>\$21,359,221</u>

QCH's Youth Services department provides comprehensive youth development programming for young people ages 5 to 24. Youth participants can explore interests and passions, develop positive social connections, contribute to their community, become life-long learners, gain meaningful experiences, and achieve formal credentials. QCH's Young Adult Services department helps youth who have struggled in high school to obtain their diploma, develop career plans, and move on to fulfilling post-secondary education and workforce opportunities.

QCH's Services for Older Adults offers comprehensive, multi-faceted older adult programs and services --- including senior centers, homed delivered meals, case management, and social adult day programming --- designed to encourage senior independence and continued engagement.

QCH's Community Services seek to foster strong, stable, and self-sufficient families and communities throughout Queens. These programs link neighbor to neighbor, enhance family supports, provide ESOL and immigration legal services for new immigrants, improve housing conditions, prevent evictions, and assist in community building and development. During the year ended June 30, 2021, QCH launched the Department of Education funded Queens Childcare Network program, supporting family-based daycares.

Note 10 - Retirement Plan

QCH has a deferred contribution pension plan. Employees who work at least 1,000 hours and have been employed for at least one year are eligible. The employer has the discretion to designate a percentage of employees' salary to contribute to the plan. The employer match was approximately \$49,000 and \$114,000 for the years ended June 30, 2021 and June 30, 2020, respectively.

Note 11 - Commitments and Contingencies

Program Audits – Government Contracts

QCH conducts numerous programs, which are publicly supported by governmental agencies. Some programs are subject to governmental agency audits and retroactive adjustments for disallowed expenses.

Commitments

During the year ended June 30, 2021, QCH entered into an operating lease agreement for space that expires on June 14, 2031. Future minimum payments under the lease are as follows:

Year ending:	June 30, 2022	\$50,958
	June 30, 2023	67,074
	June 30, 2024	68,080
	June 30, 2025	69,101
	June 30, 2026	70,138
Thereafter		<u>360,405</u>
Total		<u>\$685,756</u>

QCH has various other lease agreements expiring on various dates. Future minimum payments under the leases are as follows:

Year ending:	June 30, 2022	\$347,587
	June 30, 2023	60,922
	June 30, 2024	<u>13,000</u>
Total		<u>\$421,509</u>

Note 12 - Liquidity and Availability of Financial Resources

The following reflects QCH's financial assets at June 30, 2021 that are available to meet cash needs for general expenditures within one year:

Cash and cash equivalents	\$1,071,244	
Grants receivable, net	9,979,267	
Fees receivable	14,110	
Pledges receivable	190,625	
Investments	<u>139,837</u>	
Total financial assets		\$11,395,083
Less amounts not available to be used within one year:		
Contributions with purpose restrictions	(1,706,444)	
Donor restricted endowment	(93,135)	
Board designated reserve	<u>(24,437)</u>	
Total amounts not available for general expenditures		<u>(1,824,016)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$9,571,067</u>

QCH regularly monitors liquidity and strives to maintain cash on hand to be available for its general expenditures, liabilities, and other obligations for ongoing operations. QCH attempts to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. QCH also maintains a line of credit to meet short-term needs further described in Note 5. As part of its liquidity management, QCH relies on grants and contributions to fund its operations.

Note 13 - Other Matters - COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which QCH operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.

Note 14 - Subsequent Events

On December 10, 2021, QCH closed on a \$7,000,000 New Market Tax Credit (“NMTC”) program financing arrangement. The NMTC program provides federal tax incentives to the investing third parties in exchange for which QCH anticipates forgiveness of a portion of the outstanding principal balance remaining at the end of the initial seven-year period. In connection with the arrangement, QCH entered into two separate NMTC loans. Loan A is for \$5,109,800 and Loan B is for \$1,890,200, both with interest only payments due quarterly at an annual rate of 1% through 2028, and then quarterly installments of \$210,138 (Loan A) and \$77,733 (Loan B), including interest and principal through 2056. Any unpaid principal and all accrued interest will be due and payable at the maturity date, subject to an early termination in December 2028.

Subsequent events have been evaluated through December 10, 2021 the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.