Mercy Center
Community & Transformation

MERCY CENTER, INC.

FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT

AS OF AND FOR THE YEARS ENDED
JUNE 30, 2024 AND 2023

MERCY CENTER, INC.
INDEX TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NawrockiSmith
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mercy Center, Inc.:

Opinion

We have audited the accompanying financial statements of Mercy Center, Inc. (the "Center", a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 Mercy Center, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

NawrockiSmith

Auditor's 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 auditor's 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, including omissions, 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 the Center'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 the Center'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.

Hauppauge, New York
May 13, 2025

Nawrocki Smith LLP

MERCY CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current assets:		
Cash	$ 132,508	$ 99,265
Investments	1,250,889	1,858,319
Contributions and grants receivable	510,856	639,510
Government support receivable	1,370,397	453,123
Inventory	9,522	7,079
Prepaid expenses and other assets	27,057	38,384
Total current assets	3,301,229	3,095,680
Noncurrent assets:		
Property and equipment, net	1,018,441	1,114,917
Right-of-use asset, net - operating	196,690	347,581
Restricted investments	1,045,278	919,837
Security deposit	54,167	54,167
Other assets	35,464	34,362
Total noncurrent assets	2,350,040	2,470,864
Total assets	$ 5,651,269	$ 5,566,544
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 127,667	$ 134,545
Loan payable	561,799	-
Deferred income	117,236	-
Current portion of lease liability - operating	207,300	195,422
Total current liabilities	1,014,002	329,967
Noncurrent liabilities:		
Lease liability, net of current portion - operating	52,882	260,181
Total noncurrent liabilities	52,882	260,181
Total liabilities	1,066,884	590,148
Net assets:		
Without donor restrictions:		
Operating	2,284,218	2,325,871
Board designated, building	180,625	209,853
Property and equipment	1,018,441	1,114,917
Total net assets without donor restrictions	3,483,284	3,650,641
With donor restrictions	1,101,101	1,325,755
Total net assets	4,584,385	4,976,396
Total liabilities and net assets	$ 5,651,269	$ 5,566,544

The accompanying notes to financial statements
are an integral part of these statements.

MERCY CENTER, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES:						
Contributions and grants	$ 1,344,863	$ 31,555	$ 1,376,418	$ 1,146,039	$ 386,635	$ 1,532,674
Government support	2,259,320	-	2,259,320	2,646,378	-	2,646,378
Donations in-kind	75,039	-	75,039	51,229	-	51,229
Special events, net of direct costs of $156,522 and $174,838, respectively	291,494	-	291,494	210,210	-	210,210
Other revenue	26,873	-	26,873	37,876	-	37,876
Net assets released from restrictions	381,650	(381,650)	-	412,475	(412,475)	-
Total public support and revenues	4,379,239	(350,095)	4,029,144	4,504,207	(25,840)	4,478,367
EXPENSES:						
Program services:						
Adult Education and Workforce Development	25,303	-	25,303	78,780	-	78,780
English for Speakers of Other Languages and Immigrant Services	2,883,412	-	2,883,412	2,311,831	-	2,311,831
Family Programs and Social Services	626,131	-	626,131	795,099	-	795,099
Youth Programs	273,952	-	273,952	308,566	-	308,566
Personnel Development and Community Education	18,945	-	18,945	29,588	-	29,588
Total program services	3,827,743	-	3,827,743	3,523,864	-	3,523,864
Supporting services:						
Administration	404,073	-	404,073	331,129	-	331,129
Fundraising	461,390	-	461,390	433,545	-	433,545
Total supporting services	865,463	-	865,463	764,674	-	764,674
Total expenses	4,693,206	-	4,693,206	4,288,538	-	4,288,538
Increase (decrease) in net assets from operating activities	(313,967)	(350,095)	(664,062)	215,669	(25,840)	189,829
NONOPERATING ACTIVITIES:						
Investment return, net	146,610	125,441	272,051	121,228	90,384	211,612
Increase in net assets from nonoperating activities	146,610	125,441	272,051	121,228	90,384	211,612
CHANGE IN NET ASSETS	(167,357)	(224,654)	(392,011)	336,897	64,544	401,441
NET ASSETS, BEGINNING OF YEAR	3,650,641	1,325,755	4,976,396	3,313,744	1,261,211	4,574,955
NET ASSETS, END OF YEAR	$ 3,483,284	$ 1,101,101	$ 4,584,385	$ 3,650,641	$ 1,325,755	$ 4,976,396

The accompanying notes to financial statements
are an integral part of these statements.

MERCY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services						Supporting Services			
	Adult Education and Workforce Development	English for Speakers of Other Languages and Immigrant Services	Family Programs and Social Services	Youth Programs	Personnel Development and Community Education	Total Program Services	Administration	Fundraising	Total Supporting Services	Total
Salaries and wages	$ 18,385	$ 1,832,117	$ 409,628	$ 162,942	$ 13,000	$ 2,436,072	$ 289,501	$ 284,162	$ 573,663	$ 3,009,735
Payroll taxes and fringe benefits	3,599	255,438	72,075	20,225	3,228	354,565	55,842	39,087	94,929	449,494
Total salaries and related benefits	21,984	2,087,555	481,703	183,167	16,228	2,790,637	345,343	323,249	668,592	3,459,229
Professional fees and contracted services	996	173,756	76,667	26,177	673	278,269	21,149	69,651	90,800	369,069
Operating lease	3	152,526	1,010	42	2	153,583	63	7,089	7,152	160,735
Depreciation and amortization	605	80,769	19,809	11,256	336	112,775	11,606	10,099	21,705	134,480
Supplies	19	73,388	8,560	17,736	15	99,718	1,965	1,585	3,550	103,268
Occupancy	175	67,796	6,100	2,672	104	76,847	3,219	5,419	8,638	85,485
In-kind donated services	-	64,224	-	-	276	64,500	4,080	6,459	10,539	75,039
Publications, dues and subscriptions	32	55,496	1,579	843	21	57,971	679	4,222	4,901	62,872
Printing and postage	251	34,165	2,760	868	261	38,305	702	10,733	11,435	49,740
Travel, meetings and entertainment	28	8,444	8,682	20,051	20	37,225	6,012	2,706	8,718	45,943
Insurance	157	22,768	5,271	2,688	104	30,988	3,116	2,503	5,619	36,607
Telephone	87	25,616	4,979	1,347	152	32,181	1,716	1,805	3,521	35,702
Maintenance	89	15,757	3,050	1,629	53	20,578	1,761	1,621	3,382	23,960
Staff development	-	13,740	2,472	3,800	-	20,012	4	2,097	2,101	22,113
Bank charges and credit card fees	7	741	405	347	-	1,500	893	11,722	12,615	14,115
Licenses and permits	239	4,170	925	307	69	5,710	1,595	40	1,635	7,345
Marketing	631	1,263	1,894	631	631	5,050	-	-	-	5,050
Miscellaneous	-	1,238	265	391	-	1,894	170	390	560	2,454
Total expenses	$ 25,303	$ 2,883,412	$ 626,131	$ 273,952	$ 18,945	$ 3,827,743	$ 404,073	$ 461,390	$ 865,463	$ 4,693,206

The accompanying notes to financial statements
are an intergral part of this statement.

MERCY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services						Supporting Services			
	Adult Education and Workforce Development	English for Speakers of Other Languages and Immigrant Services	Family Programs and Social Services	Youth Programs	Personnel Development and Community Education	Total Program Services	Administration	Fundraising	Total Supporting Services	Total
Salaries and wages	$ 25,640	$ 1,507,449	$ 464,304	$ 182,683	$ 21,757	$ 2,201,833	$ 224,655	$ 282,687	$ 507,342	$ 2,709,175
Payroll taxes and fringe benefits	4,269	232,887	76,490	28,957	4,024	346,627	39,302	38,330	77,632	424,259
Total salaries and related benefits	29,909	1,740,336	540,794	211,640	25,781	2,548,460	263,957	321,017	584,974	3,133,434
Professional fees and contracted services	4,564	124,914	143,910	43,216	1,308	317,912	17,338	44,801	62,139	380,051
Operating lease	29,264	113,690	4,557	50	5	147,566	71	13,337	13,408	160,974
Depreciation and amortization	681	79,210	22,822	10,811	481	114,005	12,439	7,018	19,457	133,462
Occupancy	8,200	55,312	8,572	3,555	275	75,914	4,808	7,596	12,404	88,318
Supplies	637	34,645	18,474	19,794	41	73,591	3,054	1,846	4,900	78,491
Publications, dues and subscriptions	37	43,086	840	474	26	44,463	4,502	3,615	8,117	52,580
In-kind donated services	-	41,905	-	947	263	43,115	5,100	3,014	8,114	51,229
Printing and postage	1,744	18,301	2,810	976	214	24,045	792	12,647	13,439	37,484
Telephone	1,826	20,305	6,181	1,272	166	29,750	1,750	2,266	4,016	33,766
Travel, meetings and entertainment	49	3,718	8,198	9,344	28	21,337	10,785	1,445	12,230	33,567
Insurance	310	17,907	5,457	2,869	236	26,779	3,563	3,095	6,658	33,437
Staff development	15	1,203	26,306	463	12	27,999	168	151	319	28,318
Bank charges and credit card fees	31	3,641	1,311	534	23	5,540	1,274	10,860	12,134	17,674
Maintenance	668	5,470	1,176	533	38	7,885	82	783	865	8,750
Licenses and permits	217	3,739	1,161	294	63	5,474	1,026	32	1,058	6,532
Miscellaneous	3	3,182	650	1,167	3	5,005	417	20	437	5,442
Marketing	625	1,267	1,880	627	625	5,024	3	2	5	5,029
Total expenses	$ 78,780	$ 2,311,831	$ 795,099	$ 308,566	$ 29,588	$ 3,523,864	$ 331,129	$ 433,545	$ 764,674	$ 4,288,538

The accompanying notes to financial statements
are an intergral part of this statement.

MERCY CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (392,011)	$ 401,441
Adjustments to reconcile change in net assets		
to net cash provided by (used in) operating activities:		
Depreciation and amortization	134,480	133,462
Operating lease costs	150,891	292,074
Decrease in operating lease liabilities	(195,421)	(184,052)
Unrealized gain on investments	(200,252)	(142,410)
(Increase) decrease in contributions and grants receivable	128,654	(329,660)
(Increase) decrease in government support receivable	(917,274)	728,767
Increase in inventory	(2,443)	(2,286)
Decrease in prepaid expenses and other assets	10,225	22,150
Decrease in accounts payable and accrued expenses	(6,878)	(4,579)
Increase in deferred income	117,236	-
Decrease in deferred rent	-	(63,457)
Decrease in deferred income -		
Paycheck Protection Program	-	(381,577)
Decrease in deferred work allowance	-	(83,115)
Net cash provided by (used in) operating activities	(1,172,793)	386,758
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(687,759)	(1,886,212)
Sale of investments	1,370,000	1,456,953
Acquisition of property and equipment	(38,004)	(110,215)
Net cash provided by (used in) investing activities	644,237	(539,474)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans payable	561,799	-
Net cash provided by financing activities	561,799	-
NET INCREASE (DECREASE) IN CASH	33,243	(152,716)
CASH, BEGINNING OF YEAR	99,265	251,981
CASH, END OF YEAR	$ 132,508	$ 99,265
SUPPLEMENTAL CASH FLOW INFORMATION:		
Right-of-use asset obtained in exchange for operating lease liability	$ -	$ 639,655

The accompanying notes to financial statements
are an integral part of these statements.

(1) Organization and nature of activities

Mercy Center, Inc. (the "Center") is organized under the Not-For-Profit Corporation Law of the State of New York and is qualified as a publicly supported organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Center was incorporated in January 1995 for the purpose of providing supportive services to women, parents and families and is located in the Bronx, New York. The Center conducts classes, workshops and support groups and provides individual counseling for participants in order to help them reach their full potential, lead meaningful lives and be agents of change in families and communities. The Center's primary sources of support are contributions and grants, government support and special events.

(2) Summary of significant accounting policies:

Basis of accounting and financial statement presentation -

The accompanying financial statements include the assets, liabilities, revenues and expenses of the Center which are reflected under the accrual basis of accounting. The following is a summary of significant accounting policies followed by the Center:

Financial statement presentation -

The accompanying financial statements are presented in accordance with U.S. generally accepted accounting principles ("GAAP"), and include the accounts of the Center's programs, administration and fundraising. GAAP requires that the Center's financial statements distinguish net assets and changes in net assets between those with and without donor restrictions. The Center's net assets consist of the following:

Without donor restrictions - net assets of the Center which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Center. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

With donor restrictions - net assets subject to donor-imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity, but allows for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes. The Center has elected to show restricted support for which restrictions are met in the same reporting period as support within net assets without donor restrictions.

Cash -

Cash includes money held at financial institutions.

Investments -

All investments are presented at fair value. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Realized and unrealized gains and losses on investments are determined by comparison of the actual cost to the proceeds at the time of the disposition or market values as of the end of the financial statement period. See Note 3 for discussion of fair market value

Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the Statements of Activities and Changes in Net Assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law. Investment income includes interest, recognized on the accrual basis and dividends which are recognized on the ex-dividend date.

Investments in money market funds having a readily determinable fair value are carried at fair value. Pooled investments are recorded at net asset value ("NAV") as a practical expedient, to determine fair value of the investments.

Government support receivable -

The Center records government support receivables based on established contracts with funding agencies. A receivable is recorded when expenses incurred under the terms of the contract exceed cash received.

Contributions and grants receivable -

Contributions and grants that are expected to be collected within one year are recorded at their net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Allowance for credit losses -

Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Factors used to determine whether an allowance should be recorded include the age of the receivables, a review of payments subsequent to year-end, historical information and other factors. Management has determined that an allowance for credit losses was not necessary as of June 30, 2024 and 2023.

Property and equipment -

Property and equipment in excess of $1,000 are capitalized at cost or, if donated, at fair market value as of the date of receipt. Depreciation and amortization of property and equipment is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Building and building improvements	39 years
Leasehold improvements	10 years
Equipment, furniture and software	5-7 years

Impairment of long-lived assets and long-lived assets to be disposed of -

The Center follows the provisions of the FASB ASC on accounting for the impairment or disposal of long-lived assets which require that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. These principles did not have a material impact on the Center's financial position, results of activities or liquidity during the years ended June 30, 2024 and 2023.

Right-of-use assets and lease liabilities -

The Center complies with the provisions of FASB Accounting Standards Update ("ASU") No. 2016-02, *Leases* ("Topic 842"). All leases entered into during the year were also required to be recognized and measured. Leases with an initial term of 12 months or less are not recorded on the Statements of Financial Position; rather rent expense for these leases are recognized on a straight-line basis over the lease-term, or when incurred if a month-to-month lease.

The Center determines if an arrangement is or contains a lease at inception. The Center's operating lease arrangement is comprised of an office space lease. The right-of-use ("ROU") asset represents the Center's right to use the underlying asset for the lease term and lease liability represents the Center's obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the commencement date based on the present value of the lease payments over the lease term. As the Center's lease does not provide an implicit rate and the implicit rate is not readily determinable, the Center estimates its incremental borrowing rate based on the information available at the commencement date in determining the present value of the lease payments.

Revenue recognition -

The Center complies with and accounts for its revenues in accordance with FASB ASC 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASC 606, *Revenue from Contracts with Customers*.

The following are the significant revenue recognition accounting policies of the Center:

Grants and contributions - Grants and contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor 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 and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. Conditional contributions are accounted for as a liability or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point a transaction is recognized as unconditional and classified as either net assets with donor restrictions, or net assets without donor restrictions.

Government support - Government support revenue is recognized when earned. Revenue is earned when performance obligations, as defined in each contract, are fulfilled. Funds received but not yet earned are shown as deferred income. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Center will record such disallowance at the time the final assessment is made.

Fundraising revenue - The portion of fundraising revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met.

In-kind contributions -

In accordance with FASB ASU No. 2020-07, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets* ("Topic 958") in-kind donated product including donated food, supplies and other noncash donations are recorded as in-kind at their fair market value at their date of donation. The Center reports the in-kind donations as unrestricted support, unless explicit donor stipulations specify how the in-kind donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

In-kind donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Center's program services, administration and fundraising campaigns, the value of which is not recorded in the accompanying financial statements. The Center has received professional services on a pro-bono basis. The value of these services for the years ended December 31, 2024 and 2023 was $75,039 and $51,229, respectively. Such amounts are reflected in the accompanying financial statements as in-kind contributions and in-kind expenses.

Liquidity and availability -

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the Statements of Financial Position date, comprise the following:

	2024	2023
Financial assets at year-end:		
Cash	$ 132,508	$ 99,265
Investments	1,250,889	1,858,319
Contributions and grants receivable	510,856	639,510
Government support receivable	1,370,397	453,123
Total financial assets	3,264,650	3,050,217
Less: funds with donor restrictions	(1,101,101)	(1,325,755)
Total financial assets available to meet cash needs within one year	$ 2,163,549	$ 1,724,462

The Center's net assets with donor restrictions consist of endowment funds and funds restricted by donors. Income from donor-restricted endowments is not restricted. The corpus of donor-restricted endowment funds are not available for general expenditure.

The Center manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligation will be discharged. The Center forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

Functional allocation of expenses -

Expenses are recognized when incurred. The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Center. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Direct program expenses are reported in their respective functional categories. The significant expenses that are allocated include: salaries and wages and payroll taxes and employee benefits which are allocated on the basis of estimates of time and effort. Depreciation and amortization are allocated on the basis of square footage and use. All other expenses are allocated on a systematic and rational basis.

Income taxes -

The Center qualifies as a tax exempt not-for-profit Center under Section 501(c)(3) of the Internal Revenue Code and applicable New York State tax laws. Accordingly, no provision for federal or state income taxes is required.

Uncertainty in income taxes -

The Center recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Center had no uncertain tax positions that would require financial statement recognition. The Center is no longer subject to examination by the applicable taxing jurisdictions for tax years prior to 2021.

The use of estimates in the preparation of financial statements -

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

Reclassifications -

Certain reclassifications of prior year balances on the Statements of Financial Position, Statements of Activities and Changes in Net Assets, and Statements of Cash Flows have been made to conform to the current year presentation. These reclassifications had no effect on the change in net assets for the year ended June 30, 2023.

(3) Fair value measurement

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Center has adopted the standard for its financial assets and liabilities measured on a recurring and nonrecurring basis.

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reported entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table represents the Center's fair value hierarchy for investments as of June 30, 2024:

	Fair Value	Level 1	Level 2	Level 3
Money market mutual funds	$ 337,012	$ 337,012	$ -	$ -
Investments reported using NAV as a practical expedient (A)				
Pooled investments	$ 1,959,155	$ -	$ -	$ -
Total investments	$ 2,296,167	$ 337,012	$ -	$ -

The following table represents the Center's fair value hierarchy for investments as of June 30, 2023:

	Fair Value	Level 1	Level 2	Level 3
Money market mutual funds	$ 855,999	$ 855,999	$ -	$ -
Investments reported using NAV as a practical expedient (A)				
Pooled investments	$ 1,922,157	$ -	$ -	$ -
Total investments	$ 2,778,156	$ 855,999	$ -	$ -

The Center's investments are measured at fair value by level 1 valuation methodology. As of June 30, 2024 and 2023, the Center did not possess any level 2 or 3 type of investments.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

(A) Certain investments that are measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Financial Position.

The following table summarizes investments measured at fair value using NAV as a practical expedient:

	Fair Value 2024	Fair Value 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled investments	$ 1,959,155	$ 1,922,157	$ -	$100,000 increments and limited to one increment per day	None for the first increment of the day; one day notice for any additional increments

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying Statements of Financial Position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2024 and 2023.

Money market mutual funds: Valued at NAV of shares held by the Center at year-end.

Pooled investments: Valued at NAV of shares held at year-end as determined by the investment managers and/or similar market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Pooled Investments

Pooled investments are held by Mercy Investment Services ("MIS"), which is a diverse institutional investment program for participating communities and Centers of the Sisters of Mercy. It offers a limited number of equity and fixed income mutual funds with varying investment styles, all of which pass through socially responsible investment screens, so that participating Centers can construct well-diversified portfolios to meet their investment needs. The Center's pooled investments consist of equity (70 percent) funds and debt (30 percent) funds. The policy of the Board of Directors is to allocate a portion of investment income to general operations.

(4) Contributions and grants receivable

Contributions and grants receivable at June 30, 2024 and 2023 consist of the following:

	With Donor Restrictions 2024	With Donor Restrictions 2023
Due within one year	$ 510,856	$ 639,510

(5) Property and equipment

Property and equipment as of June 30, 2024 and 2023 are comprised of the following:

	2024	2023
Land	$ 27,000	$ 27,000
Leasehold improvements	456,224	456,224
Buildings and building improvements	1,887,417	1,803,294
Equipment, furniture and software	361,765	336,030
Constuction-in-progress	-	71,854
	2,732,406	2,694,402
Less: accumulated depreciation and amortization	(1,713,965)	(1,579,485)
	$ 1,018,441	$ 1,114,917

Depreciation and amortization expense amounted to $134,480 and $133,462 in 2024 and 2023, respectively.

(6) Loans payable

During the year ended June 30, 2024, the Center entered into a Returnable Grant Fund ("RFG") loan with New York City (the "City"). Borrowings under this loan were secured by the Center's contract with the City. This is a zero interest loan that will be repaid in the subsequent year. The City will recoup the RFG loan by reducing the amounts owed to the Center in uniform installments. As of June 30, 2024, there was $561,799 outstanding on this loan.

(7) Leases

The Center is obligated under an operating lease for office space expiring through 2026.

The Center evaluated current contracts to determine which met the criteria of a lease. The ROU asset represents the Center's right to use the underlying asset for the lease term, and the lease liability represents the Center's obligation to make lease payments arising from this lease. The ROU asset and lease liability, all of which arise from operating lease, were calculated based on the present value of future lease payments over the lease term. The Center has made an accounting policy election to use its incremental borrowing rate to discount future lease payments. The incremental borrowing rates applied to calculate lease liability as of July 1, 2023, was 2.84%.

As of June 30, 2024, the weighted average remaining lease term for the Center's operating lease was approximately 1.25 years.

Cash paid for the operating lease for the year ended June 30, 2024 was $205,351. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2.

Future maturities of operating lease liabilities are presented in the following table, for the fiscal years ending June 30:

For the Fiscal Year Ending June 30,	
2025	$ 211,511
2026	53,006
Total	264,517
Less: discount to present value	(4,335)
Total lease liability	$ 260,182

(8) Pension plan

The Center has a tax-sheltered annuity plan under IRS Section 403(b) wherein all employees are eligible to contribute pre-tax amounts up to IRS maximum limits. The Center is not required to contribute to the plan. For the years ended June 30, 2024 and 2023, the Center did not contribute to the plan.

(9) Paycheck Protection Program

On March 17, 2021, the Center received a second draw loan in the amount of $381,577 to fund payroll and benefits through the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), which was enacted on March 27, 2020. In accordance with GAAP, the Center has opted to account for its PPP loan as an in-substance conditional government grant, which should be recognized in income when all conditions or measurable barriers have been substantially met. The Center believes all conditions and measurable barriers have been met in the fiscal year ended June 30, 2023. Accordingly, the Center has recorded the proceeds as revenue, which is reflected in government support in the accompanying Statements of Activities and Changes in Net Assets. The Center was granted approval for the forgiveness application in September 2022.

(10) Net assets with donor restrictions

Net assets with donor restrictions as of June 30, 2024 and 2023 are restricted for or related to the following purposes:

	2024	2023
Purpose and time restricted net assets -		
Immigration services	$ 28,816	$ -
Thanksgiving	16,407	13,668
Rent relief	10,000	10,000
Youth	600	600
Family development/familia adelante	-	356,650
Social services	-	25,000
Unappropriated endowment fund		
Investment return	579,703	454,262
Total purpose and time restricted net assets	635,526	860,180
Net assets restricted in perpetuity -		
Endowment	465,575	465,575
Total net assets with donor restrictions	$ 1,101,101	$ 1,325,755

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30, 2024 and 2023 as follows:

	2024	2023
Family development/familia adelante	$ 356,650	$ 377,475
COVID-19 related expenses	-	25,000
Reading enrichment	-	8,000
Immigration services	-	2,000
Social services	25,000	-
	$ 381,650	$ 412,475

(11) Endowment

General -

The Center's endowment consists of a donor-restricted endowment fund established to support the general operating purposes of the Center. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law -

The Center has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as allowing it to appropriate for expenditure or accumulate so much of an endowment fund as is determined prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets of a donor-restricted endowment fund shall be donor-restricted assets until appropriated by the Center. The Center classifies the original value of gifts donated to the endowment as net assets with donor restrictions in perpetuity. The remaining portion of donor restricted endowment is classified as net assets with donor restrictions until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA. Management has interpreted state law to permit prudent spending from underwater endowments.

Return Objectives, Strategies Employed and Spending Policy -

The objective of the Center is to grow the principal endowment funds and to provide a predictable stream of funding to programs supported by its endowment. The investment policy adopted to achieve this objective is to invest in a mix of money market funds, equities and fixed income instruments. Investment income earned in relation to the endowment funds is recorded as income with donor restrictions and released from restriction upon appropriation by the Board of Directors.

Funds with deficiencies -

The Center has no funds with deficiencies as of June 30, 2024 and 2023.

The endowment net asset composition for the years ended June 30, 2024 and 2023 were:

	2024	2023
Donor-restricted endowment fund		
Oringinal donor-restricted gift amount and amount required to be maintained in perpetuity by donor	$ 465,575	$ 465,575
Accumulated investment return on endowment	579,703	454,262
	$ 1,045,278	$ 919,837

Changes in endowment net assets for the years ended June 30, 2024 and 2023 were:

	2024	2023
Endowment net assets, beginning of year	$ 919,837	$ 829,453
Investment return	125,441	90,384
Endowment net assets, end of year	$ 1,045,278	$ 919,837

(12) Concentrations:

Cash -

The Center maintains cash in several bank accounts which are insured by the Federal Deposit Insurance Corporation ("FDIC"). From time to time, the Center may have cash on deposits with financial institutions that are in excess of FDIC limits. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Investments -

The Center invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such change could materially affect the amounts reported in the accompanying Statements of Financial Position.

Contributions and grants receivable and related revenues -

Contributions and grants receivable in the amount of $215,963 as of June 30, 2024, was due from one source. Contributions and grants receivable in the amount of $495,000 as of June 30, 2023, was due from two sources. Government support receivable in the amount of $1,154,967 as of June 30, 2024, was due from one source. Government support receivable in the amount of $314,000 as of June 30, 2023, was due from one source. Contributions and grants revenue in the amount of $400,000 in 2024 and $650,000 in 2023 were recognized from two sources. Government support revenue in the amount of $1,600,000 in 2024 and $1,800,000 in 2023 was recognized from one source. These represent concentrations of revenue and credit risk to the Center.

(13) Commitments and contingencies:

Contract considerations -

The Center receives a substantial portion of its funding from contracts and grants which are subject to audit by government agencies. Such audits may result in disallowances and a request for a return of funds. It is the opinion of management that the effect of disallowances, if any, would be immaterial to the Center's financial position.

(14) In-kind contributions

During the years ended December 31, 2024 and 2023, the Center reported the following in-kind contributions that have been reflected in the financial statements:

	2024	2023
Professional services	$ 75,039	$ 51,229

In-kind contributions did not have donor-imposed restrictions. In-kind donated services comprise of professional services for teaching and information technology.

(15) Subsequent events

The Center has evaluated subsequent events through May 13, 2025, which is the date these financial statements were available to be issued, noting no matters which require recognition or disclosure in the financial statements.