

CITY LIVING NY, INC.
FINANCIAL STATEMENTS – MODIFIED CASH BASIS
AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT
FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020

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Schulman Lobel

certified public accountants and advisors

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of City Living NY, Inc.

We have reviewed the accompanying financial statements – modified cash basis of City Living NY, Inc. (a nonprofit organization) (the “Organization”), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of June 30, 2021 and 2020 and the related statements of revenues, expenses, and other changes in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements – modified cash basis. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements – modified cash basis as a whole. Accordingly, we do not express such an opinion.

Management’s Responsibility for the Financial Statements – Modified Cash Basis

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting, this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements – modified cash basis that are free from material misstatement whether due to fraud or error.

Accountants’ Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants’ Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Schulman Lobel LLP

Schulman Lobel LLP

New York, New York
December 31, 2021

CITY LIVING NY, INC.
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2021 AND 2020

	2021	2020
Assets		
Cash	\$ 640,697	\$ 394,669
Inventory	6,504	5,236
Total assets	\$ 647,201	\$ 399,905
Liabilities		
Credit cards payable	\$ 5,843	\$ 9,015
SBA - Paycheck Protection Program loan	47,810	30,800
Total liabilities	53,653	39,815
Net assets		
Without donor restrictions	483,548	360,090
With donor restrictions	110,000	-
Total net assets	593,548	360,090
Total liabilities and net assets	\$ 647,201	\$ 399,905

See independent accountants' review report and notes to the financial statements - modified cash basis

CITY LIVING NY, INC.
STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>			<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues						
Contributions	\$ 505,081	\$ 110,000	\$ 615,081	\$ 253,306	\$ -	\$ 253,306
Grants	124,104	-	124,104	89,160	-	89,160
Donated goods and services	<u>5,027</u>	<u>-</u>	<u>5,027</u>	<u>1,107</u>	<u>-</u>	<u>1,107</u>
Total public support and revenues	<u>634,212</u>	<u>110,000</u>	<u>744,212</u>	<u>343,573</u>	<u>-</u>	<u>343,573</u>
Expenses						
Program services	496,054	-	496,054	278,304	-	278,304
Supporting services						
General and administrative	38,968	-	38,968	24,500	-	24,500
Fundraising expenses	<u>6,532</u>	<u>-</u>	<u>6,532</u>	<u>3,865</u>	<u>-</u>	<u>3,865</u>
Total supporting services	<u>45,500</u>	<u>-</u>	<u>45,500</u>	<u>28,365</u>	<u>-</u>	<u>28,365</u>
Total expenses	<u>541,554</u>	<u>-</u>	<u>541,554</u>	<u>306,669</u>	<u>-</u>	<u>306,669</u>
Change in net assets before other income	92,658	110,000	202,658	36,904	-	36,904
Forgiveness of debt - SBA Paycheck Protection Program loan	<u>30,800</u>	<u>-</u>	<u>30,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	123,458	110,000	233,458	36,904	-	36,904
Net assets beginning of year	<u>360,090</u>	<u>-</u>	<u>360,090</u>	<u>323,186</u>	<u>-</u>	<u>323,186</u>
Net assets end of year	<u>\$ 483,548</u>	<u>\$ 110,000</u>	<u>\$ 593,548</u>	<u>\$ 360,090</u>	<u>\$ -</u>	<u>\$ 360,090</u>

See independent accountants' review report and notes to the financial statements - modified cash basis

CITY LIVING NY, INC.
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 233,458	\$ 36,904
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of debt - SBA Paycheck Protection Program Loan	(30,800)	-
(Increase) decrease in operating assets:		
Inventory	(1,268)	2,453
(Decrease) increase in operating liabilities:		
Credit cards payable	<u>(3,172)</u>	<u>9,015</u>
Total adjustments	<u>(35,240)</u>	<u>11,468</u>
Net cash provided by operating activities	<u>198,218</u>	<u>48,372</u>
Cash flows provided by financing activities		
Proceeds from SBA - Paycheck Protection Program loan	<u>47,810</u>	<u>30,800</u>
Net increase in cash	246,028	79,172
Cash - beginning of year	<u>394,669</u>	<u>315,497</u>
Cash - end of year	<u>\$ 640,697</u>	<u>\$ 394,669</u>

See independent accountants' review report and notes to the financial statements - modified cash basis

CITY LIVING NY, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total Supporting Services	
Salaries and wages	\$ 255,333	\$ 22,696	\$ 5,674	\$ 28,370	\$ 283,703
Payroll taxes	29,801	2,649	662	3,311	33,112
Rent	8,360	440	-	440	8,800
Professional fees	-	11,919	-	11,919	11,919
Grants to individuals	71,165	-	-	-	71,165
Youth program	116,880	-	-	-	116,880
Payroll processing and other fees	1,468	131	33	164	1,632
Insurance	5,715	301	-	301	6,016
Office	7,332	652	163	815	8,147
Staff training	-	180	-	180	180
	<u>\$ 496,054</u>	<u>\$ 38,968</u>	<u>\$ 6,532</u>	<u>\$ 45,500</u>	<u>\$ 541,554</u>

See independent accountants' review report and notes to the financial statements - modified cash basis

CITY LIVING NY, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Supporting Services

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
Salaries and wages	\$ 148,412	\$ 13,192	\$ 3,298	\$ 16,490	\$ 164,902
Payroll taxes	14,756	1,312	328	1,640	16,396
Rent	39,602	2,084	-	2,084	41,686
Professional fees	-	5,369	-	5,369	5,369
Grants to individuals	46,333	-	-	-	46,333
Youth program	16,675	-	-	-	16,675
Payroll processing and other fees	2,075	184	46	230	2,305
Insurance	1,782	94	-	94	1,876
Office	8,669	770	193	963	9,632
Staff training	-	1,495	-	1,495	1,495
	<u>\$ 278,304</u>	<u>\$ 24,500</u>	<u>\$ 3,865</u>	<u>\$ 28,365</u>	<u>\$ 306,669</u>

See independent accountants' review report and notes to the financial statements - modified cash basis

CITY LIVING NY, INC.
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 NATURE OF ACTIVITIES

City Living NY, Inc. was incorporated on September 17, 2015 in the State of New York. City Living NY, Inc. (the "Organization") is an exempt organization as described in Section 501(c)(3) of the Internal Revenue Code.

The Organization was established to empower youth aging out of foster care to successfully transition into adulthood by providing concrete resources, tools, and support services. The Organization provides support by working with young adults to further their educational and career goals and strengthen independent living skills, assisting and monitoring youth to ensure housing stability, and making referrals to community health and social service providers.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Organization have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("U.S. GAAP"). This basis of presentation differs from U.S. GAAP in that revenue is recorded when received rather than when earned and expenses are recorded when payments are made (or charged on credit card) rather than when the obligations are incurred. Consequently, revenue and expenses are recognized in the determination of the change in net assets in different reporting periods than if the financial statements were prepared in conformity with U.S. GAAP. The cash basis of accounting has been modified for the capitalization of inventory rather than being recorded as an expense upon being purchased, recording of donated goods and services in revenue and expenses, recording charges on credit cards and recording SBA – Paycheck Protection Program loan. The accompanying financial statements are not intended to present the financial position and results of operations in conformity with U.S. GAAP.

Financial statement presentation

The classification of an organization's net assets and its revenues and expenses is based on the existence or absence of donor-imposed restrictions. The amounts are required to be classified as one of two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets are required to be displayed in a statement of assets, liabilities and net assets. The amounts of change in each of the classes of net assets are required to be displayed in a statement of revenues, expenses, and other changes in net assets.

The two classes are defined as follows:

Net assets with donor restrictions – Net assets resulting from contributions and other inflows of assets which are used by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled or removed by actions of the Board of Directors pursuant to those stipulations, including contributions to be used for specific purposes or as specified by the donor. When stipulations are fulfilled, such net assets are reclassified to net

CITY LIVING NY, INC.
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

assets without donor restrictions and reported in the statement of revenues, expenses and other changes in net assets as releases from restrictions.

Net assets without donor restrictions – The part of net assets that is available for use in general operations and not subject to donor restrictions or stipulations.

The Organization records donor restricted contributions as public support and revenue without donor restrictions when such restrictions are met in the same reporting period as the funds are received provided that the Organization has a similar policy for reporting gains/(losses) and other income, reports consistently from period to period and discloses its accounting policy.

Cash and cash equivalents

For purposes of the statements of cash flows – modified cash basis, the Organization considers all highly liquid instruments acquired with a maturity of three months or less to be cash equivalents.

Inventory

Inventory is stated at cost as determined by the first-in first-out method (FIFO).

Contributed services

Many individuals volunteer their time and perform a variety of tasks to assist the Organization with its related programs. Donated services are recognized when the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Certain volunteer services are not recognized, as contributions in the financial statements – modified cash basis since the recognition requirements were not met. Therefore, the Organization does not recognize for accounting purposes the financial value provided by volunteers, who perform their services without compensation.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when the stipulated time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenues, expenses and other changes in net assets – modified cash basis as net assets released from restrictions.

CITY LIVING NY, INC.
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses

Expenses are classified to the program or supporting services category for which they were incurred and are summarized on a functional basis in the Statement of Functional Expenses – Modified Cash Basis. Accordingly, certain costs have been allocated between program and supporting services in reasonable ratios determined by management.

Program Services – includes the functions related to establishing, developing and promoting all aspects of the Organization’s mission.

General and Administrative – involves the direction of the overall affairs of the Organization which includes accounting, personnel, administration and related areas.

Fundraising - involves the development of funding sources to aid the Organization in the raising of funds for its programs.

The modified cash basis financial statements may report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses which are allocated on the basis of time and effort include salaries and wages, payroll taxes, payroll processing and other fees, and office expenses, and based on utilization of space is rent and insurance.

Income taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization may be subject to excise taxes if it engages in certain activities not directly related to the Organization’s tax-exempt purpose. For the years ended June 30, 2021 and 2020, the Organization has not engaged in any activities that may be subject to an excise tax and has no plan to do such.

The Organization records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The federal and state tax returns for the years ended June 30, 2018, 2019 and 2020 are subject to examination by the taxing agencies.

As of June 30, 2021 and 2020, management has determined that there are no significant uncertain tax positions requiring recognition in the Organization’s modified cash basis financial statements.

CITY LIVING NY, INC.
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 3 CONTRIBUTIONS

The Organization received contributions totaling \$615,081 and \$253,306 for the years ended June 30, 2021 and 2020, respectively. Of these amounts, four organizations comprise 54% of contributions in fiscal 2021 and two organizations comprised 43% of contributions in fiscal 2020.

NOTE 4 DONATED GOODS AND SERVICES

Donated goods and services amounting to \$5,027 and \$1,107 for the years ended June 30, 2021 and 2020 respectively, is comprised of donated auction items, graphic design services, storage rental fees, household items and administrative salaries.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are recorded as contributions. Amounts restricted include purpose restrictions wherein donors have specified the purpose for which the contributions are to be spent or time restrictions are imposed or implied by the nature of the gift. For the year ended June 30, 2021 the Organization had \$35,000 in contributions restricted for the food insecurity program and \$75,000 in contributions restricted for the salary and fringe benefits of one social worker. The Organization did not have any net assets with donor restrictions for the year ended June 30, 2020.

NOTE 6 AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity to meet its operating needs and other commitments. The Organization has access to liquidity in the form of cash.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure, without donor or other restrictions limiting its use, within one year of the statement of assets, liabilities, and net assets date, comprise the following:

Cash	<u>\$ 640,697</u>
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NOTE 7 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash with a commercial bank. At times, such amounts may exceed Federal Deposit Insurance Corporation current limits (“FDIC”). No losses have been incurred to date.

CITY LIVING NY, INC.
NOTES TO FINANCIAL STATEMENTS – MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 8 GRANTS

Grants require the fulfillment of certain conditions as set forth in the grant agreement. Failure to fulfill the conditions may result in the return of such funds to grantors. Although that is a possibility, the Organization’s management deems the contingency remote, since it has implemented policies and procedures to ensure it is in compliance with the terms of the grant agreements.

NOTE 9 PAYCHECK PROTECTION PROGRAM LOAN

The Organization entered into a promissory note agreement on May 9, 2020 with a financial institution and received \$30,800 in Paycheck Protection Program (“PPP”) funds. The Organization submitted an application for loan forgiveness with the U.S. Small Business Administration (the “SBA”) and on April 13, 2021 received notification from the SBA that the application was approved, forgiving the entire loan balance.

The Organization entered into a second promissory note agreement on March 4, 2021 with a financial institution and received \$47,810 in PPP funds. If the Organization is not able to comply with the requirements for the loan to be forgiven then the outstanding principal balance plus accrued interest on the promissory note is due on March 4, 2026. Interest will accrue at a rate of 1% per-annum on the outstanding balance through the maturity date.

NOTE 10 SUBSEQUENT EVENTS

In preparing the accompanying financial statements - modified cash basis, the Organization has evaluated all events and transactions occurring after June 30, 2021 through December 31, 2021 the date these financial statements - modified cash basis were available to be issued. The Organization’s management concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements - modified cash basis.