

NONPROFIT NEW YORK, INC.

**Financial Statements
December 31, 2023 and 2022
(with Independent Auditor's
Report Thereon)**

Independent Auditor's Report

To the Board of Directors
Nonprofit New York, Inc.

Opinion

We have audited the accompanying financial statements of Nonprofit New York, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, 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 the Organization as of December 31, 2023 and 2022, and the results of its activities 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 Organization and to meet our other ethical responsibilities in accordance with the relevant 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Condon O'meara McBinty & Donnelly LLP

March 12, 2024

NONPROFIT NEW YORK, INC.

**Statements of Financial Position
December 31, 2023 and 2022**

Assets

	<u>2023</u>	<u>2022</u>
Cash	\$ 472,664	\$ 825,118
Investments, at fair value	748,699	690,818
Accounts receivable	4,661	-
Grants and contributions receivable	250,000	495,463
Prepaid expenses	33,710	12,829
Property and equipment, net	4,113	5,288
Right-of-use asset – operating lease	<u>428,572</u>	<u>1,775,277</u>
Total assets	<u>\$ 1,942,419</u>	<u>\$ 3,804,793</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 18,961	\$ 51,712
Deferred membership dues	161,635	167,845
Operating lease liability	<u>923,926</u>	<u>2,340,890</u>
Total liabilities	<u>1,104,522</u>	<u>2,560,447</u>

Net assets

Without donor restrictions	488,547	719,346
With donor restrictions	<u>349,350</u>	<u>525,000</u>
Total net assets	<u>837,897</u>	<u>1,244,346</u>
Total liabilities and net assets	<u>\$ 1,942,419</u>	<u>\$ 3,804,793</u>

See notes to financial statements.

NONPROFIT NEW YORK, INC.

Statement of Activities

Year Ended December 31, 2023 and 2022

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
Operating Activities:				
Revenue and support	\$ 674,901	\$ 99,350	\$ 774,251	\$ 963,374
Grants and contributions	40,500	-	40,500	75,000
Contributed nonfinancial assets	440,220	-	440,220	504,137
Memberships dues	29,306	-	29,306	11,165
Interest and dividends	75,805	-	75,805	118,667
Other	46,163	-	46,163	31,719
Conference	275,000	(275,000)	-	(718,606)
Net assets released from donor restrictions	1,581,895	(175,650)	1,406,245	(408,606)
Total revenue and support	<u>1,217,549</u>	<u>-</u>	<u>1,217,549</u>	<u>1,278,547</u>
Expenses				
Program services	448,024	-	448,024	414,565
Supporting activities	177,727	-	177,727	215,992
Management and general	625,751	-	625,751	630,557
Fundraising	1,843,300	-	1,843,300	1,909,104
Total supporting services	<u>(261,405)</u>	<u>(175,650)</u>	<u>(437,055)</u>	<u>203,564</u>
Total expenses				
Increase (decrease) in net assets from operations			(437,055)	(408,606)
Non-operating Activities:				
Net realized and unrealized gain (loss) on investments	30,606	-	30,606	(60,824)
Increase (decrease) in net assets	(230,799)	(175,650)	(406,449)	(408,606)
Net assets, beginning of year	719,346	525,000	1,244,346	933,606
Net assets, end of year	\$ 488,547	\$ 349,350	\$ 837,897	\$ 525,000
			\$ 719,346	\$ 1,244,346

See notes to financial statements.

NONPROFIT NEW YORK, INC.

**Statement of Functional Expenses
Year Ended December 31, 2023**

	Program Services				Management and General		Supporting Activities		Total
	Member-Ship	Policy	Communi-cations	Capacity Building	Total Program Services	General	Fund-raising	Supporting Services	
Salaries	\$ 150,867	\$ 189,103	\$ 144,691	\$ 170,282	\$ 654,943	\$ 137,546	\$ 120,883	\$ 258,429	\$ 913,372
Benefits and taxes	36,555	47,804	31,764	40,531	156,654	42,877	29,163	72,040	228,694
Contracted services	78,492	33,006	1,333	59,026	171,857	147,549	10,722	158,271	330,128
Information technology	-	1,832	6,082	-	7,914	21,169	-	21,169	29,083
Occupancy and utilities	25,517	27,431	24,879	20,413	98,240	18,499	10,845	29,344	127,584
Training and travel	-	-	-	-	-	2,685	-	2,685	2,685
Printing, production, and postage	520	270	-	3,793	4,583	868	-	868	5,451
Office equipment and supplies	102	-	-	-	102	3,938	-	3,938	4,040
Dues and subscriptions	6,117	13,186	1,354	3,976	24,633	19,165	2,658	21,823	46,456
Advertising	-	-	-	-	-	41,112	-	41,112	41,112
Services and events	30,833	7,180	-	39,603	77,616	6,094	1,000	7,094	84,710
Other	10,892	2,115	1,918	6,082	21,007	5,347	2,456	7,803	28,810
Depreciation and amortization	-	-	-	-	-	1,175	-	1,175	1,175
Total	\$ 339,895	\$ 321,927	\$ 212,021	\$ 343,706	\$1,217,549	\$ 448,024	\$ 177,727	\$ 625,751	\$1,843,300

See notes to financial statements.

NONPROFIT NEW YORK, INC.

**Statement of Functional Expenses
Year Ended December 31, 2022**

	Program Services					Supporting Activities			Total Supporting Services	Total	
	Learning and Resources	Member Services	Policy	Knowledge Management	Communica- tions	Capacity Building	Total Program Services	Management and General			Fund- raising
Salaries	\$ 129,213	\$ 73,637	\$ 162,424	\$ 71,748	\$ 92,987	\$ -	\$ 530,009	\$ 115,483	\$ 128,207	\$ 243,690	\$ 773,699
Benefits and taxes	31,878	18,982	39,973	17,676	20,401	-	128,910	29,545	28,592	58,137	187,047
Contracted fees	9,135	32,914	84,042	-	66,007	59,026	251,124	104,254	14,900	119,154	370,278
Payroll service provider	-	-	-	-	-	-	-	20,839	-	20,839	20,839
Occupancy and utilities	26,294	56,739	35,981	66,426	45,668	-	231,108	59,507	41,517	101,024	332,132
Meeting and training	73	156	99	183	126	-	637	164	114	278	915
Printing, production, and postage	21,618	21,929	21,841	-	9,531	-	74,919	4,358	-	4,358	79,277
Office equipment and supplies	-	3,306	10,966	-	5,274	1,693	21,239	39,540	-	39,540	60,779
Other	1,497	19,289	3,214	1,810	2,897	11,894	40,601	40,292	2,662	42,954	83,555
Depreciation and amortization	-	-	-	-	-	-	-	583	-	583	583
Total	\$ 219,708	\$ 226,952	\$ 358,540	\$ 157,843	\$ 242,891	\$ 72,613	\$1,278,547	\$ 414,565	\$ 215,992	\$ 630,557	\$1,909,104

See notes to financial statements.

NONPROFIT NEW YORK, INC.

Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
(Decrease) in net assets	\$ (406,449)	\$ (265,866)
Adjustments to reconcile (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,175	583
Net realized and unrealized (gain) loss on investments	(30,606)	60,824
Operating lease amortization	121,009	322,310
(Increase) decrease in assets		
Accounts receivable	(4,661)	1,405
Grants and contributions receivable	245,463	277,428
Prepaid expenses	(20,881)	10,286
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(32,751)	(13,934)
Deferred membership dues	(6,210)	(39,590)
Net change in lease liabilities	<u>(191,268)</u>	<u>(206,841)</u>
Net cash provided by (used in) operating activities	<u>(325,179)</u>	<u>146,605</u>
Cash flows from investing activities		
Purchases of investments	(29,307)	(11,164)
Proceeds from investments	2,032	-
Purchases of property and equipment	<u>-</u>	<u>(5,871)</u>
Net cash (used in) investing activities	<u>(27,275)</u>	<u>(17,035)</u>
Net increase (decrease) in cash	(352,454)	129,570
Cash, beginning of year	<u>825,118</u>	<u>695,548</u>
Cash, end of year	<u>\$ 472,664</u>	<u>\$ 825,118</u>
Supplemental disclosure of cash flows information:		
Right-of-use assets recorded due to adoption of ASC 842	\$ -	\$2,097,587
Modification of lease liability	<u>\$1,255,285</u>	<u>\$ -</u>
Cash paid for operating lease liabilities	<u>\$ 205,851</u>	<u>\$ 210,061</u>

See notes to financial statements.

NONPROFIT NEW YORK, INC.**Notes to Financial Statements
December 31, 2023 and 2022****Note 1 – Organization**

Nonprofit New York, Inc. (“the Organization”) is a not-for-profit organization incorporated in 1984. Nonprofit New York champions and strengthens nonprofits through capacity building and advocacy to cultivate a unified, just, and powerful nonprofit sector. The organization’s financial support sources are principally membership dues from New York nonprofit organizations and grants and contributions from foundations, corporations, and individuals.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as a publicly supported organization as described in Code Section 509(a)(1) and 170(b)(1)(A)(vi). The Organization is also a nonprofit membership organization incorporated under the State of New York laws. Accordingly, the Organization is not subject to income taxes except to the extent it has taxable income from activities unrelated to its exempt purposes. The Organization recognizes the effect of income tax positions only if these tax positions are more likely than not to be sustained. No provision for income taxes was required for the years ending December 31, 2023 and 2022. The Organization’s tax returns for the 2020 fiscal year and forward are subject to the usual review by the appropriate authorities.

Note 2 – Summary of significant accounting policies

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies are described below.

1. Basis of Presentation

The net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for the general operations of the Organization and are not subject to donor-imposed restrictions. These net assets also include those funds that are designated for specific purposes by the Board of Directors.

Board designated net assets consist of amounts to be used to ensure adequate cash and investments are available to meet future extraordinary events or any funding reduction that may cause hardship or budgetary constraints to the Organization. In 2006, the Board of Directors designated certain net assets for special purposes: \$650,000 as a reserve fund to be invested for growth with Board approval and \$200,000 as a special needs reserve fund to be available, with Board approval, for special projects and to help strengthen the infrastructure of the organization (see Note 5).

NONPROFIT NEW YORK, INC.**Notes to Financial Statements (continued)
December 31, 2023 and 2022****Note 2 – Summary of significant accounting policies (continued)**Net Assets With Donor Restrictions

Net assets with donor restrictions include gifts of cash and other assets received with donor stipulations that limit the use of the donated assets. When a donor restriction expires through the passage of time or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions. Contributions that are received with donor restrictions that are spent within the same fiscal year are reported as contributions without donor restrictions. The Organization has no net assets in which the donor requires the corpus to be maintained permanently.

Revenues and gains and losses on investments and other assets and liabilities are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions.

Operating and Non-Operating Activities

The statements of activities distinguish between operating and non-operating activities. Operating activities include all revenues, and expenses that are an integral part of the Organization's programs and supporting activities. Non-operating activities include net realized and unrealized gain (loss) and capital gain (loss) on investments and other nonrecurring items, if any.

2. Cash equivalents

The Organization considers highly liquid investments with original maturities of 90 days or less to be cash equivalents. The Organization considers money market funds to be part of the investment portfolio.

3. Grants and Contributions Receivable

Contributions, including unconditional promises to give, are recognized initially at fair value as revenues in the year received or pledged. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Bequests are recorded as revenue when a legally binding obligation is recorded and when a fair value can reasonably be determined.

NONPROFIT NEW YORK, INC.

**Notes to Financial Statements (continued)
December 31, 2023 and 2022**

Note 2 – Summary of significant accounting policies (continued)

3. *Grants and Contributions Receivable (continued)*

A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to the transferred assets. Conditional contributions are recognized as revenue when the barriers on which they depend have been met. There are no conditional contributions for the years ended December 31, 2023 and 2022.

Grants and contributions receivable are scheduled to be received as of December 31, 2023 and 2022 as follows:

	2023	2022
Less than one year	\$ 250,000	\$ 250,000
One to three years	-	245,463
Total	\$ 250,000	\$ 495,463

The Organization does not have an allowance for grants and contributions receivable that may not be collectible. This is based on management's experience, the aging of the receivables, subsequent receipts, and current economic conditions.

4. *Investment Policy and Objective*

Investments in money market and mutual funds are reported at fair value based upon quoted market prices. Realized and unrealized gains or losses are reported in the statements of activities as increases or decreases in net assets without donor restrictions.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Fair value measurements establish a hierarchy giving the highest priority to quoted market prices in active markets (Level 1), the next priority (Level 2) to observable inputs other than Level 1 prices, such as quoted prices of similar assets, and the lowest priority to unobservable data (Level 3). Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. At December 31, 2023 and 2022, the Organization's investments in money market funds and mutual funds are classified in the highest level of the hierarchy (Level 1).

NONPROFIT NEW YORK, INC.

**Notes to Financial Statements (continued)
December 31, 2023 and 2022**

Note 2 – Summary of significant accounting policies (continued)

Fair Value Measurements (continued)

The Organization's primary investment objective is to maximize total return with minimal risk. Its goal is to preserve capital that is intended for the Organization's mission while generating cash flow to support current operations.

5. *Property and Equipment*

The Organization records property and equipment at cost. The Organization capitalizes expenditures above \$5,000 and that have a useful life greater than one year. Depreciation and amortization of property and equipment are provided on the straight-line method over the expected useful lives of the assets as follows:

Property and equipment	4 – 7 years
------------------------	-------------

6. *Recognition of Revenue*

Revenue from membership dues is recognized as revenue over the period to which the dues relate, which generally covers one year. Amounts collected in advance of such revenue recognition are deferred. Amounts received from conferences and meetings are recognized upon completion of such events.

At contract inception, the Organization assesses the services promised in the contracts with customers to identify the performance obligations in the arrangement. Generally, the contracts are considered to have a single performance obligation and are recognized over the duration of the membership period as service is performed, except for conferences and meetings that are recognized at a point-in-time, as described above. The transaction price is the contractually determined price based on internal pricing guidelines and discount agreements, if any.

7. *Contributed nonfinancial assets*

Contributed non-financial assets are reflected in the financial statements at the estimated fair market value at the time of donation. Contributed non-financial assets recognized in the statement of activities totaled \$40,500 and \$75,000 for the years ended December 31, 2023 and December 31, 2022, respectively, and consist of advertising. Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization in carrying out its activities. These services do not meet the accounting standards to be recorded and have not been included in the financial statements.

NONPROFIT NEW YORK, INC.**Notes to Financial Statements (continued)
December 31, 2023 and 2022****Note 2 – Summary of significant accounting policies (continued)***8. Functional Expense Allocations*

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Such allocations are based on the amount of staff time spent on each activity.

9. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Concentrations of Credit Risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, investments and grants and contributions receivable. The Organization places its cash with what it believes to be quality financial institutions. The Organization's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at December 31, 2023 and 2022. The Organization's management monitors the collectability of grants and contributions receivable. Management believes no significant concentration of credit risk exists with respect to its cash, investments and grants and contributions receivable.

Grants and contributions receivable from one donor represents 100% of grants and contributions receivable as of December 31, 2023 and 2022, respectively.

11. Recently Adopted Accounting Pronouncement

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset, which represents the right to use a respective asset for the lease term, and a lease liability on the statement of financial position at the present value of the remaining future payments due under the lease. In connection with the adoption of FASB ASC 842, the Organization recognized a right-of-use asset and an operating lease liability for its office space during 2022 (see note 7). The Organization has elected to use a risk-free rate to discount its office lease to net present value.

NONPROFIT NEW YORK, INC.

**Notes to Financial Statements (continued)
December 31, 2023 and 2022**

Note 3 – Investments

Investments held by the Organization, at fair value, as of December 31, 2023 and 2022 consisted of the following:

	Fair Value (Level 1)	
	2023	2022
Money market funds	\$ 444,104	\$ 424,596
<u>Mutual funds</u>		
Global equity fund	127,142	102,944
Inter-term corporate bond index fund	169,458	155,654
Short-term bond index fund	7,995	7,624
Total mutual funds	304,595	266,222
Total investments	\$ 748,699	\$ 690,818

A summary of net gain (loss) on investment transactions for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Net realized and unrealized gain (loss)	\$ 30,606	\$ (60,824)

Note 4 – Property and equipment, net

A summary of property and equipment, net is as follows as of December 31, 2023 and 2022:

	2023	2022
Property and equipment	\$ 26,357	\$ 26,357
Less: Accumulated depreciation and amortization	(22,244)	(21,069)
Total	\$ 4,113	\$ 5,288

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 amounted to \$1,175 and \$583, respectively.

Note 5 – Net assets without donor restrictions

Net assets without donor restrictions as of December 31, 2023 and 2022 are classified as follows:

	2023	2022
Board designated		
Reserve fund	\$ 650,000	\$ 650,000
Special needs reserve fund	67,454	67,454
Undesignated	(228,907)	1,892
Total net assets without donor restrictions	\$ 488,547	\$ 719,346

NONPROFIT NEW YORK, INC.

**Notes to Financial Statements (continued)
December 31, 2023 and 2022**

Note 6 – Net assets with donor restrictions

Net assets with donor restrictions are available to satisfy the following programs or time restrictions:

	Balance at December 31, <u>2022</u>	<u>Additions</u>	Net Assets Released from <u>Restrictions</u>	Balance at December 31, <u>2023</u>
Programs				
Nonprofit Excellence				
Awards	\$ 500	\$ -	\$ (500)	\$ -
Membership services	3,680	61,500	(3,680)	61,500
Policy	-	15,000	-	15,000
Capacity building	-	22,850	-	22,850
Time-restricted	<u>520,820</u>	<u>-</u>	<u>(270,820)</u>	<u>250,000</u>
Total net assets with donor restrictions	<u>\$ 525,000</u>	<u>\$ 99,350</u>	<u>\$ (275,000)</u>	<u>\$ 349,350</u>

Note 7 – Commitments

Office lease agreements

On October 2, 2018, the Organization executed a lease for office space at 320 East 43rd Street, 3rd Floor, New York, NY 10017. The lease commenced on June 28, 2019 (“Commencement Date”). The term of the new lease is 10 years from the Commencement Date, with two 5-year rights of renewal.

The fixed rent for the period from the commencement date through March 31, 2021 would be the lesser of \$304,150 or the maximum rental which the landlord may be permitted by law to charge without affecting the landlord’s real estate property tax exemption. Effective April 1, 2021, through each April thereafter, during the term of the lease, the rent would be increased by an amount equal to the Organization’s proportionate share of the landlord’s operating costs and amortization of the building renovations assets related to the Organization’s space, provided that in no event will the increase be greater than 2% per annum for the first 10 years; 3% per annum for each of the two renewal terms; or the maximum rent permitted to be charged without affecting the landlord’s real estate property tax exemption.

Effective December 11, 2020, the Organization executed an amended and restated first amendment to the original lease reflecting an agreement to defer rent of the current office space for the period commencing July 1, 2020 through and including June 30, 2021. It further agreed that the rent will be abated from the period commencing on July 1, 2021 and ending on June 30, 2022.

NONPROFIT NEW YORK, INC.

**Notes to Financial Statements (continued)
December 31, 2023 and 2022**

Note 7 – Commitments (continued)

Office lease agreements (continued)

Effective March 29, 2023, the Organization executed an amended and restated second amendment to the lease. The second amendment reflects an agreement to relieve the Organization’s obligation to pay the deferred rent due under the first amendment and establishes a new annual fixed rent amount commencing on April 1, 2023. The annual fixed rent in the first year of the lease is \$175,000 and increases by 2% on April 1st of each year through lease expiration date. The Organization also has an option to renew the lease for two additional five years periods. The renewal periods are not reflected as an operating lease liability as of December 31, 2023.

The reduction in the amount of the rental payments due was accounted for as a lease modification as the leased asset and term of the lease was unchanged. The modification resulted in a remeasurement of the lease liability, reducing the lease liability and right-of-use asset by \$1,255,285.

Rental expenses for the years ended December 31, 2023 and 2022 were \$121,009 and \$322,310, respectively. Rental expenses are included in occupancy and utilities expense on the statement of functional expenses.

The following are the future remaining payments on the lease as of December 31, 2023:

<u>Year</u>	<u>Amount</u>
2024	\$ 177,625
2025	181,178
2026	184,801
2027	188,497
2028	192,267
2029	<u>97,573</u>
Total	<u>1,021,941</u>
Less: present value discount	<u>98,015</u>
Total operating lease liability	<u>\$ 923,926</u>

Note 8 – Retirement plan

The Organization uses a registered professional employer organization (“PEO”) for payroll management. The Organization established a retirement plan through the PEO. The Organization contributed \$44,988 and \$37,396 to the plan for the years ended December 31, 2023 and 2022, respectively.

NONPROFIT NEW YORK, INC.

Notes to Financial Statements (continued)
December 31, 2023 and 2022

Note 9 – Liquidity and availability of resources

The Organization regularly monitors the liquidity required to meet its operating needs and other financial commitments while also striving to maximize the investment of its available funds. The Organization invests available cash needed for its general expenditures, liabilities, and other obligations in short-term investments, specifically money market funds and money market mutual funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing services to be general expenditures. Financial assets available for general expenditures available within one year from December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Cash	\$ 472,664	\$ 825,118
Investments, at fair value	748,699	690,818
Accounts receivable	4,661	-
Grants and contributions receivable due in one year	<u>250,000</u>	<u>250,000</u>
Sub-total	1,476,024	1,765,936
Less: board designated funds	<u>(717,454)</u>	<u>(717,454)</u>
Financial assets available for general expenditures within one year	<u>\$ 758,570</u>	<u>\$1,048,482</u>

Note 10 – Impact of COVID-19

The Organization applied for COVID-19 relief from the Employee Retention Credit (ERC) program during the year ended December 31, 2021. The ERC, a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the CARES Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). Under the program, the Organization determined that it was eligible for a \$127,803 credit for calendar year 2021. During 2023, the Organization received a credit of approximately \$3,300.

Management has determined that there is a material level of uncertainty as to the reimbursement of the remaining funds. This uncertainty is based on:

1. Uncertainty as to amount of the ERC: the Organization is not able to receive a confirmation from the IRS that the amounts claimed are payable by the IRS.
2. Uncertainty as to whether the application for ERC has been correctly filed: the application for ERC is not handled by the Organization directly, but via Paychex in its role as the Organization's PEO. PEO's are responsible for filing 941X reports with the IRS to receive ERC for previously reported quarters.

NONPROFIT NEW YORK, INC.**Notes to Financial Statements (continued)
December 31, 2023 and 2022****Note 10 – Impact of COVID-19 (continued)**

The Organization has therefore not recorded the ERC receivable in its financial statements for the years ended December 31, 2022 and 2023. The remaining credits will be recognized as revenue in the period when sufficient evidence is obtained to substantiate the likelihood of receipt or upon the actual receipt of the funds.

Despite increased engagement levels and expanded program offerings, the Organization has experienced challenges in raising funds from philanthropic foundations and an ongoing decrease in revenue from membership dues. The adverse effects of the pandemic continue to have a negative impact on funders' support of capacity building and nonprofit organizations' ability to prioritize member dues. As outlined in its recent strategic plan, the Organization is implementing measures to recruit and retain members and build partnerships with new philanthropic funders. In addition, the Organization is developing enhanced member services that will address crucial nonprofit needs and incentivize membership.

Note 11 – Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure subsequent to December 31, 2023 through March 12, 2024, which is the date the financial statements were available to be issued.