



Kingsbridge Heights Community Center, Inc.

Financial Statements
Year Ended June 30, 2010

**Kingsbridge Heights Community
Center, Inc.**

Financial Statements
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Kingsbridge Heights Community Center, Inc.

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Independent Auditors' Report

Board of Directors of
Kingsbridge Heights Community Center, Inc.

We have audited the accompanying statement of financial position of Kingsbridge Heights Community Center, Inc. as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Kingsbridge Heights Community Center, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended June 30, 2009 is presented for comparative purposes only and was extracted from the financial statements of Kingsbridge Heights Community Center, Inc., for that year, on which we expressed an unqualified opinion dated November 24, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kingsbridge Heights Community Center, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kingsbridge Heights Community Center, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

BDO USA, LLP

December 22, 2010

Kingsbridge Heights Community Center, Inc.

Statement of Financial Position (with comparative totals for 2009)

<i>June 30,</i>	2010	2009
Assets (Note 8)		
Current:		
Cash and cash equivalents (Note 2)	\$ 133,901	\$ 138,218
Accounts receivable (Note 2)	497,408	470,925
Contribution receivable, net (Note 3)	373,835	348,760
Prepaid expenses	23,209	13,693
Total Current Assets	1,028,353	971,596
Cash Surrender Value of Life Insurance Policy	-	22,049
Fixed Assets, Net (Notes 2 and 4)	1,019,848	1,095,611
	\$2,048,201	\$2,089,256
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 184,708	\$ 177,066
Accrued payroll and payroll related liabilities	458,363	351,056
Deferred revenue, current portion (Note 2)	100,756	47,648
Due to governmental agency	44,256	2,025
Short-term loans	26,250	-
Line of credit (Note 8)	470,569	231,569
Total Current Liabilities	1,284,902	809,364
Deferred Revenue, Net of Current Portion (Note 2)	214,760	271,386
Total Liabilities	1,499,662	1,080,750
Commitments and Contingencies (Notes 5 and 6)		
Net Assets (Notes 2, 6 and 7):		
Unrestricted	307,959	664,146
Temporarily restricted	240,580	344,360
Total Net Assets	548,539	1,008,506
	\$2,048,201	\$2,089,256

See accompanying notes to financial statements.

Kingsbridge Heights Community Center, Inc.

Statement of Activities (with comparative totals for 2009)

Year ended June 30,

	Unrestricted	Temporarily restricted	2010 total	2009 total
Revenue and Other Support:				
Government grants	\$5,600,018	\$ -	\$5,600,018	\$ 4,954,068
Private grants	23,069	456,400	479,469	918,863
Program fees	180,194	-	180,194	169,735
Donation (Note 5)	496,542	-	496,542	502,892
Interest income	63	-	63	774
Other income	13,029	-	13,029	14,886
Net assets released from restrictions (Note 7)	560,180	(560,180)	-	-
Total Revenue and Other Support	6,873,095	(103,780)	6,769,315	6,561,218
Expenses:				
Program services:				
Early Headstart	1,193,992	-	1,193,992	873,084
Administration for Children's Services				
Headstart	803,265	-	803,265	641,170
Parent and Child Preventive Services	1,696,300	-	1,696,300	1,441,642
Crime Victims Board	229,257	-	229,257	268,557
Office of Mental Retardation and				
Developmental Disabilities	201,935	-	201,935	198,252
Universal Pre-Kindergarten Services	178,867	-	178,867	174,992
Child Sexual Abuse Treatment and				
Prevention	224,810	-	224,810	98,974
Department of Youth and Community				
Development	103,190	-	103,190	167,042
Summer Camp	44,825	-	44,825	56,063
Other programs	1,320,311	-	1,320,311	1,523,793
Total Program Services	5,996,752	-	5,996,752	5,443,569
Supporting services:				
Management and general	1,204,278	-	1,204,278	955,381
Fundraising	125,240	-	125,240	106,429
Total Supporting Services	1,329,518	-	1,329,518	1,061,810
Total Expenses	7,326,270	-	7,326,270	6,505,379
Change in Net Assets Before Net Revenues From Special Events	(453,175)	(103,780)	(556,955)	55,839
Net Revenues From Special Events:				
Special events:				
Gross receipts	135,940	-	135,940	20,832
Direct costs	(38,952)	-	(38,952)	(895)
Net Revenues From Special Events	96,988	-	96,988	19,937
Change in Net Assets	(356,187)	(103,780)	(459,967)	75,776
Net Assets, Beginning of Year	664,146	344,360	1,008,506	932,730
Net Assets, End of Year	\$ 307,959	\$ 240,580	\$ 548,539	\$ 1,008,506

See accompanying notes to financial statements.

Kingsbridge Heights Community Center, Inc.

Statement of Functional Expenses
(with comparative totals for 2009)

Year ended June 30,

	Program Services										Supporting Services			2010 total	2009 total	
	Early Headstart	Administration for Children's Services Headstart	Parent and Child Preventive Services	Crime Victims Board	Office of Mental Retardation and Developmental Disabilities	Universal Pre-Kindergarten Services	Child Sexual Abuse Treatment and Prevention	Department of Youth and Community Development	Summer Camp	Other Programs	Total Program Services	Management and General	Fund-raising			Total Supporting Services
Expenses:																
Personnel costs	\$ 861,185	\$609,275	\$1,425,058	\$213,017	\$ 192,949	\$159,354	\$191,585	\$100,957	\$34,647	\$ 626,031	\$4,414,058	\$ 974,930	\$114,731	\$1,089,661	\$5,503,719	\$4,828,135
Food, clothing and other purchased material	136,142	17,586	43,420	684	2,141	6,247	478	1,000	2,042	423,645	633,385	29,985	1,505	31,490	664,875	572,971
Facility related expense (Note 4)	140,605	147,220	147,511	3,558	2,053	4,573	29,033	300	510	234,785	710,148	83,682	7,461	91,143	801,291	783,944
Support and other purchased services	56,060	29,184	80,311	11,998	4,792	8,693	3,714	933	7,626	35,850	239,161	115,681	1,543	117,224	356,385	320,329
Total	\$1,193,992	\$803,265	\$1,696,300	\$229,257	\$201,935	\$178,867	\$224,810	\$103,190	\$44,825	\$1,320,311	\$5,996,752	\$1,204,278	\$125,240	\$1,329,518	\$7,326,270	\$6,505,379

See accompanying notes to financial statements.

Kingsbridge Heights Community Center, Inc.

Statement of Cash Flows (with comparative totals for 2009)

<i>Year ended June 30,</i>	2010	2009
Cash Flows From Operating Activities:		
Change in net assets	\$(459,967)	\$ 75,776
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	112,740	113,651
Gain on sale of fixed assets	-	(5,000)
(Increase) decrease in:		
Accounts receivable	(26,483)	246,277
Prepaid expenses	(9,516)	2,099
Cash surrender value of life insurance	22,049	-
Contribution receivable	(25,075)	(41,840)
Increase (decrease) in:		
Accounts payable and accrued expenses	7,642	(8,234)
Payroll and payroll related liabilities	107,307	(8,389)
Deferred revenue	(3,518)	(74,785)
Due to governmental agency	42,231	(23,141)
Net Cash (Used In) Provided By Operating Activities	(232,590)	276,414
Cash Flows From Investing Activities:		
Purchase of fixed assets	(36,977)	(10,661)
Cash Flows From Financing Activities:		
Proceeds from line of credit	389,000	98,000
Proceeds from short-term loans	99,156	-
Payments on line of credit	(150,000)	(260,000)
Repayment of short-term loans	(72,906)	-
Net Cash Provided By (Used In) Financing Activities	265,250	(162,000)
Net (Decrease) Increase in Cash and Cash Equivalents	(4,317)	103,753
Cash and Cash Equivalents, Beginning of Year	138,218	34,465
Cash and Cash Equivalents, End of Year	\$ 133,901	\$ 138,218

See accompanying notes to financial statements.

Kingsbridge Heights Community Center, Inc.

Notes to Financial Statements

1. Nature of Organization

Kingsbridge Heights Community Center, Inc. ("KHCC") was organized as a New York State not-for-profit corporation to provide a community-based and directed social service center in the Kingsbridge section of the Bronx, City of New York, that will promote and improve the economic and social welfare, and increase the accessibility of social services to the community.

2. Summary of Significant Accounting Policies

(a) Accounting Changes

In June 2009, the Financial Accounting Standards Board ("FASB") issued FASB Accounting Standards Codification ("ASC") effective for certain financial statements issued for interim and annual periods ending after December 15, 2009. The ASC identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles ("GAAP") in the United States. In accordance with the ASC, references to previously issued accounting standards have been replaced by ASC references. Subsequent revisions to GAAP will be incorporated into the ASC through Accounting Standards Updates ("ASU").

(b) Basis of Presentation

The financial statements have been prepared on an accrual basis. In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are reflected in order of their maturity resulting in the use of cash.

(c) Financial Statement Presentation

The classification of KHCC's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by KHCC is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of KHCC.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by KHCC is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of KHCC pursuant to those stipulations.

Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Kingsbridge Heights Community Center, Inc.

Notes to Financial Statements

Unrestricted - Board Designated - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations but has been set aside by action of the Board of Directors for future use by KHCC.

(d) Cash and Cash Equivalents

KHCC considers all money market accounts to be cash equivalents.

(e) Fixed Assets

Expenditures in excess of \$1,000 which enhance the value of fixed assets are capitalized. Fixed assets are stated at cost or, if donated, at fair market value at date of the gift. Fixed assets acquired under the terms of grant provisions, title to which reverts to the grantor at the termination of the contract, are recorded as an asset in the unrestricted fund. Deferred revenue equal to the cost of the asset is recorded at the time of the purchase and is amortized over the useful life of the asset.

Depreciation is computed over the estimated useful lives of the assets by the straight-line method for financial reporting purposes as follows:

Buildings and improvements	5 - 25 years
Furniture and equipment	5 - 7 years

(f) Deferred Revenue

Deferred revenue consists primarily of certain fixed assets that were acquired by KHCC for various programs. These expenditures are reimbursed by the funding agency in the year that the items are purchased. Revenue is recognized over the useful life of the asset purchased based on the amount of depreciation expense.

(g) Contributions and Pledges

Contributions and unconditional promises to give are recorded as revenue when either unsolicited cash is received or when donors make a promise to give. Contributions received are classified as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. All contributions are considered to be for unrestricted use unless specifically restricted by the donor.

(h) Income Taxes

KHCC was incorporated in the State of New York and is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for income taxes in the accompanying financial statements. In addition, KHCC has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2010.

Kingsbridge Heights Community Center, Inc.

Notes to Financial Statements

KHCC adopted the provisions of ASC 740, "Income Taxes", relevant portions of which were previously addressed in FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. The implementation of ASC 740 had no impact on KHCC's financial statements. KHCC does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. KHCC has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, KHCC has filed Internal Revenue Service Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. No interest or penalties were accrued as of July 1, 2008 as a result of the adoption of ASC 740. For the year ended June 30, 2010, there was no interest or penalties recorded or included in the statement of activities.

(i) Revenue Recognition

KHCC receives a substantial portion of its revenue for services provided to approved clients from third-party reimbursement agencies; primarily U.S. Department of Health and Human Services ("DHHS"), NYC Administration for Children Services ("ACS"), New York State Office of Mental Retardation and Developmental Disabilities ("OMRDD"), NYC Department of Youth and Community Development ("DYCD"), New York State Office of Children and Family Services ("OCFS") and New York State Department of Health ("DOH").

Revenue from governmental grants is recognized as the expenditures for each contract are incurred. Revenue from fees for service programs is recognized as they are earned (services are provided daily and/or monthly).

Reimbursements are subject to audit and retroactive adjustment by the respective third party fiscal intermediary. Revenue from retroactive adjustments is recognized in the year the adjustments are made.

(j) Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) Provision for Doubtful Accounts

KHCC does not provide an allowance for doubtful accounts. Doubtful accounts are written off as they are deemed by management to be uncollectible. All accounts receivable, as stated in the financial statements, are deemed by KHCC management to be fully collectible.

Kingsbridge Heights Community Center, Inc.

Notes to Financial Statements

(l) Comparative Financial Information

The financial statements include certain prior year summarized comparative information. Accordingly, such information should be read in conjunction with the prior year financial statements from which the summarized information was derived. With respect to the statement of activities, the prior year information is not presented by net asset class. With respect to the statement of functional expenses, the prior year expenses by expense classification are presented in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

(m) Concentration of Credit Risk

Financial instruments which potentially subject KHCC to concentration of credit risk consist primarily of cash and cash equivalents, in excess of FDIC insurance limits. The financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

(n) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(o) Fair Value Measurements

On July 1, 2008, KHCC adopted ASC 820, "Fair Value Measurements and Disclosures", formerly Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements". This statement defines fair value and establishes a hierarchy for inputs used in measuring fair value that maximized the use of observable inputs and minimized the use of unobservable inputs, requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as KHCC would use in pricing KHCC's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that can not be sourced from a broad active market in which assets or liabilities identical or similar to those of KHCC are traded. KHCC estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers for each investment based on the best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1 - Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include certain mutual funds and equity that are actively traded on a major exchange.

Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date. Most debt securities, preferred stocks, certain equity securities, short-term investments and derivatives are model priced using observable inputs and are classified within Level 2.

Kingsbridge Heights Community Center, Inc.

Notes to Financial Statements

Level 3 - Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private equity investments, and limited liability investment companies.

The adoption of ASC 820 did not impact the KHCC financial statements.

(p) Net Asset Classification

KHCC has adopted ASC 958-205, "Classification of Donor-Restricted Endowment Funds, formerly FASB Staff Position SFAS No. 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and Enhanced Disclosures for All Endowment Funds". This statement is intended to improve the quality and consistency of financial reporting of endowments held by not-for-profit organizations. This statement provides guidance on classifying the net assets (equity) associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The statement is effective for all fiscal years ended after December 15, 2008. As of June 30, 2010, KHCC did not have any endowments.

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act, which is the NYS version of UPMIFA. KHCC has not yet evaluated the effect of this Act.

3. Contribution Receivable, Net

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flow. Conditional promises to give are not included as support until such time as the conditions are substantially met.

At June 30, 2010, the realizable value of contribution receivable is \$373,835. All amounts are due in one year or less.

Kingsbridge Heights Community Center, Inc.

Notes to Financial Statements

4. Fixed Assets, Net

Fixed assets, net, stated at cost, consist of the following:

June 30, 2010

Land	\$ 61,500
Building and improvements	1,361,953
Furniture and equipment	636,902
	<hr/> 2,060,355
Less: Accumulated depreciation	(1,040,507)
	<hr/> \$1,019,848

Depreciation expense for the year ended June 30, 2010 was \$112,740.

5. In-kind Expenses

KHCC occupies some space for program and administrative services provided at no cost by the New York City Parks Department. An estimate for the fair value of this space has been recorded as a revenue and corresponding expense on the statement of activities. For the year ended June 30, 2010, in-kind revenue and expense was \$477,505 and is recorded in donation and program services, respectively. KHCC's lease with the City had expired and is currently in the process of being renegotiated. Management expects that there will be no change in the terms of the agreement.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2010:

Child Sexual Abuse Program	\$ 30,000
College Direction	45,580
Future general support	165,000
	<hr/> \$240,580

Kingsbridge Heights Community Center, Inc.

Notes to Financial Statements

7. Net Assets Released from Restrictions

Temporarily restricted net assets that were released from donor restrictions are as follows:

Adult and Senior Programs	\$110,000
College Direction Program	58,380
Child Sexual Abuse Program	36,500
Early Head Start	25,000
Teen Program	55,000
Youth Programs	64,575
General Support	210,725
	<hr/>
	\$560,180

8. Line of Credit

KHCC has available a line of credit of up to \$600,000 with a financial institution. The line calls for monthly payments of interest at a variable rate based on the London Interbank Offered Rate ("LIBOR") plus 4.25% (5.44% as of June 30, 2010). The outstanding balance plus accrued interest is payable in one payment on December 22, 2010. The line is secured by KHCC's assets. There was \$470,569 outstanding under this line of credit at June 30, 2010.

9. Short-Term Loans

KHCC has received several emergency loans from the Fund for the City of New York to cover operational expenses incurred, for which governmental agencies have not yet provided reimbursement. The loans, which do not accrue interest, are due upon the receipt of the funds which the loans covered, or upon demand by the Fund for the City of New York.

10. Pension Plan

KHCC sponsors a profit-sharing plan and trust covering all employees who attained 12 consecutive months of employment. Contributions are determined as a percentage of each eligible employee's base salary and all employees are fully vested in their contributions. Pension expense for the year ended June 30, 2010 was \$66,617.

Kingsbridge Heights Community Center, Inc.

Notes to Financial Statements

11. Deferred Compensation

KHCC has a nonqualified, unfunded deferred compensation agreement with a former key employee. During the year ended June 30, 2010, under the agreement, KHCC made payments totaling \$33,000 and transferred a life insurance policy with a cash value of \$22,000 to the former employee. In addition, the agreement calls for future payments, which are recorded as a liability in the statement of financial position at their net present value as follows:

Due immediately	\$ 4,761
30-Jun-11	45,000
30-Jun-12	45,000
30-Jun-13	45,000
30-Jun-14	45,000
Total future payments	184,761
Less discount at 5.44%	(22,551)
Net present value of deferred compensation	\$162,210

12. Subsequent Events

KHCC's management has performed subsequent events procedures through December 22, 2010, which is the date the financial statements were available to be issued and there were no subsequent events requiring adjustment to the financial statements. As of December 22, 2010, KHCC was in the process of negotiating with its lender for a renewal of its credit facility which matures December 22, 2010. The final terms of the agreement were not yet known as of that date.