

OWEN J. FLANAGAN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS
60 EAST 42ND STREET, SUITE 2810
NEW YORK, NEW YORK 10165

OWEN J. FLANAGAN, CPA
(1925-1996)

KEVIN C. SUNKEL, CPA
JOHN L. CORCORAN, CPA
LAUREN A. REALE, CPA

(212) 682-2783
FAX (212) 697-5843
WWW.OJFLANAGAN.COM

MEMBERS OF AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

Independent Auditor's Report

**To the Board of Directors of
Search and Care, Inc.**

We have audited the accompanying financial statements of Search and Care, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independent Auditor's Report

Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Search and Care, Inc. as of June 30, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report Summarized Comparative Information

We have previously audited Search and Care, Inc.'s June 30, 2020 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated September 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Owen J. Flanagan & Co.

September 22, 2021

SEARCH AND CARE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

| <u>ASSETS</u> | <u>2021</u> | <u>2020</u> |
|---|-------------------------|-------------------------|
| Cash and cash equivalents | \$ 1,177,872 | \$ 1,567,402 |
| Contributions receivable | 98,500 | 131,692 |
| Other receivables | 51,560 | 92,598 |
| Prepaid expenses and other assets | 10,676 | 13,944 |
| Investments at fair value | 4,944,797 | 3,521,901 |
| Cash held for clients | 55,133 | 54,962 |
| Equipment and leasehold improvements, net | <u>24,618</u> | <u>37,977</u> |
| <u>Total Assets</u> | <u>\$ 6,363,156</u> | <u>\$ 5,420,476</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>Liabilities</u> | | |
| Accounts payable and accrued expenses | \$ 95,237 | \$ 97,784 |
| Loan payable | 193,925 | 190,745 |
| Refundable advance liability | 9,708 | 14,208 |
| Custodial funds | <u>55,133</u> | <u>54,962</u> |
| <u>Total Liabilities</u> | <u>354,003</u> | <u>357,699</u> |
| <u>Net Assets</u> | | |
| Net Assets without Donor Restriction | | |
| Board-designated funds | 3,602,761 | 2,716,080 |
| Available for use | <u>1,684,457</u> | <u>1,529,786</u> |
| | 5,287,218 | 4,245,866 |
| Net Assets with Donor Restrictions | <u>721,935</u> | <u>816,911</u> |
| <u>Total Net Assets (Exhibit B)</u> | <u>6,009,153</u> | <u>5,062,777</u> |
| <u>Total Liabilities and Net Assets</u> | <u>\$ 6,363,156</u> | <u>\$ 5,420,476</u> |

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

SEARCH AND CARE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

| | Net Assets without Donor Restrictions | Net Assets with Donor Restrictions | Total 2021 | Total 2020 |
|--|---|--|---------------------|---------------------|
| <u>Operating Revenue</u> | | | | |
| Grants and contributions | \$ 988,633 | \$ 412,060 | \$ 1,400,693 | \$ 1,178,918 |
| Program revenue | 175,465 | - | 175,465 | 182,213 |
| Allocated investment income | 113,133 | - | 113,133 | 134,808 |
| Income from events and activities, net of expenses of \$8,304 and \$71,084 in 2021 and 2020, respectively | 74,441 | - | 74,441 | 195,167 |
| In-kind donations | <u>617</u> | <u>-</u> | <u>617</u> | <u>-</u> |
| | <u>1,352,289</u> | <u>412,060</u> | <u>1,764,349</u> | <u>1,691,106</u> |
| Net assets released from restriction | <u>507,036</u> | <u>(507,036)</u> | <u>-</u> | <u>-</u> |
| <u>Total Operating Revenue</u> | <u>1,859,325</u> | <u>(94,976)</u> | <u>1,764,349</u> | <u>1,691,106</u> |
| <u>Operating Expenses</u> | | | | |
| Program services | 1,162,853 | | 1,162,853 | 1,109,137 |
| Management and general | 173,034 | | 173,034 | 130,333 |
| Fund-raising | <u>168,424</u> | | <u>168,424</u> | <u>189,720</u> |
| <u>Total Operating Expenses</u> | <u>1,504,311</u> | <u>-</u> | <u>1,504,311</u> | <u>1,429,190</u> |
| Excess (deficiency) of operating revenue over operating expenses | 355,014 | (94,976) | 260,038 | 261,916 |
| Non-operating items | | | | |
| Net investment return | 799,471 | | 799,471 | 267,143 |
| Released for operations | <u>(113,133)</u> | <u>-</u> | <u>(113,133)</u> | <u>(134,808)</u> |
| Net non-operating items | <u>686,338</u> | <u>-</u> | <u>686,338</u> | <u>132,335</u> |
| Change in Net Assets for Year | 1,041,352 | (94,976) | 946,376 | 394,251 |
| Net Assets, beginning of year | <u>4,245,866</u> | <u>816,911</u> | <u>5,062,777</u> | <u>4,668,526</u> |
| Net Assets, End of Year | <u>\$ 5,287,218</u> | <u>\$ 721,935</u> | <u>\$ 6,009,153</u> | <u>\$ 5,062,777</u> |

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

SEARCH AND CARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

| | <u>Support Services</u> | | | <u>Total Support Services</u> | <u>Total 2021</u> | <u>Total 2020</u> |
|-------------------------------|-----------------------------|-----------------------------------|---------------------|-----------------------------------|-----------------------|-----------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Fund-raising</u> | | | |
| Salaries | \$ 698,646 | \$ 78,502 | \$ 107,900 | \$ 186,402 | \$ 885,048 | \$ 836,856 |
| Payroll taxes and benefits | 176,690 | 19,854 | 27,288 | 47,142 | 223,832 | 216,916 |
| Occupancy | 46,084 | 5,179 | 7,117 | 12,296 | 58,380 | 58,380 |
| Office expenses | 13,000 | 1,461 | 2,009 | 3,470 | 16,470 | 25,127 |
| Printing and publications | 2,093 | - | - | - | 2,093 | 4,705 |
| Telephone and utilities | 15,142 | 1,701 | 2,339 | 4,040 | 19,182 | 17,734 |
| Insurance | - | 16,373 | - | 16,373 | 16,373 | 12,047 |
| Client services and grants | 73,420 | - | - | - | 73,420 | 70,094 |
| Professional fees | 62,210 | 41,473 | - | 41,473 | 103,683 | 97,468 |
| Consultants | 44,964 | 5,052 | 6,944 | 11,996 | 56,960 | 30,324 |
| Depreciation and amortization | 12,122 | 1,362 | 1,872 | 3,234 | 15,356 | 14,714 |
| Other operating expenses | <u>18,482</u> | <u>2,077</u> | <u>12,955</u> | <u>15,032</u> | <u>33,514</u> | <u>44,825</u> |
| Total | <u>\$ 1,162,853</u> | <u>\$ 173,034</u> | <u>\$ 168,424</u> | <u>\$ 341,458</u> | <u>\$ 1,504,311</u> | <u>\$ 1,429,190</u> |
| Comparative Totals - 2019 | <u>\$ 1,109,137</u> | <u>\$ 130,333</u> | <u>\$ 189,720</u> | | | |

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

SEARCH AND CARE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Change in Net Assets for Year | \$ 946,376 | \$ 394,251 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation expense | 15,356 | 14,714 |
| Net realized and unrealized gain on investments | (751,235) | (179,673) |
| (Increase) decrease in assets: | | |
| Contributions receivable | 33,192 | (88,242) |
| Other receivables | 41,038 | (56,724) |
| Prepaid expenses and other assets | 3,268 | 30,905 |
| Decrease (increase) in liabilities: | | |
| Custodial funds | 171 | 13,779 |
| Refundable advance liability | (4,500) | 14,208 |
| Accounts payable and accrued expenses | (2,547) | (19,860) |
| <u>Cash Provided by Operating Activities</u> | <u>281,119</u> | <u>123,358</u> |
| Cash Flows from Investing Activities: | | |
| Purchase of equipment | (1,997) | (7,982) |
| Proceeds from sale of investments | 250,433 | 1,502,745 |
| Purchase of investments | (922,094) | (951,898) |
| <u>Cash (Used in) Provided by Investing Activities</u> | <u>(673,658)</u> | <u>542,865</u> |
| Cash Flows from Financing Activities: | | |
| Loan payable | 3,180 | 190,745 |
| <u>Cash Used in Financing Activities</u> | <u>3,180</u> | <u>190,745</u> |
| <u>Net (Decrease) Increase in Cash for Year</u> | <u>(389,359)</u> | <u>856,968</u> |
| Cash, beginning of year | <u>1,622,364</u> | <u>765,396</u> |
| Cash, End of Year | <u>\$ 1,233,005</u> | <u>\$ 1,622,364</u> |
| Reconciliation to total cash: | | |
| Cash and cash equivalents | \$ 1,177,872 | \$ 1,567,402 |
| Cash held for clients | <u>55,133</u> | <u>54,962</u> |
| | <u>\$ 1,233,005</u> | <u>\$ 1,622,364</u> |

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

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 **Organization and Tax Status**

Search and Care, Inc. (Search and Care), incorporated in 1974, seeks out and assists the aged and homebound primarily in the Yorkville, Carnegie Hill and East Harlem areas of New York City. Search and Care is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as a publicly supported organization described in Section 509(a). The Organization's support comes primarily through grants and contributions from private foundations, individuals, corporations, Board fundraising and other friends.

NOTE 2 **Summary of Significant Accounting Policies**

Basis of Accounting and Use of Estimates

Search and Care prepares its financial statements on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Search and Care's management to make certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingencies at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Method of Presentation

The financial statements report amounts separately by class of net assets. Net assets without donor restriction are those currently available at the discretion of the Board for use in Search and Care's operations. Net assets with donor restriction consist of net assets that are to be spent on a specific operating purpose as stipulated by the donor and amounts that are to be held in perpetuity in accordance with donor wishes. All contributions are considered available for use, unless specifically restricted by the donor or subject to other legal restrictions

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and savings accounts as well as certificates of deposit which have a maturity date of three months or less.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis on the statement of activities and on the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. The Organization allocates these expenses based on estimates of time and effort per employee which is a reasonable basis that is consistently applied. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Search and Care.

Investments

Investments are held in a combined portfolio and carried at fair value based on quoted market prices. Changes in the fair value of investments are reported in the statement of activities as net realized and unrealized gain or loss. Realized gains and losses from the sale of investments are determined by comparison of cost to proceeds on the average cost method. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 **Summary of Significant Accounting Policies** (Continued)

Investment Policy

The Organization's objectives are to safeguard its financial assets and ensure that they are readily available to the Organization for its programmatic needs, while obtaining a reasonable return on assets. The Organization's cash-flow structure and liquidity needs are such that it has only a moderate risk tolerance.

Fair Value Measurement of Investments

Investments are carried at fair value based on quoted market prices. Search and Care follows Financial Accounting Standards Board (FASB) guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable input and are used to the extent that observable inputs do not exist.

Equipment and Leasehold Improvements

Equipment and leasehold improvements, purchased over \$1,000 are recorded at cost or, if donated, at the estimated fair value of the assets at the date of donation. Costs for repair and maintenance are charged to expense as incurred. All equipment and leasehold improvements are depreciated over their estimated useful lives using the straight-line method. Estimated useful lives used to calculate depreciation are as follows:

| | |
|-------------------------|------------|
| Leasehold improvements | Lease term |
| Equipment and computers | 3 years |

In-kind Donations

Members of the Board of Directors and certain other volunteers have contributed time to Search and Care. The financial statements do not reflect the value of these contributed services because they do not meet the criteria required for such recognition.

Contributed services from professionals, that would otherwise have been paid for, are recognized and recorded in the financial statements at the estimated fair value. Donated goods are recorded at their estimated fair value on the date of gift.

Grants and Contributions

Grants and contributions received, including unconditional promises to give, are recognized as revenue in the period received at their fair values.

Stock Donations

The Organization has a policy to sell all stock gifts immediately upon receipt.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 **Summary of Significant Accounting Policies** (Continued)

Summarized Comparative Information

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

Measure of Operations

In its statement of activities, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income, including net realized and unrealized gains and losses, earned in excess of the Organization's aggregate authorized spending amount are recognized as non-operating revenue.

Accounting for Uncertainty in Income Taxes

Search and Care recognizes the effect of income tax positions only if these positions are more likely than not to be sustained. Management has determined that the Organization has no uncertain tax positions that would require financial statement recognition and/or disclosure. Search and Care is no longer subject to examination by applicable taxing jurisdictions prior to 2017.

Subsequent Events

In connection with the preparation of the financial statements, Search and Care evaluated subsequent events after the statement of financial position date of June 30, 2021 through September 22, 2021 which was the date the financial statements were available to be issued.

NOTE 3 **Concentration of Credit Risk**

Search and Care maintains cash balances with banking institutions that at times during the year exceed the Federal Deposit Insurance Corporation's insurable limits. This potentially subjects Search and Care to a concentration of credit risk. Search and Care has not experienced any losses in such accounts.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of credit risk.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 **Equipment and Leasehold Improvements**

Equipment and leasehold improvements consist of the following at June 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|------------------|------------------|
| Leasehold improvements | \$ 286,357 | \$ 286,357 |
| Office equipment | <u>56,974</u> | <u>54,977</u> |
| | 343,331 | 341,334 |
| Less: Accumulated depreciation | <u>(318,713)</u> | <u>(303,357)</u> |
| | <u>\$ 24,618</u> | <u>\$ 37,977</u> |

NOTE 5 **Investments and Investment Return**

The investments at June 30, 2021 and 2020, respectively, consist of the following:

| | <u>2021</u> | | <u>2020</u> | |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> |
| Short-term cash | \$ 45,451 | \$ 45,451 | \$ 37,904 | \$ 37,904 |
| Certificates of deposit | 1,322,691 | 1,322,691 | 794,022 | 794,022 |
| Multi-strategy mutual funds | <u>2,624,348</u> | <u>3,576,655</u> | <u>2,305,709</u> | <u>2,689,975</u> |
| | <u>\$ 3,992,490</u> | <u>\$ 4,944,797</u> | <u>\$ 3,137,635</u> | <u>\$ 3,521,901</u> |

The following are major categories of investments measured at fair value as of June 30:

| | <u>2021</u> | | |
|-----------------------------|---------------------|---------------------|---------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
| Short-term cash | \$ 45,451 | \$ - | \$ 45,451 |
| Certificates of deposit | - | 1,322,691 | 1,322,691 |
| Multi-strategy mutual funds | <u>3,576,655</u> | <u>-</u> | <u>3,576,655</u> |
| Total | <u>\$ 3,622,106</u> | <u>\$ 1,322,691</u> | <u>\$ 4,944,797</u> |
| | <u>2020</u> | | |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
| Short-term cash | \$ 37,904 | \$ - | \$ 37,904 |
| Certificates of deposit | - | 794,022 | 794,022 |
| Multi-strategy mutual funds | <u>2,689,975</u> | <u>-</u> | <u>2,689,975</u> |
| Total | <u>\$ 2,727,879</u> | <u>\$ 794,022</u> | <u>\$ 3,521,901</u> |

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 **Investments and Investment Return** (Continued)

In 2021, Level 2 investments consisted of two certificates of deposit (CD). One is a twelve-month CD with a maturity date of September 10, 2021 and the other is a twelve-month CD with a maturity date of March 10, 2022. In 2020, Level 2 investments consisted of four certificates of deposit, with twelve-month maturity dates expiring May 2020.

Investment return for the years ended June 30, 2021 and 2020 consists of the following:

| | 2021 | 2020 |
|---|------------|------------|
| Dividend and interest income | \$ 48,236 | \$ 87,470 |
| Realized and unrealized gain on investments | 751,235 | 179,673 |
| | \$ 799,471 | \$ 267,143 |

For purposes of the statement of activities, Search and Care considers Board authorized spending amounts to be available for operations which are included in operating revenue. The excess or deficiency of actual investment return over such authorized amounts is considered non-operating.

| | 2021 | 2020 |
|----------------------------------|------------|------------|
| Investment income for operations | \$ 113,133 | \$ 134,808 |
| Non-operating investment income | 686,338 | 132,335 |
| | \$ 799,471 | \$ 267,143 |

NOTE 6 **Custodial Funds**

Search and Care provides assistance to certain elderly clients who require help in managing their finances. Clients' funds are maintained in a separately administered, commingled account from which expenses are paid on behalf of each client. Search and Care collects no fees for these services.

A summary of the activity for such clients' custodial funds at June 30, 2021 and 2020 is as follows:

| | 2021 | 2020 |
|------------------------|-----------|-----------|
| Beginning cash balance | \$ 54,962 | \$ 41,183 |
| Funds received | 121,475 | 147,834 |
| | 176,437 | 189,017 |
| Funds disbursed | (121,304) | (134,055) |
| Ending cash balance | \$ 55,133 | \$ 54,962 |

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 **Commitment and Contingencies**

Search and Care occupies office space pursuant to a lease agreement expiring April 14, 2023. Future annual minimum lease payments at June 30, 2021 are as follows:

| | |
|------|-------------------|
| 2022 | \$ 57,000 |
| 2023 | <u>45,125</u> |
| | <u>\$ 102,125</u> |

Occupancy expense totaled \$58,380 for each of the years ended June 30, 2021 and 2020.

NOTE 8 **Renewable Grant Contract**

A Department for the Aging grant was awarded to Lenox Hill Neighborhood House, with Search and Care listed as one of the subcontractors. This grant is to support the implementation of case management services for elders living between East 59th Street and East 125th Street in New York City, for which Search and Care received \$163,055 during fiscal year 2021. As of July 1, 2021 this contract was renewed for the fiscal year ending June 30, 2022 for approximately \$163,055.

NOTE 9 **Fundraising Events and Activities**

Search and Care sponsored different events and activities during the years ended June 30, 2021 and 2020 to raise additional funds for its charitable activities. These events and the net income derived are as follows:

| | June 30, 2021 | | |
|-----------------|-------------------|------------------|-------------------|
| | Income | Expenses | Net Income |
| Theatre Benefit | \$ 45,930 | \$ 1,901 | \$ 44,029 |
| Sip & Savor | <u>36,815</u> | <u>6,403</u> | <u>30,412</u> |
| | <u>\$ 82,745</u> | <u>\$ 8,304</u> | <u>\$ 74,441</u> |
| | June 30, 2020 | | |
| | Income | Expenses | Net Income |
| Yorkville Ball | \$ 119,984 | \$ 43,141 | \$ 76,843 |
| Annual Benefit | 141,842 | 27,943 | 113,899 |
| Other Events | <u>4,425</u> | <u>-</u> | <u>4,425</u> |
| | <u>\$ 266,251</u> | <u>\$ 71,084</u> | <u>\$ 195,167</u> |

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 **Board Designated Funds**

The board designated funds were established by the Board with the purpose of creating a quasi-endowment that would generate income to support the administrative expenses of Search and Care.

Under the Board's investment and spending policy, a sum equal to 5% of a three-year trailing average of the fair value of investments is released for the use by Search and Care for its general purposes.

In September 2011, the Board initiated a multi-year 40th Anniversary appeal designed to both strengthen and expand upon existing agency programs and services, and ensure that these programs will be available in subsequent years for future elders, despite any downturns or turbulence in the economic environment. The funds were held in a liquid money market account up until March 2018, at which point they were transferred to a multi-strategy mutual fund.

The board designated funds for administrative expenses had the following activity for the years ended June 30, 2021 and 2020:

| | 2021 | 2020 |
|----------------------------|-------------|-------------|
| Balance, beginning of year | \$2,239,928 | \$2,143,061 |
| New designated funds | 200,000 | 5,000 |
| Investment return | 657,380 | 191,287 |
| Funds released | (105,569) | (99,420) |
| Balance, end of year | \$2,991,739 | \$2,239,928 |

The board designated fund under the 40th anniversary appeal had the following activity for the year ended June 30, 2021 and 2020:

| | 2021 | 2020 |
|----------------------------|-----------|-----------|
| Balance, beginning of year | \$476,152 | \$437,384 |
| Investment return | 134,870 | 38,768 |
| | \$611,022 | \$476,152 |

NOTE 11 **Contingent Grant**

In 2020, a contingent grant of \$85,000 was received with a portion of contractual requirements that were not met at year-end and therefore not reflected as revenue in these financial statements. During 2020, the Organization received \$39,000 of this grant of which \$14,208 is reflected as a refundable advance liability on the Statement of Financial Position and \$24,792 is reflected as grants and contributions on the Statement of Activities. During 2021, an additional \$38,000 of this grant was received of which \$42,500 was reclassified and reflected as grants and contributions on the Statement of Activities and \$9,708 is reflected as a refundable advance liability on the Statement of Financial Position.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 **Net Assets with Donor Restriction**

Net assets with Donor Restriction at June 30, 2021 and 2020 are available for certain donor stipulated purposes as follows:

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Pet and elder empowerment | \$ 112,363 | \$ 109,426 |
| East Harlem expansion and programs | 35,630 | 48,763 |
| Money Matters program | 5,388 | 6,115 |
| Client programs | 118,641 | 146,655 |
| Support for care manager positions, occupational therapist, nurse and homecare worker | 448,577 | 295,952 |
| Capital improvements and purchases | 1,336 | - |
| Time restricted | - | 210,000 |
| | \$ 721,935 | \$ 816,911 |

Net assets were released from donor restrictions by incurring expenses for the following purposes:

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Pet and elder empowerment | \$ 47,064 | \$ 33,087 |
| East Harlem expansion and programs | 43,134 | 59,968 |
| Money Matters program | 15,726 | 28,526 |
| Client programs | 77,014 | 54,584 |
| Support for care manager positions, occupational therapist, nurse and homecare worker | 82,934 | 58,570 |
| Capital improvements and purchases | 3,664 | 10,000 |
| Time restricted | 237,500 | 93,500 |
| | \$ 507,036 | \$ 338,235 |

NOTE 13 **Pension Plan**

Search and Care has a defined contribution pension plan that covers substantially all of its full-time employees. Plan expense is based upon a percentage of employee compensation and totaled \$48,884 and \$46,283 for the years ended June 30, 2021 and 2020, respectively.

NOTE 14 **Contributions Receivable**

Grants and pledges receivable of \$98,500 at June 30, 2021 are all expected to be collected within fiscal year ended June 30, 2022.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 **Liquidity and Availability of Financial Assets**

The following reflects Search and Care's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditures within one year of the statement of financial position date:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 1,177,872 | \$ 1,567,402 |
| Cash held for clients | 55,133 | 54,962 |
| Investments | 4,944,797 | 3,521,901 |
| Contributions receivable | 98,500 | 131,692 |
| Other receivables | <u>51,560</u> | <u>92,598</u> |
| | 6,327,862 | 5,368,555 |
| Less: | | |
| Custodial cash held for clients | 55,133 | 54,962 |
| Donor-imposed time or purpose restriction | 721,935 | 816,911 |
| Board Designations | <u>3,602,761</u> | <u>2,716,080</u> |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 1,948,033</u> | <u>\$ 1,780,602</u> |

Search and Care's financial assets are all liquid in nature. The Board of Directors has created two quasi-endowments. One is set up to assist with covering the occupancy costs of the organization through a monthly draw based on a spending policy as described in Note 10. The other is reserved to fund future needs. Search and Care monitors its cash flow monthly and transfers cash as needed into its operating account.

NOTE 16 **Loan Payable**

In April 2020, Search and Care was granted a loan in the amount of \$190,745, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures after two years and bears interest at a rate of 1% per annum, payable monthly after six months. Funds from the loan may be used for payroll costs, health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred after February 15, 2020. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Search and Care received forgiveness on the loan in May 2021 and recognized it as grants and contributions revenue during fiscal year 2021.

In January 2021 the U.S. Small Business Administration, in consultation with the Treasury Department, announced that the Paycheck Protection Program (the "PPP") reopened for new and certain existing PPP borrowers under certain limitations. During February 2021, Search and Care was granted a loan during the second round in the amount of \$193,925 subject to the same general loan terms as their first draw. Search and Care intends to use the entire loan amount for qualifying expenses in order to achieve full forgiveness.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 **Subsequent Events**

Search and Care initiated services commencing July 1, 2021 along the upper West Side (UWS) at the urging of many foundations, faith and community partners who felt the UWS geography lacked genuine social service providers. The UWS expansion includes care management and supportive services for the same population on the upper East Side which include the aged and homebound.

During the end of fiscal year 2021, the Search and Care office was affected by flood damages. The work to repair took place during the beginning of fiscal year 2022 and the cost of repairs totaled approximately \$35,000 which is expected to be fully covered by insurance proceeds.

NOTE 18 **COVID-19**

In March 2020, the World Health Organization declared the incidence of COVID-19 to be a pandemic. As a result, the fiscal year 2020 Theatre Benefit and Jazz Event and fiscal year 2021 Annual Benefit and Yorkville Ball were cancelled. The fiscal year 2021 Theatre Benefit was held virtually. The COVID-19 pandemic has resulted in substantial volatility in global financial markets. As the outbreak continues, Search and Care may continue to experience a disruption in operations as well as a decline in contributions received or level or contributions and fair value of investments. Due to changing market conditions, an estimate of the total loss due to the outbreak, if any, cannot be determined as this time.