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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, the Organization adopted Financial Accounting Standards Board ("FASB") Topic 842, Leases, using the effective date method with July 1, 2022, as the date of initial adoption. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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.

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 for one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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.

Report Summarized Comparative Information

We have previously audited Search and Care, Inc.'s June 30, 2022 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Owen J. Flanagan & Co.

November 8, 2023

SEARCH AND CARE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,031,875	\$ 1,586,096
Contributions receivable	180,744	500,802
Other receivables	49,537	36,059
Prepaid expenses and other assets	93,877	17,691
Investments at fair value	4,300,078	3,821,754
Cash held for clients	37,021	49,227
Equipment and leasehold improvements, net	61,943	34,193
Right of use assets - operating lease, net	<u>1,530,004</u>	<u>-</u>
<u>Total Assets</u>	<u>\$ 7,285,079</u>	<u>\$ 6,045,822</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 133,754	\$ 126,981
Refundable advance liability	-	25,000
Custodial funds	37,021	49,227
Lease payable	<u>1,585,868</u>	<u>-</u>
<u>Total Liabilities</u>	<u>1,756,643</u>	<u>201,208</u>
 <u>Net Assets</u>		
Net Assets without Donor Restrictions		
Board-designated funds	3,212,349	3,009,589
Available for use	<u>1,649,482</u>	<u>1,709,118</u>
	4,861,831	4,718,707
Net Assets with Donor Restrictions	<u>666,605</u>	<u>1,125,907</u>
<u>Total Net Assets (Exhibit B)</u>	<u>5,528,436</u>	<u>5,844,614</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 7,285,079</u>	<u>\$ 6,045,822</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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Total 2023</u>	<u>Total 2022</u>
<u>Operating Revenue</u>				
Grants and contributions	\$ 693,163	\$ 364,265	\$ 1,057,428	\$ 1,897,623
Program revenue	170,191	-	170,191	171,938
Allocated investment income	149,438	-	149,438	127,798
Income from events and activities, net of expenses of \$124,072 and \$69,278 in 2023 and 2022, respectively	315,225	-	315,225	126,998
Loss on disposal of fixed assets	(1,363)	-	(1,363)	-
In-kind donations	13,177	-	13,177	-
	<u>1,339,831</u>	<u>364,265</u>	<u>1,704,096</u>	<u>2,324,357</u>
Net assets released from restriction	<u>823,567</u>	<u>(823,567)</u>	<u>-</u>	<u>-</u>
<u>Total Operating Revenue</u>	<u>2,163,398</u>	<u>(459,302)</u>	<u>1,704,096</u>	<u>2,324,357</u>
<u>Operating Expenses</u>				
Program services	1,734,580		1,734,580	1,331,548
Management and general	242,662		242,662	230,144
Fund-raising	248,688		248,688	181,178
<u>Total Operating Expenses</u>	<u>2,225,930</u>	<u>-</u>	<u>2,225,930</u>	<u>1,742,870</u>
Excess (deficiency) of operating revenue over operating expenses	(62,532)	(459,302)	(521,834)	581,487
<u>Non-operating items</u>				
Net investment return	355,094	-	355,094	(618,228)
Released for operations	(149,438)	-	(149,438)	(127,798)
Net non-operating items	<u>205,656</u>	<u>-</u>	<u>205,656</u>	<u>(746,026)</u>
Change in Net Assets for Year	143,124	(459,302)	(316,178)	(164,539)
Net Assets, beginning of year	<u>4,718,707</u>	<u>1,125,907</u>	<u>5,844,614</u>	<u>6,009,153</u>
Net Assets, End of Year	<u>\$ 4,861,831</u>	<u>\$ 666,605</u>	<u>\$ 5,528,436</u>	<u>\$ 5,844,614</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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Support Services			Total Support Services	Total 2023	Total 2022
	Program Services	Management and General	Fund-raising			
Salaries	\$ 1,009,078	\$ 125,940	\$ 148,357	\$ 274,297	\$ 1,283,375	\$ 1,112,055
Payroll taxes and benefits	243,983	30,451	35,871	66,322	310,305	251,936
Occupancy	91,374	11,404	13,434	24,838	116,212	66,611
Office expenses	45,504	5,866	6,323	12,189	57,693	26,938
Printing and publications	7,669	-	2,043	2,043	9,712	7,504
Telephone and utilities	17,612	2,198	2,589	4,787	22,399	21,696
Insurance	-	16,904	-	16,904	16,904	12,532
Client services and grants	81,459	-	-	-	81,459	30,653
Professional fees	4,545	21,030	-	21,030	25,575	43,913
Consultants	212,004	26,460	31,169	57,629	269,633	97,383
Depreciation and amortization	16,214	2,024	2,384	4,408	20,622	21,340
Other operating expenses	<u>5,138</u>	<u>385</u>	<u>6,518</u>	<u>6,903</u>	<u>12,041</u>	<u>50,309</u>
Total	<u>\$ 1,734,580</u>	<u>\$ 242,662</u>	<u>\$ 248,688</u>	<u>\$ 491,350</u>	<u>\$ 2,225,930</u>	<u>\$ 1,742,870</u>
Comparative Totals - 2022	<u>\$ 1,331,548</u>	<u>\$ 230,144</u>	<u>\$ 181,178</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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in Net Assets for Year	\$ (316,178)	\$ (164,539)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Amortization of right of use assets - operating lease	43,911	-
Depreciation expense	20,621	21,340
Loss on disposal of fixed assets	1,363	-
Net realized and unrealized (gain) loss on investments	(267,205)	671,866
(Increase) decrease in assets:		
Contributions receivable	320,058	(402,302)
Other receivables	(13,478)	15,501
Prepaid expenses and other assets	(76,186)	(7,015)
Decrease (increase) in liabilities:		
Custodial funds	(12,206)	(5,906)
Refundable advance liability	(25,000)	15,292
Accounts payable and accrued expenses	6,773	31,744
Lease payable	11,953	-
<u>Cash (Used in) Provided by Operating Activities</u>	<u>(305,574)</u>	<u>175,981</u>
Cash Flows from Investing Activities:		
Purchase of equipment and leasehold improvements	(49,734)	(30,915)
Proceeds from sale of investments	1,097,632	829,063
Purchase of investments	(1,308,751)	(377,886)
<u>Cash (Used in) Provided by Investing Activities</u>	<u>(260,853)</u>	<u>420,262</u>
Cash Flows from Financing Activities:		
Repayment of loans	-	(193,925)
<u>Cash Used in Financing Activities</u>	<u>-</u>	<u>(193,925)</u>
<u>Net (Decrease) Increase in Cash for Year</u>	<u>(566,427)</u>	<u>402,318</u>
Cash, beginning of year	<u>1,635,323</u>	<u>1,233,005</u>
Cash, End of Year	<u>\$ 1,068,896</u>	<u>\$ 1,635,323</u>
Reconciliation to total cash:		
Cash and cash equivalents	\$ 1,031,875	\$ 1,586,096
Cash held for clients	<u>37,021</u>	<u>49,227</u>
	<u>\$ 1,068,896</u>	<u>\$ 1,635,323</u>

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

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 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. 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**

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time to exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset.

Search and Care adopted the requirements of the new standard effective July 1, 2022, using the modified retrospective transition method, which applies the provisions of the standard at the effective date without any adjustment to the comparative periods presented. Search and Care adopted the following practical expedients and elected the following accounting policies related to the standard: Carry forward of historical lease classifications and accounting treatment.

Accordingly, Search and Care will recognize lease payments on a straight-line basis over the lease term and variable payments in the period when the corresponding obligation is incurred. As of July 1, 2022, Search and Care was in an operating lease for its office facilities located on 1844 Second Avenue, New York City which expired in April 2023. In February 2023, Search and Care entered into a new operating lease agreement for its office facilities located on 207-211 East 94th Street, New York City which expires in August 2033. Adoption of this standard resulted in the recognition of an initial operating lease right-of-use assets and corresponding lease liability of \$1,573,915 on the new lease entered during fiscal year 2023. This amount represents lease payments of \$1,976,736, discounted at 4%. The standard did not materially impact operating results or liquidity.

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.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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.

Grants and Contributions

Grants and contributions received, including unconditional promises to give, are recognized as revenue in the period received at their fair values. Long term pledge receivables, if any, are discounted to present value using the Prime Rate. Contributions restricted to purchase equipment are released from restriction when the asset is placed in service unless the donor requires a specific period use.

Stock Donations

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

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.

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.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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.

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 \$2,500 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

Leases

Search and Care determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Search and Care does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2022 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 2020.

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, 2023 through November 8, 2023 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, 2023

NOTE 4 **Equipment and Leasehold Improvements**

Equipment and leasehold improvements consist of the following at June 30, 2023 and 2022:

	2023	2022
Leasehold improvements	\$ 20,806	\$ 287,727
Office equipment	70,200	86,519
	91,006	374,246
Less: Accumulated depreciation	(29,063)	(340,053)
	\$ 61,943	\$ 34,193

In 2023, Search and Care wrote-off \$45,247 of office equipment no longer in use and abandoned \$287,727 of leasehold improvements upon termination of its original lease. There was a loss of \$1,363 on the disposal.

NOTE 5 **Investments and Investment Return**

The investments at June 30, 2023 and 2022, respectively, consist of the following:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Short-term cash	385,966	\$ 385,235	\$ 40,439	\$ 40,439
Certificates of deposit	728,602	728,602	797,833	797,833
Multi-strategy mutual funds	3,017,268	3,186,241	2,905,600	2,983,482
	\$ 4,131,836	\$ 4,300,078	\$ 3,743,872	\$ 3,821,754

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

	2023		
	Level 1	Level 2	Total
Short-term cash	\$ 385,235	\$ -	\$ 385,235
Certificates of deposit	-	728,602	728,602
Multi-strategy mutual funds	3,186,241	-	3,186,241
Total	\$ 3,571,476	\$ 728,602	\$ 4,300,078
	2022		
	Level 1	Level 2	Total
Short-term cash	\$ 40,439	\$ -	\$ 40,439
Certificates of deposit	-	797,833	797,833
Multi-strategy mutual funds	2,983,482	-	2,983,482
Total	\$ 3,023,921	\$ 797,833	\$ 3,821,754

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

In 2023, Level 2 investments consisted of two certificates of deposit (CD). Both are a thirteen-month CD with a maturity date of December 16, 2023. In 2022, Level 2 investments consisted of one certificate of deposit (CD) with a three-month maturity date of September 10, 2022.

Investment return for the years ended June 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Dividend and interest income	\$ 87,889	\$ 53,638
Realized and unrealized gain on investments	<u>267,205</u>	<u>(671,866)</u>
	<u>\$ 355,094</u>	<u>\$ (618,228)</u>

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.

	<u>2023</u>	<u>2022</u>
Investment income for operations	\$ 149,438	\$ 127,798
Non-operating investment income (loss)	<u>205,656</u>	<u>(746,026)</u>
	<u>\$ 355,094</u>	<u>\$ (618,228)</u>

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, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Beginning cash balance	\$ 49,227	\$ 55,133
Funds received	<u>103,381</u>	<u>115,637</u>
	152,608	170,770
Funds disbursed	<u>(115,587)</u>	<u>(121,543)</u>
Ending cash balance	<u>\$ 37,021</u>	<u>\$ 49,227</u>

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 **Leases**

In April 2018, Search and Care entered into an operating lease agreement for its office facilities located on 1844 Second Avenue, New York City which expired in April 2023. In February 2023, Search and Care entered into a new operating lease agreement for its office facilities located on 207-211 East 94th Street, New York City which expires in August 2033. Occupancy expense totaled \$116,212 and \$66,611 for the years ended June 30, 2023 and 2022, respectively.

Search and Care amortizes the operating lease right-of-use asset over the life of the lease agreements. Right of use assets consist of the following as of June 30, 2023:

Right of use assets	\$ 1,573,915
Less: accumulated amortization	<u>(43,911)</u>
Present value of operating lease liabilities	<u>\$ 1,530,004</u>

Search and Care evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU asset and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization uses the discount rate of 4% per the lease agreement to discount future lease payments.

The future minimum annual rental commitment under this lease as of June 30, 2023 are:

2024	\$ 144,550
2025	176,712
2026	180,688
2027	184,754
2028	188,911
Thereafter	<u>1,101,121</u>
Total undiscounted operating lease payments	1,976,736
Less: Present value discount	<u>390,868</u>
Present value of operating lease liabilities	<u>\$ 1,585,868</u>

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 \$163,536 during fiscal year 2023. As of July 1, 2023 this contract was renewed for the fiscal year ending June 30, 2024 for approximately \$217,400.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 **Contingent Grant**

In 2022, a contingent grant of \$90,000 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 2022, the Organization received \$40,000 of this grant of which \$25,000 was reflected as a refundable advance liability on the Statement of Financial Position and \$15,000 was reflected as grants and contributions on the Statement of Activities. During 2023, the Organization received \$41,025 and released \$66,025 of expenses met. The \$25,000 refundable advance liability from 2022 and the \$41,025 received during 2023 are reflected as grants and contributions on the Statement of Activities. The remaining amount of the conditional grant from 2022 of \$8,975 is expected to be received and reflected as income during 2024.

NOTE 10 **Fundraising Events and Activities**

Search and Care sponsored different events and activities during the years ended June 30, 2023 and 2022 to raise additional funds for its charitable activities. These events and the net income derived are as follows:

	June 30, 2023		
	Income	Expenses	Net Income
Theatre Benefit	\$ 21,050	\$ 1,250	\$ 19,800
Yorkville Ball	88,457	47,053	41,404
Annual Benefit	324,495	75,769	248,726
Other Events	5,295	-	5,295
	\$ 439,297	\$ 124,072	\$ 315,225
	June 30, 2022		
	Income	Expenses	Net Income
Yorkville Ball	\$ 127,654	\$ 52,654	\$ 75,000
Annual Benefit	68,622	16,624	51,998
	\$ 196,276	\$ 69,278	\$ 126,998

NOTE 11 **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.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 **Board Designated Funds** (Continued)

The board designated funds for administrative expenses had the following activity for the years ended June 30, 2023 and 2022:

	2023	2022
Balance, beginning of year	\$ 2,502,540	\$ 2,991,739
New designated funds	-	150,000
Investment return	275,676	(516,287)
Funds released	(128,903)	(122,912)
Balance, end of year	\$ 2,649,313	\$ 2,502,540

The board designated fund under the 40th anniversary appeal had the following activity for the year ended June 30, 2023 and 2022:

	2023	2022
Balance, beginning of year	\$ 507,049	\$ 611,022
Investment return	55,987	(103,973)
	\$ 563,036	\$ 507,049

NOTE 12 **Net Assets with Donor Restriction**

Net assets with Donor Restriction at June 30, 2023 and 2022 are available for certain donor stipulated purposes as follows:

	2023	2022
Pet and elder empowerment	\$ 167,654	\$ 219,567
East Harlem expansion and programs	-	9,817
Money Matters program	60,000	-
Client programs	75,171	112,317
Support for care manager positions, occupational therapist, nurse and homecare worker	338,693	493,873
Capital improvements and purchases	-	-
Time restricted	15,000	150,000
Upper West Side expansion and programs	10,087	140,333
	\$ 666,605	\$ 1,125,907

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 **Net Assets with Donor Restriction** (Continued)

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

	<u>2023</u>	<u>2022</u>
Pet and elder empowerment	\$ 127,154	\$ 58,410
East Harlem expansion and programs	34,817	75,813
Money Matters program	5,000	5,388
Client programs	60,145	50,184
Support for care manager positions, occupational therapist, nurse and homecare worker	210,181	147,704
Capital improvements and purchases	25,000	16,336
Time restricted	165,000	-
Upper West Side expansion and programs	<u>196,270</u>	<u>59,667</u>
	<u>\$ 823,567</u>	<u>\$ 413,502</u>

NOTE 13 **Liquidity and Availability of Financial Assets**

The following reflects Search and Care's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year of the statement of financial position date:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,031,875	\$ 1,586,096
Cash held for clients	37,021	49,227
Investments	4,300,078	3,821,754
Contributions receivable	180,744	500,802
Other receivables	<u>49,537</u>	<u>36,059</u>
	5,599,255	5,993,938
Less:		
Custodial cash held for clients	37,021	49,227
Donor-imposed time or purpose restriction	666,605	1,125,907
Board Designations	<u>3,212,349</u>	<u>3,009,589</u>
Financial assets available to meet cash needs		
for general expenditure within one year	<u>\$ 1,683,280</u>	<u>\$ 1,809,215</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 11. 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.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 **Contributions Receivable**

Grants and pledges receivable of \$180,744 at June 30, 2023 are expected to be collected within fiscal year ended June 30, 2024.

NOTE 15 **In-Kind Donations**

In-kind donations are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills and would otherwise be purchased by the organization. Donated goods are also recognized as contributions and are recorded at their estimated fair value on the date of the gift.

During 2023, Search and Care received in-kind donations of \$13,177, which included \$10,177 of auction items for the Annual Benefit and \$3,000 of furniture for the new office facility. The donated auction items are reflected as direct expenses netted against income from events and activities on the statement of activities. The donated furniture is included with office expenses on the statement of functional expenses. There were no contributed goods or services that were restricted by donors.

NOTE 16 **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 \$62,295 and \$41,841 for the years ended June 30, 2023 and 2022, respectively.