

**CITY LIVING NY, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2023**

**CITY LIVING NY, INC.
FOR THE YEAR ENDED
JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of City Living NY, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows and functional expenses 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 City Living NY, 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. Our responsibilities under those standards are further described in the Auditors' 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Schulman Lobel, LLP

Schulman Lobel, LLP

Princeton, New Jersey
May 14, 2024

CITY LIVING NY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Current assets

Cash	\$ 957,801
Grants and contributions receivable	105,674
Inventory	8,206
Prepaid expenses	<u>13,622</u>
Total current assets	1,085,303

Right-of-use asset - operating lease	323,124
Security deposit	<u>20,160</u>

Total assets	<u><u>\$ 1,428,587</u></u>
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LIABILITIES AND NET ASSETS

Liabilities

Current liabilities

Operating lease liability - current portion	\$ 74,706
Credit cards payable and accrued expenses	<u>2,899</u>
Total current liabilities	<u>77,605</u>

Operating lease liability - net of current portion	258,045
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Total liabilities	<u>335,650</u>
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Net assets

Without donor restrictions	865,807
With donor restrictions	<u>227,130</u>
Total net assets	<u>1,092,937</u>

Total liabilities and net assets	<u><u>\$ 1,428,587</u></u>
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See notes to the financial statements

CITY LIVING NY, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues			
Contributions	\$ 489,793	\$ 724,914	\$ 1,214,707
Grants	108,763	-	108,763
Donated goods	<u>8,368</u>	<u>-</u>	<u>8,368</u>
Net assets released from restrictions	<u>779,203</u>	<u>(779,203)</u>	<u>-</u>
Total public support and revenues	<u>1,386,127</u>	<u>(54,289)</u>	<u>1,331,838</u>
 Expenses			
Program services	1,015,712	-	1,015,712
 Supporting services			
General and administrative	134,990	-	134,990
Fundraising	<u>92,268</u>	<u>-</u>	<u>92,268</u>
Total supporting services	<u>227,258</u>	<u>-</u>	<u>227,258</u>
Total expenses	<u>1,242,970</u>	<u>-</u>	<u>1,242,970</u>
Change in net assets	143,157	(54,289)	88,868
Net assets beginning of year	<u>722,650</u>	<u>281,419</u>	<u>1,004,069</u>
Net assets end of year	<u>\$ 865,807</u>	<u>\$ 227,130</u>	<u>\$ 1,092,937</u>

See notes to the financial statements

CITY LIVING NY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities

Change in net assets	\$ 88,868
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets	
Grants and contributions receivable	(5,471)
Inventory	10,180
Prepaid expenses	(385)
Increase (decrease) increase in operating liabilities	
Operating lease liability, net	9,627
Credit cards payable and accrued expenses	<u>(23,769)</u>
Total adjustments	<u>(9,818)</u>
Net cash provided by operating activities	<u>79,050</u>
Net increase in cash	79,050
Cash - beginning of year	<u>878,751</u>
Cash - end of year	<u><u>\$ 957,801</u></u>

See notes to the financial statements

CITY LIVING NY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Supporting Services</u>			Total Supporting Services	Total Expenses
	Program Services	General and Administrative	Fundraising		
Salaries and wages	\$ 505,999	\$ 85,960	\$ 76,046	\$ 162,006	\$ 668,005
Payroll taxes and benefits	100,796	17,241	14,589	31,830	132,626
Rent	86,998	4,579	-	4,579	91,577
Professional fees	-	13,454	-	13,454	13,454
Youth program	269,663	-	-	-	269,663
Payroll processing and other fees	-	7,546	-	7,546	7,546
Insurance	7,869	2,264	647	2,911	10,780
Office	44,387	3,946	986	4,932	49,319
	<u>\$ 1,015,712</u>	<u>\$ 134,990</u>	<u>\$ 92,268</u>	<u>\$ 227,258</u>	<u>\$ 1,242,970</u>

See notes to the financial statements

CITY LIVING NY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 NATURE OF ACTIVITIES

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") in compliance with Accounting Standards Codification ("ASC") of the Financial Accounting Standards Board ("FASB").

Financial statement presentation

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

The two classes are defined as follows:

Net assets with donor restrictions – Net assets resulting from contributions – and other inflows of assets which are used by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled or removed by actions of the Board of Directors pursuant to those stipulations, including contributions to be used for specific purposes or as specified by the donor. When stipulations are fulfilled, such net assets are reclassified to net assets without donor restrictions and reported in the statement of revenues, expenses and other changes in net assets as releases from restrictions.

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

CITY LIVING NY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

Inventory

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

Grants and contributions receivable

Grants and contributions receivable are stated at the amount management expects to collect from outstanding balances. On a periodic basis, management evaluates such receivables and establishes an allowance for uncollectible amounts based on a history of write-offs and collections and current economic conditions. At June 30, 2023, no allowance for uncollectible amounts is deemed necessary.

Use of estimates

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

Fair values

The Organization considers the carrying amounts of financial instruments, including cash, grants and contributions receivable, prepaid expenses, and credit cards payable and accrued expenses to approximate their fair values because of their relatively short-term maturities.

Contributed services

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

CITY LIVING NY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

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

The Organization complies with ASU 2018-08, Not-for-Profit Entities, Topic 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 amends ASC Topic 958, to assist entities in (i) evaluating whether reciprocal transactions are subject to other guidance (i.e. ASC Topic 606) and (ii) determining whether a contribution(s) is conditional.

Functional allocation of expenses

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

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

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

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

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

CITY LIVING NY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Pronouncement - Leases

In February 2016, FASB established ASC Topic 842, Leases, (ASC Topic 842) by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (RoU) model that requires a lessee to recognize a RoU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

The Organization adopted this new standard effective on July 1, 2022. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The Organization adopted the new standard on July 1, 2022 and use the effective date as its date of initial application. Consequently, financial information will not be updated and the disclosures required under the new standard will not be provided for dates and periods before July 1, 2022.

The new standard provides a number of optional practical expedients in transition. We elected the package of practical expedients, which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs.

This new standard has a material effect on the Organization's June 30, 2023 financial statements. While management continues to assess all of the effects of adoption, management currently believes the most significant effects relate to the recognition of a new RoU asset and a lease liability on the Organization's statement of financial position for its operating lease.

On adoption, the Organization:

- Recognized additional operating liability of \$396,626 with corresponding RoU asset of the same amount based on the present value of the remaining minimum rental payments under current leasing standards for existing operating leases.

The new standard also provides practical expedients for an entity's ongoing accounting. The Organization elected the short-term lease recognition exemption for its office space lease. This means, for this lease that qualifies, the Organization will not recognize RoU assets or lease liabilities, and this includes not recognizing RoU assets or lease liabilities for the existing short-term lease of that asset in transition. The Organization elected the practical expedient to not separate lease and non-lease components for its lease.

CITY LIVING NY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization leases office space pursuant to a lease agreement dated December 2021 and expires July 2027. The Organization determined the discount rate to be 2.89%.

Income taxes

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

The Organization may be subject to excise taxes if it engages in certain activities not directly related to the Organization’s tax-exempt purpose. For the year ended June 30, 2023, the Organization has not engaged in any activities that may be subject to an excise tax and has no plan to do such.

The Organization records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The federal and state tax returns for the years ended June 30, 2020, 2021 and 2022 are subject to examination by the taxing agencies.

As of June 30, 2023, management has determined that there are no significant uncertain tax positions requiring recognition in the Organization’s financial statements.

NOTE 3 CONTRIBUTIONS

The Organization received contributions totaling \$1,214,707 for the year ended June 30, 2023. Of these amounts, two organizations comprise 35% of contributions in fiscal 2023.

NOTE 4 DONATED GOODS

Donated goods amounting to \$8,368 for the year ended June 30, 2023, is comprised of donated household items.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2023:

Salary and fringe benefits of personnel	\$ 17,864
Rent and other office expenses	18,050
Home goods	7,385
Parenting support	34,318
Emergency fund	7,620
Youth housing insecurity	<u>141,893</u>
Total	<u>\$ 227,130</u>

CITY LIVING NY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS (continued)

During the fiscal year ended June 30, 2023, net assets were released from restrictions by incurring expenses related to the rent and other office expenses, parenting support, youth housing insecurity, emergency fund, home goods, and certain salary and fringe benefits for personnel, thus satisfying the restricted purposes in the amount of \$779,203.

NOTE 6 AVAILABLE RESOURCES AND LIQUIDITY

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

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

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

Cash	\$ 957,801
Grants and contributions receivable	<u>105,674</u>
Total	<u>\$ 1,063,475</u>

NOTE 7 CONCENTRATION OF CREDIT RISK

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

NOTE 8 GRANTS

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

NOTE 9 OPERATING LEASE

The Organization leases space in New York City under a non-cancelable term operating lease ending on July 31, 2027. The lease calls for monthly base rent of \$6,720 and includes scheduled rent increases over the lease term. Also the lease provides for the Organization paying additional rent representing a pro-rata share of the landlord’s property tax escalations at 0.92%.

CITY LIVING NY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 OPERATING LEASE (continued)

The weighted-average remaining lease term and weighted-average discount rate for the Organization's lease as of June 30, 2023, are as follows:

Weighted average remaining lease years	49
Weighted average discount rate	2.89%

Cash flows arising from the lease transaction was as follows:

Cash paid for amounts included in the measurement of lease liability:	
Operating cash outflows from the operating lease	\$ 73,520

Future minimum payments under the operating lease for the years ending June 30:

2024	\$ 83,345
2025	85,428
2026	87,564
2027	89,753
2028	7,603
Total undiscounted cash flows	<u>353,693</u>
Less: amount representing interest	(20,942)
Present value of lease liability	<u>332,751</u>
Less current lease liability	74,706
Long-term lease liability	<u><u>\$ 258,045</u></u>

NOTE 10 SUBSEQUENT EVENTS

In preparing the accompanying financial statements, the Organization has evaluated all events and transactions occurring after June 30, 2023 through May 14, 2024 the date these financial statements were available to be issued. The Organization's management concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.