

**West Side Center for
Community Life, Inc.**

Financial Statements

June 30, 2023



Independent Auditors' Report

**Board of Directors
West Side Center for Community Life, Inc.**

Opinion

We have audited the accompanying financial statements of West Side Center for Community Life, Inc. ("WSCCL"), 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 WSCCL 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 WSCCL 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

As discussed in note 2 to the financial statements, WSCCL adopted Financial Accounting Standards Board ("FASB") Topic 842, Leases, which resulted in the recognition of right-of-use assets and related lease liabilities effective July 1, 2022. Our opinion is not modified with respect to that 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, 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 WSCCL'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 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 WSCCL'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 WSCCL'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 on Summarized Comparative Information

We have previously audited WSCCL's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 3, 2023. 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.

PKF O'Connor Davies, LLP

February 29, 2024

West Side Center for Community Life, Inc.

Statement of Financial Position
June 30, 2023
(with comparative amounts at June 30, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 9,480,047	\$ 8,766,238
Restricted cash - lease deposit	320,085	320,021
Pledges receivable	977,320	718,167
Grants receivable	622,895	359,926
Prepaid expenses and other assets	66,497	61,588
Property and equipment, net	2,366,603	647,964
Right-of-use-assets - operating leases, net	<u>11,608,015</u>	<u>-</u>
	<u>\$ 25,441,462</u>	<u>\$ 10,873,904</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,214,520	\$ 1,066,210
Due to the Church	121,999	120,333
Deferred lease liability	-	131,014
Deferred revenue	877,700	-
Operating lease liabilities	<u>12,515,719</u>	<u>-</u>
Total Liabilities	<u>14,729,938</u>	<u>1,317,557</u>
Net Assets		
Without donor restrictions		
Board designated	1,697,500	1,215,000
Undesignated	<u>4,702,785</u>	<u>5,222,445</u>
	6,400,285	6,437,445
With donor restrictions	<u>4,311,239</u>	<u>3,118,902</u>
Total Net Assets	<u>10,711,524</u>	<u>9,556,347</u>
	<u>\$ 25,441,462</u>	<u>\$ 10,873,904</u>

See notes to financial statements

West Side Center for Community Life, Inc.

Statement of Activities
Year Ended June 30, 2023
(with summarized totals for the year ended June 30, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
SUPPORT AND REVENUE				
Foundation grants	\$ 1,244,825	\$ 1,355,000	\$ 2,599,825	\$ 4,584,003
Individual contributions	2,138,966	205,000	2,343,966	1,696,948
Government grants	1,656,593	45,000	1,701,593	1,130,228
Mobile food distribution	1,434,712	-	1,434,712	1,594,593
Religious and other institutions	3,684	-	3,684	150,861
Legislative grants	-	-	-	688,446
Corporation grants	1,632,338	35,000	1,667,338	147,114
Donated space	60,000	-	60,000	105,371
Donated food	1,887,123	-	1,887,123	2,181,276
Donated professional services	249,987	-	249,987	358,900
Special events, net of costs with direct benefits to donors of \$73,786	212,095	-	212,095	-
Interest income	169,926	-	169,926	4,491
Other	-	-	-	1,250
	<u>10,690,249</u>	<u>1,640,000</u>	<u>12,330,249</u>	<u>12,643,481</u>
Net assets released from restrictions	447,663	(447,663)	-	-
Total Support and Revenue	<u>11,137,912</u>	<u>1,192,337</u>	<u>12,330,249</u>	<u>12,643,481</u>
EXPENSES				
			-	
Programs	9,686,717	-	9,686,717	9,573,935
General and administrative	543,123	-	543,123	658,630
Fundraising	945,232	-	945,232	818,920
Total Expenses	<u>11,175,072</u>	<u>-</u>	<u>11,175,072</u>	<u>11,051,485</u>
Change in Net Assets	(37,160)	1,192,337	1,155,177	1,591,996
NET ASSETS				
Beginning of year	<u>6,437,445</u>	<u>3,118,902</u>	<u>9,556,347</u>	<u>7,964,351</u>
End of year	<u>\$ 6,400,285</u>	<u>\$ 4,311,239</u>	<u>\$ 10,711,524</u>	<u>\$ 9,556,347</u>

See notes to financial statements

West Side Center for Community Life, Inc.

Statement of Functional Expenses
Year Ended June 30, 2023
(with summarized totals for the year ended June 30, 2022)

	Programs			Total Programs	General and Administrative	Fundraising	2023 Total	2022 Total
	Food Access	Benefit Access	Other					
Salaries	\$ 963,916	\$ 420,738	\$ -	\$ 1,384,654	\$ 137,357	\$ 525,045	\$ 2,047,056	\$ 1,920,072
Payroll taxes and benefits	377,521	164,783	-	542,304	53,796	205,636	801,736	704,465
Special events	-	-	-	-	-	73,786	73,786	-
Food	3,620,945	-	-	3,620,945	-	-	3,620,945	3,648,946
Donated - food	1,887,123	-	-	1,887,123	-	-	1,887,123	2,181,278
Space and infrastructure	981,516	94,143	-	1,075,659	12,279	73,677	1,161,615	467,884
Donated - space	60,000	-	-	60,000	-	-	60,000	105,371
Professional and technology services	458,830	68,911	-	527,741	76,172	60,260	664,173	933,013
Donated - professional services	47,752	-	-	47,752	202,235	-	249,987	358,900
Program operations and equipment	316,827	-	-	316,827	-	-	316,827	428,002
Miscellaneous	137,366	23,230	1,666	162,262	54,381	80,614	297,257	181,569
Depreciation and amortization	38,657	460	22,333	61,450	6,903	-	68,353	121,985
	<u>8,890,453</u>	<u>772,265</u>	<u>23,999</u>	<u>9,686,717</u>	<u>543,123</u>	<u>1,019,018</u>	<u>11,248,858</u>	<u>11,051,485</u>
Less costs with direct benefits to donors	-	-	-	-	-	(73,786)	(73,786)	-
Total Expenses	<u>\$ 8,890,453</u>	<u>\$ 772,265</u>	<u>\$ 23,999</u>	<u>\$ 9,686,717</u>	<u>\$ 543,123</u>	<u>\$ 945,232</u>	<u>\$ 11,175,072</u>	<u>\$ 11,051,485</u>

See notes to financial statements

West Side Center for Community Life, Inc.

Statement of Cash Flows
Year Ended June 30, 2023
(with comparative amounts for the year ended June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,155,177	\$ 1,591,996
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	68,353	121,985
Amortization of right of use asset - operating lease	555,410	-
Paycheck Protection Program loan forgiveness	-	(378,587)
Deferred lease liability	-	131,014
Change in operating assets and liabilities		
Pledges receivable	(259,153)	(718,167)
Grants receivable	(262,969)	132,655
Prepaid expenses and other assets	(4,909)	(2,621)
Accounts payable and accrued expenses	148,310	413,468
Deferred revenue	877,700	-
Operating lease liabilities	221,282	-
Due to the Church	1,666	1,614
Net Cash from Operating Activities	2,500,867	1,293,357
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,786,994)	(79,128)
 Net Change in Cash, Cash Equivalents and Restricted Cash	713,873	1,214,229
 CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of the year	9,086,259	7,872,030
End of the year	\$ 9,800,132	\$ 9,086,259

The following table reconciles beginning of year and end of year balances of cash, cash equivalents and restricted cash for years shown:

	2023	2022
Cash and cash equivalents	\$ 9,480,047	\$ 8,766,238
Restricted cash - lease deposit	320,085	320,021
	\$ 9,800,132	\$ 9,086,259

See notes to financial statements

West Side Center for Community Life, Inc.

Notes to Financial Statements

June 30, 2023

1. Organization and Tax Status

West Side Center for Community Life, Inc. (“WSCCL”), an independent not-for-profit corporation, consists of the operations of the West Side Campaign Against Hunger (“WSCAH”) program and the activities associated with the ownership of a condominium unit within the Church of St. Paul and St. Andrew United Methodist (the “Church” or “SPSA”) at 263 W 86th Street in New York, NY.

The financial statements reflect all activities of WSCCL, including the West Side Campaign Against Hunger program (“WSCAH”), which is funded by a combination of government and private sources. The operations of WSCAH were formally transferred by the Church to WSCCL on August 18, 2011. WSCCL operates its activities, including WSCAH, independently from SPSA in a condominium unit owned by WSCCL, space leased from the Church and space leased from the City Meals owned warehouse in the Bronx.

WSCCL’s current governance structure, established at the time of the transfer of WSCAH to WSCCL, includes a WSCCL board of directors with the oversight of the condominium activities as well as corporate affairs and a WSCAH board of directors who have authority and latitude in the conducting the governance and operations of the WSCAH program.

WSCCL is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require management to make estimates and assumptions that 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. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with maturities of three months or less when purchased and consist principally of funds maintained in checking and time deposit accounts.

Restricted Cash

WSCCL accounts for restricted cash in accordance with ASC 2016-18 “Statement of Cash Flows (ASC 230): Restricted Cash,” which requires inclusion of restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning of year and end of year total amounts shown on the statements of cash flows. WSCCL restricted cash includes funds on deposit in connection with WSCCL lease agreement (see note 9).

West Side Center for Community Life, Inc.

Notes to Financial Statements
June 30, 2023

2. Summary of Significant Accounting Policies (*continued*)

Contributions

Contributions received, including unconditional promises to give, are recognized as income in the period received at their net realizable value. Contributions are recorded as restricted income if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Pledges or unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk adjustment interest rates applicable to the years in which the promises are expected to be received. Amortization of the discounts is included in contribution revenue.

Government Grants

Federal, state and other grant awards received for specific purposes are recognized as support and revenue to the extent related expenses are incurred in compliance with the specific grant terms. The unexpended funds are considered refundable advances and reported as advances payable.

Mobile Food Distribution

WSCCL's mobile food distribution revenue is primarily sourced from an agreement with New York Presbyterian Hospital (NYPH) for WSCCL to provide and deliver food boxes to funded community partners and select NYPH clinic sites at an agreed upon price per box. WSCCL's primary performance obligation as stated in agreements with NYPH and other organizations is the ultimate delivery of the food boxes to the designated sites. WSCCL recognizes revenue from its mobile food distribution arrangement through the point in time when the food boxes are delivered. Monies received in advance of food delivery services being performed are initially recognized as deferred revenue.

Property and Equipment

Property and equipment are stated at cost. Costs incurred for repairs and maintenance are charged to expense as incurred. Purchases above \$1,000 that WSCCL retains title to and which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Depreciation and amortization is recognized on a straight line basis over the useful lives of such assets as follows:

Building and improvements	10 - 30 years
Furniture and equipment	3 -10 years
Truck – Mobile food pantry	10 years
Leasehold improvements	Life of lease or useful life if shorter

West Side Center for Community Life, Inc.

Notes to Financial Statements
June 30, 2023

2. Summary of Significant Accounting Policies (*continued*)

Net Asset Presentation

The accompanying financial statements report amounts separately by class of net assets based on the presence or absence of donor restrictions. Fiscal year end balances for each of the two classes of net assets, without donor restrictions and with donor restrictions, are displayed in the statement of financial position and the net change in each of those classes of net assets is displayed in the statement of activities.

The classes of net assets are defined as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions as to use or purpose and are those currently available for use at the discretion of WSCCL in its programs and operations. These net assets may be used at the discretion of WSCCL's management and Board of Directors (the "Board"). At June 30, 2023 and 2022, the Board has designated \$1,697,500 and \$1,215,000 of net assets without donor restrictions to be utilized for future real estate, finance and development transformation projects and for the purchase of food.

With donor restrictions – Net assets that represent amounts restricted by donors for specific activities of WSCCL or to be used at some future date. WSCCL records contributions as with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. Net assets with donor restrictions that are perpetual in nature are subject to donor-imposed restrictions requiring that they be maintained permanently by WSCCL. At June 30, 2023 and 2022, there were no net assets with donor restrictions that were perpetual in nature.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct program costs such as donated food and program operations and equipment are allocated directly to the programs. Direct professional fees that are strictly administrative in nature are allocated directly to general and administrative expenses. All other costs that are not charged directly to a program are allocated by percentage of overall salary allocation.

In-kind Contributions

In-kind contributions for donated goods and services are recorded at fair value at date of donation on what the cost would have been if WSCCL purchased them. In-kind contributions for donated food, professional services and space (rent) have been reflected as revenue and expenses in the statement of activities.

West Side Center for Community Life, Inc.

Notes to Financial Statements

June 30, 2023

2. Summary of Significant Accounting Policies (continued)

Advertising Costs

Advertising costs are recognized as incurred.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is established for uncollectible amounts. The determination of this allowance is an estimate based on WSCCL's historical experience, review of account balances and expectations relative to collections. All receivables are deemed to be fully collectible by management and therefore, no allowance has been provided for potential uncollectibility.

Prior Year 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 U.S. GAAP. Accordingly, such information should be read in conjunction with WSCCL's financial statements as of and for the year ended June 30, 2022, from which the summarized information was derived.

Accounting for Uncertainty in Income Taxes

WSCCL recognizes the effect of income tax positions only when they are more likely than not of being sustained. Management has determined that WSCCL had no uncertain tax positions that would require financial statement recognition or disclosure. WSCCL is no longer subject to examinations by the applicable taxing jurisdictions for tax years prior to fiscal 2020.

Adoption of New Accounting Policies

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842), which created new accounting and reporting guidelines for leasing arrangements. The new guidance requires organizations that lease assets to recognize assets and liabilities on the statement of financial position related to the rights and obligations created by those leases, regardless of whether they are classified as finance or operating leases. Consistent with current guidance, the recognition, measurement, and presentation of expenses and cash flows arising from a lease primarily will depend on its classification as a finance or operating lease. The guidance also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases.

WSCCL adopted the requirements of the new standard, 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. WSCCL adopted the following practical expedients and elected the following accounting policies related to this standard:

West Side Center for Community Life, Inc.

Notes to Financial Statements
June 30, 2023

2. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Policies (continued)

- Carry forward of historical lease classifications and accounting treatment;
- Short-term lease accounting policy election allowing lessees to not recognize right-of-use assets and liabilities for leases with a term of 12 months or less; and
- The option to not separate lease and non-lease components for certain equipment lease categories such as office printers and copiers.

As a result of the adoption of the new lease accounting guidance, on July 1, 2022, WSCCL recognized a lease liability of \$12,294,439, that represents the present value of the remaining operating lease payments of \$17,621,540 discounted using risk free rates of 2.88% and 3.35% and a right-of-use asset of \$12,163,425, which represents the operating lease liability of \$12,294,439, adjusted for deferred lease liability of \$131,014.

For the year ended June 30, 2022, U.S. GAAP guidance stated rent shall be charged to expense over the lease term as it became payable. If rental payments are not made on a straight-line basis, rental expense shall be recognized on a straight-line basis unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis shall be used. The difference between the straight-line rent expense and rent paid is reflected as a deferred rent liability in the statement of financial position as of June 30, 2022.

Reclassification

Certain reclassifications have been made to the June 30, 2022 balances previously reported in order to conform to the June 30, 2023 presentation.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is February 29, 2024.

West Side Center for Community Life, Inc.

Notes to Financial Statements
June 30, 2023

3. Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	2023	2022
Cash and cash equivalents	\$ 9,480,047	\$ 8,766,238
Pledge receivable - current portion	750,000	250,000
Grants receivable	622,895	359,926
Total Financial Assets	10,852,942	9,376,164
Less amounts unavailable for general expenditures within one year		
Board designated net assets	(1,697,500)	(1,215,000)
Donor restricted net assets	(4,311,239)	(3,118,902)
Add donor restricted assets to be released within one year	4,311,239	3,118,902
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 9,155,442	\$ 8,161,164

WSCCL structures its financial assets, consisting of cash, pledge receivable and grants receivable, to be available as its general expenditures and liabilities come due within one year. In addition, WSCCL generates cash flows from contributions made by donors through its fundraising efforts. WSCCL also has available an \$85,000 line-of-credit in the event additional cash flows are needed to fund general expenditures.

4. Grants Receivable

Grants receivable are deemed to be fully collectible by management and consist of the following at June 30:

	2023	2022
New York Presbyterian Hospital	\$ 66,590	\$ 30,123
Department of Youth and Community Development	170,000	95,500
Nutrition Outreach and Education Program	82,000	63,729
New York Hunger Prevention and Nutrition Assistance Program	70,871	17,120
Food Support Connections	78,684	71,098
Nourish	133,150	-
Others	21,600	82,356
	\$ 622,895	\$ 359,926

West Side Center for Community Life, Inc.

Notes to Financial Statements
June 30, 2023

5. Pledges Receivable

The pledges receivable balance at June 30, 2023, which amounted to \$977,320, are due from two donors and are expected to be collected over the next two years (amounts to be collected during fiscal year 2025 have been discounted to present value). This amount is deemed to be fully collectible by management and thus, no allowance has been provided for potential uncollectability.

The following is a summary of the pledges receivable by due date net of discounts for the years ending:

June 30,	
2024	\$ 750,000
2025	<u>250,000</u>
	1,000,000
Less discount for net present values	<u>(22,680)</u>
	<u>\$ 977,320</u>

The discount rate applied to the pledge receivable in excess of one year was 4.5%.

6. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 364,799	\$ 349,140
Truck - Mobile food pantry	218,045	218,045
Building and improvements	782,343	670,000
Leasehold improvements	289,110	401,453
Construction in progress	<u>1,830,560</u>	<u>59,225</u>
	3,484,857	1,697,863
Accumulated depreciation and amortization	<u>(1,118,254)</u>	<u>(1,049,899)</u>
	<u>\$ 2,366,603</u>	<u>\$ 647,964</u>

7. Net Assets With Donor Restrictions

Net assets with donor restrictions of \$4,311,239 and \$3,118,902 are available for various organization initiatives including construction costs, technology, and other organization costs including food and staff services at June 30, 2023 and 2022. Net assets of \$447,663 and \$1,264,712 were released from donor restrictions by incurring expenses satisfying the underlying restricted purposes during the years ended June 30, 2023 and 2022.

West Side Center for Community Life, Inc.

Notes to Financial Statements

June 30, 2023

8. Due to the Church

WSCCL received advances totaling \$958,000 from the Church, and through June 30, 2021, has repaid \$57,300. The advances are interest free and have no scheduled repayment date. Through June 30, 2023, WSCCL paid \$1,251,630 for construction costs on behalf of the Church, of which \$831,632 was in excess of the amount of rent due to the Church per the lease agreement. The excess amount was netted against total advances outstanding from the Church of \$900,700, resulting in an amount due to the Church of \$69,068 at June 30, 2023.

During fiscal 2012, WSCCL obtained a loan from the Church which amounted to \$52,931, including accrued interest at June 30, 2023, in connection with the sale of a condominium unit. The loan bears interest at 3.25% per annum and is due on demand. Interest expense incurred during the years ended June 30, 2023 and 2022 amounted to \$1,666 and \$1,614.

9. Operating Leases

WSCCL occupies part of its premises pursuant to an operating lease agreement with the Church, which expired December 31, 2021. During fiscal 2022, WSCCL and the Church entered into a new lease agreement, which expires December 31, 2026.

During March 2022, WSCCL entered into a new lease agreement for additional space located at 549 West 180th Street, New York, NY, which expires July 31, 2043. In accordance with the terms of the lease agreement, WSCCL was granted a fifteen-month rent abatement which ended July 30, 2023, during which time WSCCL performed renovations to the space prior to occupancy.

Further, WSCCL was required to make a deposit to the landlord of \$320,000 in the form of an irrevocable letter of credit as security for faithful performance by WSCCL to adhere to the terms of the lease agreement. This deposit has been reported as restricted cash in the accompanying statement of financial position. These leases should be reported as operating leases. The operating leases are included in operating right-of-use ("ROU") asset and operating lease current and long-term liabilities in the accompanying statement of financial position.

The ROU asset represents the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

WSCCL uses a risk-free rate to determine the present value of the lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives.

West Side Center for Community Life, Inc.

Notes to Financial Statements
June 30, 2023

9. Operating Leases (continued)

Right of use asset consists of the following at June 30, 2023:

	549 West 180th Street	The Church	Total
Right of use assets - operating lease	\$ 11,304,251	\$ 859,174	\$ 12,163,425
Less: accumulated amortization	(397,063)	(158,347)	(555,410)
	\$ 10,907,188	\$ 700,827	\$ 11,608,015

Weighted-average remaining lease term	19.2 years
Weighted-average discount rate	3.33%

The following table summarizes the information on the WSCCL's operating leases as of June 30, 2023.

	549 West 180th Street	The Church	Total
2024	\$ 600,576	\$ 195,536	\$ 796,112
2025	668,075	201,396	869,471
2026	681,437	207,434	888,871
2027	695,066	123,092	818,158
2028	708,967	-	708,967
Thereafter	13,350,116	-	13,350,116
Total minimum lease payments	16,704,237	727,458	17,431,695
Present value discount	(4,879,954)	(36,022)	(4,915,976)
Present value of lease liability	\$ 11,824,283	\$ 691,436	\$ 12,515,719

Rental expense, excluding donated space, for the years ended June 30, 2023 and 2022, was \$1,032,178 and \$358,599. During the year ended June 30, 2023, WSCCL made cash lease payments totaling \$189,845.

10. In-Kind Contributions

In-kind contributions for the fiscal years 2023 and 2022 consisted of the following:

	2023	2022
Food	\$ 1,887,123	\$ 2,181,276
Legal Services	249,987	358,900
Space	60,000	105,371
	\$ 2,197,110	\$ 2,645,547

West Side Center for Community Life, Inc.

Notes to Financial Statements

June 30, 2023

10. In-Kind Contributions (*continued*)

WSCCL recognized contributed nonfinancial assets, including food and legal services. Unless otherwise noted, all contributed nonfinancial assets did not have donor-imposed restrictions.

Donated food was used in WSCCL's Food Access programs. In valuing donated food, WSCCL estimated the fair value based on estimates of values that would be received for selling similar food products in the United States.

Contributed legal services recognized comprise of legal services from attorneys advising WSCCL on various administrative legal matters. Contributed legal services are reported in the financial statements at the estimated value of similar legal services based on current rates.

Donated space consists of space located in the City Meals owned warehouse in the Bronx and certain space located in the Church. These spaces serve WSSCL Food Access programs. Donated space is valued based on the estimated value of rent that WSSCL would have been billed if it was party to lease agreements.

11. Concentration of Credit Risk

WSCCL maintains cash in bank accounts which at times may exceed federally insured limits. This potentially subjects WSCCL to a concentration of credit risk. WSCCL has not experienced any losses in such accounts, and as a result, believes it is not exposed to any significant financial risk. Cash and cash equivalents and restricted cash in excess of federally insured limits at June 30, 2023 and 2022 totaled approximately \$9,300,000 and \$8,600,000.

Reimbursement for the services provided by WSCCL is received through various government agencies. WSCCL is economically dependent on these funds to continue operations. WSCAH deems all receivables under due from governmental agencies as of June 30, 2023 to be fully collectible.

12. Line-of-Credit

On October 11, 2018, WSCCL entered into an \$85,000 line-of-credit agreement with TD Bank (the "Bank"). The line-of-credit agreement shall continue in full effect until such time both WSCCL and the Bank mutually agree to terminate the agreement. Any amounts drawn down on the line-of-credit will be payable upon demand to the Bank and will require monthly payments of interest based on the Prime Rate as shown in The Wall Street Journal. At June 30, 2023 and 2022, WSCCL has not made any drawings against this facility.

West Side Center for Community Life, Inc.

Notes to Financial Statements
June 30, 2023

13. Deferred Revenue

During fiscal 2023, NYPH made a deposit to WSCCL of \$1.2 million for food delivery services to be performed which has been recognized as deferred revenue in the accompanying statement of financial position. As of June 30, 2023, the balance of deferred revenue was \$877,700.

14. Paycheck Protection Program Loan

On April 20, 2020, WSCCL received loan proceeds in the amount of \$378,587 under the Paycheck Protection Program ("PPP Loan"). The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses in 2019 of the qualifying business. The loan and accrued interest is forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. On July 22, 2021, full forgiveness of WSCCL's PPP Loan was approved by the Small Business Administration. The revenue from the forgiveness of PPP is included in government grants in the fiscal 2022 statement of activities.

* * * * *