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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of Search and Care, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Independent Auditor's Report**

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Search and Care, Inc. as of June 30, 2020, 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.

**Report on Summarized Comparative Information**

We have previously audited Search and Care, Inc.'s June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Owen J. Flanagan & Co.*

September 23, 2020

SEARCH AND CARE, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,567,402	\$ 724,213
Contributions receivable	131,692	43,450
Other receivables	92,598	35,874
Prepaid expenses and other assets	13,944	44,849
Investments at fair value	3,521,901	3,893,075
Cash held for clients	54,962	41,183
Equipment and leasehold improvements, net	<u>37,977</u>	<u>44,709</u>
<u>Total Assets</u>	<u>\$ 5,420,476</u>	<u>\$ 4,827,353</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 97,784	\$ 117,644
Loan payable	190,745	-
Refundable advance liability	14,208	-
Custodial funds	<u>54,962</u>	<u>41,183</u>
<u>Total Liabilities</u>	<u>357,699</u>	<u>158,827</u>
 <u>Net Assets</u>		
Net Assets without Donor Restriction		
Board-designated funds	2,716,080	2,580,445
Available for use	<u>1,529,786</u>	<u>1,463,495</u>
	4,245,866	4,043,940
Net Assets with Donor Restrictions	<u>816,911</u>	<u>624,586</u>
<u>Total Net Assets (Exhibit B)</u>	<u>5,062,777</u>	<u>4,668,526</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 5,420,476</u>	<u>\$ 4,827,353</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, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Total 2020</u>	<u>Total 2019</u>
<u>Operating Revenue</u>				
Grants and contributions	\$ 648,358	\$ 530,560	\$ 1,178,918	\$ 764,336
Program revenue	182,213	-	182,213	177,366
Allocated investment income	134,808	-	134,808	122,094
Income from events, net of expenses of \$71,084 and \$111,368 in 2020 and 2019, respectively	195,167	-	195,167	284,555
In-kind donations	-	-	-	1,152
	<u>1,160,546</u>	<u>530,560</u>	<u>1,691,106</u>	<u>1,349,503</u>
Net assets released from restriction	<u>338,235</u>	<u>(338,235)</u>	<u>-</u>	<u>-</u>
<u>Total Operating Revenue</u>	<u>1,498,781</u>	<u>192,325</u>	<u>1,691,106</u>	<u>1,349,503</u>
<u>Operating Expenses</u>				
Program services	1,109,137		1,109,137	1,033,445
Management and general	130,333		130,333	119,236
Fund-raising	189,720		189,720	201,202
<u>Total Operating Expenses</u>	<u>1,429,190</u>	<u>-</u>	<u>1,429,190</u>	<u>1,353,883</u>
Excess (deficiency) of operating revenue over operating expenses	69,591	192,325	261,916	(4,380)
Non-operating items				
Net investment return	267,143		267,143	189,154
Released for operations	<u>(134,808)</u>	<u>-</u>	<u>(134,808)</u>	<u>(122,094)</u>
Net non-operating items	<u>132,335</u>	<u>-</u>	<u>132,335</u>	<u>67,060</u>
Change in Net Assets for Year	201,926	192,325	394,251	62,680
Net Assets, beginning of year	<u>4,043,940</u>	<u>624,586</u>	<u>4,668,526</u>	<u>4,605,846</u>
Net Assets, End of Year	<u>\$ 4,245,866</u>	<u>\$ 816,911</u>	<u>\$ 5,062,777</u>	<u>\$ 4,668,526</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, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

	Support Services			Total Support Services	Total 2020	Total 2019
	Program Services	Management and General	Fund-raising			
Salaries	\$ 662,464	\$ 46,854	\$ 127,538	\$ 174,392	\$ 836,856	\$ 784,645
Payroll taxes and benefits	171,713	12,145	33,058	45,203	216,916	219,757
Occupancy	46,214	3,269	8,897	12,166	58,380	58,380
Office expenses	19,891	1,407	3,829	5,236	25,127	21,403
Printing and publications	4,705	-	-	-	4,705	4,326
Telephone and utilities	14,038	993	2,703	3,696	17,734	17,683
Insurance	-	12,047	-	12,047	12,047	12,718
Client services and grants	70,094	-	-	-	70,094	62,349
Professional fees	48,881	48,587	-	48,587	97,468	85,299
Consultants	24,005	1,698	4,621	6,319	30,324	30,696
Depreciation and amortization	11,648	824	2,242	3,066	14,714	15,613
Other operating expenses	35,484	2,509	6,832	9,341	44,825	41,014
Total	<u>\$ 1,109,137</u>	<u>\$ 130,333</u>	<u>\$ 189,720</u>	<u>\$ 320,053</u>	<u>\$ 1,429,190</u>	<u>\$ 1,353,883</u>
Comparative Totals - 2019	<u>\$ 1,033,445</u>	<u>\$ 119,236</u>	<u>\$ 201,202</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, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in Net Assets for Year	\$ 394,251	\$ 62,680
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	14,714	15,613
Net realized and unrealized gain on investments	(179,673)	(100,324)
(Increase) decrease in assets:		
Contributions receivable	(88,242)	68,330
Other receivables	(56,724)	32,532
Prepaid expenses and other assets	30,905	(27,891)
Decrease (increase) in liabilities:		
Custodial funds	13,779	(224)
Refundable advance liability	14,208	-
Accounts payable and accrued expenses	(19,860)	19,088
<u>Cash Provided by Operating Activities</u>	<u>123,358</u>	<u>69,804</u>
Cash Flows from Investing Activities:		
Purchase of equipment	(7,982)	-
Proceeds from sale of investments	1,502,745	964,941
Purchase of investments	(951,898)	(1,597,733)
<u>Cash Provided by (Used in) Investing Activities</u>	<u>542,865</u>	<u>(632,792)</u>
Cash Flows from Financing Activities:		
Loan payable	190,745	-
<u>Cash Used in Financing Activities</u>	<u>190,745</u>	<u>-</u>
<u>Net Increase (Decrease) in Cash for Year</u>	<u>856,968</u>	<u>(562,988)</u>
Cash, beginning of year	<u>765,396</u>	<u>1,328,384</u>
Cash, End of Year	<u>\$ 1,622,364</u>	<u>\$ 765,396</u>
Reconciliation to total cash:		
Cash and cash equivalents	\$ 1,567,402	\$ 724,213
Cash held for clients	54,962	41,183
	<u>\$ 1,622,364</u>	<u>\$ 765,396</u>

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

SEARCH AND CARE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 1**    **Organization and Tax Status**

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

**NOTE 2**    **Summary of Significant Accounting Policies**

***Basis of Accounting and Use of Estimates***

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

***Change in Accounting Principle***

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or nonexchange transactions. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. The adoption of this ASU had an immaterial impact on the Organization's financial statements.

***Method of Presentation***

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

***Cash and Cash Equivalents***

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

***Functional Allocation of Expenses***

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

SEARCH AND CARE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

Leasehold improvements	Lease term
Equipment and computers	3 years

***In-kind Donations***

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

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

SEARCH AND CARE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

***Grants and Contributions***

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

***Stock Donations***

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

***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, 2019 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.

***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, 2020 through September 23, 2020 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, 2020

**NOTE 4**    **Equipment and Leasehold Improvements**

Equipment and leasehold improvements consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 286,357	\$ 286,357
Office equipment	54,977	46,995
	<u>341,334</u>	<u>333,352</u>
Less: Accumulated depreciation	<u>(303,357)</u>	<u>(288,643)</u>
	<u>\$ 37,977</u>	<u>\$ 44,709</u>

**NOTE 5**    **Investments and Investment Return**

The investments at June 30, 2020 and 2019, respectively, consist of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Short-term cash	\$ 37,904	\$ 37,904	\$ 62,321	\$ 62,321
Certificates of deposit	794,022	794,022	1,276,414	1,276,414
Multi-strategy mutual funds	<u>2,305,709</u>	<u>2,689,975</u>	<u>2,232,106</u>	<u>2,554,340</u>
	<u>\$ 3,137,635</u>	<u>\$ 3,521,901</u>	<u>\$ 3,570,841</u>	<u>\$ 3,893,075</u>

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

	<u>2020</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Short-term cash	\$ 37,904	\$ -	\$ 37,904
Certificates of deposit	-	794,022	794,022
Multi-strategy mutual funds	<u>2,689,975</u>	<u>-</u>	<u>2,689,975</u>
Total	<u>\$ 2,727,879</u>	<u>\$ 794,022</u>	<u>\$ 3,521,901</u>

  

	<u>2019</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Short-term cash	\$ 62,321	\$ -	\$ 62,321
Certificates of deposit	-	1,276,414	1,276,414
Multi-strategy mutual funds	<u>2,554,340</u>	<u>-</u>	<u>2,554,340</u>
Total	<u>\$ 2,616,661</u>	<u>\$ 1,276,414</u>	<u>\$ 3,893,075</u>

SEARCH AND CARE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 4**    **Equipment and Leasehold Improvements**

Equipment and leasehold improvements consist of the following at June 30, 2020 and 2019:

	2020	2019
Leasehold improvements	\$ 286,357	\$ 286,357
Office equipment	54,977	46,995
	341,334	333,352
Less: Accumulated depreciation	(303,357)	(288,643)
	\$ 37,977	\$ 44,709

**NOTE 5**    **Investments and Investment Return**

The investments at June 30, 2020 and 2019, respectively, consist of the following:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Short-term cash	\$ 37,904	\$ 37,904	\$ 62,321	\$ 62,321
Certificates of deposit	794,022	794,022	1,276,414	1,276,414
Multi-strategy mutual funds	2,305,709	2,689,975	2,232,106	2,554,340
	\$ 3,137,635	\$ 3,521,901	\$ 3,570,841	\$ 3,893,075

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

	2020		
	Level 1	Level 2	Total
Short-term cash	\$ 37,904	\$ -	\$ 37,904
Certificates of deposit	-	794,022	794,022
Multi-strategy mutual funds	2,689,975	-	2,689,975
Total	\$ 2,727,879	\$ 794,022	\$ 3,521,901
	2019		
	Level 1	Level 2	Total
Short-term cash	\$ 62,321	\$ -	\$ 62,321
Certificates of deposit	-	1,276,414	1,276,414
Multi-strategy mutual funds	2,554,340	-	2,554,340
Total	\$ 2,616,661	\$ 1,276,414	\$ 3,893,075

SEARCH AND CARE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

In 2020, Level 2 investments consisted of four certificates of deposit, with one-year maturity dates expiring in May 2020. In 2018, Level 2 investments consisted of two certificates of deposit. One was a twelve-month CD with a maturity date of October 20, 2018 and the other was a twelve-month CD with a maturity date of May 22, 2019.

Investment return for the years ended June 30, 2020 and 2019 consists of the following:

	2020	2019
Dividend and interest income	\$ 87,470	\$ 88,830
Realized and unrealized gain on investments	179,673	100,324
	\$267,143	\$ 189,154

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.

	2020	2019
Investment income for operations	\$ 134,808	\$ 122,094
Non-operating investment income	132,335	67,060
	\$267,143	\$ 189,154

**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, 2020 and 2019 is as follows:

	2020	2019
Beginning cash balance	\$ 41,183	\$ 41,407
Funds received	147,834	131,722
	189,017	173,129
Funds disbursed	(134,055)	(131,946)
Ending cash balance	\$ 54,962	\$ 41,183

SEARCH AND CARE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 7**    **Commitment and Contingencies**

Search and Care occupies office space pursuant to a lease agreement expiring April 14, 2023. Future annual minimum lease payments at June 30, 2020 are as follows:

2021	\$ 57,000
2022	57,000
2023	<u>45,125</u>
	<u>\$ 159,125</u>

Occupancy expense totaled \$58,380 for each of the years ended June 30, 2020 and 2019.

**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 59<sup>th</sup> Street and East 125<sup>th</sup> Street in New York City, for which Search and Care received \$163,055 during fiscal year 2020. As of July 1, 2020 this contract was renewed for the fiscal year ending June 30, 2021 for approximately \$163,055.

**NOTE 9**    **Fundraising Events**

Search and Care sponsored different events during the years ended June 30, 2020 and 2019 to raise additional funds for its charitable activities. These events and the net income derived are as follows:

	<u>June 30, 2020</u>		
	<u>Income</u>	<u>Expenses</u>	<u>Net Income</u>
Yorkville Ball	\$ 119,984	\$ 43,141	\$ 76,843
Annual Benefit	141,842	27,943	113,899
Other Events	<u>4,425</u>	<u>-</u>	<u>4,425</u>
	<u>\$ 266,251</u>	<u>\$ 71,084</u>	<u>\$ 195,167</u>

	<u>June 30, 2019</u>		
	<u>Income</u>	<u>Expenses</u>	<u>Net Income</u>
Theatre Benefit	\$ 74,982	\$ 33,735	\$ 41,247
Yorkville Ball	110,703	36,106	74,597
Annual Benefit	126,168	21,218	104,950
Jazz Event	76,860	20,309	56,551
Other Events	<u>7,210</u>	<u>-</u>	<u>7,210</u>
	<u>\$ 395,923</u>	<u>\$ 111,368</u>	<u>\$ 284,555</u>

SEARCH AND CARE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 10 Board Designated Funds**

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

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

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

The board designated funds for administrative expenses had the following activity for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$2,143,061	\$1,951,137
New designated funds	5,000	155,000
Investment return	191,287	129,238
Funds released	<u>(99,420)</u>	<u>(92,314)</u>
Balance, end of year	<u>\$2,239,928</u>	<u>\$2,143,061</u>

The board designated fund under the 40<sup>th</sup> anniversary appeal had the following activity for the year ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$437,384	\$411,431
Investment return	<u>38,768</u>	<u>25,953</u>
	<u>\$476,152</u>	<u>\$437,384</u>

**NOTE 11 Contingent Grant**

In 2020, a contingent grant of \$85,000 was received with a portion of contractual requirements that have not yet been met at year-end and therefore not reflected as revenue in these financial statements. The Organization received \$39,000 of this grant in which \$14,208 is reflected as a refundable advance liability on the Statement of Financial Position and \$24,792 is reflected as grants and contributions on the Statement of Activities.

SEARCH AND CARE, INC.  
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**NOTE 12** **Net Assets with Donor Restriction**

Net assets with Donor Restriction at June 30, 2020 and 2019 are available for certain donor stipulated purposes as follows:

	<u>2020</u>	<u>2019</u>
Pet and elder empowerment	\$ 109,426	\$ 77,513
East Harlem expansion and programs	48,763	3,732
Money Matters program	6,115	4,641
Client programs	146,655	158,239
Support for care manager positions, occupational therapist, nurse and homecare worker	295,952	251,961
Time restricted	<u>210,000</u>	<u>128,500</u>
	<u>\$816,911</u>	<u>\$624,586</u>

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

	<u>2020</u>	<u>2019</u>
Pet and elder empowerment	\$ 33,087	\$ 35,351
East Harlem expansion and programs	59,968	80,712
Money Matters program	28,526	75,920
Client programs	54,584	51,509
Support for care manager positions, occupational therapist, nurse and homecare worker	58,570	106,995
Capital improvements and purchases	10,000	-
Time restricted	<u>93,500</u>	<u>168,100</u>
	<u>\$338,235</u>	<u>\$518,587</u>

**NOTE 13** **Pension Plan**

Search and Care has a defined contribution pension plan that covers substantially all of its full-time employees. Plan expense is based upon a percentage of employee compensation and totaled \$46,283 and \$44,600 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 14** **Contributions Receivable**

Grants and pledges receivable of \$131,692 at June 30, 2020 are all expected to be collected within fiscal year ended June 30, 2021.

**NOTE 15** **Reclassifications**

Certain prior year numbers have been reclassified to conform to the current year presentation.

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**NOTE 16** **Liquidity and Availability of Financial Assets**

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

Cash and cash equivalents	\$ 1,567,402
Cash held for clients	54,962
Investments	3,521,901
Contributions receivable	131,692
Other receivables	<u>92,598</u>
	5,368,555
Less:	
Custodial cash held for clients	54,962
Donor-imposed time or purpose restriction	816,911
Board Designations	<u>2,716,080</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,780,602</u>

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

**NOTE 17** **Loan Payable**

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

**NOTE 18** **COVID-19**

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