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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, 2022, 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, 2022, 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.

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, 2021 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated September 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Owen J. Flanagan & Co.

September 14, 2022

SEARCH AND CARE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,586,096	\$ 1,177,872
Contributions receivable	500,802	98,500
Other receivables	36,059	51,560
Prepaid expenses and other assets	17,691	10,676
Investments at fair value	3,821,754	4,944,797
Cash held for clients	49,227	55,133
Equipment and leasehold improvements, net	<u>34,193</u>	<u>24,618</u>
<u>Total Assets</u>	<u>\$ 6,045,822</u>	<u>\$ 6,363,156</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 126,981	\$ 95,237
Loan payable	-	193,925
Refundable advance liability	25,000	9,708
Custodial funds	<u>49,227</u>	<u>55,133</u>
<u>Total Liabilities</u>	<u>201,208</u>	<u>354,003</u>
<u>Net Assets</u>		
Net Assets without Donor Restrictions		
Board-designated funds	3,009,589	3,602,761
Available for use	<u>1,709,118</u>	<u>1,684,457</u>
	4,718,707	5,287,218
Net Assets with Donor Restrictions	<u>1,125,907</u>	<u>721,935</u>
<u>Total Net Assets (Exhibit B)</u>	<u>5,844,614</u>	<u>6,009,153</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 6,045,822</u>	<u>\$ 6,363,156</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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total 2022	Total 2021
<u>Operating Revenue</u>				
Grants and contributions	\$ 1,080,149	\$ 817,474	\$ 1,897,623	\$ 1,400,693
Program revenue	171,938	-	171,938	175,465
Allocated investment income	127,798	-	127,798	113,133
Income from events and activities, net of expenses of \$69,278 and \$8,304 in 2022 and 2021, respectively	126,998	-	126,998	74,441
In-kind donations	-	-	-	617
	<u>1,506,883</u>	<u>817,474</u>	<u>2,324,357</u>	<u>1,764,349</u>
Net assets released from restriction	<u>413,502</u>	<u>(413,502)</u>	<u>-</u>	<u>-</u>
<u>Total Operating Revenue</u>	<u>1,920,385</u>	<u>403,972</u>	<u>2,324,357</u>	<u>1,764,349</u>
<u>Operating Expenses</u>				
Program services	1,331,548		1,331,548	1,162,853
Management and general	230,144		230,144	173,034
Fund-raising	<u>181,178</u>		<u>181,178</u>	<u>168,424</u>
<u>Total Operating Expenses</u>	<u>1,742,870</u>	<u>-</u>	<u>1,742,870</u>	<u>1,504,311</u>
Excess (deficiency) of operating revenue over operating expenses	177,515	403,972	581,487	260,038
Non-operating items				
Net investment return	(618,228)	-	(618,228)	799,471
Released for operations	<u>(127,798)</u>	<u>-</u>	<u>(127,798)</u>	<u>(113,133)</u>
Net non-operating items	<u>(746,026)</u>	<u>-</u>	<u>(746,026)</u>	<u>686,338</u>
Change in Net Assets for Year	(568,511)	403,972	(164,539)	946,376
Net Assets, beginning of year	<u>5,287,218</u>	<u>721,935</u>	<u>6,009,153</u>	<u>5,062,777</u>
Net Assets, End of Year	<u>\$ 4,718,707</u>	<u>\$ 1,125,907</u>	<u>\$ 5,844,614</u>	<u>\$ 6,009,153</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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>Support Services</u>					
	<u>Program</u>	<u>Management</u>		<u>Total Support</u>	<u>Total</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>	<u>Fund-raising</u>	<u>Services</u>	<u>2022</u>	<u>2021</u>
Salaries	\$ 869,135	\$ 128,952	\$ 113,968	\$ 242,920	\$ 1,112,055	\$ 885,048
Payroll taxes and benefits	196,903	29,214	25,819	55,033	251,936	223,832
Occupancy	52,060	7,724	6,827	14,551	66,611	58,380
Office expenses	21,053	3,124	2,761	5,885	26,938	16,470
Printing and publications	7,504	-	-	-	7,504	2,093
Telephone and utilities	16,956	2,516	2,224	4,740	21,696	19,182
Insurance	-	12,532	-	12,532	12,532	16,373
Client services and grants	30,653	-	-	-	30,653	73,420
Professional fees	15,848	28,065	-	28,065	43,913	103,683
Consultants	76,111	11,292	9,980	21,272	97,383	56,960
Depreciation and amortization	16,678	2,475	2,187	4,662	21,340	15,356
Other operating expenses	<u>28,647</u>	<u>4,250</u>	<u>17,412</u>	<u>21,662</u>	<u>50,309</u>	<u>33,514</u>
Total	<u>\$ 1,331,548</u>	<u>\$ 230,144</u>	<u>\$ 181,178</u>	<u>\$ 411,322</u>	<u>\$ 1,742,870</u>	<u>\$ 1,504,311</u>
Comparative Totals - 2021	<u>\$ 1,162,853</u>	<u>\$ 173,034</u>	<u>\$ 168,424</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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in Net Assets for Year	\$ (164,539)	\$ 946,376
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	21,340	15,356
Net realized and unrealized loss (gain) on investments	671,866	(751,235)
(Increase) decrease in assets:		
Contributions receivable	(402,302)	33,192
Other receivables	15,501	41,038
Prepaid expenses and other assets	(7,015)	3,268
Decrease (increase) in liabilities:		
Custodial funds	(5,906)	171
Refundable advance liability	15,292	(4,500)
Accounts payable and accrued expenses	31,744	(2,547)
<u>Cash Provided by Operating Activities</u>	<u>175,981</u>	<u>281,119</u>
Cash Flows from Investing Activities:		
Purchase of equipment	(30,915)	(1,997)
Proceeds from sale of investments	829,063	250,433
Purchase of investments	(377,886)	(922,094)
<u>Cash Provided by (Used in) Investing Activities</u>	<u>420,262</u>	<u>(673,658)</u>
Cash Flows from Financing Activities:		
Proceeds from loans	-	193,925
Repayment of loans	(193,925)	(190,745)
<u>Cash (Used in) Provided by Financing Activities</u>	<u>(193,925)</u>	<u>3,180</u>
<u>Net Increase (Decrease) in Cash for Year</u>	<u>402,318</u>	<u>(389,359)</u>
Cash, beginning of year	<u>1,233,005</u>	<u>1,622,364</u>
Cash, End of Year	<u>\$ 1,635,323</u>	<u>\$ 1,233,005</u>
Reconciliation to total cash:		
Cash and cash equivalents	\$ 1,586,096	\$ 1,177,872
Cash held for clients	49,227	55,133
	<u>\$ 1,635,323</u>	<u>\$ 1,233,005</u>

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

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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**

Basis of Accounting and Use of Estimates

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

Method of Presentation

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

Cash and Cash Equivalents

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

Functional Allocation of Expenses

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

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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. 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.

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, 2021 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 2019.

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, 2022 through September 14, 2022 which was the date the financial statements were available to be issued.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

NOTE 4 **Equipment and Leasehold Improvements**

Equipment and leasehold improvements consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 287,727	\$ 286,357
Office equipment	<u>86,519</u>	<u>56,974</u>
	374,246	343,331
Less: Accumulated depreciation	<u>(340,053)</u>	<u>(318,713)</u>
	<u>\$ 34,193</u>	<u>\$ 24,618</u>

NOTE 5 **Investments and Investment Return**

The investments at June 30, 2022 and 2021, respectively, consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Short-term cash	\$ 40,439	\$ 40,439	\$ 45,451	\$ 45,451
Certificates of deposit	797,833	797,833	1,322,691	1,322,691
Multi-strategy mutual funds	<u>2,905,600</u>	<u>2,983,482</u>	<u>2,624,348</u>	<u>3,576,655</u>
	<u>\$ 3,743,872</u>	<u>\$ 3,821,754</u>	<u>\$ 3,992,490</u>	<u>\$ 4,944,797</u>

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

	<u>2022</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Short-term cash	\$ 40,439	\$ -	\$ 40,439
Certificates of deposit	-	797,833	797,833
Multi-strategy mutual funds	<u>2,983,482</u>	<u>-</u>	<u>2,983,482</u>
Total	<u>\$ 3,023,921</u>	<u>\$ 797,833</u>	<u>\$ 3,821,754</u>

	<u>2021</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Short-term cash	\$ 45,451	\$ -	\$ 45,451
Certificates of deposit	-	1,322,691	1,322,691
Multi-strategy mutual funds	<u>3,576,655</u>	<u>-</u>	<u>3,576,655</u>
Total	<u>\$ 3,622,106</u>	<u>\$ 1,322,691</u>	<u>\$ 4,944,797</u>

In 2022, Level 2 investments consisted of one certificate of deposit (CD) with a three-month maturity date of September 10, 2022. In 2021, Level 2 investments consisted of two certificates of deposit (CD). One was a twelve-month CD with a maturity date of September 10, 2021 and the other was a twelve-month CD with a maturity date of March 10, 2022.

Investment return for the years ended June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Dividend and interest income	\$ 53,638	\$ 48,236
Realized and unrealized gain on investments	<u>(671,866)</u>	<u>751,235</u>
	<u>\$ (618,228)</u>	<u>\$ 799,471</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>2022</u>	<u>2021</u>
Investment income for operations	\$ 127,798	\$ 113,133
Non-operating investment income (loss)	<u>(746,026)</u>	<u>686,338</u>
	<u>\$ (618,228)</u>	<u>\$ 799,471</u>

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Beginning cash balance	\$ 55,133	\$ 54,962
Funds received	<u>115,637</u>	<u>121,475</u>
	170,770	176,437
Funds disbursed	<u>(121,543)</u>	<u>(121,304)</u>
Ending cash balance	<u>\$ 49,227</u>	<u>\$ 55,133</u>

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, 2022 are \$45,125 for fiscal year 2023.

Occupancy expense totaled \$66,611 and \$58,380 for the years ended June 30, 2022 and 2021, respectively.

NOTE 8 **Renewable Grant Contract**

A Department for the Aging grant was awarded to Lenox Hill Neighborhood House, with Search and Care listed as one of the subcontractors. This grant is to support the implementation of case management services for elders living between East 59th Street and East 125th Street in New York City, for which Search and Care received \$163,055 during fiscal year 2022. As of July 1, 2022 this contract was renewed for the fiscal year ending June 30, 2023 for approximately \$163,055.

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 is reflected as a refundable advance liability on the Statement of Financial Position and \$15,000 is reflected as grants and contributions on the Statement of Activities. During 2021, the remaining amount of the conditional grant from 2020 of \$38,000 was received of which \$42,500 was reclassified and reflected as grants and contributions on the Statement of Activities and \$9,708 was reflected as a refundable advance liability on the Statement of Financial Position.

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 **Fundraising Events and Activities**

Search and Care sponsored different events and activities during the years ended June 30, 2022 and 2021 to raise additional funds for its charitable activities. These events and the net income derived are as follows:

	<u>June 30, 2022</u>		
	<u>Income</u>	<u>Expenses</u>	<u>Net Income</u>
Yorkville Ball	\$ 127,654	\$ 52,654	\$ 75,000
Annual Benefit	<u>68,622</u>	<u>16,624</u>	<u>51,998</u>
	<u>\$ 196,276</u>	<u>\$ 69,278</u>	<u>\$ 126,998</u>

	<u>June 30, 2021</u>		
	<u>Income</u>	<u>Expenses</u>	<u>Net Income</u>
Theatre Benefit	\$ 45,930	\$ 1,901	\$ 44,029
Annual Benefit	<u>36,815</u>	<u>6,403</u>	<u>30,412</u>
	<u>\$ 82,745</u>	<u>\$ 8,304</u>	<u>\$ 74,441</u>

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.

The board designated funds for administrative expenses had the following activity for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$2,991,739	\$2,239,928
New designated funds	150,000	200,000
Investment return	(516,287)	657,380
Funds released	<u>(122,912)</u>	<u>(105,569)</u>
Balance, end of year	<u>\$2,502,540</u>	<u>\$2,991,739</u>

SEARCH AND CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

The board designated fund under the 40th anniversary appeal had the following activity for the year ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 611,022	\$ 476,152
Investment return	<u>(103,973)</u>	<u>134,870</u>
	<u><u>\$ 507,049</u></u>	<u><u>\$ 611,022</u></u>

NOTE 12 **Net Assets with Donor Restriction**

Net assets with Donor Restriction at June 30, 2022 and 2021 are available for certain donor stipulated purposes as follows:

	<u>2022</u>	<u>2021</u>
Pet and elder empowerment	\$ 219,567	\$ 112,363
East Harlem expansion and programs	9,817	35,630
Money Matters program	-	5,388
Client programs	112,317	118,641
Support for care manager positions, occupational therapist, nurse and homecare worker	543,873	398,577
Capital improvements and purchases	-	1,336
Time restricted	150,000	-
Upper West Side expansion and programs	<u>90,333</u>	<u>50,000</u>
	<u><u>\$ 1,125,907</u></u>	<u><u>\$ 721,935</u></u>

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

	<u>2022</u>	<u>2021</u>
Pet and elder empowerment	\$ 58,410	\$ 47,064
East Harlem expansion and programs	75,813	43,134
Money Matters program	5,388	15,726
Client programs	50,184	77,014
Support for care manager positions, occupational therapist, nurse and homecare worker	147,704	82,934
Capital improvements and purchases	16,336	3,664
Upper West Side expansion and programs	<u>59,667</u>	<u>237,500</u>
	<u><u>\$ 413,502</u></u>	<u><u>\$ 507,036</u></u>

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NOTE 13 **Contributions Receivable**

Grants and pledges receivable of \$500,802 at June 30, 2022 are expected to be collected within fiscal year ended June 30, 2023.

NOTE 14 **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 \$41,841 and \$48,884 for the years ended June 30, 2022 and 2021, respectively.

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

The following reflects Search and Care's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general expenditures within one year of the statement of financial position date:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,586,096	\$ 1,177,872
Cash held for clients	49,227	55,133
Investments	3,821,754	4,944,797
Contributions receivable	500,802	98,500
Other receivables	<u>36,059</u>	<u>51,560</u>
	5,993,938	6,327,862
Less:		
Custodial cash held for clients	49,227	55,133
Donor-imposed time or purpose restriction	1,125,907	721,935
Board Designations	<u>3,009,589</u>	<u>3,602,761</u>
Financial assets available to meet cash needs		
for general expenditure within one year	<u>\$ 1,809,215</u>	<u>\$ 1,948,033</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.

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NOTE 16 **Loan Payable**

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

In January 2021 the U.S. Small Business Administration, in consultation with the Treasury Department, announced that the Paycheck Protection Program (the "PPP") reopened for new and certain existing PPP borrowers under certain limitations. During February 2021, Search and Care was granted a loan during the second round in the amount of \$193,925 subject to the same general loan terms as their first draw. Search and Care received forgiveness on the loan in December 2021 and recognized it as grants and contributions revenue during fiscal year 2022.

NOTE 17 **Subsequent Events – 50th Anniversary Gala**

In November 2022, Search and Care is hosting a Gala at the Yacht Club. Search and Care is initiating this momentous benefit, in part, to informally raise funds that will support the client programs and services that the agency offers on both the Eastside and Westside. In anticipation of the upcoming 50th Anniversary of Search and Care, the agency has also raised funds as part of a campaign during fiscal year 2022. Search and Care has been awarded approximately \$250,000 which is part of grants and contributions on the Statement of Activities and includes a \$150,000 pledge that is part of time restricted net assets with donor restrictions.

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 2022 Theatre Benefit and Jazz Event and fiscal year 2021 Annual Benefit and Yorkville Ball were cancelled. The fiscal year 2021 Theatre Benefit was held virtually. The COVID-19 pandemic has resulted in substantial volatility in global financial markets. As the outbreak continues, Search and Care may continue to experience a disruption in operations as well as a decline in contributions received or level or contributions and fair value of investments. Due to changing market conditions, an estimate of the total loss due to the outbreak, if any, cannot be determined as this time.