

CARNEGIE HILL NEIGHBORS, INC.

JUNE 30, 2023

WILFRED WYLER & CO.

CERTIFIED PUBLIC ACCOUNTANTS, P.C.

STEVEN J. ADER, CPA
MICHAEL J. HITCHINGS, CPA

14 PENN PLAZA, SUITE 1506
225 WEST 34 STREET
NEW YORK, NY 10122

TEL: (212) 687-0050
FAX: (212) 370-9713
E-MAIL: wwcpas@verizon.net

INDEPENDENT AUDITOR'S REPORT

March 13, 2024

To the Board of Trustees of
Carnegie Hill Neighbors, Inc.

Opinion

We have audited the accompanying financial statements of Carnegie Hill Neighbors, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carnegie Hill Neighbors, Inc. as of June 30, 2023 and the changes in its net assets, its cash flows and functional expenses for the year then ended, in conformity 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carnegie Hill Neighbors, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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


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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Carnegie Hill Neighbors, Inc.'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 Carnegie Hill Neighbors, Inc.'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 findings, and certain internal control related matters that we identified during the audit.


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CARNEGIE HILL NEIGHBORS, INC.

EXHIBIT A

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

CURRENT ASSETS:

Cash and cash equivalents		\$ 376,323
NYC grants receivable		<u>151,000</u>
TOTAL CURRENT ASSETS		\$ 527,323

PROPERTY AND EQUIPMENT:

Furniture and equipment	\$ 171,866	
Leasehold improvements	<u>47,344</u>	
	\$ 219,210	
Less: Accumulated depreciation and amortization	<u>157,992</u>	
NET PROPERTY AND EQUIPMENT		61,218

OTHER ASSETS:

Investments	152,222	
Security deposit	<u>19,584</u>	
TOTAL OTHER ASSETS		<u>171,806</u>
TOTAL ASSETS		<u>\$ 760,348</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	<u>\$ 36,916</u>	
TOTAL CURRENT LIABILITIES		\$ 36,916

NET ASSETS:

Net assets with donor restrictions	\$ -	
Net assets without donor restrictions	<u>723,433</u>	
TOTAL NET ASSETS		<u>723,433</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 760,348</u>

See notes to financial statements.

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EXHIBIT B

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS:

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Contributions	\$ 269,190	\$ 312,450	\$ 581,640
Fundraising benefits	114,174	-	114,174
Grants	-	151,000	151,000
Newsletter advertising	45,790	-	45,790
Program income	299,850	-	299,850
Interest and dividend income	5,877	-	5,877
Unrealized gain (loss) on investments	3,179	-	3,179
Net assets released from restrictions	463,450	(463,450)	-
TOTAL SUPPORT AND REVENUE	\$ 1,201,510	\$ -	\$ 1,201,510
<u>EXPENSES :</u>			
Program expenses	\$ 821,136	\$ -	\$ 821,136
Management and general	161,463	-	161,463
Fundraising	196,359	-	196,359
TOTAL EXPENSES	\$ 1,178,958	\$ -	\$ 1,178,958
CHANGE IN NET ASSETS	\$ 22,552	\$ -	\$ 22,552
Net assets, July 1, 2022	700,881	-	700,881
NET ASSETS, JUNE 30, 2023	\$ 723,433	\$ -	\$ 723,433

See notes to financial statements.

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CARNEGIE HILL NEIGHBORS, INC.

EXHIBIT C

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

OPERATING ACTIVITIES:

Change in net assets		\$	22,552
Adjustments to reconcile change in net assets to net cash used by operating activities:			
Depreciation expense	\$	8,895	
Amortization expense		1,214	
Unrealized (gain) loss on investments		(3,179)	
Increase in NYC grants receivable		(35,500)	
Increase in accounts payable & accrued liabilities		6,026	
			<u> </u>
NET ADJUSTMENTS			<u>(22,544)</u>
NET CASH USED BY OPERATING ACTIVITIES		\$	8
<u>INVESTING ACTIVITIES:</u>			
Purchase of furniture and equipment	\$	(3,501)	
Sale of investments		100,000	
Purchase of investments		(258,331)	
			<u> </u>
NET CASH USED BY INVESTING ACTIVITIES			<u>(161,832)</u>
NET INCREASE IN CASH		\$	(161,824)
Cash and cash equivalents, July 1, 2022			<u>538,147</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2023		\$	<u><u>376,323</u></u>

See notes to financial statements.

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CARNEGIE HILL NEIGHBORS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Carnegie Hill Neighbors, Inc., a non-profit corporation tax exempt under Internal Revenue Code Section 501c (3), was organized to preserve the architectural character of Carnegie Hill and to address quality of life issues. Since its founding in 1970, the scope of activities has expanded to include planting and maintaining the Park Avenue malls and the 97th Street Garden, administering a neighborhood vehicle patrol with day and overnight shifts, providing graffiti removal from street furniture throughout the neighborhood, and informing residents of Carnegie Hill in all matters related to historic preservation, landmark compliance, street tree care, and other areas of community interest.

Financial Statement Presentation:

The Fund's net assets and changes thereto are classified and reported as follows:

Net assets without donor restrictions -

Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions -

Net assets subject to donor-imposed stipulations to be met by actions of the organization or the passage of time.

Grants and Contributions:

Contributions are recorded as net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated purpose is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

For contributions of property or equipment, or for contributions to acquire property or equipment, it is the Fund's policy, absent a specific donor-imposed restriction on the use of such assets, to report these contributions as net assets without donor restrictions.

Park Avenue Mall and Security Patrol contributions are recorded when received. Annual Graffiti service fees are recorded when received.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

CARNEGIE HILL NEIGHBORS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Property and Equipment:

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$100.00. Depreciation is provided on a straight-line basis over the estimated useful life of the assets. Property and equipment acquired in years prior to 1989 were recorded at estimated fair market value at January 1, 1989. Leasehold improvements are amortized using the straight-line method over their estimated useful life.

Contributed Services:

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying Statement of Activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied. Donated materials are reflected as contributions in the accompanying statements at their estimated values at date of receipt.

Functional Expense Allocation:

The financial statements report certain categories of expenses that are attributable to more than one program or function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of estimates of time and effort.

Cash Equivalents:

For purposes of the Statement of Cash Flows, cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety days of purchase.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CARNEGIE HILL NEIGHBORS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

INVESTMENTS AND FAIR VALUE MEASUREMENTS:

The organization holds investments for the following purposes:

Short-term investments are investments of excess operating cash and are included on the Statement of Financial Position as a cash equivalent.

Long-term investments are investments of excess operating cash not expected to be used within the next fiscal year.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1). Level 2 assets are financial assets and liabilities that do not have regular market pricing, but whose fair value can be determined based on other data values or market prices. Level 3 assets are financial assets and liabilities whose value is determined using the lowest priority of unobservable inputs (Level 3).

The fair value measurements and levels within the fair value hierarchy of those assets reported at fair value on a recurring basis at June 30, 2023, are as followings:

	<u>Fair Value</u>	<u>Quoted Prices Inputs (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>
Short term investments:			
Fidelity Government Money Market	\$ 109,729	\$ 109,729	\$ -
US Treasury Ser P Maturity 8/31/23	49,918	49,918	
US Treasury Ser R Maturity 10/31/23	99,094	99,094	
	<u>\$ 258,741</u>	<u>\$ 258,741</u>	<u>\$ -</u>

	<u>Fair Value</u>	<u>Quoted Prices Inputs (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>
Long term investments-			
32 shs. Franklin Resources Inc	\$ 855	\$ 855	\$ -
9 shs. Tesla Inc	2,356	2,356	-
	<u>\$ 3,211</u>	<u>\$ 3,211</u>	<u>\$ -</u>

CARNEGIE HILL NEIGHBORS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the year ended June 30, 2023.

All of the investments listed above are reported at fair value on a recurring basis by reference to quoted market prices, similar investments and other relevant information generated by market transactions.

COMMITMENTS AND CONTINGENCIES:

The Organization signed a ten-year lease beginning October 1, 2016 and ending September 30, 2026 for space located at 1326 Madison Avenue, New York, NY 10128.

Minimum future lease payments for the next four years and in the aggregate are as follows:

June 30, 2024	84,560
June 30, 2025	87,097
June 30, 2026	89,710
July 1, 2026-September 30, 2026	<u>22,703</u>
	<u>\$ 284,070</u>

SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 13, 2024, which is the date the financial statements were available to be issued. Subsequent to June 30, 2023, the Carnegie Hill Neighbors investment portfolio decreased by approximately \$122,393. The remaining balance in the investment account; Fidelity Government Money Market is approximately \$139,559 as of February 29, 2024.