

# **WILFRED WYLER & CO.**

CERTIFIED PUBLIC ACCOUNTANTS, P.C.

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## INDEPENDENT AUDITOR'S REPORT

February 5, 2025

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, 2024 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, 2024 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.

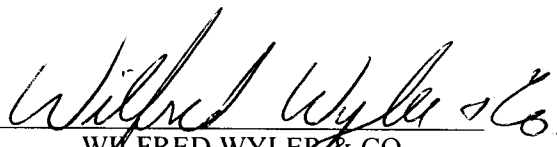
### **Auditor's Responsibilities for the Audit of the Financial Statements**

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.

  
WILFRED WYLER & CO.  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

CARNEGIE HILL NEIGHBORS, INC.EXHIBIT ASTATEMENT OF FINANCIAL POSITIONJUNE 30, 2024ASSETSCURRENT ASSETS:

Cash and cash equivalents		\$ 488,051
Small business development grant receivable		30,055
NYC grants receivable		<u>161,000</u>

TOTAL CURRENT ASSETS		\$ 679,106
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PROPERTY AND EQUIPMENT:

Furniture and equipment	\$ 172,246	
Leasehold improvements	47,344	
	<u>\$ 219,590</u>	

Less: Accumulated depreciation and amortization	<u>167,268</u>	
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NET PROPERTY AND EQUIPMENT		52,322
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OTHER ASSETS:

Right of use asset - office lease (net of amortization)	\$ 163,722	
Security deposit	<u>19,584</u>	

TOTAL OTHER ASSETS		<u>183,306</u>
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TOTAL ASSETS		<u><u>\$ 914,734</u></u>
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LIABILITIES AND NET ASSETSCURRENT LIABILITIES:

Accounts payable	\$ 86,247	
Returnable grant loan	<u>67,500</u>	

TOTAL CURRENT LIABILITIES		\$ 153,747
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OTHER LIABILITIES:

Right of use liability	<u>\$ 163,722</u>	
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TOTAL CURRENT LIABILITIES		\$ 163,722
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NET ASSETS:

Net assets with donor restrictions	\$ -	
Net assets without donor restrictions	<u>597,265</u>	

TOTAL NET ASSETS		<u>597,265</u>
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TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 914,734</u></u>
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See notes to financial statements.

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CARNEGIE HILL NEIGHBORS, INC.EXHIBIT BSTATEMENT OF ACTIVITIESYEAR ENDED JUNE 30, 2024PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS:

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Contributions	\$ 337,991	\$ 99,467	\$ 437,458
Fundraising benefits	106,050	-	106,050
Grants	25,000	146,000	171,000
Newsletter advertising	55,006	-	55,006
Program income	494,040	-	494,040
Investment income - net	9,956	-	9,956
Net assets released from restrictions	245,467	(245,467)	-
	<u>\$ 1,273,510</u>	<u>\$ -</u>	<u>\$ 1,273,510</u>
<u>EXPENSES :</u>			
Program expenses	\$ 922,543	\$ -	\$ 922,543
Management and general	207,381	-	207,381
Fundraising	269,754	-	269,754
	<u>\$ 1,399,678</u>	<u>\$ -</u>	<u>\$ 1,399,678</u>
CHANGE IN NET ASSETS	\$ (126,168)	\$ -	\$ (126,168)
Net assets, July 1, 2023	<u>723,433</u>	<u>-</u>	<u>723,433</u>
NET ASSETS, JUNE 30, 2024	<u>\$ 597,265</u>	<u>\$ -</u>	<u>\$ 597,265</u>

See notes to financial statements.

CARNEGIE HILL NEIGHBORS, INC.EXHIBIT CSTATEMENT OF CASH FLOWSYEAR ENDED JUNE 30, 2024OPERATING ACTIVITIES:

Change in net assets		\$ (126,168)
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Adjustments to reconcile change in net assets to net cash used by operating activities:

Depreciation expense	\$ 7,684	
Amortization expense	1,214	
(Gain) loss on investments	(1,137)	
Increase in NYC grants receivable	(40,055)	
Increase in accounts payable	49,331	
	<u>49,331</u>	

NET ADJUSTMENTS		<u>17,037</u>
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NET CASH USED BY OPERATING ACTIVITIES		\$ (109,131)
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INVESTING ACTIVITIES:

Purchase of furniture and equipment	\$ (380)	
Right of use asset - office lease	(163,722)	
Right of use liability - office lease	163,722	
Sale of investments	153,359	
	<u>153,359</u>	

NET CASH USED BY INVESTING ACTIVITIES		153,359
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FINANCING ACTIVITIES:

Proceeds from loan on NYC grants receivable		<u>67,500</u>
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NET INCREASE IN CASH		\$ 111,728
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Cash and cash equivalents, July 1, 2023		<u>376,323</u>
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CASH AND CASH EQUIVALENTS, JUNE 30, 2024		<u><u>\$ 488,051</u></u>
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See notes to financial statements.

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CARNEGIE HILL NEIGHBORS, INC.

EXHIBIT D

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Park Avenue Malls	Security Patrol Car	Cleanstreets/ Streetscape	Newsletter	Landmark Preservation, Etc.	Total Program Expenses	Administration	Fund Raising	Total Supporting Expenses	Total Expenses
Patrolmen costs	\$ -	\$ 162,940	-	-	-	\$ 162,940	\$ -	\$ -	\$ -	\$ 162,940
Salaries - staff	29,148	47,365	27,537	43,722	40,078	187,850	91,087	105,661	196,747	384,597
Malls maintenance: plants & labor	151,230	-	16,846	-	16,087	184,163	-	-	-	184,163
Fundraising benefit expenses	-	-	-	-	-	-	-	62,125	62,125	62,125
Fundraising other and special events expenses	-	-	-	-	-	-	-	18,185	18,185	18,185
Office lease costs	5,325	8,652	1,331	7,987	7,321	30,616	16,639	19,301	35,941	66,557
Office expenses	3,599	5,848	900	5,398	4,948	20,692	11,246	13,045	24,291	44,983
Newsletter expenses	-	-	-	33,522	-	33,522	-	-	-	33,522
Professional fees	13,540	13,540	-	-	-	27,079	37,234	3,385	40,619	67,698
Payroll taxes	2,198	3,572	550	3,297	3,022	12,639	6,869	7,968	14,838	27,477
Health benefits	6,764	10,991	1,691	10,146	9,300	38,892	21,137	24,519	45,656	84,549
Printing and publications	110	179	27	165	151	632	343	398	742	1,373
Landmark preservation expenses	-	-	-	-	194,512	194,512	-	-	-	194,512
Insurance	5,285	5,285	-	-	-	10,570	3,523	3,523	7,047	17,617
Bank charges and credit card fees	775	1,260	194	1,163	1,066	4,457	2,423	2,810	5,233	9,690
Telephone and internet expense	130	211	32	195	178	746	406	470	876	1,622
Depreciation	-	-	-	-	-	-	8,063	-	8,063	8,063
Postage and shipping	162	264	41	244	223	934	508	589	1,096	2,030
Utilities	319	518	80	478	438	1,832	996	1,155	2,151	3,983
Miscellaneous expenses	34	55	9	51	47	196	106	123	229	425
Interest expense-right of use asset	1,474	2,394	368	2,210	2,026	8,473	4,605	5,342	9,946	18,419
Payroll service	218	354	54	327	300	1,252	681	790	1,471	2,723
Contributions	61	121	121	121	121	545	303	363	666	1,211
Amortization	-	-	-	-	-	-	1,214	-	1,214	1,214
	\$ 220,370	\$ 263,549	\$ 49,780	\$ 109,025	\$ 279,819	\$ 922,543	\$ 207,381	\$ 269,754	\$ 477,135	\$ 1,399,678

See notes to financial statements.

CARNEGIE HILL NEIGHBORS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

**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 97<sup>th</sup> 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, 2024

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, 2024

**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).

At June 30, 2024 investments consist of 141,996 shares of the Fidelity Government Money Market Fund. This fund is managed to maintain a share price of \$1.00. The organization considers it to be a cash equivalent due to its nature.

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, 2024.

**COMMITMENTS AND CONTINGENCIES:**

The organization determines if an arrangement is or contains a lease at inception. Lease are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term.

The organization evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the organization's right to use the underlying assets for the lease term, and the lease liabilities represent the organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The organization has made an accounting policy election to use its incremental borrowing rate to discount future lease payments. The discount rate applied to calculate lease liabilities as of June 30, 2024 was 8.00%.

CARNEGIE HILL NEIGHBORS, INC.NOTES TO FINANCIAL STATEMENTSJUNE 30, 2024**COMMITMENTS AND CONTINGENCIES: (Cont'd)**

The Organization rents space located at 1326 Madison Avenue, under an operating lease from 1326 Apartments Corp. The original lease term was 10 years and ends on September 30, 2026. At June 30, 2024 the remaining lease term is 27 months. Total operating lease expense as of June 30, 2024, was \$84,976. This includes interest expense -right of use asset of \$18,418, and amortization - right of use asset \$66,517. The discounted cash flow due related to the operating lease as of June 30, 2024 was \$163,722. Total undiscounted cash flows due to the operating lease amounts to \$197,092 as shown below:

July 1, 2024 through June 30, 2025	\$86,883
July 1, 2025 through June 30, 2026	88,167
July 1, 2026 through September 30, 2026	<u>22,042</u>
Total	<u>\$197,092</u>

**SUBSEQUENT EVENTS:**

Subsequent events have been evaluated through February 5, 2025, which is the date the financial statements were available to be issued.