# Princeton Senior Resource Center, Inc.
## Financial Statements
## June 30, 2021

**Princeton Senior Resource Center, Inc.**
**Table of Contents**
**June 30, 2021**

**Page**

WilkinGuttenplan
CPAs & Advisors

## Independent Auditors' Report

**To the Trustees of**
**Princeton Senior Resource Center, Inc.**

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Princeton Senior Resource Center, Inc., which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows 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 the 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 the financial statements that are free from material misstatement whether due to fraud or error.

### *Accountants' 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 auditors' judgement, 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 the 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 of 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.



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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Princeton Senior Resource Center, Inc. as of June 30, 2021, 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.

Wilkin & Guttenplan

East Brunswick, New Jersey

April 11, 2022

## Princeton Senior Resource Center, Inc.
### Statement of Financial Position
### June 30, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | $ 290,848 | $ 200,641 | $ 491,489 |
| Pledges receivable, current | - | 423,067 | 423,067 |
| Prepaid expenses | 15,017 | - | 15,017 |
| **Total Current Assets** | 305,865 | 623,708 | 929,573 |
| Investments, at fair value | 1,898,347 | 2,089,589 | 3,987,936 |
| Pledges receivable, long-term | - | 812,214 | 812,214 |
| Assets in progress | 169,016 | - | 169,016 |
| Property and equipment, net | 1,922,730 | - | 1,922,730 |
| | 3,990,093 | 2,901,803 | 6,891,896 |
| **Total Assets** | $ 4,295,958 | $ 3,525,511 | $ 7,821,469 |
| **Liabilities and Net Assets** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued expenses | $ 640 | $ - | $ 640 |
| Deferred revenue | 8,100 | | 8,100 |
| Security deposits payable | 2,600 | - | 2,600 |
| **Total Current Liabilities** | 11,340 | - | 11,340 |
| Long-term debt | 1,388,000 | - | 1,388,000 |
| **Total Liabilities** | 1,399,340 | - | 1,399,340 |
| **Net assets** | | | |
| Without donor restrictions | | | |
| Undesignated | 2,872,985 | - | 2,872,985 |
| Board-designated for building renovations | 1,133 | - | 1,133 |
| Board-designated for staff development | 22,500 | - | 22,500 |
| | 2,896,618 | - | 2,896,618 |
| With donor restrictions | - | 3,525,511 | 3,525,511 |
| **Total Net Assets** | 2,896,618 | 3,525,511 | 6,422,129 |
| **Total Liabilities and Net Assets** | $ 4,295,958 | $ 3,525,511 | $ 7,821,469 |

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

## Princeton Senior Resource Center, Inc.
**Statement of Activities**
**For the Year Ended June 30, 2021**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Revenues** | | | |
| Contributions | | | |
| Individuals | $ 182,656 | $ 1,097,285 | $ 1,279,941 |
| In-kind | 3,365 | 3,000 | 6,365 |
| Corporations | 56,496 | 9,555 | 66,051 |
| Foundations | 112,849 | 793,773 | 906,622 |
| Other | 4,002 | - | 4,002 |
| Total Contributions | 359,368 | 1,903,613 | 2,262,981 |
| Municipal contract | 168,615 | - | 168,615 |
| Contributed facilities | 60,564 | - | 60,564 |
| Special events, net of $23,720 of expenses | 48,535 | - | 48,535 |
| Program services fees | 168,933 | - | 168,933 |
| Net investment return | 909,587 | - | 909,587 |
| Net assets released from restrictions | | | |
| Satisfaction of program restrictions | 580,785 | (580,785) | - |
| **Total Revenues** | 2,296,387 | 1,322,828 | 3,619,215 |
| **Expenses** | | | |
| Program Services | | | |
| Senior programs | 365,056 | - | 365,056 |
| Social services | 275,247 | - | 275,247 |
| Total Program Services | 640,303 | - | 640,303 |
| Management and general expenses | 226,548 | - | 226,548 |
| Fundraising | 345,713 | - | 345,713 |
| **Total Expenses** | 1,212,564 | - | 1,212,564 |
| **Change in Net Assets** | 1,083,823 | 1,322,828 | 2,406,651 |
| **Net Assets - Beginning of Year** | 1,812,795 | 2,202,683 | 4,015,478 |
| **Net Assets - End of Year** | $ 2,896,618 | $ 3,525,511 | $ 6,422,129 |

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

## Princeton Senior Resource Center, Inc.
### Statement of Functional Expenses
### For the Year Ended June 30, 2021

| | Program Services | | | Supporting Services | | |
|---|---|---|---|---|---|---|
| | Senior Programs | Social Services | Total Program Services | Management & General | Fundraising | Total |
| Salaries and related charges | $ 286,356 | $ 212,386 | $ 498,742 | $ 131,999 | $ 302,137 | 932,879 |
| Professional fees | 14,694 | 7,500 | 22,194 | 59,329 | - | 81,523 |
| Office expenses | 1,531 | 1,136 | 2,667 | 691 | 1,580 | 4,939 |
| Bank and credit card fees | 6,218 | - | 6,218 | - | 3,203 | 9,421 |
| Program supplies and expenses | 5,600 | 185 | 5,785 | - | - | 5,785 |
| Occupancy | 23,006 | 35,863 | 58,869 | 18,287 | 8,849 | 86,005 |
| Information technology | 9,186 | 6,815 | 16,001 | 4,148 | 9,482 | 29,632 |
| Professional development | 808 | 597 | 1,405 | 4,562 | 10 | 5,977 |
| Development expenses | - | - | - | - | 15,735 | 15,735 |
| Equipment expense | 1,423 | 1,056 | 2,479 | 643 | 1,469 | 4,591 |
| Marketing | 4,693 | 2,347 | 7,040 | 1,408 | 939 | 9,386 |
| Insurance | 8,230 | 4,115 | 12,345 | 2,469 | 1,646 | 16,461 |
| Depreciation | 3,311 | 1,656 | 4,967 | 993 | 661 | 6,622 |
| Miscellaneous | - | 1,592 | 1,592 | 2,017 | - | 3,609 |
| **Total Expenses** | $ 365,056 | $ 275,247 | $ 640,303 | $ 226,548 | $ 345,713 | $ 1,212,564 |

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

## Princeton Senior Resource Center, Inc.
### Statement of Cash Flows
### For the Year Ended June 30, 2021

| | |
|---|---|
| **Cash Flows from Operating Activities** | |
| Change in net assets | $ 2,406,651 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | |
| Unrealized gains on investments | (812,115) |
| Realized gains on investments | (75,685) |
| Depreciation | 6,622 |
| Cash provided (used) by changes in | |
| Pledges receivable | (1,217,414) |
| Prepaid expenses | (15,017) |
| Accounts payable and accrued expenses | 483 |
| Deferred revenue | 8,010 |
| **Net Cash Provided by Operating Activities** | 301,535 |
| **Cash Flows from Investing Activities** | |
| Proceeds from sale of investments | 1,119,278 |
| Purchase of investments | (611,569) |
| Payments for assets iin progress | (169,019) |
| Purchase of property and equipment | (1,898,973) |
| **Net Cash Used by Investing Activities** | (1,560,283) |
| **Cash Flows from Financing Activities** | |
| Proceeds from long-term debt | 1,388,000 |
| **Net Cash Provided by Financing Activities** | 1,388,000 |
| **Net Increase in Cash and Cash Equivalents** | 129,252 |
| **Cash and Cash Equivalents - Beginning of Year** | 362,237 |
| **Cash and Cash Equivalents - End of Year** | $ 491,489 |

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

## Note 1 Nature of Operations

Princeton Senior Resource Center, Inc. (the "Organization" or "PSRC") is a New Jersey not-for-profit organization based in Princeton, New Jersey, whose purpose is provide senior programs, social services and volunteer opportunities for Princeton area residents over 55 years old. PSRC is the go-to resource where aging adults and their families find support, guidance, educational and social programs to help navigate life transitions and continue to be active, healthy and engaged in the community. The Organization is supported primarily through donor contributions, grants and contracts to provide social services.

*Senior Programs*: fitness, education and enrichment classes, Evergreen Forum lifelong learning, retirement programs, informational seminars, programs promoting wellness, volunteer opportunities, GrandPals, computer assistance and recreational and social events.

*Social Services*: information and referral, maintaining resource directories, assistance with benefit applications, care coordination, transitions, consultations and counseling, support groups, Caregiver Resource Center, Partners in Caring-Princeton, Crosstown, HomeFriends, GrandPals.

## Note 2 Summary of Significant Accounting Policies

### Basis of Presentation

The Organization follows the recommendations of the accounting guidance provided by "*Not-for-Profit Entities*" which establishes standards for external financial reporting by not-for-profit organizations and requires that resources are classified for accounting and reporting purposes into two net asset categories according to externally imposed restrictions. For the year ended June 30, 2021, the Organization had accounting transactions in two of the net asset categories, as follows:

- *Net assets without donor restrictions* - Net assets that are not subject to donor imposed restrictions.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed restrictions by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organizations and/or the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without restrictions and are reported in the statement of activities as net assets released from restrictions. Assets received and released within the same year are shown as reclassified within that year.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

**Cash and Cash Equivalents**
Cash and cash equivalents include cash in the bank as well as short-term securities held for the purpose of general liquidity. Such securities normally mature within three months from the date of acquisition.

**Investments**
Marketable securities and mutual funds held for long-term purposes are reported at fair value based on quoted market prices. Contributed marketable securities are valued at fair market value based on average quoted market prices on the date of contribution.

The Organization invests its endowment fund, the J. Seward Johnson Sr. Assistance Fund and the Lifelong Learning endowment fund with Princeton Area Community Foundation ("PACF"). The funds invested with PACF are carried at net asset value in the statement of financial position (see Note 5).

Net investment return (including realized and unrealized gains and losses on investments, interest and dividends, net of investment expenses) is included in net assets without donor restrictions unless the income is restricted by the donor or the law.

**Property and Equipment**
Property and equipment are recorded at cost. It is the Organization's policy to capitalize expenditures for those items in excess of $500. Lesser amounts are expensed. Property and equipment are depreciated over the useful life of the related asset using the straight-line method. Donated property and equipment is recorded at their estimated fair value on the date of donation. Such donations are reported as contributions without donor restrictions, unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit instructions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donated restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**Contributed Services and In-Kind Donations**
The Organization has not recorded amounts for donated services, since they do not meet the criteria for recognition. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, fund-raising campaigns and various committee assignments. For the year ended June 30, 2021, the Organization received more than 5,200 volunteer hours from over 275 volunteers and the estimated value of such services if $202,000. During the year ended June 30, 2021, the Organization also received non-cash contributions in the form of donated vehicles with a value of $3,365 and services with a value of $3,000.

The Organization occupies and conducts its operations from two separate locations: the Spruce Circle location is owned by the Princeton Housing Authority and the Suzanne Patterson Center is owned by the Municipality of Princeton. No rent is paid by the Organization, however, and in-kind contribution by the Princeton Housing Authority is estimated to be $27,014 and the in-kind contribution from the Municipality of Princeton is estimated to be $33,550 for the year ended June 30, 2021.

**Contributions Received and Receivable**

The Organization recognizes revenue for contributions received, including those contributions received in the form of unconditional promises to give or pledges. These promises to give are recorded as contributions and pledges receivable on the statement of financial position.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of the estimated future cash flows, discounted using the risk-free rate of return at the date of the promise to give. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible pledges is recorded based on estimated amounts not expected to be collected. At June 30, 2021 there was no allowance for uncollectible amounts recorded.

**Revenue and Support Recognition**

*Contributions and Promises to Give* –Grants and contributions are recognized when cash is received or when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions and grants are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions.

*Revenue from contracts with customers* – The Organization accounts for program services revenue as exchange transactions in the statement of activities and treats it as revenues without donor restrictions. Funds received in advance from customers for programs that have not been performed are recorded as contract liabilities in the statement of financial position.

Other revenues are obtained from rental income, miscellaneous and investment income. These revenues are used to offset program, management and general and fundraising expenses. Revenue from these sources are recognized when earned. Certain investment income has been classified as with donor restrictions based on donor stipulations.

The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions, net assets and changes in net assets are classified and reported based on the existence or absence of donor-imposed restrictions. Revenue from government and private grant and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures incurred and conditions under the agreements are met. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

### Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Organization is subject to tax on unrelated business income, if any.

The Organization files tax returns in the U.S. Federal jurisdiction. The Organization has no open years prior to 2018. The Organization has no tax examinations in progress. During 2021, the Organization recognized $0 in interest and penalties.

Income tax expense on unrelated business income for the year ended June 30, 2021 amounted to $-0-. The Organization also has a foreign tax credit that can be used to offset income tax expense in the amount of $160 for the year ended June 30, 2021.

### Functional Expense Allocation

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated to the programs and supporting services based on analysis of personnel time and utilization of related activities if there is not a direct association to one of the functional categories. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

### Recent Accounting Pronouncements Not Yet Effective

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02 Leases (Topic 842), which requires lessees to recognize lease assets and lease liabilities on the statement of financial position and disclose key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. The Organization is evaluating the impact of this pronouncement but does not expect significant changes to the financial statemens.t

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07 on Topic 958, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind, in an effort to improve transparency of reporting gifts-in-kind. The Organization is evaluating the impact of this pronouncement but does not expect significant changes to the financial statements.

### Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through the date of the auditors' report, which is the date the financial statements were available to be issued. See Note 16.

## Note 3 Liquidity

The Organization's primary revenue sources are its contributions and program service fees. The Organization has various sources of liquidity including cash and mutual funds. Financial assets as of June 30, 2021 that are available to meet general expenditures within one year of the balance sheet date, reduced by amounts that are not available due to donor or spending restrictions, consist of the following:

| | |
|---|---|
| **Financial Assets** | |
| Cash and cash equivalents | $ 290,848 |
| Stock mutual funds | 333,225 |
| Bond mutual funds | 97,005 |
| Total Financial Assets | 721,078 |
| **Liquidity Resources** | |
| Estimated annual draw from pooled investment funds | 250,000 |
| Total Financial Assets and Liquidity Resources | $ 971,078 |

As part of the Organization's liquidity plan, excess cash is invested in short-term investments including money market accounts and mutual funds. The financial assets above are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The goal of the Organization is to have annual operating revenue cover expenses. Annually the Organization draws from its endowment in accordance with its spending policy (see Note 10) to cover operating expenses.

## Note 4 Pledges Receivable

Long-term pledges receivable are shown at present value using a discount rate of 1.50%.

Pledges receivable at June 30, 2021 consists of:

| | |
|---|---|
| Pledges receivable | $ 1,272,367 |
| Less: discount to net present value | (37,086) |
| Pledges receivable, net | $ 1,235,281 |

| | |
|---|---|
| Amounts due in | |
| Less than one year | $ 423,067 |
| One to five years | 849,300 |
| | $ 1,272,367 |

## Note 5 Investments

Investments without donor restrictions consist of the following at June 30, 2021:

| | Cost | Unrealized Gains | Unrealized Losses | Market Value |
|---|---|---|---|---|
| Stock mutual funds | $ 223,687 | $ 109,538 | $ - | $ 333,225 |
| Bond mutual funds | 94,352 | 2,653 | - | 97,005 |
| | $ 318,039 | $ 112,191 | $ - | $ 430,230 |

Investment income for these investments consists of the following for the year ended June 30, 2021

| | |
|---|---|
| Dividends & interest | $ 21,445 |
| Realized gains | 33,312 |
| Unrealized gains | 53,402 |
| Investment expenses | (5,239) |
| | $ 102,920 |

Certain endowment investments are held in pooled funds invested with the Princeton Area Community Foundation, Inc. ("PACF"). As a participant in the pooled funds, the Organization's ownership interest is based on the units held by the Organization to the total of all units in the pooled funds. The pool is revalued monthly and income and gains or losses are allocated to participants based on their units.

The market value and cost of the pooled investments is as follows at June 30:

| | Cost | Market |
|---|---|---|
| Pooled investments | $ 2,089,589 | $ 3,557,706 |

Pooled separate accounts—Units held in pooled separate accounts are valued based on the net asset value ("NAV") of the shares held by the Fund at year end, which is based on the unit prices quoted by the Fund, representing the fair value of the underlying investments.

Investment income related to the pooled investments for the year ended June 30, 2021 consists of the following:

| | |
|---|---|
| Dividends & interest | $ 25,326 |
| Realized gains | 42,373 |
| Unrealized gains | 758,713 |
| Investment expenses | (19,800) |
| | $ 806,612 |

The Organization uses NAV to determine the fair value of certain investments by major category as of June 30, 2021

| Category of Investment | Investment Strategy | NAV | Unfunded Commitments | Redemption Terms | Redemption Restrictions |
|---|---|---|---|---|---|
| Pooled fund | Long-Term Growth | $ 3,557,706 | None | None | None |

## Note 6 Fair Value Measurements

The Organization follows the accounting guidance provided by *Fair Value Measurements and Disclosures*, (ASC Topic 820), which defines fair value, establishes a framework for measuring fair value in U.S. generally accepted accounting principles, and expands disclosures about fair value measurements. Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the Organization transacts. ASC 820 clarifies that fair value should be based on assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. ASC 820 requires fair value measurements to be separately disclosed by level within the fair value hierarchy. While not expanding the use of fair value, ASC 820 may change the measurement of fair value. Any change in the measurement of fair value would be considered a change in estimate and included in the results of operations in the period of adoption. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable.

These levels are:

**Level 1** – Valuation is based upon quoted prices for identical instruments traded in active markets.

**Level 2** – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

**Level 3** – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect one's estimates of assumptions that a market participant would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models based on profits interests and similar techniques. The Organization develops measurement criteria based on the best information available.

In accordance with ASC 820, the following table represents the Organization's investments measured at fair value on a recurring basis as of June 30, 2021:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Stock mutual funds | $ 333,225 | $ - | $ - | $ 333,225 |
| Bond mutual funds | 97,005 | - | - | 97,005 |
| | $ 430,230 | $ - | $ - | $ 430,230 |

## Note 7 Property and Equipment

Property and equipment consists of the following at June 30:

| | |
|---|---|
| **Property and Equipment** | |
| Land | $ 950,500 |
| Building | 945,080 |
| Computers | 24,420 |
| Software | 33,120 |
| Furniture and fixtures | 11,890 |
| Improvements | 12,496 |
| | 1,977,506 |
| **Less Accumulated Depreciation** | (54,776) |
| **Property and Equipment, Net** | $ 1,922,730 |

Depreciation expense amounted to $6,622 for the year ended June 30, 2021.

## Note 8 Long-Term Debt

In connection with the building purchase, the Organization obtained a loan from the Bryn Mawr Trust Company in December 2020 bearing interest at 3.69% per annum, maturing December 2027, with interest only payments through December 2022, then monthly payments of $6,381 including principal and interest, with a balloon payment of approximately $1,249,000 in December 2027. Future minimum payments under this agreement for the years ending June 30 are as follows: 2022 - $-0-, 2023 - $12,775, 2024 - $26,266, 2025 - $27,252 and 2026 and thereafter - $1,321,707. Interest expense capitalized during the building renovations amounted to $25,893 for the year ended June 30, 2021.

## Note 9 Restrictions on Net Assets

Net assets without donor restrictions include board designated funds. During the year ended June 30, 2021, board-designated funds of $2,500 were used for staff development.

Restricted net assets are available for the following purposes at June 30:

| | |
|---|---|
| **Assets with donor restrictions** | |
| PSRC Endowment Fund | $ 1,312,975 |
| J. Seward Johnson Sr. Assistance Fund | 250,000 |
| Lifelong Learning Endowment Fund | 1,840,815 |
| Capacity building | 50,959 |
| Technology improvements | 52,887 |
| Program expenses | 17,875 |
| | $ 3,525,511 |

## Note 9 Restrictions on Net Assets (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying restricted purposes for the year ended June 30, 2021 as follows:

| | |
|---|---|
| **Purpose restrictions accomplished** | |
| Capacity building | $ 35,914 |
| Technology improvements | 7,508 |
| Program expenses | 859 |
| Building improvements | 536,504 |
| | $ 580,785 |

## Note 10 Endowment Funds

The Organization's endowment consists of three funds held at PACF: a general Endowment Fund, the J. Seward Johnson Sr. Assistance Fund, and the Lifelong Learning Endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The general Endowment fund was established in March 2007 for the purpose of operational support. The endowment consists of gifts restricted for long-term support of the Organization. The investment earnings from this Fund are for the undesignated use by the Organization as determined by the Board of Trustees. An annual amount is available to the Organization, not to exceed five percent of the total market value, determined by taking an average of the market value for the prior eight quarters.

The J. Seward Johnson Sr. Assistance Fund was established in January 2011 through a grant received from the J. Seward Johnson Sr. 1963 Charitable Trust for the purpose of giving small grants to low and moderate income adults in Princeton to address problems that create significant risk to their independence. An annual amount is available to the Organization, not to exceed five percent of the total market value, determined by taking an average of the market value for the prior eight quarters.

The Lifelong Learning Endowment was established in November 2017 for the purpose of covering operating and capital expenditures in support of the Lifelong Learning programs facilitated by the Organization.

As of June 30, 2021, the corpus of the Organization's endowment funds was $2,168,510, with the excess investment income of $1,468,115 reflected within net assets without donor restrictions.

The Organization has interpreted state law as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations and decrements to the endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of donor-restricted endowment funds are classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Organization in a

## Note 10 Endowment Funds (Continued)

manner consistent with the standard of prudence prescribed by state law.

The Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration and preservation of the funds
(2) The purposes of the Organization and the endowment funds
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while maintaining the purchasing power of endowment assets. The investment goal for the Organization's various endowment funds is to preserve and maintain the purchasing power after taking into effect the various endowment draw policies as previously described for each fund.

Changes in endowment assets are as follows for the year ended June 30, 2021:

| | Endowment Fund | J.Seward Johnson Sr. Assistance Fund | Lifelong Learning Fund | Total |
|---|---|---|---|---|
| Endowment net assets at July 1, 2020 | $ 2,182,876 | $ 354,750 | $ 602,039 | $ 3,139,665 |
| Contributions | | | 670,670 | 670,670 |
| Unrealized gain on investments | 533,173 | 86,428 | 139,112 | 758,713 |
| Realized gain on investments | 30,015 | 4,959 | 7,398 | 42,372 |
| Investment income, net of fees | 4,990 | 221 | 315 | 5,526 |
| Amounts appropriated for expenditure | (102,683) | (63,638) | (814,000) | (980,321) |
| Endowment net assets at June 30, 2021 | $ 2,648,371 | $ 382,720 | $ 605,534 | $ 3,636,625 |

## Note 11 Employee Benefit Plan

The Organization has a defined contribution retirement plan under Section 403(b) (the "Plan") available to all employees of the organization after they have completed six months of employment. The Plan allows for participant contributions, and the Organization, at its discretion, may match those contributions up to 2% of the participant's eligible compensation. During the year ended June 30, 2021, the Organization contributed $9,596 to the Plan.

## Note 12 Related Party Transactions

For the year ended June 30, 2021, contributions from the Board of Trustees amounted to approximately $392,000.

## Note 13 Concentrations of Risk

The Organization maintains a portion of its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

For the year ended June 30, 2021, the Organization had two donors that comprised approximately 70% of total contribution revenue.

At June 30, 2021, those two donors comprised 55% and 35% of the outstanding pledges receivable.

## Note 14 Commitments

The Organization leases office equipment under a noncancelable lease expiring December 2022. Future annual minimum rental payments are as follows for the years ending June 30:

| | |
|---|---|
| 2022 | $ 1,980 |
| 2023 | 990 |
| | $ 2,970 |

## Note 15 COVID-19 Impact

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of various governmental units in dealing with the pandemic has impacted organization operations, however, the organization has been able to continue many of its programs virtually, while experiencing some decreased expenses from operating remotely.

## Note 16 Subsequent Events

In September 2021, the Organization formed a new single-member LLC, PSRC Princeton Senior Living LLC in anticipation of a venture to provide services to a new affordable senior housing project in conjunction with PIRHL Developers.

In November 2021, the Organization opened the new building located at 101 Poor Farm Road, Princeton, NJ, and has incurred approximately $1,429,000 in additional renovation and furnishing costs.

In November 2021, the Organization entered into an agreement with Princeton LIHTC Urban Renewal to provide support services to the age-restricted population which will reside at the future Princeton Senior Living 80-unit project developed by PIRHL Developers, which is dependent on project completion (anticipated to be April 2023), at a rate of $20,000 per year.

Through March 2022, the Organization has drawn $110,463 as an annual draw from its Endowment Fund and $357,000 from its Life Long Learning Fund towards building renovations, and received $401,817 of pledges receivable and approximately $1,042,000 in contributions for the Life Long Learning Fund.