

***EAST RIVER DEVELOPMENT ALLIANCE,
INC. (D/B/A URBAN UPBOUND)***

**Financial Statements
June 30, 2022**

**EAST RIVER DEVELOPMENT ALLIANCE, INC.
(D/B/A URBAN UPBOUND)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
East River Development Alliance, Inc. (d/b/a Urban Upbound)

We have audited the accompanying financial statements of the East River Development Alliance, Inc. (d/b/a Urban Upbound) (the "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 East River Development Alliance, Inc. (d/b/a Urban Upbound) 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. 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 East River Development Alliance, Inc. (d/b/a Urban Upbound) 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, and for 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.

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 East River Development Alliance, Inc. (d/b/a Urban Upbound) '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, including omissions, 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 East River Development Alliance, Inc. (d/b/a Urban Upbound)'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 East River Development Alliance, Inc. (d/b/a Urban Upbound)'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 on Summarized Comparative Information

We have previously audited East River Development Alliance, Inc.'s June 30, 2021 financial statements and we expressed an unmodified audit opinion on those financial statements in our report dated May 9, 2022. 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.

Wei Wei & Co. LLP

Flushing, New York
May 11, 2023

**EAST RIVER DEVELOPMENT ALLIANCE, INC.
D/B/A URBAN UBOUND**

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022 (WITH COMPARATIVE AMOUNT AT JUNE 30, 2021)**

ASSETS	2022	2021
Current assets:		
Cash and cash equivalents <i>(Note 2)</i>	\$ 123,814	\$ 21,677
Grants receivable <i>(Notes 2 and 4)</i>	3,962,017	2,554,707
Investment <i>(Notes 2 and 5)</i>	3,000,644	-
Prepaid expenses	23,398	16,470
Security deposits	71,379	71,379
Total current assets	7,181,252	2,664,233
Operating leases right-of-use assets <i>(Notes 2 and 8)</i>	1,215,419	-
TOTAL ASSETS	8,396,671	2,664,233
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	1,388,027	644,507
Loan Payable - Economic Injury Disaster Loan (EIDL) <i>(Note 6)</i>	7,692	7,692
Operating leases liabilities <i>(Notes 2 and 8)</i>	275,416	-
Total current liabilities	1,671,135	652,199
Noncurrent liabilities:		
Line of credit <i>(Note 7)</i>	635,089	399,445
Loan payable, less current portion <i>(Note 6)</i>	138,390	140,467
Operating leases liabilities, less current portion <i>(Notes 2 and 8)</i>	940,003	-
Total noncurrent liabilities	1,713,482	539,912
TOTAL LIABILITIES	3,384,617	1,192,111
Net assets <i>(Note 2)</i>:		
Without donor restrictions	2,012,054	1,472,122
With donor restrictions	3,000,000	-
TOTAL LIABILITIES AND NET ASSETS	\$ 8,396,671	\$ 2,664,233

See accompanying auditors' report and notes to financial statements.

EAST RIVER DEVELOPMENT ALLIANCE, INC.
D/B/A URBAN UPOUND

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

	without Donor Restrictions	with Donor Restrictions	2022	2021
REVENUE AND SUPPORT:				
Government income	\$ 9,826,817	\$ -	\$ 9,826,817	\$ 6,078,293
Foundations and other grants	359,085	3,000,000	3,359,085	533,346
Special events, less direct cost of \$31,876	392,917	-	392,917	229,598
Contributions	272,736	-	272,736	304,253
Other income	4,410	-	4,410	8
Total Revenue and Support	10,855,965	3,000,000	13,855,965	7,145,498
EXPENSES:				
Program services :				
Employment services	4,576,743	-	4,576,743	3,732,106
Financial Counseling, Fitness and Tax Preparations	1,121,720	-	1,121,720	994,540
Community Revitalization, College Access, Relief and Recovery	3,221,677	-	3,221,677	547,506
Credit Union Program	258,433	-	258,433	237,936
Total Program Services	9,178,573	-	9,178,573	5,512,088
Supporting services:				
Fundraising	625,603	-	625,603	612,570
Management and general	511,857	-	511,857	698,442
Total Supporting Services	1,137,460	-	1,137,460	1,311,012
Total Expenses	10,316,033	-	10,316,033	6,823,100
Change in Net Assets	539,932	3,000,000	3,539,932	322,398
Net Assets, Beginning of year	1,472,122	-	1,472,122	1,149,724
Net Assets, End of year	\$ 2,012,054	\$ 3,000,000	\$ 5,012,054	\$ 1,472,122

See accompanying auditors' report and notes to financial statements.

EAST RIVER DEVELOPMENT ALLIANCE, INC.
D/B/A URBAN UPOUND

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services		Total
	Employment Service	Financial Counseling Fitness and Tax Preparations	Community Revitalization College Access, Relief and Recovery	Credit Union Program	Program Services Total	Fundraising	Management and General	2022
Salaries	\$ 2,948,252	\$ 892,653	\$ 1,254,778	\$ 24,075	\$ 5,119,758	\$ 210,581	\$ 172,293	\$ 5,502,632
Payroll taxes	294,001	95,849	112,492	2,471	504,813	20,712	16,946	542,471
Fringe benefits	87,974	26,636	37,442	718	152,770	25,717	21,041	199,528
Total personnel services	3,330,227	1,015,138	1,404,712	27,264	5,777,341	257,010	210,280	6,244,631
Rent (Note 8)	278,117	54,475	5,000	25,620	363,212	11,437	9,358	384,007
Utilities	35,620	-	-	5,369	40,989	3,564	2,916	47,469
Repairs and maintenance	107,524	15,000	-	5,155	127,679	11,210	9,171	148,060
Insurance	-	-	-	7,429	7,429	22,750	18,614	48,793
Office/program supplies	119,564	13,937	-	10,643	144,144	16,042	13,126	173,312
Program outreach	7,111	1,378	-	585	9,074	23,673	19,369	52,116
Meetings and events	7,307	13	-	236	7,556	5,070	4,148	16,774
Postage and printing	1,084	-	-	299	1,383	1,312	1,073	3,768
Dues, fees and subscriptions	25,608	16,590	-	138,301	180,499	29,749	24,340	234,588
Professional fees	-	-	-	13,094	13,094	24,568	20,101	57,763
Communications	50,930	4,858	2,500	3,803	62,091	19,653	16,080	97,824
Bank and payroll fees	61,017	-	-	-	61,017	15,219	12,452	88,688
Interest	-	-	-	-	-	17,519	14,334	31,853
Equipment leases	62,741	-	-	-	62,741	6,555	5,363	74,659
Participant costs, stipends, incentives	87,913	105	-	635	88,653	27,531	22,526	138,710
Travel and transportation	88	26	-	-	114	5,632	4,608	10,354
Workshop and training	1,643	200	-	-	1,843	3,088	2,526	7,457
Security	235,695	-	-	-	235,695	-	-	235,695
Consultants	164,554	-	1,809,465	20,000	1,994,019	124,021	101,472	2,219,512
Total expenses before depreciation and amortization	1,246,516	106,582	1,816,965	231,169	3,401,232	368,593	301,577	4,071,402
Depreciation and amortization	-	-	-	-	-	-	-	-
TOTAL EXPENSES	\$ 4,576,743	\$ 1,121,720	\$ 3,221,677	\$ 258,433	\$ 9,178,573	\$ 625,603	\$ 511,857	\$ 10,316,033

See accompanying auditors' report and notes to financial statements.

EAST RIVER DEVELOPMENT ALLIANCE, INC.
D/B/A URBAN UPOUND

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services					Supporting Services		Total
	Employment Service	Financial Counseling Fitness and Tax Preparations	Community Revitalization College Access, Relief and Recovery	Credit Union Program	Program Services Total	Fundraising	Management and General	2021
Salaries	\$ 2,594,088	\$ 693,430	\$ 448,051	\$ -	\$ 3,735,569	\$ 373,128	\$ 305,287	\$ 4,413,984
Payroll taxes	251,711	82,002	38,504	-	372,217	37,639	30,796	440,652
Fringe benefits	170,055	21,638	19,647	-	211,340	12,382	10,131	233,853
Total personnel services	3,015,854	797,070	506,202	-	4,319,126	423,149	346,214	5,088,489
Rent (Note 8)	180,864	82,610	8,996	-	272,470	40,045	93,438	405,953
Utilities	15,399	-	-	-	15,399	10,074	23,507	48,980
Repairs and maintenance	61,270	-	-	5,153	66,423	-	9,469	75,892
Insurance	-	-	-	3,786	3,786	-	40,780	44,566
Office/program supplies	55,754	5,607	-	7,164	68,525	17,654	14,445	100,624
Program Outreach	-	15,415	-	32,183	47,598	-	-	47,598
Meetings and Events	5,904	825	-	-	6,729	-	1,374	8,103
Postage and Printing	234	-	-	29	263	2,080	2,872	5,215
Dues, Fees and Subscriptions	14,609	18,867	-	92,108	125,584	24,613	25,908	176,105
Professional fees	-	-	-	4,272	4,272	-	33,200	37,472
Communications	-	24,966	29,022	2,962	56,950	10,981	13,334	81,265
Bank and payroll fees	28,087	3,835	-	-	31,922	4,794	10,547	47,263
Interest	14,409	5,562	3,286	-	23,257	-	2,023	25,280
Equipment leases	55,678	6,429	-	-	62,107	4,546	11,692	78,345
Participant costs, stipends, incentives	47,571	13,529	-	2,706	63,806	-	13,915	77,721
Travel and transportation	-	19,825	-	22,157	41,982	74,634	-	116,616
Security	103,630	-	-	-	103,630	-	-	103,630
Consultants	132,843	-	-	65,416	198,259	-	55,724	253,983
Total expenses before depreciation and amortization	716,252	197,470	41,304	237,936	1,192,962	189,421	352,228	1,734,611
Depreciation and amortization	-	-	-	-	-	-	-	-
TOTAL EXPENSES	\$ 3,732,106	\$ 994,540	\$ 547,506	\$ 237,936	\$ 5,512,088	\$ 612,570	\$ 698,442	\$ 6,823,100

See accompanying auditors' report and notes to financial statements.

**EAST RIVER DEVELOPMENT ALLIANCE, INC.
D/B/A URBAN UBOUND**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE AMOUNT FOR 2021)**

CASH FLOWS FROM OPERATING ACTIVITIES:	2022	2021
Change in net assets	\$ 3,539,932	\$ 322,398
Adjustments to reconcile change in net assets to net cash from operating activities:		
Amortization of right-of-use assets	239,237	-
Changes in operating assets and liabilities:		
Grants receivable	(1,407,310)	(638,557)
Prepaid expenses	(6,928)	13,141
Security deposit	-	(3,000)
Accounts payable and accrued expenses	743,520	229,092
Operating leases liabilities	(239,237)	-
Net cash from operating activities	2,869,214	(76,926)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net purchases of investments	(3,000,644)	-
Net cash from investing activities	(3,000,644)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of loan payable	(2,077)	(1,841)
Proceeds of line of credit	235,644	-
Line of credit, net decrease	-	(37,176)
Net cash from financing activities	233,567	(39,017)
NET CHANGE IN CASH AND CASH EQUIVALENTS	102,137	(115,943)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	21,677	137,620
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 123,814	\$ 21,677
SUPPLEMENTAL DISCLOSURE OF ADDITIONAL CASH FLOW INFORMATION:		
Cash paid for interest	\$ 31,853	\$ 25,280
Right of use asset and related liability recognized upon implementation of ASU 2016-02	\$ 1,454,656	\$ -

See accompanying auditors' report and notes to financial statements.

**EAST RIVER DEVELOPMENT ALLIANCE, INC.
(D/B/A URBAN UPBOUND)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1. NATURE OF ORGANIZATION

East River Development Alliance, Inc. (d/b/a Urban Upbound) (the “Organization”), was incorporated under the laws of the State of New York on August 27, 2003 and began operations soon thereafter. The Organization is a not-for-profit organization under Section 501(c)(3) and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (“IRC”).

East River Development Alliance, Inc. (d/b/a Urban Upbound) is funded primarily by government contract revenues as well as foundations contributions and corporate grants.

The following is a description of the Organization’s programs:

Employment Services

The Organization has two geographically targeted workforce initiatives in Long Island City and Far Rockaway funded by New York City Department of Social Services Human Resources Administration (“HRA”). The initiatives funded were serving both general population and youth development based. The initiatives provides Job-Plus Services focusing on the Astoria area of Queens and the East Harlem area in Manhattan. The Youth Pathway initiative is for Queens’ youth of their employment and skill developments and career pathways as well. Youth Pathway initiative initially was for three years and has been extended to March 2023.

Financial Counseling Fitness and Tax Preparation

The financial counseling programs are funded through the multiple agreements with the City of New York Department of Consumer Affairs and Worker Protection. The Organization utilizes the funding to support financial counseling, tax preparation, education and empowerment in financial fitness to the targeted service communities across New York City.

**EAST RIVER DEVELOPMENT ALLIANCE, INC.
(D/B/A URBAN UPBOUND)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1. NATURE OF ORGANIZATION (continued)

Community Revitalization and College Access

The Organization offers various community revitalization programs focusing on small business, Osha workshops and neighborhood development services. The fundings are provided through agreements with the New York City Department of Small Business Services. College Access and preparation serves for the underserved youth and to assist them in every aspect of the college study admission and for career preparation.

Relief & Recovery

Food pantries initiative provided food to insecure New Yorkers in Western Queens. The two food pantries serve more than 30,000 people annually in Long Island City and East Elmhurst. Food access and benefits program centers around SNAP enrollment to screen clients for eligibility, assist in the application process, and maintain support throughout the duration of their enrollment. The food security programming is a direct response to the need in the communities in public housing neighborhoods. The COVID-19 Pandemic further impacted low-income and food-insecure communities, and the need is greater than ever to provide resources and assistance to ensure those in need are able to provide for their families.

Additionally, all programs during Covid-19 widespread has increased virtual programming to continue non-stop services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“U.S.GAAP”).

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**EAST RIVER DEVELOPMENT ALLIANCE, INC.
(D/B/A URBAN UPBOUND)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – with and without donor restrictions be displayed in the statement of financial position and the amounts of change in each of those classes of net assets be displayed in a statement of activities. The two classes of net assets are defined as follows:

Net assets without donor restrictions: The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions.

Net assets with donor restrictions: The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions.

Donor restricted contributions whose restrictions are met within the same year as received are reflected as net assets without donor restrictions in the accompanying financial statements. At June 30, 2022, the Organization had net assets with donor restrictions of \$3,000,000.

Fair value measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

Carrying values of non-derivative financial instruments, including cash and cash equivalents, grants receivable, investment, prepaid expenses, security deposits, accounts payable and accrued expenses, SBA loan and line of credits approximated their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the year ended June 30, 2022.

**EAST RIVER DEVELOPMENT ALLIANCE, INC.
(D/B/A URBAN UPBOUND)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Organization is exempt from federal income taxes under Sections 501(c)(3) and 501(c)(13) of the Internal Revenue Code. These IRC sections enable the Organization to accept donations which qualify as charitable contributions to the donor. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Accordingly, no provision for income taxes has been made in the financial statements. In addition, the Organization has no unrelated business income which could be taxable. The Organization files with the Internal Revenue Service Form 990, "Return of Organization Exempt from Income Tax" and the related State and local exempt organization returns as required.

The Organization follows the provisions of FASB ASC 740-10-25. The provisions prescribe a recognition threshold and measurement attribute for uncertain tax positions taken or expected to be taken in income tax returns. The positions are judged whether they meet the "more-likely-than-not" threshold based upon the technical merits of the positions. The Organization believes that it does not have any uncertain tax positions.

The Organization's 2019, 2020 and 2021 tax years are open and subject to examination by the tax authorities. However, the Organization is not currently under examination nor has it been contacted by any of the tax authorities.

Cash and cash equivalents

For the purposes of the statement of cash flows, the Organization considers all demand deposits, money market funds and other short-term liquid investments with original maturities of three months or less to be cash equivalents.

Government grants receivable and allowance for doubtful accounts

Government grant receivables are recorded when expenses are incurred or services are rendered and the Organization has a contract for services. The allowance for doubtful accounts is based on management's review that all receivables are collectible and accordingly, no provision for doubtful collection is deemed necessary. As of June 30, 2022, there were no balance for allowance for doubtful accounts.

Investment at Fair Value and Income Recognition

Investment are reported at fair value. Purchase 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. Realized and unrealized gains and losses are included in the determination of the change in net assets.

**EAST RIVER DEVELOPMENT ALLIANCE, INC.
(D/B/A URBAN UPBOUND)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets

Fixed assets are recorded at cost, or if donated, at their approximate fair value at the date of donation. Items with a minimum value of \$5,000 with estimated useful lives of more than two years are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation is calculated for financial statement purposes over the following lives:

Computer hardware and software	5 years
Furniture and equipment	5-10 years

Donations of fixed assets are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as increases in net assets with donor restrictions.

Revenue Recognition

Revenue from cost reimbursement contracts is recognized when the Organization has expended the program costs in accordance with the grant agreement. Advance received from grantor agencies under cost reimbursement grants and before the Organization's expenses claim submissions are recorded as "contract refundable advances".

Contribution to support the Organization's operations are recognized as without donor restrictions unless they are received with donor stipulations that limit their use.

Contributions and Promises to Give

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either net assets with donor restrictions or net assets without donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

EAST RIVER DEVELOPMENT ALLIANCE, INC.
(D/B/A URBAN UPBOUND)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02 “Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset.

The Organization adopted the requirements of the new standard effective July 1, 2021, using the modified retrospective transition method, which applies the provisions of the standard at the effective date with any adjustment to the comparative periods presented. The Organization adopted the following accounting policies related to this standard: Carry forward of historical lease classifications and accounting treatment.

Accordingly, the Organization will recognize lease payment on a straight-line basis over the lease term and variable payments in the period when the corresponding obligation is incurred. Adoption of this standard in the recognition of an initial operating lease right-of-use assets and corresponding lease liability of \$1,454,656.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Administrative overhead, which represents a fixed amount paid by each contract to reimburse the Organization for its administration costs, is shown as a program expense in order to report the total reimbursement under the contract. It is then reversed for purpose of functional reporting.

The financial statements report certain categories of expenses that are attributed to more than one program of supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent and utilities, depreciation which are allocated on a square footage basis, as well as salaries, payroll taxes and fringe benefits, repairs and maintenance, equipment leases, meetings and events, travel and transportation, professional fees, postage and printing, insurance, communication, which are allocated on the basis of estimates and effort.

EAST RIVER DEVELOPMENT ALLIANCE, INC.
(D/B/A URBAN UPBOUND)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

3. CONCENTRATIONS OF CREDIT RISK AND REVENUE CONCENTRATION

The Organization maintains its cash in bank deposit accounts, which at times, may exceed the FDIC insured limits of \$250,000 per financial institution. At times cash balances held at financial institutions may be in excess of federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash.

The Organization receives government grants representing 71% of its revenues from various Departments of New York City. Should these grants be discontinued, The Organization would have to pursue alternative funding sources to continue its operations.

4. GRANTS RECEIVABLE

As of June 30, 2022, grants receivable consisted of reimbursable billings less advances received or adjusted for the following programs:

Queens Borough President's Office	\$	5,500
TIAA-CREF		1,000
Office of the District Attorney Queens County		23,192
America Works		20,310
New York City Mayor's Office of Criminal Justice		1,247,542
United States Department of Housing and Urban Development		5,297
Consortium of Worker Education		299,039
New York City Department of Aging		38,737
Department of Youth and Development		490,444
New York City Department of Human Resources Administration		1,443,259
Internal Revenue Service		8,000
New York City Housing Authority		25,000
New York State of Children and Family Services		199,192
New York City Department of Consumer and Worker Protection		106,263
New York City Small Business Services		49,242
Total	\$	3,962,017

EAST RIVER DEVELOPMENT ALLIANCE, INC.
(D/B/A URBAN UPBOUND)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. INVESTMENTS

The fair value of investments is \$3,000,664 at June 30, 2022 and interest and dividends income is \$819 and were recorded in other income. The investment are cash and cash equivalents saving and all were Level 1 investment.

6. LOAN PAYABLE

On June 17, 2020, the Organization received an Economic Injury Disaster Loan (“EIDL”) in the amount of \$150,000 from the US Small Business Administration (“SBA”). The loan term requires a monthly repayment of \$641 starting from the twelfth months from the date of the promissory note. The interest will accrue at the interest rate of 2.75% per annum and will accrue only on funds actually advanced from the date of each advance. The Organization began paying off the loan in February 2022. The balance of the loan is \$146,082 for the year ended June 30, 2022.

	2022
EIDL Loan	\$ 146,082
Less: current maturities	(7,692)
Loan payable, net of current maturities	\$ 138,390

Future principal payments on the loan payable are as follows:

Year ending June 30	Amount
2023	\$ 7,692
2024	7,692
2025	7,692
2026	7,692
Thereafter	115,314
Total	\$ 146,082

Interest expense for the EIDL loan was \$5,615 for the year ended June30, 2022.

EAST RIVER DEVELOPMENT ALLIANCE, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

7. LINE OF CREDIT

The Organization entered a revolving Line of Credit loan with a bank on August 26, 2021. The maximum principal amount of the loan is 1,000,000. The interest of outstanding principal balance of the loan is prime rate plus .50 percent. The maturity date of the loan is September 1, 2023. At June 30, 2022, the amount outstanding on the line of credit was \$635,089, included in loan payable in the accompanying statement of financial position. Interest expense for the year ended June 30, 2022 was \$26,248.

8. OPERATING LEASES

The Organization maintains various leases throughout the boroughs of Queens and Manhattan for programs and administrative usage. The terms of these leases expire at various dates through 2027.

The Organization amortize the operating right-of-use assets over the life of the lease agreements. Right of use assets consist of the following at June 30, 2022:

Right of use assets – operating lease	\$	1,454,656
Less: accumulated amortization		(239,237)
		<hr/>
		\$1,215,419

Future minimum annual lease payments are as follows:

<u>Year Ending June 30,</u>		<u>Amount</u>
2023	\$	275,416
2024		283,399
2025		306,855
2026		280,472
2027		69,276
		<hr/>
Total	\$	1,215,419

**EAST RIVER DEVELOPMENT ALLIANCE, INC.
(D/B/A URBAN UPBOUND)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

9. URBAN UPBOUND FEDERAL CREDIT UNION

The Organization executed due obligations based on the agreement with Urban Upbound Federal Credit Union to provide administrative support for the operating expenses. The Federal Credit Union was founded in 2010 and it was the first credit union in Queens with its mission to help community with affordable banking services, personal credit building and enhance the underserved communities' living standards. The program expenses for the year ended June 30, 2022 were \$258,433.

10. COMMUNITY ENTERPRISE INITIATIVES

Community enterprise initiatives are to assist in establishing entities which provide jobs and services in Astoria, Queens and the City of New York. The entities established are supported by the Organization for administration expenses for the duration enacted in the agreement. The Organization may hold an equity position in the entities with the anticipation of equity transfer to the community. The Organization held an equity position in OnPoint Security NYC LLC, established in 2016. During 2022, the security expenses incurred for the Onpoint Security NYC LLC was \$235,695.

11. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Organization's financial assets as of June 30, 2022:

Cash and cash equivalents	\$ 123,814
Grants receivable	3,962,017
Investment	3,000,644

Financial assets available to meet general expenditures over the next twelve months	\$ 7,086,475
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As part of the Organization's strategy, management structures its financial assets, consisting of cash and cash equivalents and net accounts receivable to be available for its general expenditures and liabilities coming due within one year. The Organization receives cash flow from various government Agencies and foundation grants to fund its programs and activities.

**EAST RIVER DEVELOPMENT ALLIANCE, INC.
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

12. SUBSEQUENT EVENTS

The Organization's management has performed subsequent events procedures through May 11, 2023, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to or disclosure in the financial statements.