

**GOVERNORS ISLAND ALLIANCE, INC.**  
**dba The Friends of Governors Island**

Financial Statements  
with Independent Auditor's Report

June 30, 2021 and 2020

**GALLEROS ROBINSON**  
**CERTIFIED PUBLIC ACCOUNTANTS, LLP**

**GOVERNORS ISLAND ALLIANCE, INC.  
DBA THE FRIENDS OF GOVERNORS ISLAND**

**JUNE 30, 2021 AND 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Governors Island Alliance, Inc.  
dba The Friends of Governors Island

We have audited the accompanying financial statements of Governors Island Alliance, Inc. dba The Friends of Governors Island (the "Friends"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2021 and for the six-month period ended June 30, 2020, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's judgment, 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 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 on 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.

**To the Board of Directors of  
Governors Island Alliance, Inc.  
dba The Friends of Governors Island  
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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Governors Island Alliance, Inc. dba The Friends of Governors Island as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the year ended June 30, 2021 and for the six-month period ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

**Galleras Robinson CPAs, LLP**

New York, New York  
June 22, 2022

**GOVERNORS ISLAND ALLIANCE, INC.  
DBA THE FRIENDS OF GOVERNORS ISLAND**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2021 AND 2020**

|   | <u>2021</u>       | <u>2020</u>         |
|---|-------------------|---------------------|
| <b>ASSETS</b>                               |                   |                     |
| Cash and cash equivalents                   | \$ 763,251        | \$ 907,999          |
| Contributions and grants receivable         | 135,849           | 318,626             |
| Prepaid and other expenses                  | 15,412            | 16,505              |
| Property and equipment, net                 | <u>22,394</u>     | <u>42,491</u>       |
| Total Assets                                | <u>\$ 936,906</u> | <u>\$ 1,285,621</u> |
| <br><b>LIABILITIES AND NET ASSETS</b>       |                   |                     |
| <b>Liabilities</b>                          |                   |                     |
| Accrued expenses                            | \$ 163,926        | \$ 138,126          |
| Refundable advances                         | -                 | 141,190             |
| Deferred revenue                            | <u>57,233</u>     | <u>-</u>            |
| Total Liabilities                           | <u>221,159</u>    | <u>279,316</u>      |
| Commitments                                 |                   |                     |
| <b>Net Assets</b>                           |                   |                     |
| Without donor restrictions                  |                   |                     |
| General                                     | 290,747           | 173,683             |
| Board-designated                            | <u>350,000</u>    | <u>450,000</u>      |
| Total net assets without donor restrictions | 640,747           | 623,683             |
| With donor restrictions                     | <u>75,000</u>     | <u>382,622</u>      |
| Total Net Assets                            | <u>715,747</u>    | <u>1,006,305</u>    |
| Total Liabilities and Net Assets            | <u>\$ 936,906</u> | <u>\$ 1,285,621</u> |

**GOVERNORS ISLAND ALLIANCE, INC.  
DBA THE FRIENDS OF GOVERNORS ISLAND**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2021 AND THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

|  | <b>2021</b>                   |                            |              | <b>2020</b>                   |                            |              |
|--|-------------------------------|----------------------------|--------------|-------------------------------|----------------------------|--------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
| <b>SUPPORT AND REVENUE</b>             |                               |                            |              |                               |                            |              |
| Contributions and grants               | \$ 1,254,698                  | \$ 16,500                  | \$ 1,271,198 | \$ 488,773                    | \$ 460,000                 | \$ 948,773   |
| Welcome Center sales and other income  | 11,077                        | -                          | 11,077       | 506                           | -                          | 506          |
| Donated rent and services              | 15,800                        | -                          | 15,800       | 7,900                         | -                          | 7,900        |
| Net assets released from restrictions  | 324,122                       | (324,122)                  | -            | 240,673                       | (240,673)                  | -            |
| Total Support and Revenue              | 1,605,697                     | (307,622)                  | 1,298,075    | 737,852                       | 219,327                    | 957,179      |
| <b>EXPENSES</b>                        |                               |                            |              |                               |                            |              |
| Program services                       | 1,097,855                     | -                          | 1,097,855    | 703,027                       | -                          | 703,027      |
| Management and general                 | 218,043                       | -                          | 218,043      | 103,754                       | -                          | 103,754      |
| Fundraising                            | 272,735                       | -                          | 272,735      | 149,625                       | -                          | 149,625      |
| Total Expenses                         | 1,588,633                     | -                          | 1,588,633    | 956,406                       | -                          | 956,406      |
| <b>CHANGE IN NET ASSETS</b>            | 17,064                        | (307,622)                  | (290,558)    | (218,554)                     | 219,327                    | 773          |
| <b>NET ASSETS, BEGINNING OF PERIOD</b> | 623,683                       | 382,622                    | 1,006,305    | 842,237                       | 163,295                    | 1,005,532    |
| <b>NET ASSETS, END OF PERIOD</b>       | \$ 640,747                    | \$ 75,000                  | \$ 715,747   | \$ 623,683                    | \$ 382,622                 | \$ 1,006,305 |

**GOVERNORS ISLAND ALLIANCE, INC.  
DBA THE FRIENDS OF GOVERNORS ISLAND**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2021 AND THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

|                                  | <b>2021</b>         |                           |                   |                     | <b>2020</b>         |                           |                   |                   |
|----------------------------------|---------------------|---------------------------|-------------------|---------------------|---------------------|---------------------------|-------------------|-------------------|
|                                  | Program<br>Services | Management<br>and General | Fundraising       | Total               | Program<br>Services | Management<br>and General | Fundraising       | Total             |
| Salaries                         | \$ 257,316          | \$ 99,944                 | \$ 205,020        | \$ 562,280          | \$ 192,885          | \$ 55,801                 | \$ 111,715        | \$ 360,401        |
| Payroll taxes                    | 21,040              | 7,587                     | 15,284            | 43,911              | 17,957              | 4,969                     | 9,731             | 32,657            |
| Employee benefits                | <u>85,493</u>       | <u>19,069</u>             | <u>50,898</u>     | <u>155,460</u>      | <u>52,720</u>       | <u>7,938</u>              | <u>23,179</u>     | <u>83,837</u>     |
| Total salaries and related costs | 363,849             | 126,600                   | 271,202           | 761,651             | 263,562             | 68,708                    | 144,625           | 476,895           |
| Program grants                   | 585,000             | -                         | -                 | 585,000             | 425,000             | -                         | -                 | 425,000           |
| Professional fees                | 2,074               | 44,852                    | -                 | 46,926              | 618                 | 14,358                    | 5,000             | 19,976            |
| Occupancy                        | -                   | 15,800                    | -                 | 15,800              | -                   | 7,900                     | -                 | 7,900             |
| Meetings and meals               | 530                 | 1,253                     | -                 | 1,783               | -                   | 454                       | -                 | 454               |
| Program expenses                 | 102,366             | -                         | -                 | 102,366             | -                   | -                         | -                 | -                 |
| Office supplies and expenses     | 2,163               | 9,727                     | -                 | 11,890              | 2,407               | 8,656                     | -                 | 11,063            |
| Printing and publications        | -                   | 32                        | 1,533             | 1,565               | -                   | 81                        | -                 | 81                |
| Insurance (non-employee related) | -                   | 5,827                     | -                 | 5,827               | -                   | 814                       | -                 | 814               |
| Depreciation                     | 20,097              | -                         | -                 | 20,097              | 10,048              | -                         | -                 | 10,048            |
| Equipment Maintenance & Leasing  | 15,294              | -                         | -                 | 15,294              | -                   | 647                       | -                 | 647               |
| Other                            | <u>6,482</u>        | <u>13,952</u>             | <u>-</u>          | <u>20,434</u>       | <u>1,392</u>        | <u>2,136</u>              | <u>-</u>          | <u>3,528</u>      |
| Total Expenses                   | <u>\$ 1,097,855</u> | <u>\$ 218,043</u>         | <u>\$ 272,735</u> | <u>\$ 1,588,633</u> | <u>\$ 703,027</u>   | <u>\$ 103,754</u>         | <u>\$ 149,625</u> | <u>\$ 956,406</u> |

**GOVERNORS ISLAND ALLIANCE, INC.  
DBA THE FRIENDS OF GOVERNORS ISLAND**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2021  
AND THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

|  | <u>2021</u>       | <u>2020</u>       |
|--|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |                   |
| Change in net assets   | \$ (290,558)      | \$ 773            |
| Adjustments to reconcile change in net assets to<br>net cash used in operating activities: |                   |                   |
| Depreciation   | 20,097            | 10,048            |
| Paycheck Protection Program ("PPP") loan forgiveness                                       | (282,290)         | -                 |
| Changes in operating assets and liabilities:   |                   |                   |
| Contributions receivable   | 182,777           | (210,666)         |
| Prepaid and other expenses   | 1,093             | 237               |
| Accrued expenses   | 25,800            | 130,716           |
| Deferred revenue   | <u>57,233</u>     | <u>-</u>          |
| Net Cash Used in Operating Activities  | <u>(285,848)</u>  | <u>(68,892)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                   |                   |
| PPP loan proceeds  | <u>141,100</u>    | <u>141,190</u>    |
| Net Cash Provided by Financing Activities  | <u>141,100</u>    | <u>141,190</u>    |
| <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>                                | (144,748)         | 72,298            |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>                                      | <u>907,999</u>    | <u>835,701</u>    |
| <b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>  | <u>\$ 763,251</u> | <u>\$ 907,999</u> |

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

No taxes or interest were paid during the year ended June 30, 2021  
and the six-month period ended June 30, 2020.



**GOVERNORS ISLAND ALLIANCE, INC.  
DBA THE FRIENDS OF GOVERNORS ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021 AND THE SIX-MONTH  
PERIOD ENDED JUNE 30, 2020**

**1. ORGANIZATION AND TAX STATUS**

Governors Island Alliance, Inc. dba The Friends of Governors Island (the "Friends") was founded in 1995 as a project of the Regional Plan Association. The Friends began to operate as an independent entity in September 2014. The Friends is incorporated under the not-for-profit laws of the State of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Friends' principal sources of revenue are from contributions and grants.

The Friends' mission is to support Governors Island, New York by ensuring its continued growth, vitality and accessibility as a vibrant public resource.

Effective January 1, 2020, The Friends changed its fiscal year from January 1 – December 31 to July 1 – June 30. The accompanying financial statements are as of and for the year ended June 30, 2021 and the six-month period ended June 30, 2020.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting and Presentation***

The financial statements of the Friends have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Friends to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions.* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Friends. These net assets may be used at the discretion of the Friends' management and the board of directors.

*Net assets with donor restrictions.* Net assets subject to stipulations imposed by donors and granters. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Friends or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the combined statements of activities.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**GOVERNORS ISLAND ALLIANCE, INC.  
DBA THE FRIENDS OF GOVERNORS ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021 AND THE SIX-MONTH  
PERIOD ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Cash and Cash Equivalents***

The Friends considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

***Contributions Receivable***

The Friends' contributions receivable balance at June 30, 2021 and 2020 does not include an allowance for doubtful accounts. Such estimate is based on management's assessment of the creditworthiness of its contributors, current economic conditions and historical information.

***Property and Equipment***

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided for utilizing the straight-line basis over the estimated useful lives of the assets. The Friends capitalizes property and equipment equal to or in excess of \$2,500 with a useful life of two years or more, unless such property and equipment are funded by a grantor, and the grantor retains title to the property and equipment.

***Contributions***

Contributions are recognized when the donor makes a promise to give to the Friends that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The value recorded for each contribution is recognized as follows:

| <b>Nature of Gift</b>   | <b>Value Recognized</b>   |
|---|---|
| <i>Conditional gifts, with or without restriction</i>   |   |
| Gifts that depend on the Friends overcoming a donor-imposed barrier to be entitled to the funds | Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met                     |
| <i>Unconditional gifts, with or without restriction</i>   |   |
| Received at date of gift - cash and other assets  | Fair value  |
| Received at date of gift - property, equipment and long-lived assets                            | Estimated fair value  |
| Expected to be collected within one year  | Net realizable value  |
| To be collected in future years   | Initially reported at fair value determined using the discounted present value of estimated future cash flows technique |

**GOVERNORS ISLAND ALLIANCE, INC.  
DBA THE FRIENDS OF GOVERNORS ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021 AND THE SIX-MONTH  
PERIOD ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Contributions - Continued***

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor 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 statements of activities as net assets released from restrictions.

Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Donated rent is recorded based on the estimated value of the space provided.

***Contributed Services***

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

***Functional Allocation of Expenses***

The costs of the Friends' activities have been summarized on a functional basis. Accordingly, certain costs have been allocated to the programs and supporting services benefited. Program grants, program expenses, and certain other expenses are directly charged to program expenses. Expenses attributable to more than one functional expense category are allocated by management based on estimated effort.

***Program Grants***

Grants expense is recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions.

**GOVERNORS ISLAND ALLIANCE, INC.  
DBA THE FRIENDS OF GOVERNORS ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021 AND THE SIX-MONTH  
PERIOD ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Accounting for Uncertainty in Income Taxes***

The Friends' accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

***Reclassification***

Certain items in the financial statements for the period ended June 30, 2020 were reclassified to conform to the 2021 presentation. These reclassifications had no impact on net assets.

***Paycheck Protection Program ("PPP") Loans***

For the period ended June 30, 2020 the Friends accounted for the PPP loan as debt. For the year ended June 30, 2021, the loan was accounted for as a conditional grant. The revenue related to the loan forgiveness for both loans was recognized during the year ended June 30, 2021. See Note 7.

***New Accounting Pronouncements***

***Accounting for Leases***

On February 25, 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for nonpublic business entities for fiscal years beginning after December 15, 2021.

The Friends has determined that this ASU will not have a material effect on its financial statements.

**3. CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of June 30, 2021 and 2020 are all due within one year.

**GOVERNORS ISLAND ALLIANCE, INC.  
DBA THE FRIENDS OF GOVERNORS ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021 AND THE SIX-MONTH  
PERIOD ENDED JUNE 30, 2020**

**4. PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consisted of the following at June 30, 2021 and 2020:

|                                | Estimated<br>useful lives | 2021             | 2020             |
|--------------------------------|---------------------------|------------------|------------------|
| Welcome Centers                | 5 years                   | \$ 88,154        | \$ 88,154        |
| Others                         | 5 years                   | <u>12,332</u>    | <u>12,332</u>    |
|                                |                           | 100,486          | 100,486          |
| Less: Accumulated depreciation |                           | <u>78,092</u>    | <u>57,995</u>    |
|                                |                           | <u>\$ 22,394</u> | <u>\$ 42,491</u> |

**5. COMMITMENTS**

For the periods ended June 30, 2021 and 2020, the Friends was provided office space on Governors Island at no charge. The value of this contributed office space amounted to approximately \$15,800 and \$7,900 for the periods ended June 30, 2021 and 2020, respectively.

**6. CONCENTRATIONS**

The Friends maintains bank accounts at a financial institution insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000. From time to time, the total cash balance exceeds the insured amounts. Management believes that credit risk related to the accounts is minimal.

For the 12-month period ended June 30, 2021, approximately 22% of the Friends' support and revenue was received from one government source (see Note 7). For the 6-month period ended June 30, 2020, approximately 54% of the Friends' support and revenue was received from three foundations.

**7. REVENUE FROM CARES ACT PROGRAMS**

Included in contributions and grants are the following items in accordance with Coronavirus Aid, Relief and Economic Security Act (the "Act"):

- PPP loan that was received in April 2020 and forgiven in January 2021 by the U.S. Small Business Administration ("SBA") of \$141,190 plus accrued interest of \$1,040.
- PPP loan that was received in January 2021 and forgiven in November 2021 by the U.S. Small Business Administration ("SBA") of \$141,100 plus accrued interest of \$1,202.

**GOVERNORS ISLAND ALLIANCE, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021 AND THE SIX-MONTH  
PERIOD ENDED JUNE 30, 2020**

**7. REVENUE FROM CARES ACT PROGRAMS - CONTINUED**

- Employee Retention Tax Credit ("ERTC") of \$85,277 for the year ended June 30, 2021.

The Friends believed that it met the conditions for revenue recognition under the Act, which is the basis for recording the revenue in these financial statements in accordance with the FASB ASC 958-605.

**8. NET ASSETS**

The Friends maintains a board-designated operating reserve. The use of this fund is subject to the approval of the Board of Directors.

Net assets with donor restrictions were subject to the following restrictions as of June 30, 2021 and 2020:

|                          | 2021             | 2020              |
|--------------------------|------------------|-------------------|
| Art program (a)          | \$ 75,000        | \$ 160,000        |
| Time restrictions        | -                | 160,000           |
| Horticulture program (a) | -                | 62,500            |
| Capital                  | -                | 122               |
|                          | <u>\$ 75,000</u> | <u>\$ 382,622</u> |

(a) Also subject to time restrictions.

**9. VOLUNTEER TIME (UNAUDITED)**

The Friends benefit from volunteers who perform activities related to horticultural maintenance, visitor services and event support. As volunteer coordination is a significant component of the Friends' mission and activities, volunteer hours are tracked and valued using rates established by the independent sector.

Volunteer time consisted of the following for the year ended June 30, 2021 and the six-month period ended June 30, 2020:

|                         | 2021              | 2020            |
|-------------------------|-------------------|-----------------|
| Number of volunteers    | 250               | 44              |
| Total volunteer hours   | 5,130             | 82              |
| Independent sector rate | \$34.59/hr        | \$31.29/hr      |
| Estimated in-kind value | <u>\$ 177,447</u> | <u>\$ 2,566</u> |

These contributed services have not been reflected in these financial statements, as they do not meet the criteria for recognition.

**GOVERNORS ISLAND ALLIANCE, INC.  
DBA THE FRIENDS OF GOVERNORS ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021 AND THE SIX-MONTH  
PERIOD ENDED JUNE 30, 2020**

**10. PENSION PLAN**

The Friends has a defined contribution 401(k) thrift retirement plan (the "Plan"). The Plan covers all eligible employees and allows for voluntary contributions by Plan participants. Employees are eligible after one year of service, and the Friends contributes 3% of employee compensation. The Friends' total contributions to the Plan for the periods ended June 30, 2021 and 2020 were \$16,374 and \$8,746, respectively.

**11. AVAILABLE RESOURCES AND LIQUIDITY**

The Friends regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Friends has various sources of liquidity at its disposal, including cash and cash equivalents, and contributions and grants receivables.

The following reflects the Friends' financial assets as of June 30, 2021 and 2020 reduced by amounts not available for general use within one year of the statements of financial position dates because of contractual or donor-imposed restrictions or internal designations.

|  | 2021              | 2020              |
|--|-------------------|-------------------|
| Cash and cash equivalents  | \$ 763,251        | \$ 907,999        |
| Contributions and grants receivable  | <u>135,849</u>    | <u>318,626</u>    |
|  | 899,100           | 1,226,625         |
| Less:  |                   |                   |
| Donor restricted net assets not available within one year                              | -                 | (75,000)          |
| Board-designated funds*  | <u>(350,000)</u>  | <u>(450,000)</u>  |
|  | (350,000)         | (525,000)         |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 549,100</u> | <u>\$ 701,625</u> |

\*The internal designations are subject to the Board of Directors' review, and these funds may be made available to fund the Friends' activities at their discretion.

**12. RISK AND UNCERTAINTIES**

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Friends' economic and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing economic environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Friends is currently unable to fully determine the extent of COVID-19's impact on its operations in future periods. The Friends' performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Friends continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

**GOVERNORS ISLAND ALLIANCE, INC.  
DBA THE FRIENDS OF GOVERNORS ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021 AND THE SIX-MONTH  
PERIOD ENDED JUNE 30, 2020**

**13. SUBSEQUENT EVENTS**

Management has evaluated all events or transactions that occurred after June 30, 2021 through June 22, 2022, the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure, except as follows:

- The Friends applied for and has been notified that PPP loan amounting to \$141,100 has been forgiven on November 30, 2021. See Note 7 for more information.