



West Harlem Development Corporation
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Financial Statements

For the years ended December 31, 2018 and 2017

WEST HARLEM DEVELOPMENT CORPORATION
Financial Statements
December 31, 2018

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Independent Auditors' Report

To the Board of Directors of
West Harlem Development Corporation
New York, New York

Report on the financial statements

We have audited the accompanying financial statements of West Harlem Development Corporation which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 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.

Auditors' 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 audits 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 the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Harlem Development Corporation as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

NChang LLP

New York, New York
May 7, 2019

WEST HARLEM DEVELOPMENT CORPORATION**Statements of Financial Position**

As of December 31,

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents - note 4	\$ 599,660	\$ 326,113
Investments - note 3	23,109,557	21,611,662
Benefits fund receivable - note 7	6,000,000	5,000,000
Prepaid expenses	<u>3,993</u>	<u>4,413</u>
Total current assets	<u>29,713,210</u>	<u>26,942,188</u>
Non-current assets		
Benefits fund receivable, net of discount of \$2,672,971 in 2018 and \$4,433,498 in 2017	34,077,029	38,316,502
Other assets – deposit	<u>20,328</u>	<u>19,193</u>
Total non-current assets	<u>34,097,357</u>	<u>38,335,695</u>
Total assets	<u>\$ 63,810,567</u>	<u>\$ 65,277,883</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 80,591	\$ 95,552
Grants payable	<u>1,243,503</u>	<u>1,688,893</u>
Total current liabilities	1,324,094	1,784,445
Net assets	<u>62,486,473</u>	<u>63,493,438</u>
Total liabilities and net assets	<u>\$ 63,810,567</u>	<u>\$ 65,277,883</u>

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

WEST HARLEM DEVELOPMENT CORPORATION**Statement of Activities**

For the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Contributions	\$ -	\$ 2,925	\$ 2,925
Interest and dividends	-	407,295	407,295
In-kind- Note 8	-	105,424	105,424
Net unrealized loss	-	(295,909)	(295,909)
Adjustment for receivable discount	-	1,760,528	1,760,528
Net assets released from restrictions	<u>2,987,228</u>	<u>(2,987,228)</u>	<u>-</u>
 Total support and use of net assets	 <u>2,987,228</u>	 <u>(1,006,965)</u>	 <u>1,980,263</u>
 Expenses			
Program services	2,699,933		2,699,933
Management and general	253,350		253,350
Fundraising	<u>33,945</u>		<u>33,945</u>
 Total expenses	 <u>2,987,228</u>		 <u>2,987,228</u>
 Change in net assets	 -	 (1,006,965)	 (1,006,965)
Net assets, beginning of year	<u>-</u>	<u>63,493,438</u>	<u>63,493,438</u>
 Net assets, end of year	 <u>\$ -</u>	 <u>\$ 62,486,473</u>	 <u>\$ 62,486,473</u>

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

WEST HARLEM DEVELOPMENT CORPORATION**Statement of Activities**

For the year ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Contributions	\$ -	\$ 6,136	\$ 6,136
Interest and dividends	-	243,775	243,775
In-kind- Note 8	-	203,757	203,757
Net unrealized gain	-	443,553	443,553
Adjustment for receivable discount	-	1,236,171	1,236,171
Net assets released from restrictions	<u>3,419,727</u>	<u>(3,419,727)</u>	<u>-</u>
 Total support and use of net assets	 <u>3,419,727</u>	 <u>(1,286,335)</u>	 <u>2,133,392</u>
 Expenses			
Program services	3,103,005		3,103,005
Management and general	271,476		271,476
Fund raising	<u>45,246</u>		<u>45,246</u>
 Total expenses	 <u>3,419,727</u>		 <u>3,419,727</u>
 Change in net assets	 -	 (1,286,335)	 (1,286,335)
Net assets, beginning of year	<u>-</u>	<u>64,779,773</u>	<u>64,779,773</u>
 Net assets, end of year	 <u>\$ -</u>	 <u>\$ 63,493,438</u>	 <u>\$ 63,493,438</u>

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

WEST HARLEM DEVELOPMENT CORPORATION

Statement of Functional Expenses

For the year ended December 31, 2018

	Grants & Community Services	Direct Youth Services	Direct Senior Services	Direct Workforce Development Services	Total Program services	Management and general	Fund raising	Total
Grants to nonprofits	\$ 1,118,628	\$ -	\$ -	\$ -	\$ 1,118,628	\$ -	\$ -	\$ 1,118,628
Personnel expenses	505,432	283,525	208,159	118,740	1,115,856	163,101	23,533	1,302,490
Professional consultants, including in-kind (note 8)	23,279	124,485	-	21,040	168,804	25,612	1,083	195,499
Occupancy costs, including in- kind (note 8)	108,985	14,335	-	23,009	146,329	35,169	5,074	186,572
Equipment lease & licenses	7,810	-	-	1,133	8,943	2,520	364	11,827
Community & Grantee meetings, including in-kind (note 8)	43,709	7,011	1,391	992	53,103	14,105	2,035	69,243
Technical assistance to grantees	21,000	-	-	-	21,000	-	-	21,000
Conferences & meetings	4,733	-	-	-	4,733	1,527	220	6,480
Telecommunication & postage	10,647	296	-	3,380	14,323	3,436	496	18,255
Office supplies & copying	12,366	14,900	222	8,305	35,793	3,991	576	40,360
Liability insurance	10,300	-	-	-	10,300	3,324	480	14,104
Fees & other expenses	1,751	120	-	250	2,121	565	84	2,770
	<u>\$ 1,868,640</u>	<u>\$ 444,672</u>	<u>\$ 209,772</u>	<u>\$ 176,849</u>	<u>\$ 2,699,933</u>	<u>\$ 253,350</u>	<u>\$ 33,945</u>	<u>\$ 2,987,228</u>

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

WEST HARLEM DEVELOPMENT CORPORATION**Statement of Functional Expenses**

For the year ended December 31, 2017

	<u>Program services</u>	<u>Management and general</u>	<u>Fund raising</u>	<u>Total</u>
Grants to nonprofits	\$ 1,673,195	\$ -	\$ -	\$ 1,673,195
Personnel expenses	431,046	198,945	33,157	663,148
Youth development, including in-kind (note 8)	291,712	-	-	291,712
Seniors employment	214,527	-	-	214,527
Workforce & skills training	153,665	-	-	153,665
Professional consultants, including in- kind (note 8)	148,912	14,213	2,369	165,494
Occupancy costs, including in-kind (note 8)	86,590	39,965	6,661	133,216
Equipment lease & licenses	9,226	4,258	710	14,194
Community & Grantee meetings, including in-kind (note 8)	23,632	-	-	23,632
Technical assistance to grantees	39,960	-	-	39,960
Conferences & meetings	7,131	3,291	549	10,971
Telecommunication & postage	8,840	4,080	680	13,600
Office supplies & copying	8,446	3,898	650	12,994
Liability insurance	4,121	1,902	317	6,340
Fees & other expenses	2,002	924	153	3,079
	<u>\$ 3,103,005</u>	<u>\$ 271,476</u>	<u>\$ 45,246</u>	<u>\$ 3,419,727</u>

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

WEST HARLEM DEVELOPMENT CORPORATION**Statements of Cash Flows**

For the years ended December 31,

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ (1,006,965)	\$ (1,286,335)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain)/loss	295,909	(443,553)
Change in benefits fund receivable	4,239,473	3,763,829
Change in prepaid expenses	420	(1,932)
Change in deposits	(1,135)	(2,953)
Change in grants payable	(445,390)	(102,927)
Change in accounts payable and accrued liabilities	<u>(14,961)</u>	<u>16,045</u>
Net cash provided by operating activities	3,067,351	1,942,174
Cash flows used in investment activities		
Purchase of investments	<u>(2,793,804)</u>	<u>(17,295,919)</u>
Net increase/(decrease) in cash and cash equivalents	273,547	(15,353,745)
Cash and cash equivalents, beginning of year	<u>326,113</u>	<u>15,679,858</u>
Cash and cash equivalents, end of year	<u>\$ 599,660</u>	<u>\$ 326,113</u>

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

WEST HARLEM DEVELOPMENT CORPORATION

Notes to the Financial Statements

December 31, 2018 and 2017

Note 1 Organization

West Harlem Development Corporation (WHDC) was incorporated in the State of Delaware on March 14, 2011 as a non-stock corporation, and was authorized to do business in the State of New York on November 2, 2011. On May 1, 2013, the New York State Supreme Court approved WHDC to assume the assets and commitments of West Harlem Local Development Corporation (WHLDC). WHLDC was a signatory to a Community Benefits Agreement (CBA), which was signed with Columbia University (CU) on May 18, 2009 in connection with CU's campus expansion in Manhattanville (West Harlem).

The purposes of WHDC include implementing the CBA by providing and supporting programs that promote economic development, education, environmental protection, transportation, employment, affordable housing, arts & culture, community facilities, historical preservation and the overall economic and social improvement of the community and residents of Manhattan Community District 9 (MCD9), otherwise known as West Harlem. The boundaries of MCD9 are defined as South to North from 110th street to 155th street; and East to West from Manhattan, Morningside, St. Nicholas, Bradhurst, and Edgecombe Avenues to the Hudson River. In January 2015, the board of directors of WHDC strategically decided to focus on education (and youth development), workforce and economic development, and affordable housing. The 2009 CBA contains the following commitments from CU totaling \$150 million in cash and in kind:

	<u>(In \$ millions)</u>
1) The Benefits Fund	\$76
2) The Affordable Housing Fund - (payable by phases of construction)	\$20
3) Related Legal Assistance Benefits (managed by CU)	\$ 4
4) Access to CU's facilities and amenities known as "in-kind"	\$20
5) Commitment to a Demonstration Community Public School established in conjunction with and managed by Teachers College	\$30

WEST HARLEM DEVELOPMENT CORPORATION

Notes to the Financial Statements

December 31, 2018 and 2017

Note 1 Organization – (continued)

The amounts paid to/used by WHDC and the respective balances of CU's commitments in the CBA as due to WHDC as of December 31, 2018 are shown below:

	(in \$millions)		
	CU's Original Commitment	Paid/Used 12/31/2018	WHDC Balance 12/31/2018
Benefits Fund – non-designated	\$ 73.00	\$ 31.94	\$ 41.06
Benefits Fund – designated (Grant/Manhattanville)	3.00	1.31	1.69
Sub-total Benefits Fund	76.00	33.25	42.75
Affordable Housing Fund	20.00	10.00	10.00
Access to Columbia's facilities (In-kind)	20.00	0.19	19.81
Items not controlled by WHDC:			
Legal assistance benefits for tenants	4.00		
Demonstration community public school	30.00		

WHDC has chosen to fulfil its obligations through making grants to nonprofit organizations that provide the services itemized in the CBA, and selectively operating programs directly in the priority areas, all with emphasis on benefiting the residents of MCD9.

WHDC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization as described in Code Sections 509(a)(1) and 170(b)(1)(A)(vi).

WEST HARLEM DEVELOPMENT CORPORATION

Notes to the Financial Statements

December 31, 2018 and 2017

Note 2 Significant accounting policies

Fiscal sponsor: The CBA contains a requirement that CU makes annual installment payments of the Benefits Fund to WHDC as successor to WHLDC through a fiscal sponsor. On December 7, 2012 WHDC entered into an MOU with Tides Center and Tides Foundation (collectively known as Tides) whereby Tides served as the fiscal sponsor. On January 1, 2016 WHDC, with the consent of CU, spun off from Tides Center and commenced to maintain its own bank accounts to support the assumption of responsibilities for disbursement for its operations and human resource management activities, and thereby WHDC assumed the responsibility to file its initial Form 990 for the 2016 year. In January 2017, WHDC completed the second phase of spinning off from Tides completely. With the consent of CU, WHDC assumed complete responsibility for receiving the installment payments from CU, investing with a professional investment advisor, and making all disbursements for grants and operations.

Basis of accounting. The financial statements of WHDC have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Support. WHDC reports contributions received and unconditional promises to give at their fair values and as increases in net assets. Gifts of cash and other assets are reported as with restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, assets with restrictions are reclassified as without restrictions and reported in the statement of activity as net assets released from restrictions.

WEST HARLEM DEVELOPMENT CORPORATION
Notes to the Financial Statements
December 31, 2018 and 2017

Note 2 Significant accounting policies - (continued)

Unconditional and conditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Gifts of goods and equipment are reported as without restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with restrictions. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, WHDC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Cash and cash equivalents. Cash and cash equivalents consist of cash held in checking, money market accounts, and savings accounts. Cash held by investment managers are reported as part of investments.

Concentrations of revenue. WHDC provides various social services for the benefits of the residents of MCD9, and nearly 100% of its revenue comes from contributions from Columbia University as a result of the May 18, 2009 CBA. The future value of the Benefits Fund was \$76 million payable over 16 years at the date of the CBA in 2009, of which Columbia University has paid \$33,250,000 to WHDC. As of December 31, 2018 and 2017, the future value of the Benefits Fund installments was \$42,750,000 and \$47,750,000, respectively.

Concentrations of credit and market risk. Financial instruments that potentially expose WHDC to concentrations of credit and market risk consist primarily of cash and investments. Cash is maintained at one of the nation's largest banks. Investments consist of U.S. Government money market funds; mutual funds; interests in long/short domestic equity funds, global long/short credit, event driven funds, emerging markets funds, and a diversified portfolio of common stocks - all of which are managed by professional investment advisors. Management understands the risks implicit in investing and believes that with the guidance of the Investment Committee of the Board of Directors, the consultation by the professional investment advisor, and the qualifications and experience of its management, appropriate oversight is being exercised; and WHDC's diverse portfolio carries a reasonable overall level of risk.

WEST HARLEM DEVELOPMENT CORPORATION

Notes to the Financial Statements

December 31, 2018 and 2017

Note 2 Significant accounting policies - (continued)

Investments. Investments are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value is based on quotations obtained from national securities exchanges.

Fixed assets. Depreciation of fixed assets with individual item cost of at least \$5,000, and amortization of software are provided over the estimated useful lives of the respective assets or life of the license whichever is shorter on a straight-line method as follows:

	<u>Estimated life</u>
Office equipment	5 years
Office furniture	5 years
Software	3-5 years

Allowance for doubtful accounts. Management has determined that no allowance for uncollectible accounts for accounts receivable or contributions receivable is necessary as of December 31, 2018. Such determination is based on management's assessments of the creditworthiness of its donors, the age of its receivables, as well as current economic conditions and historical information.

Net assets. The net assets of WHDC as of December 31, 2018 and 2017 are all classified as With Donor Restrictions by program and time and comprise the following designations:

	<u>2018</u>	<u>2017</u>
Allocations of net assets from Benefits Fund:		
Benefits Fund receivable	\$ 40,077,029	\$ 43,316,502
Grant/Manhattanville housing allocation - custodial	748,260	623,766
Benefits Fund -short-term investments	6,337,765	5,488,769
Operating Activities	<u>5,073,158</u>	<u>3,983,459</u>
Net assets from Benefits Fund	52,236,212	53,412,496
Net assets from Affordable Housing Fund	<u>10,250,261</u>	<u>10,080,942</u>
Total net assets with donor restrictions	<u>\$ 62,486,473</u>	<u>\$ 63,493,438</u>

For the periods ended December 31, 2018 and 2017, WHDC has cumulatively expended \$568,080 and \$491,366 respectively, of the earned designated amount to vendors on behalf of Grant/Manhattanville Houses leaving a balance of \$748,260 and \$623,766 respectively.

WEST HARLEM DEVELOPMENT CORPORATION

Notes to the Financial Statements

December 31, 2018 and 2017

Note 2 Significant accounting policies - (continued)

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

Functional allocation of expenses. The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management. The ratios are based on the share of the program of the overall management expenses, excluding staff who are directly charged to specific programs.

The expenses that are allocated include the following:

Expense	Method of allocation
Salaries	Time and effort
Payroll taxes and benefits	Time and effort
Occupancy expenses	Square footage

Income taxes. WHDC has no uncertain tax positions as December 31, 2018 in accordance with Accounting Standards Codification (“ASC”) Topic 740, Income Taxes, which provides standards for establishing and classifying any tax provision for uncertain tax positions. Tax filing periods ending December 31, 2015 and later are subject to examinations by appropriate tax authorities.

Subsequent events. WHDC has evaluated its financial statements for potential recognition or disclosure through May 7, 2019, which is the date the financial statements were available to be issued. WHDC has determined that there are no subsequent events that require additional recognition or disclosure in the financial statements.

WEST HARLEM DEVELOPMENT CORPORATION

Notes to the Financial Statements

December 31, 2018 and 2017

Note 3 Fair value measurement

Fair value measurement. In accordance with FASB ASC 820, *Fair Value Measurement*, WHDC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. Measurements that are most observable are based on quoted prices of identical instruments obtained from principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity.

Level 2. Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risks, and others.

Level 3. Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Equities – These are securities that trade on major exchanges. Accordingly, these securities are disclosed as level 1 of the hierarchy.

Fixed Income - The fixed income government, corporate and foreign issued bonds employ a strategy of direct holdings of treasuries and fixed income positions to seek maximum total return consistent with the preservation of capital. The fair value estimates of such fixed income strategies are based on observable market information rather than market quotes as of the measurement date. Accordingly, the estimates of fair value for such fixed income securities, are included in the fixed income securities amount disclosed in level 2 of the hierarchy.

WEST HARLEM DEVELOPMENT CORPORATION

Notes to the Financial Statements

December 31, 2018 and 2017

Note 3 Fair value measurement - (continued)

The following tables set forth by level, within the fair value hierarchy, the investments at fair value as of December 31, 2018 and 2017:

	2018			
<u>Investment at December 31,</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 8,690,723
Equities	4,115,277	-	-	4,115,277
Fixed Income – Government	-	5,722,992	-	5,722,992
Fixed Income - Corporate	-	4,541,666	-	4,541,666
Fixed Income - Foreign	-	38,899	-	38,899
	<u>\$ 4,115,277</u>	<u>\$ 10,303,557</u>	<u>-</u>	<u>\$ 23,109,557</u>

	2017			
<u>Investment at December 31,</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 7,138,780
Equities	3,885,920	-	-	3,885,920
Fixed Income – Government	-	6,511,084	-	6,511,084
Fixed Income - Corporate	-	4,036,607	-	4,036,607
Fixed Income - Foreign	-	39,271	-	39,271
	<u>\$ 3,885,920</u>	<u>\$ 10,586,962</u>	<u>-</u>	<u>\$ 21,611,662</u>

As of December 31, 2018 and 2017, WHDC had investments amounting to \$23,109,557 and \$21,611,662 respectively all of which were managed by Boston Trust:

	2018				
<u>Investment at December 31,</u>	<u>Cash & Cash</u>	<u>Bonds-</u>	<u>Bonds-Corp</u>	<u>Equity</u>	<u>Total</u>
	<u>Equivalent</u>	<u>Government</u>	<u>& Foreign</u>		
Cash and short term fund	\$ 2,383,308	\$ 1,786,062	\$ 2,063,199	\$ -	\$ 6,232,569
Invested benefits fund	479,964	1,460,765	281,759	4,115,277	6,337,765
Affordable housing fund	5,538,489	2,476,165	2,235,607	-	10,250,261
Grant House fund - custodial	284,228	-	-	-	284,228
Manhattanville - custodial	4,734	-	-	-	4,734
Subtotal noncustodial	<u>\$ 8,690,723</u>	<u>\$ 5,722,992</u>	<u>\$ 4,580,565</u>	<u>\$ 4,115,277</u>	<u>\$ 23,109,557</u>

WEST HARLEM DEVELOPMENT CORPORATION**Notes to the Financial Statements**

December 31, 2018 and 2017

Note 3 Fair value measurement - (continued)

<u>Investment at December 31,</u>	2017				<u>Total</u>
	<u>Cash & Cash Equivalent</u>	<u>Bonds- Government</u>	<u>Bonds-Corp & Foreign</u>	<u>Equity</u>	
Cash and short term fund	\$ 2,486,699	\$ 2,040,844	\$ 1,497,108	\$ -	\$ 6,024,651
Invested benefits fund	52,738	1,236,412	313,699	3,885,920	5,488,769
Affordable housing fund	4,599,343	3,233,828	2,265,071	-	10,098,242
	<u>\$ 7,138,780</u>	<u>\$ 6,511,084</u>	<u>\$ 4,075,878</u>	<u>\$ 3,885,920</u>	<u>\$ 21,611,662</u>

Note 4 Cash and cash equivalents

The total of cash and cash equivalents comprised of the following balances all of which, were maintained in bank accounts held by WHDC as of December 31, 2018 and at December 31, 2017:

	<u>2018</u>	<u>2017</u>
Benefits fund cash and cash and cash equivalents	\$ 139,957	\$ 326,113
Grant House and Manhattanville - cash and cash equivalents-custodial	<u>459,703</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 599,660</u>	<u>\$ 326,113</u>

Note 5 Liquidity and availability

As of December 31, 2018, financial assets available for general expenditure, that is, without donor, or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 139,957
Short-term investments	4,827,485
Benefits fund receivable	<u>2,363,137</u>
	<u>\$ 7,330,579</u>

At December 31, 2018 WHDC had a Benefits Fund receivable of \$6 million from CU. The total amount of program-related expenses that the WHDC board has approved in the 2019 budget of \$3,636,863 has been deducted as With Restrictions from the Benefits Fund receivable. The final amount of actual program expenditures may be different from the budget. In a similar way, the amounts held in custody by WHDC, the total affordable housing fund, and the Invested Benefits Fund are reported as with restrictions, and not included in the liquidity and availability amounts.

WEST HARLEM DEVELOPMENT CORPORATION

Notes to the Financial Statements

December 31, 2018 and 2017

Note 6 Pension Plan

WHDC maintains a 403B plan for its employees who work more than 20 hours per week. Eligible employees can make contributions to their individual 403B accounts and vest in them immediately upon hiring. The employer matches the employee contribution as follows: (1) 100% employee contribution that are not in excess of 3% of compensation, plus (2) 50% of employee contribution that exceed 3% of compensation but that does not exceed 5% of employee compensation. The plan includes an automatic enrollment feature whereby 3% of the salaries of eligible employees are automatically deferred. Pension expense for the year ended December 31, 2018 and 2017 amounted to \$26,116 and \$23,444, respectively. The vesting schedule of employer contributions is:

<u>Years of service</u>	<u>Vesting %</u>
Less than 1 year	0%
1	50%
2	100%

Note 7 Benefit fund contributions receivable

Unconditional promises to give are recorded at the present value of their estimated future cash flows. In determining the present value of the expected future cash flows of the benefits fund contributions payable in installments by CU over the remaining years, discount rates representing 10-year Treasury bill yield rates were applied to the long term receivables at December 31,

	<u>2018</u>	<u>2017</u>
Amounts due within one year	\$ 6,000,000	\$ 5,000,000
Amount due in two to six years	<u>36,750,000</u>	<u>42,750,000</u>
Total receivables	42,750,000	47,750,000
Less: discount	<u>(2,672,971)</u>	<u>(4,433,498)</u>
Total receivables net of discount	<u>\$ 40,077,029</u>	<u>\$ 43,316,502</u>
10-year Treasury bill yield discount rate applied	1.0269%	1.0240%

As of December 31, 2018 and 2017 contributions receivable net of discounts which is with restrictions amounted to \$40,077,029 and \$43,316,502, respectively. Management expects all commitments from CU to be fully collected and, accordingly, no allowance for doubtful commitments has been provided.

WEST HARLEM DEVELOPMENT CORPORATION

Notes to the Financial Statements

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Note 8 In-kind

In-kind contributions are recorded as income and expenses at the time the items are received, which is also the time they are placed into service or distributed. Donated services are reported as income at their fair value if such services create or enhance non-financial assets or would have been purchased if not provided by donations. The CBA contains a provision for CU to provide \$20 million of in-kind services and amenities to MCD9 through requests from WHDC. Through the years ended December 31, 2018 and 2017, WHDC has requested a total of \$188,709 and \$146,433 respectively, leaving an unclaimed balance of in-kind services and amenities of \$ 19,811,291 and \$19,853,567 respectively. The uncertainty of the realization of the services is contingent upon timing, location, and approval of CU. As a result, the unclaimed balance has not been recorded in the financials. In-kind is shown as both revenue and expense in the financial statements. According to the CBA, WHDC can request up to \$2 million of in-kind benefits each year. What is not used carries forward to the succeeding years. The total \$20 million in-kind benefits expire when exhausted, or on December 31, 2045, whichever occurs first.

Total in-kind contribution for the year ending December 31, is as follows:

	<u>2018</u>	<u>2017</u>
Year ending December 31,		
Use of facilities and services of CU	\$ 42,276	\$ 53,024
Legal services	-	100,200
Summer Camps and Community Meetings	45,300	32,859
Use of Non-CU facility	<u>17,849</u>	<u>17,674</u>
Total in-kind	<u>\$ 105,425</u>	<u>\$ 203,757</u>
CU Unclaimed in-kind balance		
Original commitment	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Claimed by WHDC as of the January 1,	(146,433)	(93,409)
Claimed during the year ending December 31,	<u>(42,276)</u>	<u>(53,024)</u>
Total claimed for the period	<u>(188,709)</u>	<u>(146,433)</u>
Unclaimed Columbia University in-kind balance	<u>\$ 19,811,291</u>	<u>\$ 19,853,567</u>

WEST HARLEM DEVELOPMENT CORPORATION

Notes to the Financial Statements

December 31, 2018 and 2017

Note 9 Commitments

WHDC leases its office space that will expire on June 18, 2022. It also leases space for the operation of its West Harlem Skills Training Center whose lease expires on August 31, 2020. The minimum future payments on both leases are:

Year ending December 31,	
2019	\$ 85,011
2020	79,540
2021	82,324
2022	38,967
Total	<u>\$ 285,842</u>

Note 10 Percentages of functional expenses

On December 18, 2012 West Harlem Local Development (WHLDC) the predecessor organization of WHDC, entered into an Assurance of Discontinuance (AOD) agreement with the Office of the Attorney General of the State of New York. The AOD expired on December 17, 2015, however management has chosen to use this guideline. Item 14 of the AOD required that “on a fiscal- year basis, the Organization will make at least eighty-five percent (85%) of its expenditures in the form of direct grants of CBA funds or other program expenses”. For the year ended December 31, 2018 WHDC’s direct grants from the CBA’s Benefits fund and other allocated program expenses comprised ninety and 38/100 percent (90.38%) of total organizational expenses. The allocated management and fund raising expenses for the year ended December 31, 2018 were eight and 48/100 percent (8.48%) and one and 14/100 percent (1.14%), respectively.