

# **Grand Street Settlement, Inc.**

Financial Statements

June 30, 2023 and 2022

**Grand Street Settlement, Inc.**

Financial Statements

June 30, 2023 and 2022

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## **Independent Auditors' Report**

**Board of Directors  
Grand Street Settlement, Inc.**

### **Opinion**

We have audited the accompanying financial statements of Grand Street Settlement, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 Grand Street Settlement, Inc. as of June 30, 2023 and 2022, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grand Street Settlement, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Change in Accounting Policy**

As discussed in Note 2 to the financial statements, Grand Street Settlement, Inc. adopted Financial Accounting Standards Board Topic 842, *Leases*, using the effective date method with July 1, 2022 as the initial date of adoption, with certain practical expedients available. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Responsibilities of Management for the Financial Statements (continued)**

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 Grand Street Settlement, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Grand Street Settlement, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Street Settlement, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*PKF O'Connor Davies, LLP*

December 22, 2023

**Grand Street Settlement, Inc.**  
Statement of Financial Position

	June 30,	
	2023	2022
<b>ASSETS</b>		
Cash	\$ 2,533,863	\$ 1,296,105
Contributions receivable, net	1,634,056	1,266,816
Due from government agencies, net	10,933,980	15,675,570
Prepaid expenses and other assets	224,761	233,161
Investments	5,819,443	5,632,271
Cash, limited as to use	27,398	600,000
Property and equipment, net	17,980,061	11,410,885
Right of use finance lease asset	319,634	-
Right of use operating lease asset	1,452,180	-
	<u>\$ 40,925,376</u>	<u>\$ 36,114,808</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and other liabilities	\$ 4,945,039	\$ 3,219,256
Accrued payroll and related liabilities	1,018,710	759,963
Line of credit payable	1,818,592	1,260,000
Advances from government agencies	993,237	4,969,555
Right of use finance lease liability	283,540	-
Right of use operating lease liability	1,475,803	-
Long term debt	2,475,970	2,268,515
Total Liabilities	<u>13,010,891</u>	<u>12,477,289</u>
Net Assets		
Without donor restrictions	22,347,806	17,754,258
With donor restrictions	5,566,679	5,883,261
Total Net Assets	<u>27,914,485</u>	<u>23,637,519</u>
	<u>\$ 40,925,376</u>	<u>\$ 36,114,808</u>

See notes to the financial statements

**Grand Street Settlement, Inc.**

Statement of Activities

	Year Ended June 30,	
	2023	2022
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>PUBLIC SUPPORT AND REVENUE</b>		
Government grants	\$ 38,064,449	\$ 32,622,557
Contributions	166,083	8,357
Special events, net of direct benefit to donors of \$288,041 and \$163,640	2,621	181,557
Donated occupancy and services	3,629,206	3,681,697
Program service fees	14,486	15,697
Investment return designated for current use	130,522	117,590
Miscellaneous income	111,825	311,906
Net assets released from restrictions	3,444,799	3,677,233
Total Public Support and Revenue	<u>45,563,991</u>	<u>40,616,594</u>
<b>EXPENSES</b>		
Program Services		
Early childhood programs	19,430,746	16,882,312
Youth services	2,649,746	2,161,184
School-based counseling services	2,535,148	2,766,966
Case management	304,316	332,577
Community development	9,709,878	7,743,090
Senior programs	1,873,050	1,685,564
Mental health initiative	66,003	105,565
Total Program Services	<u>36,568,887</u>	<u>31,677,258</u>
Supporting Services		
Management and general	5,766,856	5,875,350
Fundraising	1,006,282	807,359
Total Supporting Services	<u>6,773,138</u>	<u>6,682,709</u>
Total Expenses	<u>43,342,025</u>	<u>38,359,967</u>
Excess of Public Support and Revenue Over Expenses	2,221,966	2,256,627
<b>NON-OPERATING ACTIVITIES</b>		
Gain on sale / disposal of property and equipment	-	4,811
Government grants for capital purpose	2,062,040	3,507,660
Loan forgiveness	-	3,170,620
Investment return, net of amount designated for current use	309,542	(888,086)
Change in Net Assets Without Donor Restrictions	<u>4,593,548</u>	<u>8,051,632</u>
Net Assets Without Donor Restrictions		
Beginning of year	17,754,258	9,702,626
End of year	<u>\$ 22,347,806</u>	<u>\$ 17,754,258</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
<b>PUBLIC SUPPORT AND REVENUE</b>		
Contributions	\$ 3,059,074	\$ 2,510,133
Investment return	69,143	(121,088)
Net assets released from restrictions	(3,444,799)	(3,677,233)
Change in Net Assets With Donor Restrictions	<u>(316,582)</u>	<u>(1,288,188)</u>
Net Assets With Donor Restrictions		
Beginning of year	5,883,261	7,171,449
End of year	<u>\$ 5,566,679</u>	<u>\$ 5,883,261</u>
Total Change in Net Assets	\$ 4,276,966	\$ 6,763,444
<b>NET ASSETS</b>		
Beginning of year	23,637,519	16,874,075
End of year	<u>\$ 27,914,485</u>	<u>\$ 23,637,519</u>

See notes to the financial statements

**Grand Street Settlement, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2023

	Program Services							Supporting Services				
	Early Childhood Programs	Youth Services	School-Based Counseling Services	Case Management	Community Development	Senior Programs	Mental Health Initiative	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
<b>PERSONNEL COSTS</b>												
Salaries	\$ 7,804,975	\$ 1,422,655	\$ 1,292,561	\$ 228,834	\$ 5,104,476	\$ 882,484	\$ 37,293	\$ 16,773,278	\$ 1,144,634	\$ 604,057	\$ 1,748,691	\$ 18,521,969
Employee benefits and payroll related taxes	2,257,991	380,282	344,560	61,172	1,329,178	232,829	9,969	4,615,981	250,979	161,477	412,456	5,028,437
Total Personnel Costs	10,062,966	1,802,937	1,637,121	290,006	6,433,654	1,115,313	47,262	21,389,259	1,395,613	765,534	2,161,147	23,550,406
<b>OTHER THAN PERSONNEL COSTS</b>												
Program supplies	990,145	255,684	172,508	160	1,238,039	41,979	1,541	2,700,056	38,049	52,223	90,272	2,790,328
Office rent and occupancy expense	719,262	29,371	614	10,154	61,836	72,553	-	893,790	248,445	1,382	249,827	1,143,617
Donated occupancy and services	3,232,525	-	-	-	270,600	79,520	-	3,582,645	46,561	-	46,561	3,629,206
Repairs and maintenance	290,645	29,681	-	1,785	64,201	30,676	4,825	421,813	56,526	-	56,526	478,339
Equipment	168,830	35,417	46,811	-	93,038	39,366	-	383,462	33,662	31,457	65,119	448,581
Office expense	3,507	-	-	-	-	-	-	3,507	1,785	9,354	11,139	14,646
Staff travel	23,586	7,878	116	-	17,846	96	-	49,522	19,351	5,472	24,823	74,345
Professional services	4,240	-	93	-	1,584	833	-	6,750	1,696,332	80	1,696,412	1,703,162
Consultant	2,970,051	153,519	295,489	806	503,770	211,787	10,558	4,145,980	616,721	268,187	884,908	5,030,888
Dues and fees	23,331	-	-	-	1,040	-	-	24,371	26,103	-	26,103	50,474
Food	381,544	52,966	136,689	-	252,494	263,630	-	1,087,323	14,205	5,148	19,353	1,106,676
Hospitality expense	8,449	-	-	-	-	-	-	8,449	17,582	6,228	23,810	32,259
Parent and participant activity	118,926	240,981	166,271	-	705,053	9,000	-	1,240,231	45,745	380	46,125	1,286,356
Insurance	-	-	-	1,405	-	-	-	1,405	456,790	-	456,790	458,195
Printing	-	4,920	6,172	-	13,145	-	-	24,237	301	23,277	23,578	47,815
Postage	386	2,138	-	-	185	-	-	2,709	925	3,544	4,469	7,178
Conferences and training	260,175	21,706	53,556	-	22,274	2,133	345	360,189	33,920	9,562	43,482	403,671
Services	12,760	10,249	-	-	5,615	1,454	1,444	31,522	343	-	343	31,865
Bank charges and other fees	-	-	128	-	1,640	150	-	1,918	140,632	12,369	153,001	154,919
Financial lease interest	-	-	-	-	-	-	-	-	15,881	-	15,881	15,881
Bad debt expense	-	-	-	-	6,563	-	-	6,563	124,957	-	124,957	131,520
Miscellaneous expense	159,418	2,299	19,580	-	15,262	580	28	197,167	127,531	2,001	129,532	326,699
Depreciation	-	-	-	-	-	-	-	-	526,904	-	526,904	526,904
Amortization	-	-	-	-	-	-	-	-	76,665	-	76,665	76,665
Special events	-	-	-	-	2,039	3,980	-	6,019	2,831	98,125	100,956	106,975
Prior year expense	-	-	-	-	-	-	-	-	2,496	-	2,496	2,496
Total Expenses Before Expenses of Direct Benefit to Donors	19,430,746	2,649,746	2,535,148	304,316	9,709,878	1,873,050	66,003	36,568,887	5,766,856	1,294,323	7,061,179	43,630,066
Direct benefit to donors	-	-	-	-	-	-	-	-	-	(288,041)	(288,041)	(288,041)
Total Expenses	\$ 19,430,746	\$ 2,649,746	\$ 2,535,148	\$ 304,316	\$ 9,709,878	\$ 1,873,050	\$ 66,003	\$ 36,568,887	\$ 5,766,856	\$ 1,006,282	\$ 6,773,138	\$ 43,342,025

**Grand Street Settlement, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2022

	Program Services								Supporting Services			
	Early Childhood Programs	Youth Services	School-Based Counseling Services	Case Management	Community Development	Senior Programs	Mental Health Initiative	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
PERSONNEL COSTS												
Salaries	\$ 6,830,864	\$ 1,284,554	\$ 1,172,637	\$ 231,956	\$ 4,454,375	\$ 716,333	\$ 69,169	\$ 14,759,888	\$ 1,114,102	\$ 495,440	\$ 1,609,542	\$ 16,369,430
Employee benefits and payroll related taxes	1,816,387	343,703	313,287	62,065	1,193,241	188,512	18,508	3,935,703	294,918	132,566	427,484	4,363,187
Total Personnel Costs	8,647,251	1,628,257	1,485,924	294,021	5,647,616	904,845	87,677	18,695,591	1,409,020	628,006	2,037,026	20,732,617
OTHER THAN PERSONNEL COSTS												
Program supplies	777,371	235,943	281,524	2,822	789,479	172,467	6,904	2,266,510	62,833	5,737	68,570	2,335,080
Office rent and occupancy expense	779,960	25,953	4,183	22,060	63,067	73,306	-	968,529	195,349	1,076	196,425	1,164,954
Donated occupancy and services	3,286,015	-	-	-	270,600	79,520	-	3,636,135	45,562	-	45,562	3,681,697
Repairs and maintenance	201,650	19,377	-	-	23,984	46,416	-	291,427	10,933	-	10,933	302,360
Equipment	207,234	8,780	16,407	6,453	116,744	6,534	1,475	363,627	93,834	23,446	117,280	480,907
Office expense	8,091	16	-	595	26	-	-	8,728	1,513	6,501	8,014	16,742
Staff travel	7,930	1,089	395	-	206	-	-	9,620	15,057	-	15,057	24,677
Professional services	862	17,247	59,316	-	10,914	9,918	-	98,257	1,362,360	-	1,362,360	1,460,617
Consultant	2,341,350	53,441	431,731	596	289,490	168,053	8,984	3,293,645	458,934	153,637	612,571	3,906,216
Dues and fees	12,264	-	1,096	-	-	-	-	13,360	28,778	573	29,351	42,711
Food	275,545	24,979	136,035	-	167,306	209,640	-	813,505	1,959	47	2,006	815,511
Hospitality expense	2,029	-	-	-	192	84	-	2,305	13,142	366	13,508	15,813
Parent and participant activity	65,429	126,845	246,496	-	332,152	9,438	-	780,360	199	456	655	781,015
Insurance	-	-	19,099	5,928	-	-	-	25,027	442,372	-	442,372	467,399
Printing	-	-	4,573	-	1,729	-	-	6,302	9	10,119	10,128	16,430
Postage	1,283	2,533	13	-	25	-	-	3,854	974	3,439	4,413	8,267
Conferences and training	235,658	1,350	61,414	-	20,643	2,838	-	321,903	10,028	500	10,528	332,431
Services	6,083	14,473	-	-	4,811	2,505	525	28,397	9,108	-	9,108	37,505
Bank charges and other fees	-	10	-	-	174	-	-	184	92,549	9,967	102,516	102,700
Bad debt expense	-	-	-	-	-	-	-	-	1,214,693	-	1,214,693	1,214,693
Miscellaneous expense	26,307	891	18,760	102	3,932	-	-	49,992	84,652	321	84,973	134,965
Depreciation	-	-	-	-	-	-	-	-	320,962	-	320,962	320,962
Special events	-	-	-	-	-	-	-	-	530	126,808	127,338	127,338
Total Expenses Before Expenses of Direct Benefit to Donors	16,882,312	2,161,184	2,766,966	332,577	7,743,090	1,685,564	105,565	31,677,258	5,875,350	970,999	6,846,349	38,523,607
Direct benefit to donors	-	-	-	-	-	-	-	-	-	(163,640)	(163,640)	(163,640)
Total Expenses	\$ 16,882,312	\$ 2,161,184	\$ 2,766,966	\$ 332,577	\$ 7,743,090	\$ 1,685,564	\$ 105,565	\$ 31,677,258	\$ 5,875,350	\$ 807,359	\$ 6,682,709	\$ 38,359,967



**Grand Street Settlement, Inc.**

Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 4,276,966	\$ 6,763,444
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	526,904	320,962
Amortization	76,665	-
Interest related to finance lease	15,881	-
Gain on sale / disposal of property and equipment	-	(4,811)
Bad debt expense	131,520	1,214,693
Non cash lease expense	228,758	-
Realized and unrealized (gain) loss on investments	(428,398)	932,137
PPP loan forgiveness	-	(3,090,620)
Loan forgiveness	-	(80,000)
Discount on contributions receivable	(20,324)	22,522
Changes in operating assets and liabilities		
Contributions receivable	(346,916)	736,370
Due from government agencies	4,610,070	(8,713,828)
Prepaid expenses and other assets	8,400	(12,786)
Operating lease liability	(205,135)	-
Accounts payable and other liabilities	1,076,462	623,522
Accrued payroll and related liabilities	258,747	(38,797)
Deferred revenue	-	(6,535)
Advances from government agencies	(3,976,318)	4,299,206
Net Cash from Operating Activities	<u>6,233,282</u>	<u>2,965,479</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	-	9,000
Purchase of investments	(337,164)	(147,045)
Proceeds from sale of investments	578,390	1,866,920
Purchase of property and equipment	(6,446,759)	(5,373,230)
Net Cash from Investing Activities	<u>(6,205,533)</u>	<u>(3,644,355)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on finance lease liability	(128,640)	-
Proceeds from long term debt	2,561,842	1,345,866
Proceeds from line of credit	1,160,904	1,260,000
Repayment of line of credit	(602,312)	(650,000)
Repayment of long term debt	(2,354,387)	(169,756)
Net Cash from Financing Activities	<u>637,407</u>	<u>1,786,110</u>
Net Change in Cash and Restricted Cash	665,156	1,107,234
<b>CASH AND RESTRICTED CASH</b>		
Beginning of year	<u>1,896,105</u>	<u>788,871</u>
End of year	<u>\$ 2,561,261</u>	<u>\$ 1,896,105</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 125,198	\$ 12,542
<b>SCHEDULE OF NONCASH FINANCING TRANSACTIONS</b>		
PPP loan forgiveness	-	3,090,620
Loan forgiveness	-	80,000
<b>NON-CASH INVESTING AND OPERATING ACTIVITIES</b>		
Purchase of property and equipment included in accounts payable and other liabilities	649,321	1,083,123

See notes to the financial statements

## **Grand Street Settlement, Inc.**

### **Notes to the Financial Statements June 30, 2023 and 2022**

#### **1. Organization**

Grand Street Settlement, Inc. ("Grand Street"), founded in 1916, provides services to 17,500 people of all ages in the Lower East Side of Manhattan and in neighborhoods across Brooklyn. These programs fall into four broad and inter-related categories: early childhood education, youth and community development, benefits assistance, and older adult services. Through these programs, Grand Street empowers individuals and families to move along a spectrum from surviving to stabilization, then strengthening, and ultimately to a place where they can thrive.

Grand Street promotes and maintains high standards in its programs, which are locally and nationally recognized for excellence. The vast majority of Grand Street's programs are provided at no cost to participant families.

Grand Street, a not-for-profit organization, has been granted tax-exempt status under Internal Revenue Code (the "Code") Section 501(c)(3). In addition, Grand Street has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Grand Street notes one notable event in the most recently completed fiscal year:

#### ***80 Pitt St. Program Relocation***

The Community Center at 80 Pitt St, Grand Street's largest building and one of the few to offer its complete suite of services under one roof, is undergoing a long-planned capital renovation and modernization. In the spring and early summer of 2021, its programs were relocated to nearby Grand Street sites, and the building was closed for construction on July 7, 2021. Program and administration staff relocations included:

- Early Childhood: Manhattan Child and Family Center (294 and 300 Delancey St).
- Youth: AmeriCorps - Beacon Cornerstone Community Center (145 Stanton St.); Project Speak Out Loud - Rutgers Community Center (200 Madison St.); Technology Clubhouse - Best Buy Teen Tech Center (168 Broome St.); SONYC afterschool program,
- Seniors: Programs - Essex Crossing Community Center (175 Delancey St.)
- Food pantry - BEST NORC (72 Columbia St.)
- Benefits Assistance - Essex Crossing Community Center (175 Delancey St.)
- Human Resources staff - Essex Crossing Community Center (175 Delancey St.)

Construction has been substantially complete as of June 30, 2023. These programs will reoccupy their spaces at 80 Pitt St during fiscal year 2024.

## **Grand Street Settlement, Inc.**

Notes to the Financial Statements  
June 30, 2023 and 2022

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") which 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Change in Accounting Policies***

Grand Street adopted Financial Accounting Standards Board ("FASB") Topic 842, *Leases*, using the effective date method with July 1, 2022 as the date of initial adoption, with certain practical expedients available.

Grand Street elected the available practical expedients to account for its existing operating leases as operating leases, under the new guidance, without reassessing whether the contracts contain leases under the new standard, whether classification of capital (now finance) leases or operating leases would be different in accordance with the new guidance, or whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at least commencement.

Grand Street elected the hindsight practical expedient to determine the lease term for existing leases. The election of the hindsight practical expedient resulted in the shortening of lease terms for certain existing leases.

As a result of the adoption of the new lease accounting guidance, Grand Street recognized an operating and finance lease liability of \$1,680,938 and \$396,299, which represents lease payments of \$1,869,976 and \$428,432, discounted using a weighted average discount of 3.15% and 4.75% and a right of use asset of \$1,680,938 and \$396,299, which represents the operating and finance lease liability at July 1, 2022.

#### ***Classes of Net Assets***

Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are those currently available at the discretion of the Board for use in the operations of Grand Street. Net assets with donor restrictions are restricted by donor imposed restrictions as to use or time made available. When a restriction expires, restricted net assets are re-classified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions. Certain restricted amounts contain donor imposed restrictions to be maintained in perpetuity by Grand Street.

## **Grand Street Settlement, Inc.**

### **Notes to the Financial Statements June 30, 2023 and 2022**

#### **2. Summary of Significant Accounting Policies *(continued)***

##### ***Cash and Restricted Cash***

Restricted cash includes funds that are restricted as to use by Grand Street. The following is a reconciliation of cash and restricted cash reported on the statements of financial position to the statements of cash flows at June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 2,533,863	\$ 1,296,105
Cash, limited as to use	<u>27,398</u>	<u>600,000</u>
	<u>\$ 2,561,261</u>	<u>\$ 1,896,105</u>

##### ***Contributions and Promises to Give***

Unconditional promises to give are recognized as revenue when donors make a promise to give. Contributions received are classified as net assets without donor restrictions or net assets without donor restrictions support depending on the existence or nature of any donor restriction. Unconditional 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 the estimated future cash flows. The discounts on those amounts are computed using a risk adjusted rate of interest 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.

All contributions are considered available for general use unless specifically restricted by the donor. Marketable securities contributed are recorded at fair value at the date of contribution.

##### ***Donated Occupancy and Services***

Donated occupancy expense is recorded for space provided to Grand Street for program purposes for which rent is not currently being charged. The donated transactions are reviewed periodically to ensure that estimates recorded reasonably reflect the estimated fair value of contributed rent. Contributed professional services are recognized if the services create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills and would be purchased if the donation was not provided.

## Grand Street Settlement, Inc.

### Notes to the Financial Statements June 30, 2023 and 2022

#### 2. Summary of Significant Accounting Policies *(continued)*

For the years ended June 30, Grand Street received the following donated goods and services:

	2023	2022	Program/Activities	Restriction	Fair Value Techniques
Occupancy	\$ 2,106,752	\$ 2,152,079	Program services/management and general	None	Estimated based on current market rate per square foot
Therapists	69,974	142,983	Program services	None	Estimated based on usual and customary rates of the vendor
Early childcare services	<u>1,452,480</u>	<u>1,386,635</u>	Program services	None	Estimated based on usual and customary rates of the vendor
	<u>\$ 3,629,206</u>	<u>\$ 3,681,697</u>			

#### ***Due from Government Agencies and Allowance for Doubtful Accounts***

Grand Street records revenue based on established rates or contracts for services provided. Grand Street determines whether an allowance for uncollectible amounts should be provided based on management's evaluation and collectability of the aged basis of its receivables, current economic conditions, subsequent receipts and historical information. Government contracts and accounts receivable are written off against the allowance for doubtful amounts when all reasonable collection efforts have been exhausted. At June 30, 2023 and 2022, the allowance for doubtful accounts was \$948,229 and \$960,000.

#### ***Fair Value of Financial Instruments***

Grand Street follows U.S. GAAP guidance on fair value measurement which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. There are no level 3 investments held at June 30, 2023 and 2022.

#### ***Investment Valuation and Investment Income Recognition***

Investments are carried at fair value. Purchases 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.

## **Grand Street Settlement, Inc.**

Notes to the Financial Statements  
June 30, 2023 and 2022

### **2. Summary of Significant Accounting Policies *(continued)***

#### ***Property and Equipment***

Property and equipment purchases are capitalized if the cost, or fair value at date of donation, is \$1,000 or more and the useful life is greater than one year. Property and equipment is depreciated over their estimated useful lives using the straight-line method. The cost of property and equipment financed by government funding sources is expensed when incurred if the contractual agreement specifies that title to these assets rests with the governmental funding source rather than Grand Street. Construction in progress is transferred to leasehold improvements when the construction is substantially complete and the assets are placed into service. The estimated useful lives of the assets are as follows:

Leasehold improvements	15 years
Computer equipment	3 years
Furniture and fixtures	5 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to the fair value. There were no asset impairments for the years ended June 30, 2023 and 2022.

#### ***Government Grants***

Revenue from government grants is recognized when reimbursable expenses are incurred under the terms of the contracts. Contract payments in excess of or less than qualified expenses are accounted for as advances from government agencies or due from government agencies.

At July 1, 2021, contract assets consisted of the following balances:

Due from government agencies, net	\$ 8,176,135
Advances from government agencies	670,349

#### ***Advertising Costs***

Advertising costs are charged to operations when incurred. Advertising costs were \$73,002 and \$182 for the years ended June 30, 2023 and 2022.

#### ***Leases***

At July 1, 2022, Grand Street leases space for programs and determines if an arrangement is a lease at inception. Operating leases are included in right-of-use operating lease assets ("ROU assets") and right-of-use operating lease liabilities on the accompany statement of financial position.

## **Grand Street Settlement, Inc.**

### **Notes to the Financial Statements June 30, 2023 and 2022**

## **2. Summary of Significant Accounting Policies *(continued)***

### ***Leases (continued)***

Finance lease asset and liability are included on the accompanying statement of financial position. Finance lease represents the right of use of an underlying asset for the lease term and finance lease liability represents the obligation to make lease payments arising from the lease. Finance leases are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Grand Street's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

For the year ended June 30, 2022, operating lease payments were charged to rent expense, following Topic 840 Leases guidance. Rent expense is recorded on a straight-line basis over the life of the lease, unless another systematic and rational basis is more representative of the time pattern in which the benefit is derived from leased property, in which case that basis shall be used.

### ***Functional Allocation of Expenses***

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. Such allocations are determined by management either in accordance with grant provisions or by the division of employee time. Most of these expenses are allocated based on an assessment of where employees' time is spent. Certain other expenses are allocated on a square footage basis.

### ***Measure of Operations***

Grand Street includes in its measurement of operations, all revenue and expenses that are an integral part of its programs and supporting activities. Non-operating activities include gain on sale/disposal of property and equipment, government grants for capital purpose, loan forgiveness, and investment return, net of amount designated for current use.

### ***Uncertainty in Income Taxes***

Grand Street recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Grand Street had no uncertain tax positions that would require financial statement recognition or disclosure. Grand Street is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, 2020.

### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 22, 2023.

## Grand Street Settlement, Inc.

### Notes to the Financial Statements June 30, 2023 and 2022

#### 3. Concentration of Credit Risk

Financial instruments which potentially subject Grand Street to a concentration of credit risk are cash accounts with financial institutions in excess of federally insured limits, investments and receivables. At June 30, 2023 and 2022, Grand Street exceeded Federal Deposit Insurance Corporation limits by \$2,524,298 and \$1,407,149. Grand Street's investments are managed by professional management firms and are reviewed by the Board of Directors. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times, such amounts may exceed the SIPC limit. At June 30, 2023 and 2022, Grand Street's uninsured investment holdings totaled \$5,147,681 and \$4,882,271.

Grand Street grants credit without collateral relative to government contracts. The reimbursement for services provided is expected to be collected in the normal course of business.

#### 4. Contributions Receivable

Contributions receivable at June 30, consist of the following:

	2023	2022
Contributions due:		
Within one year	\$ 1,562,539	\$ 940,623
Within two to five years	<u>75,000</u>	<u>350,000</u>
	1,637,539	1,290,623
Discount to present value	<u>(3,483)</u>	<u>(23,807)</u>
	<u>\$ 1,634,056</u>	<u>\$ 1,266,816</u>

A present value discount rate from the U.S Department of the Treasury Yield Curve Rate has been calculated using discount factors that approximate the risk and expected timing of future contribution payments.

#### 5. Investments

Grand Street's investments stated at fair value at June 30 are as follows:

	2023		
	Level 1	Level 2	Total
Equity securities	\$ 3,825,235	\$ -	\$ 3,825,235
Fixed income	<u>176,419</u>	<u>1,817,789</u>	<u>1,994,208</u>
	<u>\$ 4,001,654</u>	<u>\$ 1,817,789</u>	<u>\$ 5,819,443</u>



# Grand Street Settlement, Inc.

## Notes to the Financial Statements June 30, 2023 and 2022

### 5. Investments (continued)

	2022		
	Level 1	Level 2	Total
Equity securities	\$ 3,811,194	\$ -	\$ 3,811,194
Fixed income	297,487	1,523,590	1,821,077
	<u>\$ 4,108,681</u>	<u>\$ 1,523,590</u>	<u>\$ 5,632,271</u>

Net investment activity for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Interest and dividends	\$ 129,306	\$ 104,934
Realized and unrealized gain (loss) on investments	428,398	(932,137)
Total Investment Return	557,704	(827,203)
Investment advisory and custodial fees	(48,497)	(64,381)
	<u>\$ 509,207</u>	<u>\$ (891,584)</u>
Total investment return (loss) allocated to:		
Operating revenue	\$ 130,522	\$ 117,590
Non-operating activities	309,542	(888,086)
Endowment fund	69,143	(121,088)
	<u>\$ 509,207</u>	<u>\$ (891,584)</u>

### 6. Lease Commitments

At June 30, 2023, Grand Street leases premises space for programs under the terms of various operating leases, which expire in various years through 2029. At June 30, 2023, assets recorded under operating leases are \$1,680,938 and accumulated amortization associated with operating leases is \$228,758.

At June 30, 2023, Grand Street leases copiers under the terms of various finance leases, which expire in various years through 2026. At June 30, 2023, assets recorded under finance leases are \$396,299 and accumulated amortization associated with finance leases is \$76,665.

Lease expense	
Operating lease cost	\$ 278,106
Short-term lease cost	865,511
Finance lease cost	
Amortization of ROU asset	\$ 76,665
Interest on lease liabilities	15,881
Total finance lease cost	<u>\$ 92,546</u>

**Grand Street Settlement, Inc.**

Notes to the Financial Statements  
June 30, 2023 and 2022

**6. Lease Commitments (*continued*)**

Supplemental cash flows

Cash paid for amounts included in the measurement  
of lease liabilities

Operating cash flows from operating leases	\$ 254,484
Finance cash flows from finance leases	128,640

ROU assets obtained in exchange for lease obligations

Operating leases	\$ 1,680,938
Finance leases	396,299

Weighted average discount rate

Operating leases	3.15%
Finance leases	4.75%

Weighted average remaining lease term

Operating leases	5.55
Finance leases	2.38

Future minimum lease commitments under existing leases at are payable as follows for the years ending June 30:

	Operating Leases	Finance Leases
2024	\$ 262,118	\$ 128,641
2025	270,930	119,036
2026	279,058	43,126
2027	287,430	8,990
2028	296,052	-
Thereafter	219,904	-
Total future minimum lease payments	1,615,492	299,793
Less imputed interest	(139,689)	(16,253)
Total operating lease liabilities	<u>\$ 1,475,803</u>	<u>\$ 283,540</u>
Total lease liability		
Operating lease liabilities	\$ 1,475,803	
Finance lease liabilities	283,540	
Total	<u>\$ 1,759,343</u>	

## Grand Street Settlement, Inc.

### Notes to the Financial Statements June 30, 2023 and 2022

#### 6. Lease Commitments *(continued)*

The following disclosures are required under FASB ASC 840, Leases, and are presented as of and for the year ended June 30, 2022, as management of Grand Street elected to adopt FASB ASC 842, Leases, at July 1, 2022 using the effective date method.

Rent expense under operating leases and other short term rentals for the year ended June 30, 2022 amounted to \$237,504. Rent expense under financing leases for the year ended June 30, 2022 amounted to \$131,435.

#### 7. Property and Equipment

Property and equipment consist of the following at June 30:

	2023	2022
Leasehold improvements	\$ 492,849	\$ 492,849
Furniture, fixtures and computer equipment	4,610,379	3,057,113
Construction in progress	15,546,571	10,003,757
	20,649,799	13,553,719
Accumulated depreciation and amortization	(2,669,738)	(2,142,834)
	<u>\$ 17,980,061</u>	<u>\$ 11,410,885</u>

Construction in progress represents the costs incurred to date relating to various active projects to renovate the lower east side location at 80 Pitt Street and the project located at Essex Crossing. For the year ended June 30, 2022, an asset with a cost of \$12,031 and accumulated depreciation of \$7,842 was sold for \$9,000 resulting in a gain of \$4,118. No assets were sold during the year ended June 30, 2023.

In 2023 and 2022, Grand Street continued renovating their lower east side location at 80 Pitt Street. This renovation focuses on upgrading the space for current accessibility requirements, fire safety standards and needed upgrades to the facilities. Grand Street anticipates that the renovation will cost approximately \$16.1 million.

#### 8. Pension Plan

Grand Street maintains a defined contribution pension plan covering all full-time employees. Grand Street's contributions are based on specified percentages of each employee's salary. Pension expense for the years ended June 30, 2023 and 2022 totaled \$617,141 and \$475,551.

**Grand Street Settlement, Inc.**

Notes to the Financial Statements  
June 30, 2023 and 2022

**9. Net Assets**

At June 30, net assets without donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Available for operations	\$ 22,347,806	\$ 16,241,335
Board-designated		
Capital projects	<u>-</u>	<u>1,512,923</u>
	<u>\$ 22,347,806</u>	<u>\$ 17,754,258</u>

Net assets with donor restrictions at June 30 are restricted for the following purposes:

	<u>2023</u>			
	<u>Net Assets June 30, 2022</u>	<u>Additions</u>	<u>Net Assets Released</u>	<u>Net Assets June 30, 2023</u>
<b>Time or Purpose Restricted</b>				
Capital improvements	\$ 382,072	\$ 870,867	\$ 1,241,597	\$ 11,342
Early childhood programs	358,357	515,338	170,932	702,763
Youth programs	954,315	458,705	839,876	573,144
Prevention programs	237,741	515,000	277,008	475,733
Enterprises	132,049	114,515	189,093	57,471
Communications and development	65,451	584,649	425,100	225,000
Other	193,614	-	109,680	83,934
General operating	<u>98,864</u>	<u>69,143</u>	<u>191,513</u>	<u>(23,506)</u>
	2,422,463	3,128,217	3,444,799	2,105,881
<b>Held in Perpetuity</b>				
General operating	<u>3,460,798</u>	<u>-</u>	<u>-</u>	<u>3,460,798</u>
	<u>\$ 5,883,261</u>	<u>\$ 3,128,217</u>	<u>\$ 3,444,799</u>	<u>\$ 5,566,679</u>

**Grand Street Settlement, Inc.**

Notes to the Financial Statements  
June 30, 2023 and 2022

**9. Net Assets (continued)**

	2022			
	Net Assets June 30, 2021	Additions	Net Assets Released	Net Assets June 30, 2022
<b>Time or Purpose Restricted</b>				
Capital improvements	\$ 1,373,388	\$ 964,236	\$ 1,955,552	\$ 382,072
Early childhood programs	360,799	116,698	119,140	358,357
Youth programs	727,003	653,408	426,096	954,315
Prevention programs	344,980	265,580	372,819	237,741
Enterprises	165,310	60,074	93,335	132,049
Communications and development	268,170	256,387	459,106	65,451
Other	63,639	193,750	63,775	193,614
General operating	<u>407,362</u>	<u>(121,088)</u>	<u>187,410</u>	<u>98,864</u>
	3,710,651	2,389,045	3,677,233	2,422,463
<b>Held in Perpetuity</b>				
General operating	<u>3,460,798</u>	<u>-</u>	<u>-</u>	<u>3,460,798</u>
	<u><u>\$ 7,171,449</u></u>	<u><u>\$ 2,389,045</u></u>	<u><u>\$ 3,677,233</u></u>	<u><u>\$ 5,883,261</u></u>

**10. Endowment Funds**

**General**

Grand Street maintains various donor-restricted funds whose purpose is to provide long term support for its programs. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

On September 17, 2010, New York State adopted its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). New York State's version of UPMIFA is known as NYPMIFA. NYPMIFA includes provisions that differ from previous law, including the elimination of the historic dollar value rule with respect to endowment spending, establishment of new standards governing the expenditure and modification of restrictions on endowment funds, and revision of the prudence standard for the management and investment of endowment funds.

## **Grand Street Settlement, Inc.**

Notes to the Financial Statements  
June 30, 2023 and 2022

### **10. Endowment Funds (continued)**

#### ***Interpretation of Relevant Law***

The Board of Directors of Grand Street has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Grand Street classified as net assets held in perpetuity the original value of gifts donated to the perpetual endowment, the original value of subsequent gifts to the perpetual endowment, and accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Grand Street in a manner consistent with the standard of prudence prescribed by NYPMIFA.

#### ***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate objectives within the established risk parameters, Grand Street's assets are divided into asset classes consisting of equities and fixed income investments.

#### ***Return Objectives and Risk Parameters***

Grand Street's endowment investment policy is to invest in a multi-asset class portfolio based on an asset allocation to satisfy overall endowment financial and investment objectives such as to preserve the principal, protect against inflation, receive stable returns and achieve long term growth. Grand Street relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

#### ***Spending Policy***

Spending will be at the discretion of the Board of Directors of Grand Street as determined by the governing documents for the various restricted funds that comprise the portfolio and applicable federal and state laws. In order for Grand Street to meet its needs, its investment strategy emphasizes total return: that is, the aggregate return from capital appreciation, dividend and interest income. The primary objective in the investment management of assets is income and growth, to achieve a balanced return of current income and growth of principal. On an annual basis Grand Street's Board of Directors designates 5% of the prior year's average monthly endowment balance to be utilized for operating expenses.

**Grand Street Settlement, Inc.**

Notes to the Financial Statements  
June 30, 2023 and 2022

**10. Endowment Funds (continued)**

The following is a reconciliation of the activity in the donor-restricted endowment funds for the years ended June 30:

	2023	
	With Donor Restrictions	To Be Held In Perpetuity
Balance, June 30, 2022	\$ 98,864	\$ 3,460,798
Interest and dividends	16,031	-
Unrealized and realized gain	53,112	-
Appropriated for expenditure	(191,513)	-
Balance, June 30, 2023	<u>\$ (23,506)</u>	<u>\$ 3,460,798</u>

  

	2022	
	With Donor Restrictions	To Be Held In Perpetuity
Balance, June 30, 2021	\$ 407,362	\$ 3,460,798
Interest and dividends	15,360	-
Unrealized and realized loss	(136,448)	-
Appropriated for expenditure	(187,410)	-
Balance, June 30, 2022	<u>\$ 98,864</u>	<u>\$ 3,460,798</u>

***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below historic dollar value of the donor's original permanently restricted contribution.

A deficiency of this nature exists in a donor-restricted endowment fund, which has an original gift value of \$3,460,798, a current fair value of \$3,437,292, and a deficiency of \$23,506 at June 30, 2023. There was no deficiency at June 30, 2022.

**11. Liquidity and Availability of Financial Resources**

Grand Street's working capital and cash flows are driven by the revenue streams of government contracts, foundation and private donations, and annual endowment draw. Grand Street's financial assets available to meet general operations over the next 12 months are \$15,378,169. Most receivables are expected to be collected within one year. Grand Street has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expense.

## Grand Street Settlement, Inc.

### Notes to the Financial Statements June 30, 2023 and 2022

#### 11. Liquidity and Availability of Financial Resources (*continued*)

The following reflects Grand Street's financial assets at June 30, 2023 and 2022, reduced by amounts not available for general use within one year of the statements of financial position date because of contractual or donor designations. Amounts not available include restricted contributions for time and amounts held in perpetuity.

	2023	2022
Financial assets:		
Cash	\$ 2,533,863	\$ 1,296,105
Contributions receivable, net	1,634,056	1,266,816
Due from government agencies, net	10,933,980	15,675,570
Investments	5,819,443	5,632,271
Cash, limited as to use	27,398	600,000
Total financial assets	<u>20,948,740</u>	<u>24,470,762</u>
Less contractual or donor imposed restricted amounts:		
Restricted by donor with time or purpose restrictions	2,129,387	2,422,463
Cash, limited as to use	27,398	600,000
Endowment funds restricted by donor	3,460,798	3,460,798
	<u>5,617,583</u>	<u>6,483,261</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 15,331,157</u>	<u>\$ 17,987,501</u>

#### 12. Line of Credit

Grand Street has an available line of credit with BNY Mellon in the amount of \$1,960,000. This line of credit is secured by Grand Street's endowment and is payable on demand. Interest is charged at the LIBOR rate plus 175 basis points, which halted on June 30, 2023.

The interest rate is currently based on the 30 day average SOFR rate plus a spread of 1.850%. Principal may be repaid at any time with no penalty. The outstanding balance on the loan payable at June 30, 2023 and 2022 was \$1,818,592 and \$1,260,000.

For the years ended June 30, 2023 and 2022, the interest rate on the line of credit was 6.89% and 2.87%. Interest expense for the years ended June 30, 2023 and 2022 was approximately \$78,000 and \$12,500.



## **Grand Street Settlement, Inc.**

### **Notes to the Financial Statements June 30, 2023 and 2022**

#### **13. Long Term Debt**

##### ***NFF Loan***

In May 2020, Grand Street entered into a loan payable with Nonprofit Finance Fund (the "NFF Loan") in the amount of \$1,092,405. The loan is to be repaid in four equal payments commencing May 16, 2023 until August 15, 2023, which is the maturity date, unless the parties agree to extend the term of the loan. The loan is non-interest bearing. The NFF Loan is related to unregistered state contracts entered into by Grand Street and will be repaid once reimbursement is received. At June 30, 2023, the outstanding balance of this loan was \$204,826 and was subsequently paid off in August 2023.

In June 2022, Grand Street entered into additional loan payable with NFF not to exceed \$4,300,000 that is split into two tranches. Tranche A, which is a loan in the amount of \$2,200,000 and Tranche B, a loan in the amount of \$2,100,000. Grand Street agrees to pay interest on the principal balance of the loans on a monthly basis that commences on the first day of the first month following the first full month of the closing date. Monthly installments of principal and interest commence on the first day of the first month following the last interest only date. For the years ended June 30, 2023 and 2022, \$2,230,446 and \$1,345,866 have been drawn down. Interest was accrued in the amount of \$40,698 for the year ended June 30, 2023 and is included in the loan payable balance. There was no interest expense for the year ended June 30, 2022.

The loan payable is subject to covenants which include, a minimum annual debt service coverage ratio, as defined, of 1.20:1 commencing after project completion, \$600,000 deposited into a separate U.S. Bank National Association account which is shown as cash, limited as to use on the 2022 statement of financial position, the issuance of the audited financial statements within 180 days of Grand Street's year end. Grand Street received a waiver regarding item 3 and met all other covenants for the year ended June 30, 2023.

##### ***Paycheck Protection Program Loan***

On April 17, 2020, Grand Street received loan proceeds in the amount of \$3,090,620, under the Paycheck Protection Program ("PPP Loan"). The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintains its payroll levels.

The PPP Loan was forgiven in full by the Small Business Administration in November 2021 and recognized as PPP loan forgiveness on the statement of activities for the year ended June 30, 2022.

**Grand Street Settlement, Inc.**

Notes to the Financial Statements  
June 30, 2023 and 2022

**14. Commitments and Contingencies**

***Litigation***

Grand Street is a party to certain legal actions arising in the normal course of operations. While it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on Grand Street's financial statements.

\* \* \* \* \*