

**NORTH SHORE CHILD AND FAMILY
GUIDANCE ASSOCIATION, INC.
AND SUBSIDIARY**

**Consolidated Financial Statements
For the Years Ended
December 31, 2022
and
December 31, 2021**

Independent Auditor's Report

To the Board of Directors of
North Shore Child and Family Guidance Association, Inc.

Opinion

We have audited the accompanying consolidated financial statements of North Shore Child and Family Guidance Association, Inc. and Subsidiary (collectively, the "Agency"), which comprise the consolidated statements of financial position as of December 31, 2022 and December 31, 2021 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2022 and December 31, 2021 and the results of their activities and their 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 consolidated 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 consolidated 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 consolidated 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 the Agency's internal controls. 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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.

Gordon D'Neve McGinty & Donnelly LLP

May 18, 2023

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
AND SUBSIDIARY**

Consolidated Statements of Financial Position

Assets

	December 31	
	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$1,796,758	\$2,038,201
Investments, at fair value	1,349,094	1,600,310
Government grants and other receivables	1,927,324	1,200,469
Current portion of contributions receivable	300,000	325,000
Prepaid expenses and other assets	<u>63,662</u>	<u>78,223</u>
Total current assets	5,436,838	5,242,203
Contributions receivable, net	315,442	609,531
Property and equipment, net	<u>2,140,874</u>	<u>2,232,738</u>
Total assets	<u>\$7,893,154</u>	<u>\$8,084,472</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 670,515	\$ 688,753
Unearned revenue	63,410	73,146
Current portion of long-term debt	<u>389,891</u>	<u>369,181</u>
Total current liabilities	1,123,816	1,131,080
Long-term debt, net	<u>1,423,585</u>	<u>1,772,844</u>
Total liabilities	<u>2,547,401</u>	<u>2,903,924</u>
Net assets		
Without donor restrictions	3,757,100	3,604,638
With donor restrictions	<u>1,588,653</u>	<u>1,575,910</u>
Total net assets	<u>5,345,753</u>	<u>5,180,548</u>
Total liabilities and net assets	<u>\$7,893,154</u>	<u>\$8,084,472</u>

See notes to consolidated financial statements.

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
AND SUBSIDIARY**

Consolidated Statements of Activities

	Years Ended December 31		
	2022		2021
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions
	Total	Total	Total
Public support and revenue			
Program service fees	\$ 5,689,590	\$ -	\$ 5,689,590
Government grants	2,736,746	-	2,736,746
Contributions	593,544	548,335	1,141,879
Special events, net of direct benefits to donors of \$241,894 in 2022 and \$31,124 in 2021	483,954	-	483,954
United Way and community funds	13,560	-	13,560
Investment return	(240,455)	-	(240,455)
Other	6,822	-	6,822
Net assets released from restrictions	535,592	(535,592)	-
Total public support and revenue	9,819,353	12,743	9,832,096
Expenses			
Program services			
Clinical	5,400,649	-	5,400,649
School community collaborative	2,181,974	-	2,181,974
Early childhood	65,779	-	65,779
Outreach	106,290	-	106,290
Total program services	7,754,692	-	7,754,692
Supporting activities			
Management and general	1,346,740	-	1,346,740
Fundraising	565,459	-	565,459
Total supporting activities	1,912,199	-	1,912,199
Total expenses	9,666,891	-	9,666,891
Increase in net assets	152,462	12,743	165,205
Net assets, beginning of year	3,604,638	1,575,910	5,180,548
Net assets, end of year	\$ 3,757,100	\$ 1,588,653	\$ 5,345,753
			\$ 3,604,638
			\$ 1,462,983
			\$ 1,575,910
			\$ 5,180,548

See notes to consolidated financial statements.

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
AND SUBSIDIARY**

**Consolidated Statements of Functional Expenses
Year Ended December 31, 2022
(With Summarized Comparative Information for 2021)**

	2022					2021				
	Program Services			Supporting Activities						
	School Community Collaborative	Early Childhood	Outreach	Total	Management and General	Fund- Raising	Total	Total	Total	Total
Payroll and related expenses										
Payroll	\$ 3,331,295	\$ 43,413	\$ 69,875	\$ 4,990,392	\$ 743,895	\$ 286,303	\$ 1,030,198	\$ 6,020,590	\$ 5,623,083	
Payroll taxes and fringe benefits	1,293,911	16,093	26,735	1,920,507	298,929	122,524	421,453	2,341,960	2,337,731	
Total payroll and related expenses	4,625,206	59,506	96,610	6,910,899	1,042,824	408,827	1,451,651	8,362,550	7,960,814	
Other expenses										
Advertising	-	-	-	-	9,656	250	9,906	9,906	21,769	
Bank charges	-	-	-	-	16,219	4,002	20,221	20,221	15,107	
Bond costs	-	-	-	-	-	286	286	286	654	
Cancelled contribution	-	-	-	-	-	-	-	-	325,000	
Catering, facilities and other	4,683	-	2,846	7,529	1,563	249,122	250,685	258,214	36,373	
Computer	58,282	4	587	68,574	21,945	1,100	23,045	91,619	78,699	
Consulting	7,250	-	-	7,250	1,438	15,443	16,881	24,131	54,705	
Depreciation	188,605	3,074	1,107	200,465	17,621	31,228	48,849	249,314	241,551	
Dues and subscriptions	-	-	-	-	119	1,562	1,681	1,681	2,145	
Equipment	31,423	66	184	38,674	5,304	3,139	8,443	47,117	46,892	
Insurance	99,734	1,232	1,066	118,628	17,351	6,588	23,939	142,567	132,956	
Interest	78,301	542	212	79,055	41,716	13,511	55,227	134,282	147,092	
Professional fees	-	-	-	-	46,203	-	46,203	46,203	85,001	
Office expenses and supplies	17,821	43	1,294	25,135	71,917	2,275	74,192	99,327	84,750	
Postage	3,555	58	3	3,805	1,426	2,338	3,764	7,569	6,866	
Printing and publications	1,262	65	190	2,048	-	29,776	29,776	31,824	21,063	
Program supplies	31,955	-	780	32,735	-	-	-	32,735	16,310	
Repairs and maintenance	129,025	433	775	130,233	19,609	11,708	31,317	161,550	164,674	
Tax expense	-	-	-	-	275	-	275	275	1,775	
Temporary help	9,376	-	-	9,376	-	-	-	9,376	25,571	
Travel and automobile	6,808	32	-	6,980	972	14	986	7,966	6,192	
Telephone and utilities	102,744	222	631	107,679	16,255	9,659	25,914	133,593	97,351	
Other	4,619	502	5	5,627	14,327	16,525	30,852	36,479	28,795	
Total other expenses	775,443	6,273	9,680	843,793	303,916	398,526	702,442	1,546,235	1,641,291	
Total	5,400,649	2,181,974	106,290	7,754,692	1,346,740	807,353	2,154,093	9,908,785	9,602,105	
Less: costs of direct benefits to donors	-	-	-	-	-	241,894	241,894	241,894	31,124	
Total expenses per statement of activities	\$ 5,400,649	\$ 2,181,974	\$ 106,290	\$ 7,754,692	\$ 1,346,740	\$ 565,459	\$ 1,912,199	\$ 9,666,891	\$ 9,570,981	

See notes to consolidated financial statements.

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
AND SUBSIDIARY**

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2021**

	Program Services			Supporting Activities		
	School		Early Childhood	Management and General		Fund- Raising
	Clinical	Community Collaborative		Outreach	Total	
Payroll and related expenses						
Payroll	\$ 3,051,130	\$ 1,438,990	\$ 42,813	\$ 24,754	\$ 4,557,687	\$ 273,678
Payroll taxes and fringe benefits	1,308,919	603,983	19,179	8,518	1,940,599	111,970
Total payroll and related expenses	4,360,049	2,042,973	61,992	33,272	6,498,286	385,648
					1,462,528	7,960,814
Other expenses						
Advertising	1,502	798	-	-	2,300	6
Bank charges	-	-	-	-	-	-
Bond costs	-	-	-	-	-	654
Cancelled contribution	-	-	-	-	-	-
Catering, facilities and other	1,512	-	-	-	1,512	-
Computer	49,988	8,880	25	10	58,903	34,793
Consulting	6,000	-	-	-	6,000	-
Depreciation	184,569	5,344	2,935	1,075	193,923	25,553
Dues and subscriptions	-	-	-	-	-	31,031
Equipment	30,834	6,967	481	243	38,525	395
Insurance	87,790	13,611	1,136	536	103,073	3,123
Interest	76,943	-	686	312	77,941	8,367
Professional fees	-	-	-	-	-	11,864
Office expenses and supplies	14,664	3,232	118	47	18,061	11,951
Postage	2,924	165	-	-	3,089	85,001
Printing and publications	-	-	-	-	-	1,326
Program supplies	14,324	1,894	-	-	16,218	2,582
Repairs and maintenance	132,105	-	1,949	844	134,898	20,999
Tax expense	914	-	-	-	914	92
Temporary help	12,560	13,011	-	-	25,571	11,382
Travel and automobile	2,529	297	-	-	2,826	861
Telephone and utilities	72,074	1,845	1,076	502	75,497	-
Other	1,296	276	22	10	1,604	2,447
Total other expenses	692,528	56,320	8,428	3,579	760,855	8,175
Total	5,052,577	2,099,293	70,420	36,851	7,259,141	21,603
Less: costs of direct benefits to donors	-	-	-	-	-	188,195
						880,436
						2,342,964
						31,124
Total expenses per statement of activities	\$ 5,052,577	\$ 2,099,293	\$ 70,420	\$ 36,851	\$ 7,259,141	\$ 542,719
						\$ 1,769,121
						\$ 2,311,840
						\$ 9,570,981

See notes to consolidated financial statements.

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
AND SUBSIDIARY**

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2022	2021
Cash flows from operating activities		
Increase in net assets	\$ 165,205	\$ 791,158
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	249,314	241,551
Amortization of financing costs	40,632	25,637
Realized and unrealized (gain) loss on investments	267,362	(180,494)
SBA PPP loan forgiveness	-	(343,386)
Donated securities	-	(55,483)
Proceeds from sale of donated securities	-	50,633
Cancelled contribution	-	325,000
Contributions earmarked for capital	(125,000)	-
(Increase) decrease in assets		
Government grants and other receivables	(726,855)	89,413
Contributions receivable	319,089	(14,738)
Prepaid expenses and other assets	14,561	(21,490)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(18,238)	3,423
Unearned revenue	(9,736)	(2,862)
Net cash provided by operating activities	<u>176,334</u>	<u>908,362</u>
Cash flows from investing activities		
Purchases of property and equipment	(157,450)	(120,275)
Purchases of investments	(301,998)	(244,381)
Proceeds from sale of investments	<u>285,852</u>	<u>171,623</u>
Net cash (used in) investing activities	<u>(173,596)</u>	<u>(193,033)</u>
Cash flows from financing activities		
Repayment of SBA PPP loan	-	(1,070,214)
Repayment of long-term debt	(369,181)	(366,555)
Contributions earmarked for capital	<u>125,000</u>	<u>-</u>
Net cash (used in) investing activities	<u>(244,181)</u>	<u>(1,436,769)</u>
Net (decrease) in cash and cash equivalents	(241,443)	(721,440)
Cash and cash equivalents, beginning of year	<u>2,038,201</u>	<u>2,759,641</u>
Cash and cash equivalents, end of year	<u>\$ 1,796,758</u>	<u>\$ 2,038,201</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 93,650</u>	<u>\$ 121,455</u>

See notes to consolidated financial statements.

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements
December 31, 2022 and December 31, 2021**

Note 1 – Nature of organization and summary of significant accounting policies

Nature of organization

North Shore Child and Family Guidance Association, Inc. is a non-profit mental health agency incorporated in New York State. It was founded in 1953 and is presently a major Long Island facility for consultation, counseling and treatment of youth and their families.

North Shore Child and Family Guidance Association Holding Corporation is a New York not-for-profit corporation formed for the purpose of acquiring, purchasing, leasing, constructing and renovating real property in furtherance of the exempt purposes of North Shore Child and Family Guidance Association, Inc.

Principles of consolidation

The consolidated financial statements include the accounts of North Shore Child and Family Guidance Association, Inc. and North Shore Child and Family Guidance Association Holding Corporation (collectively, the “Agency”) and any intercompany accounts and transactions have been eliminated upon consolidation.

Program services

Clinical – Clinical services include diagnostic evaluations and treatment and are provided as a major component at all sites and through home visits. Clinical services include individual, family, and group therapy, crisis services, case management, medication follow-up, and psycho-educational and self-help support groups. Included are core mental health and chemical dependency.

School community collaborative – The school community collaborative focuses on students with serious emotional disturbances who are at risk for being placed in settings outside of their homes. The aim is to maintain students in the least restrictive and most inclusionary environment which includes a school-based mental health collaboration with Nassau BOCES covering all Nassau County School Districts.

Early childhood – Early childhood services focuses on the needs of children from birth through 6 years of age and their families. The goal of these services is to ensure that the emotional needs of very young children are recognized and that services are created that are both psychologically and developmentally sound. The services are delivered through the use of evaluation, therapy, consultation, and parental/care giver education primarily in the Agency’s Marks’ Family Right from the Start 0-3+ Center.

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Program services (continued)

Outreach – Outreach services include those provided on-site in homes, schools, community centers, religious institutions, neighborhoods and in other formal and informal community locations. Primarily preventative, outreach services aim to reach vulnerable and disenfranchised populations such as recent immigrants, children with serious learning problems, youth with histories of truancy and delinquent behavior who are unlikely to access agency services through more formal means.

Net assets

The Agency's net assets consist of the following:

Net assets without donor restrictions of the Agency have not been restricted by an outside donor and are therefore available for use in carrying out the operations of the Agency.

Net assets with temporary donor restrictions of the Agency have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of the Agency pursuant to those stipulations.

Net assets with perpetual donor restrictions of the Agency include donor stipulations that must be maintained by the Agency in perpetuity. The Agency does not have any net assets with perpetual donor restrictions.

Revenue recognition

Program service fees, including client fees and third-party insurance, are recorded when earned, which is at the time of service.

The Agency receives grants from government agencies in exchange for the performance of various services. The Agency recognizes government grant revenue as expenses are incurred to a maximum of the grant award.

Funding contracts are often subject to audit by the applicable granting agencies. The possible disallowances by the granting agencies of any item charged to the program cannot be determined until such time when and if an audit occurs. Therefore, no provision for any potential disallowances that may result from such audits has been made in the accompanying consolidated financial statements. Management is of the opinion that any potential disallowances will not be material to the accompanying consolidated financial statements.

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Contributions

Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a risk-adjusted rate applicable to the year in which the contributions are made. Amortization of the discount is included in contributions revenue.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. The Agency reports contributions with donor restrictions, if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Bequests are recorded as revenue when a legally binding obligation is received and when a fair value can reasonably be determined.

Cash equivalents

The Agency considers all highly liquid investments with original maturities of 90 days or less to be cash equivalents.

Investments

Investments are recorded at fair value which is based on publicly traded quotes. Realized and unrealized gains or losses are reported in the consolidated statements of activities as increases or decreases in net assets.

Fair value measurements

The Agency invests in mutual and exchange-traded funds. The Agency's mutual and exchange-traded funds are measured using Level 1 inputs, which are defined as quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.

Allowance for doubtful accounts

As of December 31, 2022 and December 31, 2021, the Agency's management has determined that there are no potentially uncollectible receivables and thus, an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Property and equipment

Property and equipment are stated at cost. Expenditures for property and equipment above a nominal amount with a useful life greater than one year are capitalized. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings and improvements	8 – 25 years
Furniture, fixtures and equipment	3 – 5 years

Unamortized costs of financing

Costs of financing are being amortized over the periods of the related long-term debt. Unamortized costs of financing are netted with the Agency's long-term debt on the consolidated statements of financial position and the amortization of the costs of financing are included with interest expense on the consolidated statements of functional expenses.

Functional expenses

The cost of providing the various programs and other activities has been summarized on a functional basis. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses attributable to more than one functional category are allocated based on square footage.

Contributed nonfinancial assets

A number of volunteers, including members of the Board of Directors, have donated significant amounts of their time to the Agency's program services, management and general services and fundraising campaigns. These donated services have not been recorded in the accompanying consolidated statements of activities because they do not meet the criteria for recording such services.

Use of estimates

The consolidated financial statements of the Agency are prepared in conformity with accounting principles generally accepted in the United States of America, which require 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Concentrations of credit risk

The Agency's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. The Agency places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, the Agency's cash accounts exceeded the FDIC insurance limit. The Agency has not incurred any losses in its cash accounts to date. The Agency's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of risk associated with investment securities, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the consolidated statements of financial position as of December 31, 2022. The Agency routinely monitors the collectibility of its receivables to ensure they are viable. As a result, the Agency believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments and receivables.

Subsequent events

The Agency has evaluated events and transactions for potential recognition or any other disclosure through May 18, 2023, which is the date the consolidated financial statements were available to be issued.

Note 2 – Liquidity and availability of financial assets

The Agency's working capital and cash flows have seasonal variations during the year attributable to cash receipts from program service fees, government grants, contributions and other revenue items. The following is a summary of the Agency's financial assets as of December 31, 2022 and December 31, 2021 that are available for general use within one year of the consolidated statements of financial position date:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,796,758	\$ 2,038,201
Investments, at fair value	1,349,094	1,600,310
Government grants and other receivables	1,927,324	1,200,469
Current portion of contributions receivable	<u>300,000</u>	<u>325,000</u>
Total	<u>\$ 5,373,176</u>	<u>\$ 5,163,980</u>

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 2 – Liquidity and availability of financial assets (continued)

The Agency also has available a \$500,000 revolving line of credit (see note 6) to finance short-term working capital needs that may be drawn upon as necessary.

Note 3 – Investments, at fair value

The following is a summary of the investments at December 31, 2022 and December 31, 2021:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 47,753	\$ 47,753	\$ 65,908	\$ 65,908
Mutual and exchange-traded funds				
Equities	788,430	844,260	822,427	1,099,394
Fixed income	<u>525,644</u>	<u>457,081</u>	<u>445,139</u>	<u>435,008</u>
Total	<u>\$1,361,827</u>	<u>\$1,349,094</u>	<u>\$1,333,474</u>	<u>\$1,600,310</u>

Investment return for the years ended December 31, 2022 and December 31, 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 26,907	\$ 26,520
Realized gain on the sale of investments	12,207	40,568
Unrealized gain (loss) on investments	<u>(279,569)</u>	<u>139,926</u>
Total investment return	<u>\$ (240,455)</u>	<u>\$ 207,014</u>

Note 4 – Contributions receivable

As of December 31, 2022 and December 31, 2021, contributions receivable are due to be collected as follows:

	<u>2022</u>	<u>2021</u>
Due in one year	\$ 300,000	\$ 325,000
Due in one to five years	<u>325,000</u>	<u>625,000</u>
Sub-total	625,000	950,000
Less: interest discount at a rate of 1.0% for 2022 and 2021	<u>(9,558)</u>	<u>(15,469)</u>
Total	615,442	934,531
Less: current portion	<u>(300,000)</u>	<u>(325,000)</u>
Long-term portion	<u>\$ 315,442</u>	<u>\$ 609,531</u>

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 5 – Property and equipment, net

Property and equipment consist of the following at December 31, 2022 and December 31, 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 259,150	\$ 259,150
Buildings and improvements	5,719,765	5,719,765
Furniture, fixtures and equipment	821,357	721,446
Construction in progress	<u>57,539</u>	<u>-</u>
Sub-total	6,857,811	6,700,361
Less: accumulated depreciation	<u>4,716,937</u>	<u>4,467,623</u>
Total	<u>\$ 2,140,874</u>	<u>\$ 2,232,738</u>

Note 6 – Long-term debt and line of credit

During 2015, the Agency issued a \$1,586,000 tax-exempt revenue bond Series 2015C-1, a \$2,089,000 revenue bond Series 2015C-2 and a \$180,000 Series 2015C-3 (the “Bonds”), in the aggregate principal amount of \$3,855,000, for the purposes of refinancing its previous bonds payable, funding of the repayment of a major portion of the liability due to OMH, and to repay the previous mortgage note. The Bonds were issued pursuant to a Bond Purchase Agreement and Loan Agreement dated June 19, 2015, between the Nassau County Local Economic Assistance Corporation (LEAC) and a bank. The Bonds require monthly payments of principal plus interest at the annual rates of 2.87%, 4.51% and 3.65%, respectively. The Bonds contain a restrictive borrowing covenant and certain financial covenants as outlined in the agreement. The Bonds are secured by a mortgage on the premises. In connection with the Bond Purchase and Loan Agreement, the LEAC assigned the mortgage to a bank. The Series 2015C-1 and 2015C-2 bonds mature on June 1, 2024 and June 1, 2025, respectively. The 2015C-3 bonds matured on June 1, 2020.

During March 2018, in connection with the Agency’s window replacement project and other capital projects, the Agency obtained a ten-year \$750,000 mortgage note payable. The note required monthly interest only payments through September 1, 2018 at the rate of 5.12% per annum. Commencing October 1, 2018, the note requires monthly payments of \$4,515, based on a 25-year amortization, applicable first to interest at the aforementioned rate with the balance to the reduction of principal. At maturity on April 1, 2028, the note will require a balloon payment of \$207,058. The Agency may prepay the note in whole or in part at any time without penalty or premium. The Agency made a principal prepayment of approximately \$220,000 in November 2018. The loan contains certain financial covenants as outlined in the agreement.

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**Notes to Consolidated Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 6 – Long-term debt and line of credit (continued)

The following is a summary of the future minimum principal payments as of December 31, 2022:

<u>Year</u>	<u>Mortgage Note Payable</u>	<u>Bonds</u>	<u>Total</u>
2023	\$ 33,891	\$ 356,000	\$ 389,891
2024	35,639	264,000	299,639
2025	37,588	925,000	962,588
2026	39,586	-	39,586
2027	41,691	-	41,691
2028 and thereafter	217,829	-	217,829
Sub-total	<u>\$ 406,224</u>	<u>\$1,545,000</u>	1,951,224
Less: current portion			389,891
Less: unamortized costs of financing			137,748
Net long-term portion			<u>\$1,423,585</u>

Line of credit

The Agency has available a \$500,000 revolving line of credit. Borrowings under the line bear interest at a per annum rate equal to the Secured Overnight Financing Rate. All borrowings under the line are payable in full upon demand by the lender. As of the date of this report, the Agency had no outstanding borrowings under the line.

The note and line of credit are secured by a second mortgage on the Agency's real property and the Agency's personal property.

Note 7 – SBA PPP Loan

During 2020, the Agency applied for and received a loan under the Paycheck Protection Program ("PPP") which is a business loan program established by the Coronavirus Aid, Relief, and Economic Security Act. The total amount received under this program was \$1,413,600. The Agency had elected to record the proceeds as a liability until the loan is, in part or wholly, forgiven and the Agency is legally released. During August 2021, the Agency had \$343,386 of the loan forgiven and paid back the outstanding balance of \$1,070,214 plus interest. The forgiven portion of the loan is reflected on the 2021 statement of activities as a government grant.

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**Notes to Consolidated Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 8 – Net assets with donor restrictions

The following is a summary of the net assets with donor restrictions for the years ended December 31, 2022 and December 31, 2021:

<u>Description</u>	<u>2022</u>			<u>Balance December 31, 2022</u>
	<u>Balance December 31, 2021</u>	<u>Contributions</u>	<u>Net assets released from Restrictions</u>	
Capital improvements	\$ 87,737	\$ 125,000	\$ (37,000)	\$ 175,737
Emergency services	644,487	115,650	(33,277)	726,860
Time restricted	643,519	5,911	(197,338)	452,092
Right from the start	81,877	201,000	(207,375)	75,502
Other family life programs	118,290	100,774	(60,602)	158,462
Total	<u>\$ 1,575,910</u>	<u>\$ 548,335</u>	<u>\$ (535,592)</u>	<u>\$ 1,588,653</u>

<u>Description</u>	<u>2021</u>			<u>Balance December 31, 2021</u>
	<u>Balance December 31, 2020</u>	<u>Contributions</u>	<u>Net assets released from Restrictions</u>	
Capital improvements	\$ 87,737	\$ -	\$ -	\$ 87,737
Emergency services	657,817	30,240	(43,570)	644,487
Time restricted	535,323	289,738	(181,542)	643,519
Right from the start	100,001	170,000	(188,124)	81,877
Other family life programs	82,105	200,369	(164,184)	118,290
Total	<u>\$ 1,462,983</u>	<u>\$ 690,347</u>	<u>\$ (577,420)</u>	<u>\$ 1,575,910</u>

Note 9 – Pension and retirement plans

Multiemployer defined benefit pension and welfare plan

The Agency makes contributions to a multiemployer defined benefit pension and welfare plan (the “Plan”) under the terms of a collective-bargaining agreement that covers its union-represented employees. The risks of participating in a multiemployer plan are different from a single-employer plan in the following aspects:

- Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Agency chooses to stop participating in the multiemployer plan, the Agency may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

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**Notes to Consolidated Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 9 – Pension and retirement plans (continued)

Multiemployer defined benefit pension and welfare plan (continued)

The Agency's participation in this Plan for the years ended December 31, 2022 and December 31, 2021, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number. The third column lists the expiration date of the collective-bargaining agreement to which the Plan is subject. The Pension Protection Act zone status available in 2022 and 2021 is for the Plan's years ended December 31, 2021 and December 31, 2020, respectively. The zone status is based on information that the Agency received from the Plan and is certified by the Plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are at least 65 percent funded and less than 80 percent funded, and plans in the green zone are at least 80 percent funded.

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>Expiration Date of Collective Bargaining Agreement</u>	<u>Pension Protection Act Zone Status</u>		<u>Contributions to the Plan</u>	
			<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
1199 SEIU Healthcare Employee Pension Fund	13-3604862-001	12/31/24	Green	Green	\$ 266,578	\$262,087

403(b) plans

The Agency also maintains two 403(b) plans for union and non-union employees, whereby eligible participating employees may voluntarily authorize the Agency, under a salary reduction agreement, to deduct from their salaries certain amounts as contributions to the 403(b) plans. Employees' salary reductions are excluded from the employees' income for federal income tax purposes as provided by the Internal Revenue Code. The Agency can make non-elective contributions for eligible non-union participants. The Agency cannot contribute to the plan for union employees. Pension expense under this plan, net of forfeitures, for the years ended December 31, 2022 and December 31, 2021 was \$203,438 and \$181,364, respectively.

Note 10 – Commitment

During March 2022, the Agency entered into an agreement for the installation of an HVAC system for approximately \$104,000. Through December 31, 2022, the Agency paid approximately \$39,000 under the agreement. The project is expected to be completed in 2023.

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
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**Notes to Consolidated Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 11 – Tax status

North Shore Child and Family Guidance Association, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, North Shore Child and Family Guidance Association, Inc. has been determined by the Internal Revenue Service to be a publicly supported organization under the meaning of Section 509(a)(1) of the Code, and not a private foundation.

North Shore Child and Family Guidance Association Holding Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.