

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

**Consolidated Financial Statements  
For the Years Ended  
December 31, 2020  
and  
December 31, 2019**

**Independent Auditor's Report**

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

We have audited the accompanying consolidated financial statements of North Shore Child and Family Guidance Association, Inc. and Subsidiary which comprise the consolidated statements of financial position as of December 31, 2020 and December 31, 2019 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.

***Management's Responsibility for the Consolidated Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of North Shore Child and Family Guidance Association, Inc. and Subsidiary as of December 31, 2020 and December 31, 2019 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.

May 20, 2021

Condon O'Meara McGinty & Donnelly LLP

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

**Consolidated Statements of Financial Position**

**Assets**

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<b>Current assets</b>		
Cash and cash equivalents	\$2,759,641	\$1,571,542
Investments, at fair value	1,342,208	1,161,112
Government grants and other receivables	1,289,882	965,681
Current portion of pledges receivable	500,000	335,000
Prepaid expenses and other assets	56,733	64,777
Total current assets	5,948,464	4,098,112
<b>Pledges receivable, net</b>	744,793	965,610
<b>Property and equipment, net</b>	2,354,014	2,468,270
<b>Total assets</b>	<b><u>\$9,047,271</u></b>	<b><u>\$7,531,992</u></b>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Contract payable	\$ -	\$ 111,335
Accounts payable and accrued expenses	685,330	530,744
Unearned revenue	76,008	45,886
Current portion of long-term debt	366,556	358,944
Total current liabilities	1,127,894	1,046,909
<b>Long-term liabilities</b>		
Long-term debt, net	2,116,387	2,455,991
SBA PPP loan	1,413,600	-
Total liabilities	4,657,881	3,502,900
<b>Net assets</b>		
Without donor restrictions	2,926,407	2,593,622
With donor restrictions	1,462,983	1,435,470
Total net assets	4,389,390	4,029,092
<b>Total liabilities and net assets</b>	<b><u>\$9,047,271</u></b>	<b><u>\$7,531,992</u></b>

See notes to consolidated financial statements.

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

**Consolidated Statements of Activities**

	<b>For the Years Ended December 31</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
<b>Public support and revenue</b>				
Program service fees	\$ 5,345,834	\$ -	\$ 4,720,462	\$ -
Government grants	2,075,218	-	2,655,906	-
Contributions	344,968	853,040	113,980	1,551,791
Special events, net of direct benefits to donors of \$5,000 in 2020 and \$117,835 in 2019	350,644	-	604,380	-
United Way and community funds	15,000	-	20,370	-
Investment return	178,305	-	210,093	-
Other	2,383	-	16,400	-
Net assets released from restrictions	825,527	(825,527)	1,378,187	(1,378,187)
Total public support and revenue	9,137,879	27,513	9,719,778	173,604
<b>Expenses</b>				
Program services				
Clinical	4,775,784	-	4,858,195	-
School community collaborative	2,005,850	-	2,041,967	-
Early childhood	65,710	-	83,035	-
Outreach	99,311	-	191,660	-
Total program services	6,946,655	-	7,174,857	-
Supporting activities				
Management and general	1,256,904	-	1,273,884	-
Fundraising	547,312	-	544,212	-
Total supporting activities	1,804,216	-	1,818,096	-
Total expenses	8,750,871	-	8,992,953	-
Increase in net assets before other expenses	387,008	27,513	726,825	173,604
<b>Other expenses</b>	(54,223)	-	-	-
<b>Increase in net assets</b>	<b>332,785</b>	<b>27,513</b>	<b>726,825</b>	<b>173,604</b>
<b>Net assets, beginning of year</b>	<b>2,593,622</b>	<b>1,435,470</b>	<b>1,866,797</b>	<b>1,261,866</b>
<b>Net assets, end of year</b>	<b>\$ 2,926,407</b>	<b>\$ 1,462,983</b>	<b>\$ 2,593,622</b>	<b>\$ 1,435,470</b>
				<b>\$ 4,029,092</b>

See notes to consolidated financial statements.

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

**Consolidated Statements of Functional Expenses  
For the Year Ended December 31, 2020  
(With Summarized Comparative Information for December 31, 2019)**

	2020				2019			
	Program Services		Supporting Activities					
	School		Management and General		Fund-Raising		Total	
	Clinical	Community Collaborative	Early Childhood	Outreach	Total	General	Raising	Total
<b>Payroll and related expenses</b>								
Payroll	\$ 2,829,224	\$ 1,386,696	\$ 42,866	\$ 71,596	\$ 4,330,382	\$ 721,040	\$ 271,720	\$ 992,760
Payroll taxes and fringe benefits	1,246,175	562,691	15,409	19,103	1,843,378	282,037	117,283	399,320
Total payroll and related expenses	4,075,399	1,949,387	58,275	90,699	6,173,760	1,003,077	389,003	1,392,080
<b>Other expenses</b>								
Advertising	946	2,150	-	-	3,096	99	-	99
Bank charges	-	-	-	-	-	8,950	-	8,950
Bond costs	-	-	-	-	-	-	761	761
Computer	55,391	9,625	-	-	65,016	14,042	5,882	19,924
Consulting	9,188	-	-	-	9,188	1,270	14,500	15,770
Depreciation	177,290	2,672	4,385	895	185,242	16,003	30,410	46,413
Dues and subscriptions	-	-	-	-	-	1,700	1,873	3,573
Equipment	31,254	4,764	84	843	36,945	5,403	3,134	8,537
Food and entertainment	642	-	-	267	909	-	1,825	1,825
Insurance	88,086	13,984	1,658	996	104,724	18,207	14,450	32,657
Interest	84,527	-	609	979	86,115	49,546	12,265	61,811
Professional fees	-	-	-	-	-	41,175	-	41,175
Office expenses and supplies	9,575	2,215	19	173	11,982	60,563	1,066	61,629
Postage	3,011	-	-	6	3,017	1,173	9,567	10,740
Printing and publications	773	-	1	4	778	31	26,524	26,555
Program supplies	7,550	1,195	-	56	8,801	-	-	-
Repairs and maintenance	90,810	1,606	191	1,813	94,420	14,628	8,486	23,114
Tax expense	921	-	-	-	921	641	213	854
Temporary help	54,911	18,029	-	-	72,940	-	-	-
Travel and automobile	4,701	69	254	105	5,129	442	5,722	6,164
Telephone and utilities	79,650	142	232	2,459	82,483	13,604	6,032	19,636
Other	1,159	12	2	16	1,189	6,350	15,599	21,949
Total other expenses	700,385	56,463	7,435	8,612	772,895	253,827	158,309	412,136
<b>Total</b>	<b>\$ 4,775,784</b>	<b>\$ 2,005,850</b>	<b>\$ 65,710</b>	<b>\$ 99,311</b>	<b>\$ 6,946,655</b>	<b>\$ 1,256,904</b>	<b>\$ 547,312</b>	<b>\$ 1,804,216</b>
								<b>\$ 8,750,871</b>
								<b>\$ 8,992,953</b>

See notes to consolidated financial statements.

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

**Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2019**

	Program Services			Supporting Activities		
	School Community Collaborative	Early Childhood	Outreach	Management and General	Fund- Raising	Total
<b>Payroll and related expenses</b>						
Payroll	\$ 2,874,325	\$ 46,222	\$ 111,562	\$ 729,343	\$ 274,728	\$ 1,004,071
Payroll taxes and fringe benefits	1,200,420	20,390	44,631	263,962	77,826	341,788
Total payroll and related expenses	4,074,745	66,612	156,193	993,305	352,554	1,345,859
<b>Other expenses</b>						
Advertising	4,092	18	20	-	324	324
Bank charges	-	-	-	16,782	-	16,782
Bond costs	-	-	-	445	421	866
Computer	54,965	12	1,258	13,652	5,473	19,125
Consulting	6,000	-	-	1,763	5,000	6,763
Depreciation	157,544	4,348	4,372	10,213	27,050	37,263
Dues and subscriptions	-	-	-	1,755	2,204	3,959
Equipment	30,396	747	767	5,417	3,143	8,560
Food and entertainment	3,090	549	3,559	195	11,699	11,894
Insurance	76,379	1,444	2,071	15,679	10,236	25,915
Interest	89,741	1,418	1,422	57,135	12,788	69,923
Professional fees	-	-	-	42,991	2,500	45,491
Office expenses and supplies	16,103	363	547	64,036	1,193	65,229
Postage	5,186	15	-	2,088	7,212	9,300
Printing and publications	920	353	55	122	51,077	51,199
Program supplies	30,002	57	155	-	828	828
Repairs and maintenance	145,542	3,442	3,497	22,446	11,639	34,085
Tax expense	921	-	-	641	213	854
Temporary help	45,520	-	13,747	-	-	1,775
Travel and automobile	24,196	1,166	997	794	6,370	59,267
Telephone and utilities	88,237	2,398	2,466	15,743	7,448	34,899
Other	4,616	72	534	8,682	24,840	23,191
Total other expenses	783,450	16,423	35,467	280,579	191,658	33,522
<b>Total</b>	<b>\$ 4,858,195</b>	<b>\$ 83,035</b>	<b>\$ 191,660</b>	<b>\$ 1,273,884</b>	<b>\$ 544,212</b>	<b>\$ 1,818,096</b>
						<b>\$ 8,992,953</b>

See notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows**

	<b>Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 360,298	\$ 900,429
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	231,655	203,527
Amortization of financing costs	26,953	28,269
Realized and unrealized (gain) on investments	(153,724)	(189,637)
Donated securities	(12,106)	(9,823)
Proceeds from sale of donated securities	12,106	9,823
Contributions earmarked for capital	(15,966)	(170,249)
(Increase) decrease in assets		
Government grants and other receivables	(324,201)	637,024
Pledges receivable	55,817	(760,180)
Prepaid expenses and other assets	8,044	(8,530)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	154,586	(61,536)
Unearned revenue	30,122	(13,319)
Net cash provided by operating activities	<u>373,584</u>	<u>565,798</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment, net of contract payable	(228,734)	(651,072)
Purchases of investments	(1,276,478)	(338,484)
Proceeds from sale of investments	1,249,106	324,097
Net cash (used in) investing activities	<u>(256,106)</u>	<u>(665,459)</u>
<b>Cash flows from financing activities</b>		
Proceeds from SBA PPP loan	1,413,600	-
Repayment of long-term debt	(358,945)	(363,553)
Contributions earmarked for capital	15,966	170,249
Net cash provided by (used in) investing activities	<u>1,070,621</u>	<u>(193,304)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,188,099</b>	<b>(292,965)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>1,571,542</u></b>	<b><u>1,864,507</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 2,759,641</u></b>	<b><u>\$ 1,571,542</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	<u>\$ 130,062</u>	<u>\$ 134,235</u>

See notes to consolidated financial statements.

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

**Notes to Consolidated Financial Statements  
December 31, 2020 and December 31, 2019**

**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, 2020 and December 31, 2019**

**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 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.

Funding

The Agency derives its revenue primarily from cost reimbursement contracts from New York State and Nassau County, program service fees and contributions from individuals, corporations and foundations.

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, 2020 and December 31, 2019**

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

**Pledges**

Pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Pledges 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 pledges 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. The Agency did not receive any bequests during 2020 and 2019.

**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, 2020 and December 31, 2019, 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, 2020 and December 31, 2019**

**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.

In-kind services

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, 2020 and December 31, 2019**

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

Risks and uncertainties

Management is continuing to evaluate the impact of the COVID-19 pandemic on the industry and has concluded that while it is possible that the virus could have a material negative effect on the Agency's consolidated financial position and results of its operations, the specific impact is not readily determinable as of the date of these consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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, 2020. 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 20, 2021, which is the date the consolidated financial statements were available to be issued.

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

**Notes to Consolidated Financial Statements (continued)  
December 31, 2020 and December 31, 2019**

**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 contracts and grants, contributions and other revenue items. The following is a summary of the Agency's financial assets as of December 31, 2020 and December 31, 2019 that are available for general use within one year of the consolidated statements of financial position date:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,759,641	\$ 1,571,542
Investments, at fair value	1,342,208	1,161,112
Government grants and other receivables	1,289,882	965,681
Current portion of pledges receivable	<u>500,000</u>	<u>335,000</u>
Total	<u>\$ 5,891,731</u>	<u>\$ 4,033,335</u>

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, 2020 and December 31, 2019:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 101,384	\$ 101,384	\$ 86,022	\$ 86,022
Mutual and exchange-traded funds				
Equities	775,384	901,408	580,352	696,970
Fixed income	338,530	339,416	187,642	193,086
Hedge funds	-	-	140,345	141,533
Commodities	<u>-</u>	<u>-</u>	<u>51,138</u>	<u>43,501</u>
Total	<u>\$1,215,298</u>	<u>\$1,342,208</u>	<u>\$1,045,499</u>	<u>\$1,161,112</u>

Investment return for the years ended December 31, 2020 and December 31, 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 24,581	\$ 20,456
Realized gain on the sale of investments	142,427	13,335
Unrealized gain on investments	<u>11,297</u>	<u>176,302</u>
Total investment return	<u>\$ 178,305</u>	<u>\$ 210,093</u>

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.  
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**Notes to Consolidated Financial Statements (continued)  
December 31, 2020 and December 31, 2019**

**Note 4 – Pledges receivable**

As of December 31, 2020 and December 31, 2019, pledges receivable are due to be collected as follows:

	<u>2020</u>	<u>2019</u>
Due in one year	\$ 500,000	\$ 335,000
Due in one to five years	<u>775,000</u>	<u>1,000,000</u>
Sub-total	1,275,000	1,335,000
Less: interest discount at a rate of 1.0% for 2020 and 2019	<u>(30,207)</u>	<u>(34,390)</u>
Total	1,244,793	1,300,610
Less: current portion	<u>(500,000)</u>	<u>(335,000)</u>
Long-term portion	<u>\$ 744,793</u>	<u>\$ 965,610</u>

**Note 5 – Property and equipment, net**

Property and equipment consist of the following at December 31, 2020 and December 31, 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 259,150	\$ 259,150
Buildings and improvements	5,577,040	5,536,307
Furniture, fixtures and equipment	721,446	611,802
Construction in progress	<u>22,450</u>	<u>55,428</u>
Sub-total	6,580,086	6,462,687
Less: accumulated depreciation	<u>4,226,072</u>	<u>3,994,417</u>
Total	<u>\$ 2,354,014</u>	<u>\$ 2,468,270</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, 2038, respectively. The 2015C-3 bonds matured on June 1, 2020.

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**Notes to Consolidated Financial Statements (continued)  
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**Note 6 – Long-term debt and line of credit (continued)**

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.

The following is a summary of the future minimum principal payments as of December 31, 2020:

<u>Year</u>	<u>Mortgage Note Payable</u>	<u>Bonds</u>	<u>Total</u>
2021	\$ 30,556	\$ 336,000	\$ 366,556
2022	32,181	337,000	369,181
2023	33,891	356,000	389,891
2024	35,639	264,000	299,639
2025	37,558	96,000	133,558
2026 and thereafter	<u>299,135</u>	<u>829,000</u>	<u>1,128,135</u>
Sub-total	<u>\$ 468,960</u>	<u>\$2,218,000</u>	2,686,960
Less: current portion			366,556
Less: unamortized costs of financing			<u>204,017</u>
Net long-term portion			<u>\$2,116,387</u>

**Line of credit**

The Agency has available a \$500,000 revolving line of credit. Borrowings under the line bear interest at LIBOR plus 2.75%. The Agency is required to pay down the principal balance to zero for a period of thirty consecutive days each twelve-month period. The revolving line of credit expires on March 21, 2022. 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.

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**Notes to Consolidated Financial Statements (continued)  
December 31, 2020 and December 31, 2019**

**Note 7 – SBA PPP Loan**

During 2020, the Agency applied for and received a loan under the Payroll 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 has elected to record the proceeds as a liability until the loan is, in part or wholly, forgiven and the Agency is legally released. The Agency expects to apply for forgiveness during 2021 for the proceeds of the loan that were spent in accordance with the terms of the PPP loan program. Any amounts not forgiven are subject to interest at a fixed rate of 1% for a two year term.

**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, 2020 and December 31, 2019:

<u>Description</u>	2020			
	Balance December 31, 2019	Contributions	Net assets released from Restrictions	Balance December 31, 2020
Capital improvements	\$ 83,771	\$ 15,966	\$ (12,000)	\$ 87,737
Emergency services	364,274	589,985	(296,442)	657,817
Time restricted	731,140	4,183	(200,000)	535,323
Right from the start	132,241	200,200	(232,440)	100,001
Other family life programs	124,044	42,706	(84,645)	82,105
Total	<u>\$ 1,435,470</u>	<u>\$ 853,040</u>	<u>\$ (825,527)</u>	<u>\$ 1,462,983</u>

  

<u>Description</u>	2019			
	Balance December 31, 2018	Contributions	Net assets released from Restrictions	Balance December 31, 2019
Capital improvements	\$ 450,834	\$ 170,249	\$ (537,312)	\$ 83,771
Emergency services	-	450,000	(85,726)	364,274
Time restricted	447,544	475,180	(191,584)	731,140
Right from the start	194,285	350,360	(412,404)	132,241
Other family life programs	169,203	106,002	(151,161)	124,044
Total	<u>\$ 1,261,866</u>	<u>\$ 1,551,791</u>	<u>\$ (1,378,187)</u>	<u>\$ 1,435,470</u>



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**Notes to Consolidated Financial Statements (continued)  
December 31, 2020 and December 31, 2019**

**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.

The Agency’s participation in this Plan for the years ended December 31, 2020 and December 31, 2019, 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 2020 and 2019 is for the Plan’s years ended December 31, 2019 and December 31, 2018, 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
1199 SEIU Healthcare Employee Pension Fund	13-3604862-001	6/30/20*	Green	Green	\$ 282,227	\$285,984

\* The Agency and 1199 SEIU are currently negotiating an extension.

**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, 2020 and December 31, 2019 was \$180,966 and \$181,195, respectively.

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**Notes to Consolidated Financial Statements (continued)  
December 31, 2020 and December 31, 2019**

**Note 10 – Litigation**

The Agency is currently the co-defendant in litigation arising in the ordinary course of business. The Agency is being defended by legal counsel pursuant to its insurance coverage and is vigorously defending the action. In the opinion of management, after consultation with legal counsel, the final disposition of this matter will not have a material effect on the Agency's consolidated financial statements.

**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.