

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

**Consolidated Financial Statements
For the Years Ended
December 31, 2021
and
December 31, 2020**

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, 2021 and December 31, 2020 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 consolidated financial position of the Agency as of December 31, 2021 and December 31, 2020 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 Consolidated 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 Consolidated 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 Consolidated 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, including omissions, 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.

Condon O'Meara McGrath & Donnelly LLP

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

Consolidated Statements of Financial Position

Assets

	December 31	
	2021	2020
Current assets		
Cash and cash equivalents	\$2,038,201	\$2,759,641
Investments, at fair value	1,600,310	1,342,208
Government grants and other receivables	1,200,469	1,289,882
Current portion of contributions receivable	325,000	500,000
Prepaid expenses and other assets	<u>78,223</u>	<u>56,733</u>
Total current assets	5,242,203	5,948,464
Contributions receivable, net	609,531	744,793
Property and equipment, net	<u>2,232,738</u>	<u>2,354,014</u>
Total assets	<u>\$8,084,472</u>	<u>\$9,047,271</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 688,753	\$ 685,330
Unearned revenue	73,146	76,008
Current portion of long-term debt	<u>369,181</u>	<u>366,556</u>
Total current liabilities	1,131,080	1,127,894
Long-term debt, net	1,772,844	2,116,387
SBA PPP loan	<u>-</u>	<u>1,413,600</u>
Total liabilities	<u>2,903,924</u>	<u>4,657,881</u>
Net assets		
Without donor restrictions	3,604,638	2,926,407
With donor restrictions	<u>1,575,910</u>	<u>1,462,983</u>
Total net assets	<u>5,180,548</u>	<u>4,389,390</u>
Total liabilities and net assets	<u>\$8,084,472</u>	<u>\$9,047,271</u>

See notes to consolidated financial statements.

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

Consolidated Statements of Activities

	For the Years Ended December 31					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue						
Program service fees	\$ 5,655,986	\$ -	\$ 5,655,986	\$ 5,345,834	\$ -	\$ 5,345,834
Government grants	2,543,310	-	2,543,310	2,075,218	-	2,075,218
Contributions	842,436	690,347	1,532,783	344,968	853,040	1,198,008
Special events, net of direct benefits to donors of \$31,124 in 2021 and \$5,000 in 2020	387,269	-	387,269	350,644	-	350,644
United Way and community funds	19,000	-	19,000	15,000	-	15,000
Investment return	207,014	-	207,014	178,305	-	178,305
Other	16,777	-	16,777	2,383	-	2,383
Net assets released from restrictions	577,420	(577,420)	-	825,527	(825,527)	-
Total public support and revenue	10,249,212	112,927	10,362,139	9,137,879	27,513	9,165,392
Expenses						
Program services						
Clinical	5,052,577	-	5,052,577	4,775,784	-	4,775,784
School community collaborative	2,099,293	-	2,099,293	2,005,850	-	2,005,850
Early childhood	70,420	-	70,420	65,710	-	65,710
Outreach	36,851	-	36,851	99,311	-	99,311
Total program services	7,259,141	-	7,259,141	6,946,655	-	6,946,655
Supporting activities						
Management and general	1,769,121	-	1,769,121	1,256,904	-	1,256,904
Fundraising	542,719	-	542,719	547,312	-	547,312
Total supporting activities	2,311,840	-	2,311,840	1,804,216	-	1,804,216
Total expenses	9,570,981	-	9,570,981	8,750,871	-	8,750,871
Increase in net assets before other expenses	678,231	112,927	791,158	387,008	27,513	414,521
Other expenses	-	-	-	(54,223)	-	(54,223)
Increase in net assets	678,231	112,927	791,158	332,785	27,513	360,298
Net assets, beginning of year	2,926,407	1,462,983	4,389,390	2,593,622	1,435,470	4,029,092
Net assets, end of year	\$ 3,604,638	\$ 1,575,910	\$ 5,180,548	\$ 2,926,407	\$ 1,462,983	\$ 4,389,390

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, 2021
(With Summarized Comparative Information for December 31, 2020)**

	2021					2020				
	Program Services			Supporting Activities						
	Clinical	School Community Collaborative	Early Childhood	Outreach	Total	Management and General	Fund- Raising	Total	Total	Total
Payroll and related expenses										
Payroll	\$ 3,051,130	\$ 1,438,990	\$ 42,813	\$ 24,754	\$ 4,557,687	\$ 791,718	\$ 273,678	\$ 1,065,396	\$ 5,623,083	\$ 5,323,142
Payroll taxes and fringe benefits	1,308,919	603,983	19,179	8,518	1,940,599	285,162	111,970	397,132	2,337,731	2,242,698
Total payroll and related expenses	<u>4,360,049</u>	<u>2,042,973</u>	<u>61,992</u>	<u>33,272</u>	<u>6,498,286</u>	<u>1,076,880</u>	<u>385,648</u>	<u>1,462,528</u>	<u>7,960,814</u>	<u>7,565,840</u>
Other expenses										
Advertising	1,502	798	-	-	2,300	19,463	6	19,469	21,769	3,195
Bank charges	-	-	-	-	-	15,107	-	15,107	15,107	8,950
Bond costs	-	-	-	-	-	-	654	654	654	761
Cancelled contribution	-	-	-	-	-	325,000	-	325,000	325,000	-
Catering, facilities and other	1,512	-	-	-	1,512	68	34,793	34,861	36,373	7,734
Computer	49,988	8,880	25	10	58,903	19,796	-	19,796	78,699	84,940
Consulting	6,000	-	-	-	6,000	23,152	25,553	48,705	54,705	24,958
Depreciation	184,569	5,344	2,935	1,075	193,923	16,597	31,031	47,628	241,551	231,655
Dues and subscriptions	-	-	-	-	-	1,750	395	2,145	2,145	3,573
Equipment	30,834	6,967	481	243	38,525	5,244	3,123	8,367	46,892	45,482
Insurance	87,790	13,611	1,136	536	103,073	18,019	11,864	29,883	132,956	137,381
Interest	76,943	-	686	312	77,941	57,200	11,951	69,151	147,092	147,926
Professional fees	-	-	-	-	-	85,001	-	85,001	85,001	41,175
Office expenses and supplies	14,664	3,232	118	47	18,061	65,363	1,326	66,689	84,750	73,611
Postage	2,924	165	-	-	3,089	1,195	2,582	3,777	6,866	13,757
Printing and publications	-	-	-	-	-	64	20,999	21,063	21,063	27,333
Program supplies	14,324	1,894	-	-	16,218	-	92	92	16,310	8,801
Repairs and maintenance	132,105	-	1,949	844	134,898	18,394	11,382	29,776	164,674	117,534
Tax expense	914	-	-	-	914	642	219	861	1,775	1,775
Temporary help	12,560	13,011	-	-	25,571	-	-	-	25,571	72,940
Travel and automobile	2,529	297	-	-	2,826	919	2,447	3,366	6,192	11,293
Telephone and utilities	72,074	1,845	1,076	502	75,497	13,679	8,175	21,854	97,351	102,119
Other	1,296	276	22	10	1,604	5,588	21,603	27,191	28,795	23,138
Total other expenses	<u>692,528</u>	<u>56,320</u>	<u>8,428</u>	<u>3,579</u>	<u>760,855</u>	<u>692,241</u>	<u>188,195</u>	<u>880,436</u>	<u>1,641,291</u>	<u>1,190,031</u>
Total	5,052,577	2,099,293	70,420	36,851	7,259,141	1,769,121	573,843	2,342,964	9,602,105	8,755,871
Less: costs of direct benefits to donors	-	-	-	-	-	-	31,124	31,124	31,124	5,000
Total expenses per statement of activities	<u>\$ 5,052,577</u>	<u>\$ 2,099,293</u>	<u>\$ 70,420</u>	<u>\$ 36,851</u>	<u>\$ 7,259,141</u>	<u>\$ 1,769,121</u>	<u>\$ 542,719</u>	<u>\$ 2,311,840</u>	<u>\$ 9,570,981</u>	<u>\$ 8,750,871</u>

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, 2020**

	Program Services			Supporting Activities		
	School Community Collaborative	Early Childhood	Outreach	Management and General	Fund- Raising	Total
Payroll and related expenses						
Payroll	\$ 2,829,224	\$ 42,866	\$ 71,596	\$ 721,040	\$ 271,720	\$ 992,760
Payroll taxes and fringe benefits	1,246,175	15,409	19,103	282,037	117,283	399,320
Total payroll and related expenses	4,075,399	58,275	90,699	1,003,077	389,003	1,392,080
Other expenses						
Advertising	946	-	-	99	-	99
Bank charges	-	-	-	8,950	-	8,950
Bond costs	-	-	-	-	761	761
Catering, facilities and other	642	-	267	-	6,825	6,825
Computer	55,391	-	-	14,042	5,882	19,924
Consulting	9,188	-	-	1,270	14,500	15,770
Depreciation	177,290	4,385	895	16,003	30,410	46,413
Dues and subscriptions	-	-	-	1,700	1,873	3,573
Equipment	31,254	84	843	5,403	3,134	8,537
Insurance	88,086	1,658	996	18,207	14,450	32,657
Interest	84,527	609	979	49,546	12,265	61,811
Professional fees	-	-	-	41,175	-	41,175
Office expenses and supplies	9,575	19	173	60,563	1,066	61,629
Postage	3,011	-	6	1,173	9,567	10,740
Printing and publications	773	1	4	31	26,524	26,555
Program supplies	7,550	-	56	-	-	-
Repairs and maintenance	90,810	191	1,813	14,628	8,486	23,114
Tax expense	921	-	-	641	213	854
Temporary help	54,911	-	-	-	-	-
Travel and automobile	4,701	254	105	442	5,722	6,164
Telephone and utilities	79,650	232	2,459	13,604	6,032	19,636
Other	1,159	2	16	6,350	15,599	21,949
Total other expenses	700,385	7,435	8,612	253,827	163,309	417,136
Total	4,775,784	65,710	99,311	1,256,904	552,312	1,809,216
Less: costs of direct benefits to donors	-	-	-	-	5,000	5,000
Total expenses per statement of activities	\$ 4,775,784	\$ 65,710	\$ 99,311	\$ 1,256,904	\$ 547,312	\$ 1,804,216
						\$ 8,750,871

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	
	2021	2020
Cash flows from operating activities		
Increase in net assets	\$ 791,158	\$ 360,298
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	241,551	231,655
Amortization of financing costs	25,637	26,953
Realized and unrealized (gain) on investments	(180,494)	(153,724)
SBA PPP loan forgiveness	(343,386)	-
Donated securities	(55,483)	(12,106)
Proceeds from sale of donated securities	50,633	12,106
Cancelled contribution	325,000	-
Contributions earmarked for capital	-	(15,966)
(Increase) decrease in assets		
Government grants and other receivables	89,413	(324,201)
Contributions receivable	(14,738)	55,817
Prepaid expenses and other assets	(21,490)	8,044
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	3,423	154,586
Unearned revenue	(2,862)	30,122
Net cash provided by operating activities	<u>908,362</u>	<u>373,584</u>
Cash flows from investing activities		
Purchases of property and equipment	(120,275)	(228,734)
Purchases of investments	(244,381)	(1,276,478)
Proceeds from sale of investments	171,623	1,249,106
Net cash (used in) investing activities	<u>(193,033)</u>	<u>(256,106)</u>
Cash flows from financing activities		
Proceeds from SBA PPP loan	-	1,413,600
Repayment of SBA PPP loan	(1,070,214)	-
Repayment of long-term debt	(366,555)	(358,945)
Contributions earmarked for capital	-	15,966
Net cash provided by (used in) investing activities	<u>(1,436,769)</u>	<u>1,070,621</u>
Net increase (decrease) in cash and cash equivalents	(721,440)	1,188,099
Cash and cash equivalents, beginning of year	<u>2,759,641</u>	<u>1,571,542</u>
Cash and cash equivalents, end of year	<u>\$ 2,038,201</u>	<u>\$ 2,759,641</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 121,455</u>	<u>\$ 130,062</u>

See notes to consolidated financial statements.

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

**Notes to Consolidated Financial Statements
December 31, 2021 and December 31, 2020**

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, 2021 and December 31, 2020**

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.

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, 2021 and December 31, 2020**

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, 2021 and December 31, 2020, 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, 2021 and December 31, 2020**

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, 2021 and December 31, 2020**

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 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, 2021. 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 19, 2022, 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, 2021 and December 31, 2020 that are available for general use within one year of the consolidated statements of financial position date:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,038,201	\$ 2,759,641
Investments, at fair value	1,600,310	1,342,208
Government grants and other receivables	1,200,469	1,289,882
Current portion of contributions receivable	<u>325,000</u>	<u>500,000</u>
Total	<u>\$ 5,163,980</u>	<u>\$ 5,891,731</u>

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

**Notes to Consolidated Financial Statements (continued)
December 31, 2021 and December 31, 2020**

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, 2021 and December 31, 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 65,908	\$ 65,908	\$ 101,384	\$ 101,384
Mutual and exchange-traded funds				
Equities	822,427	1,099,394	775,384	901,408
Fixed income	445,139	435,008	338,530	339,416
Total	<u>\$1,333,474</u>	<u>\$1,600,310</u>	<u>\$1,215,298</u>	<u>\$1,342,208</u>

Investment return for the years ended December 31, 2021 and December 31, 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 26,520	\$ 24,581
Realized gain on the sale of investments	40,568	142,427
Unrealized gain on investments	139,926	11,297
Total investment return	<u>\$ 207,014</u>	<u>\$ 178,305</u>

Note 4 – Contributions receivable

As of December 31, 2021 and December 31, 2020, contributions receivable are due to be collected as follows:

	<u>2021</u>	<u>2020</u>
Due in one year	\$ 325,000	\$ 500,000
Due in one to five years	625,000	775,000
Sub-total	950,000	1,275,000
Less: interest discount at a rate of 1.0% for 2021 and 2020	(15,469)	(30,207)
Total	934,531	1,244,793
Less: current portion	(325,000)	(500,000)
Long-term portion	<u>\$ 609,531</u>	<u>\$ 744,793</u>

**NORTH SHORE CHILD AND FAMILY GUIDANCE ASSOCIATION, INC.
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**Notes to Consolidated Financial Statements (continued)
December 31, 2021 and December 31, 2020**

Note 5 – Property and equipment, net

Property and equipment consist of the following at December 31, 2021 and December 31, 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 259,150	\$ 259,150
Buildings and improvements	5,719,765	5,577,040
Furniture, fixtures and equipment	721,446	721,446
Construction in progress	-	22,450
Sub-total	6,700,361	6,580,086
Less: accumulated depreciation	4,467,623	4,226,072
Total	<u>\$ 2,232,738</u>	<u>\$ 2,354,014</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, 2021 and December 31, 2020**

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, 2021:

<u>Year</u>	<u>Mortgage Note Payable</u>	<u>Bonds</u>	<u>Total</u>
2022	\$ 32,181	\$ 337,000	\$ 369,181
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 and thereafter	259,520	-	259,520
Sub-total	<u>\$ 438,405</u>	<u>\$1,882,000</u>	2,320,405
Less: current portion			369,181
Less: unamortized costs of financing			178,380
Net long-term portion			<u>\$1,772,844</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 Term SOFR Rate. 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 June 20, 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.

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.

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**Notes to Consolidated Financial Statements (continued)
December 31, 2021 and December 31, 2020**

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, 2021 and December 31, 2020:

<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>

<u>Description</u>	<u>2020</u>			<u>Balance December 31, 2020</u>
	<u>Balance December 31, 2019</u>	<u>Contributions</u>	<u>Net assets released from Restrictions</u>	
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>

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, 2021 and December 31, 2020**

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, 2021 and December 31, 2020, 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 2021 and 2020 is for the Plan's years ended December 31, 2020 and December 31, 2019, 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
1199 SEIU Healthcare Employee Pension Fund	13-3604862-001	12/31/22	Green	Green	\$ 262,087	\$282,227

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, 2021 and December 31, 2020 was \$181,364 and \$180,966, respectively.

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.

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**Notes to Consolidated Financial Statements (continued)
December 31, 2021 and December 31, 2020**

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.