

**LITTLE SISTERS OF THE ASSUMPTION
FAMILY HEALTH SERVICE, INC.**



LSA Family Health Service

Founded by the Little Sisters of the Assumption in 1958

**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended December 31, 2023 and 2022

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED DECEMBER 31, 2023 AND 2022

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-20



INDEPENDENT AUDITORS' REPORT

The Board of Directors
Little Sisters of the Assumption Family Health Service, Inc.
New York, NY

Opinion

We have audited the financial statements of Little Sisters of the Assumption Family Health Service, Inc. (the "Agency"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Mayer Hoffman McCann CPAs
The New York Practice of Mayer Hoffman McCann P.C.
An Independent CPA Firm

685 Third Avenue
New York, NY 10017

Phone: 212.503.8800
mhmcpa.com





In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Mayer Hoffman McCann CPAs

New York, NY
July 9, 2024

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents (Notes 2B, 3 and 14A)	\$ 651,701	\$ 397,995
Pledges receivable, net (Notes 2H, 3, 4 and 14B)	702,936	449,347
Grants receivable (Notes 2E, 2H, 3 and 14C)	90,725	431,552
Receivables from third-party payors, net (Notes 2G, 3 and 7)	-	24,837
Investments, at fair value (Notes 2B, 2C, 3 and 5)	219,616	449,838
Prepaid expenses and other current assets	54,400	11,214
Finance lease right-of-use assets (Note 11)	49,915	-
Property and equipment, net (Notes 2M and 6)	3,530,292	3,712,585
TOTAL ASSETS	\$ 5,299,585	\$ 5,477,368
LIABILITIES		
Accounts payable and accrued expenses	\$ 309,657	\$ 634,275
Loans payable to related parties (Note 13)	77,500	-
Finance lease liabilities (Note 11)	50,689	-
Government advances and deferred revenue (Notes 2E and 2F)	2,709	2,709
TOTAL LIABILITIES	440,555	636,984
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS (Notes 2D and 10)		
Without donor restrictions	3,458,484	3,590,400
With donor restrictions (Note 10)	1,400,546	1,249,984
TOTAL NET ASSETS	4,859,030	4,840,384
TOTAL LIABILITIES AND NET ASSETS	\$ 5,299,585	\$ 5,477,368

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
SUPPORT AND REVENUE:						
Public Support (Note 2H):						
Special events revenue	\$ 460,619	\$ -	\$ 460,619	\$ 309,945	\$ -	\$ 309,945
Less: costs of direct benefits to donors (Note 2I)	(73,033)	-	(73,033)	(98,497)	-	(98,497)
Net revenues from special events	387,586	-	387,586	211,448	-	211,448
Service revenue (Notes 2G and 9)	2,543	-	2,543	9,974	-	9,974
Foundation grants (Note 14B)	814,471	765,178	1,579,649	639,773	209,007	848,780
Individual donations (Note 14B)	551,614	545,000	1,096,614	541,889	49,000	590,889
Contributed nonfinancial assets (Note 2K)	362,328	-	362,328	456,659	-	456,659
Net assets released from restrictions (Notes 2H and 10)	1,187,238	(1,187,238)	-	560,598	(560,598)	-
Total Public Support	3,305,780	122,940	3,428,720	2,420,341	(302,591)	2,117,750
Government Support (Notes 2E and 14C):						
Advocacy	201,257	-	201,257	212,176	-	212,176
Maternity Infant Health	45,668	-	45,668	114,443	-	114,443
Other government grants	140,195	-	140,195	212,980	-	212,980
COVID-19 Disparities	601,118	-	601,118	1,341,379	-	1,341,379
Total Government Support	988,238	-	988,238	1,880,978	-	1,880,978
Other Income (Loss):						
Investment activity (Notes 2C and 5)	13,408	27,622	41,030	(190,340)	(44,221)	(234,561)
Thrift store (Note 2G)	191,338	-	191,338	182,781	-	182,781
Other income	5,778	-	5,778	2,702	-	2,702
Total Other Income (Loss), net	210,524	27,622	238,146	(4,857)	(44,221)	(49,078)
TOTAL SUPPORT AND REVENUE	4,504,542	150,562	4,655,104	4,296,462	(346,812)	3,949,650
EXPENSES:						
Program services	3,336,970	-	3,336,970	4,118,575	-	4,118,575
Management and general	538,811	-	538,811	731,248	-	731,248
Fundraising	760,677	-	760,677	909,880	-	909,880
TOTAL EXPENSES	4,636,458	-	4,636,458	5,759,703	-	5,759,703
CHANGE IN NET ASSETS	(131,916)	150,562	18,646	(1,463,241)	(346,812)	(1,810,053)
Net assets - beginning of year	3,590,400	1,249,984	4,840,384	5,053,641	1,596,796	6,650,437
NET ASSETS - END OF YEAR	\$ 3,458,484	\$ 1,400,546	\$ 4,859,030	\$ 3,590,400	\$ 1,249,984	\$ 4,840,384

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

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	For the Year Ended December 31, 2023													
	Program Services								Supporting Services					
	General Nursing	Environmental Health Services Program	COVID-19 Disparities	K-5 Enrichment Program	Mental Health Services	Parenting & Child Development Program	Advocacy & Food Pantry Program	Sharing Place Thrift Store	Total Program Services	Management and General	Fundraising	Total 2023	Total 2022	
Salary	\$ 78,150	\$ 310,349	\$ 400,904	\$ 147,527	\$ 137,210	\$ 304,956	\$ 200,839	\$ 165,621	\$ 1,745,556	\$ 274,653	\$ 288,622	\$ 2,308,831	\$ 2,766,995	
Payroll taxes and employee benefits (Note 12)	16,667	64,058	102,822	40,903	39,345	90,151	56,773	48,762	459,481	64,653	59,085	583,219	561,548	
Total Salaries and Related Costs	94,817	374,407	503,726	188,430	176,555	395,107	257,612	214,383	2,205,037	339,306	347,707	2,892,050	3,328,543	
Professional fees	42,746	2,932	15,031	6,283	7,798	113,527	12,423	2,773	203,513	105,357	155,959	464,829	944,717	
Volunteers (Note 2K)	-	-	-	37	-	-	460	-	497	-	1,382	1,879	12,513	
Emergency and family assistance (Note 2K)	-	2,400	-	-	-	-	401,215	-	403,615	-	-	403,615	489,651	
Client events, classes and activities	-	-	882	1,726	875	1,249	535	-	5,267	-	-	5,267	6,472	
Supplies (Note 2K)	4,893	2,003	1,483	646	605	3,074	11,010	2,668	26,382	858	140,484	167,724	191,392	
Printing and publications	1,212	2,980	1,639	1,065	587	2,633	1,829	1,939	13,884	18,250	6,458	38,592	75,797	
Telephone	1,670	11,615	5,050	2,637	2,029	9,307	8,244	4,757	45,309	8,263	5,721	59,293	86,796	
Travel	-	576	-	-	-	1,393	207	-	2,176	58	155	2,389	8,482	
Conferences, in-service and meetings	3,044	8,972	62,494	95	78	3,203	4,185	306	82,377	978	1,954	85,309	71,671	
Utilities	1,446	3,801	4,648	7,727	1,446	4,648	5,221	5,454	34,391	4,826	2,901	42,118	45,278	
Equipment leases and repairs (Note 11)	149	2,334	806	716	460	1,863	2,684	1,433	10,445	3,479	1,554	15,478	18,310	
Building expense	2,300	6,045	7,392	12,287	2,300	7,392	7,030	8,673	53,419	6,939	4,612	64,970	121,102	
Insurance	4,616	12,376	14,879	24,655	4,655	15,010	14,234	22,172	112,597	15,597	9,403	137,597	124,624	
Venue cost	-	-	-	-	-	-	-	-	-	-	19,136	19,136	76,712	
Other special event costs	-	-	-	-	-	-	-	-	-	-	106,693	106,693	29,469	
Bad debt expense	191	-	-	-	-	-	-	-	191	1,000	-	1,191	19,160	
Miscellaneous	15	364	80	71	46	186	143	3,481	4,386	6,303	8,379	19,068	25,206	
Subtotal before costs of direct benefits to donors and depreciation	157,099	430,805	618,110	246,375	197,434	558,592	725,781	269,290	3,203,486	511,214	812,498	4,527,198	5,675,895	
Less: costs of direct benefits to donors (Note 21)	-	-	-	-	-	-	-	-	-	-	(73,033)	(73,033)	(98,497)	
Subtotal before depreciation	157,099	430,805	618,110	246,375	197,434	558,592	725,781	269,290	3,203,486	511,214	739,465	4,454,165	5,577,398	
Depreciation (Note 6)	2,756	31,516	12,936	13,713	6,636	26,143	20,631	19,153	133,484	27,597	21,212	182,293	182,305	
TOTAL EXPENSES	\$ 159,855	\$ 462,321	\$ 631,046	\$ 260,088	\$ 204,070	\$ 584,735	\$ 746,412	\$ 288,443	\$ 3,336,970	\$ 538,811	\$ 760,677	\$ 4,636,458	\$ 5,759,703	

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

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services									Supporting Services		Total 2022
	General Nursing	Environmental Health Services Program	COVID-19 Disparities	K-5 Enrichment Program	Mental Health Services	Parenting & Child Development Program	Advocacy & Food Pantry Program	Sharing Place Thrift Store	Total Program Services	Management and General	Fundraising	
Salary	\$ 299,796	\$ 138,311	\$ 929,275	\$ 133,511	\$ 100,780	\$ 202,188	\$ 128,850	\$ 226,422	\$ 2,159,133	\$ 368,466	\$ 239,396	\$ 2,766,995
Payroll taxes and employee benefits (Note 12)	59,000	45,243	174,720	26,284	20,695	51,635	30,744	49,253	457,574	61,225	42,749	561,548
Total Salaries and Related Costs	358,796	183,554	1,103,995	159,795	121,475	253,823	159,594	275,675	2,616,707	429,691	282,145	3,328,543
Professional fees	72,358	13,037	110,199	34,685	18,530	32,332	21,997	22,220	325,358	177,353	442,006	944,717
Volunteers (Note 2K)	-	-	-	-	-	-	10,492	-	10,492	-	2,021	12,513
Emergency and family assistance (Note 2K)	-	2,688	-	-	-	349	486,614	-	489,651	-	-	489,651
Client events, classes and activities	500	28	3,525	201	471	1,572	175	-	6,472	-	-	6,472
Supplies (Note 2K)	11,343	3,697	7,069	7,527	3,800	4,731	33,746	27,115	99,028	1,807	90,557	191,392
Printing and publications	10,100	425	22,886	1,234	1,942	1,133	356	633	38,709	9,296	27,792	75,797
Telephone	7,155	9,052	19,822	3,065	2,266	5,806	7,312	6,892	61,370	19,741	5,685	86,796
Travel	254	1,037	65	-	-	-	543	-	1,899	4,700	1,883	8,482
Conferences, in-service and meetings	3,597	1,456	52,612	400	905	1,463	2,086	1,202	63,721	5,694	2,256	71,671
Utilities	1,565	4,114	5,031	8,362	1,565	5,031	5,345	5,903	36,916	5,223	3,139	45,278
Equipment leases and repairs	1,225	1,317	4,796	735	655	956	1,103	4,097	14,884	1,945	1,481	18,310
Building expense	4,239	11,141	13,624	22,646	4,239	13,624	12,958	15,985	98,456	14,145	8,501	121,102
Insurance	4,589	11,054	13,779	22,308	4,218	13,463	12,821	19,861	102,093	14,065	8,466	124,624
Venue cost	-	-	-	-	-	-	-	-	-	-	76,712	76,712
Other special event costs	-	-	-	-	-	-	-	-	-	-	29,469	29,469
Bad debt expense	-	-	-	-	-	-	-	-	-	19,160	-	19,160
Miscellaneous	3,151	139	170	26	123	156	39	4,698	8,502	6,592	10,112	25,206
Subtotal before costs of direct benefits to donors and depreciation	478,872	242,739	1,357,573	260,984	160,189	334,439	755,181	384,281	3,974,258	709,412	992,225	5,675,895
Less: costs of direct benefits to donors (Note 2I)	-	-	-	-	-	-	-	-	-	-	(98,497)	(98,497)
Subtotal before depreciation	478,872	242,739	1,357,573	260,984	160,189	334,439	755,181	384,281	3,974,258	709,412	893,728	5,577,398
Depreciation (Note 6)	12,773	15,115	49,381	11,890	7,248	12,132	13,418	22,360	144,317	21,836	16,152	182,305
TOTAL EXPENSES	\$ 491,645	\$ 257,854	\$ 1,406,954	\$ 272,874	\$ 167,437	\$ 346,571	\$ 768,599	\$ 406,641	\$ 4,118,575	\$ 731,248	\$ 909,880	\$ 5,759,703

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

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 18,646	\$ (1,810,053)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	182,293	182,305
Bad debt expense - third-party payors	1,191	19,160
Finance lease right-of-use assets amortization	11,589	-
Net realized and unrealized (gain) loss on investments	(35,941)	241,817
Subtotal	177,778	(1,366,771)
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Pledges receivable	(253,589)	458,269
Grants receivable	340,827	(341,187)
Receivables from third-party payors	23,646	(1,152)
Prepaid expenses and other current assets	(43,186)	38,451
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(324,618)	181,894
Government advances and deferred revenue	-	(16,883)
Net Cash Used in Operating Activities	(79,142)	(1,047,379)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investment sales	283,457	744,768
Purchase of investments	(17,294)	(46,397)
Net Cash Provided by Investing Activities	266,163	698,371
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans payable to related parties	77,500	-
Payments on finance leases	(10,815)	-
Net Cash Provided by Financing Activities	66,685	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	253,706	(349,008)
Cash and cash equivalents - beginning of year	397,995	747,003
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 651,701	\$ 397,995
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 1,509	\$ -

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

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Little Sisters of the Assumption Family Health Service, Inc. (the “Agency”) is a nonprofit agency incorporated in the State of New York dedicated to providing services to the families of East Harlem. The Agency’s services and programs include the following:

- **Community Health and Wellness:**
 - Advocacy & Food Pantry programs help families in financial need meet their immediate need for food and address the longer-term issues that keep people in poverty.
 - Environmental Health Services program serves asthmatic children in East Harlem whose illness can be improved by mitigating triggers in the indoor air environment. The Agency does this through hands-on home-visits by skilled environmental workers, family training and community workshops.
 - General Nursing, through the Agency’s Certified Home Health Agency Program (CHHA), provides direct nursing care to patients at home. The program specializes in Maternity Outreach (prenatal and postpartum care and follow-up care to newborns), parenting and breastfeeding classes, and supporting wellness and nurturing relationships between mother and child.
 - The COVID Disparities Grant (CDG) expands the Agency’s reach into the community and connects more people to critical services. The Community Healthcare Workers (CHW) in this program offer educational workshops on various health and community resource topics, offer navigational services to connect individuals to resources that they need, and provide family support services to ensure that resources are accessed. Additionally, CHW provides community education around the benefits of vaccination against COVID-19 and connects program participants to resources to obtain vaccinations in one of the hardest hit areas in New York City.

- **Family Support Programs:**
 - The Parenting and Child Development program fosters healthy child development from zero to three years of age. With a focus on socialization and home-visiting, this program is geared toward families of children 0-3 years old, where there is some risk of developmental delay in the child. Through the socialization groups and one-on-one home visits, the Agency’s early childhood specialists guide parents with parenting techniques to help their children achieve developmental milestones at the appropriate time.
 - K-5 Enrichment program inspires children in grades K-5 to improve reading and math skills, with socioemotional learning goals and parent involvement integrated throughout the program. The program offers homework help, after-school tutoring, summer enrichment and arts programs for school-aged children.
 - Mental Health Services provides the community with free, bilingual, and holistic trauma-informed care programs through individual and group therapy. In addition, this program is offering parent-child art therapy sessions.

- **Maternity & Infant Health Project** works to improve maternal and infant health outcomes in East and Central Harlem. The program will provide assistance with breastfeeding, women’s health, toxic stress and trauma services.

- **The Sharing Place Thrift Store** is a popular destination for good quality, bargain-priced clothing and housewares. In addition, the store provides free emergency clothing to clients in immediate need. The store has added Sunday hours and is now open Monday-Saturday 10AM-5PM and Sunday 11AM-4PM. COVID-19 restrictions such as masking and social distancing are still in place and updated based on CDC, NYC/NYS and Federal guidelines.

The Agency is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and comparable state law; contributions to the Agency are tax deductible within the limitations prescribed by the Code. The Agency has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. The Agency presents its financial statements on the accrual basis of accounting. The Agency adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. The Agency considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. Cash equivalents held in investment broker accounts are included with investments on the statements of financial position.
- C. Investments are reported at fair value. Unrealized and realized gains and losses and investment income are reported in the statements of activities in investment activity as increases or decreases in net assets without donor restrictions, unless there are donor restrictions for the use of investment income.

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.

- D. The Agency’s net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Agency’s net assets and changes therein are classified and reported as follows:
- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations, or have been reclassified from net assets with donor restrictions because donor imposed restrictions have been removed or expired. As of both December 31, 2023 and 2022, the Agency’s Board of Directors has authorized an operating fund without donor restrictions of \$1,000,000 to sustain its programs and provide for operating and other expenses at the discretion of the Board, and has been classified as Board designated.
 - With donor restrictions – Net assets subject to donor imposed stipulations, including stipulations that will be met either by actions of the Agency, and unappropriated endowment earnings. Earnings on endowments are recorded as donor restricted until the Board has appropriated the earnings for expenditure, at which time the earnings are classified as net assets without donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as net assets without donor restrictions and increase net assets without donor restrictions.
- E. Government grants are recognized as revenue when the expenses authorized under the contract are incurred. When authorized expenses are not reimbursed in the same time period in which they are incurred, the revenue is reflected as a receivable. Amounts received by the Agency under government grants for which the Agency has not yet met the conditions are reported as government advances on the statements of financial position.

As of December 31, 2023 and 2022, the Agency was awarded conditional grants and contracts from government agencies in the aggregate amounts of \$0 and \$1,291,730, respectively, that have not been recorded in the accompanying financial statements, as they will be recognized when contract barriers are overcome. These grants and contracts require the Agency to provide services as specified in the contracts. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Agency may be required to return the funds already remitted.

- F. The Agency receives cash in advance of special events that is to be held after the date of the statements of financial position. It is the Agency’s policy to record the event proceeds applicable to the next fiscal year as deferred revenue until earned.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. The Agency's Certified Home Health Program reports net patient service revenue and fees for service at the estimated net realizable amounts due from third-party payors for services in the period in which they are rendered. Generally, the Agency bills government agencies, third-party payors and individuals after the services are performed or they have completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied. Approximately 22% and 14% of net service revenue for the years ended December 31, 2023 and 2022 was derived under federal, state and city third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective governmental fiscal intermediaries. Provision for estimated amounts due to/from the payor agencies, if any, has been made in the financial statements. Differences between estimated rates and subsequent realized amounts are reflected in the statements of activities in the year revisions are calculated. As of December 31, 2023 and 2022, the Agency established an allowance for credit losses on its receivables from third-party payors in the amounts of \$0 and \$3,499, respectively. The allowance is estimated by management based on general factors, such as aging of the receivables, and historical collection experience.

The Agency recognizes sales revenue from the Thrift Store when the performance obligation is satisfied, which is when the sale transaction occurs in the Thrift Store. The transaction price is determined by the Agency and is based upon the listed price.

Performance Obligations - Performance obligations are determined based on the nature of the services provided by the Agency in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Agency measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

All performance obligations relate to contracts with a duration of less than one year; therefore, there are no performance obligations or contract balances that are unsatisfied as of December 31, 2023 and 2022. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. The Agency determines the transaction price based on established rates and contracts for services provided.

Net service revenue consists of revenues for the following programs for the years ended December 31:

	2023	2022
Environmental	\$ -	\$ 600
General Nursing	2,543	9,374
	\$ 2,543	\$ 9,974

H. Contributions to the Agency that are not restricted by the donor are reported as increases in net assets without donor restrictions in the fiscal year in which the contributions are made to the Agency. All donor-restricted contributions are reported as increases in net assets with donor restrictions. Net assets are released from restrictions by incurring expenses or the passage of time, thus satisfying the restricted purpose. Contributions of fixed assets are recorded as net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value, and if material, multiyear pledges are recorded at the present value of estimated future cash flows. Historically, the Agency has not experienced significant bad debt losses from pledges. The Agency bases its allowance for doubtful pledges on its historical loss experience considering the age of the receivables. The Agency has determined that no allowance for pledges and grants receivable was necessary as of December 31, 2023 and 2022. Conditional promises to give are not included as support until the conditions are substantially met.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- I. The direct cost of special events includes expenses for the benefit of the donor. For example, meals, facilities and rental are considered direct costs of special events.
- J. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and employee benefits, professional fees, emergency and family assistance, client events, classes and activities, supplies, printing and publications, telephone, travel, conferences, trainings and meetings, utilities, equipment leases and repairs, building expenses, insurance and miscellaneous expenses, which are allocated on the basis of estimates of time and effort. Building related expenses include utilities, repairs, maintenance, property insurance and depreciation expenses, and are allocated on the basis of square footage per space used by each department.
- K. Donated services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The Agency received a substantial amount of services donated by volunteers in carrying out its activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition. The Agency records an expense associated with the volunteers to whom the Agency pays a stipend for living expenses. The expenses associated with these volunteers for the years ended December 31, 2023 and 2022, amounted to \$1,879 and \$12,513, respectively. Donated securities are measured at fair value at the date of receipt. Donated securities amounted to \$13,026 and \$33,057 for the years ended December 31, 2023 and 2022, respectively, and are included in special events revenue in the accompanying statements of activities.

For the years ended December 31, 2023 and 2022, the Agency recorded the fair value of noncash contributions amounting to \$362,328 and \$456,659, respectively. Such amounts are included as contributed nonfinancial assets in the accompanying statements of activities and emergency and family assistance, and supplies on statements of functional expenses.

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2023:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Donated goods - fundraising	\$ 17,009	Fundraising	No associated donor restriction	Based on selling price
Donated goods	126,891	Advocacy & Food Pantry Program, Fundraising, Parent and Child Development, K-5 Enrichment Program, and Sharing Place Thrift Store	No associated donor restriction	Based on current value of goods donated
Donated services	34,088	Legal Services	No associated donor restriction	Based on rate provided by individuals
Donated food	184,340	Advocacy & Food Pantry Program	No associated donor restriction	Based on estimated fair market value of the food
Total	<u>\$ 362,328</u>			

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2022:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Donated goods - fundraising	\$ 29,305	Fundraising	No associated donor restriction	Based on selling price
Donated goods	133,160	Advocacy & Food Pantry Program, Fundraising, Parent and Child Development, K-5 Enrichment Program, and Mental Health Services	No associated donor restriction	Based on estimated fair market value on date of receipt
Donated food	294,194	Advocacy & Food Pantry Program	No associated donor restriction	Based on estimated fair market value of the food
Total	<u>\$ 456,659</u>			

- L. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- M. Property and equipment are stated at cost less accumulated depreciation except for land, which is carried at cost. These amounts do not purport to represent replacement or realizable values. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, generally from 5 to 50 years. The Agency capitalizes property and equipment in excess of \$1,000.
- N. On January 1, 2023, the Agency adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-13, Financial Instruments – Credit Losses, (Topic 326), Measurement of Credit Losses on Financial Instruments (Accounting Standards Codification “ASC” 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current condition, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost which will be presented at the net amount expected to be collected by using an allowance for credit losses.

The Agency adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023, using the modified retrospective approach for all financial assets measured at amortized costs. The adoption had no effect on the change in net assets as previously reported.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Agency strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Agency’s financial assets as of December 31, 2023 and 2022, reduced by any amounts that are not available to meet general expenditures within one year of the statements of financial position date because of contractual restrictions:

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 651,701	\$ 397,995
Pledges receivable, net	702,936	449,347
Grants receivable	90,725	431,552
Receivables from third-party payors, net	-	24,837
Investments, at fair value	<u>219,616</u>	<u>449,838</u>
Total financial assets	1,664,978	1,753,569
Less: Cash and investments held for endowments	(142,653)	(269,992)
Less: Cash and investments held for Board designated purpose	(1,000,000)	(1,000,000)
Less: Pledges receivable due in more than one year	<u>(311,803)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 210,522</u>	<u>\$ 483,577</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Agency considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. Donor restricted funds for various programs are considered available for the general expenditures to conduct those programs. The Agency's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is used for operations if appropriated. The endowment is subject to an annual spending rate of up to 7% as described in Note 10.

NOTE 4 – PLEDGES RECEIVABLE, NET

Pledges receivable, net, are unconditional promises to give, and consisted of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Pledges receivable due in:		
Less than one year	\$ 391,133	\$ 449,347
One to five years	<u>350,000</u>	<u>-</u>
Total pledges receivable	741,133	449,347
Unamortized discount to present value	<u>(38,197)</u>	<u>-</u>
Pledges receivable, net	<u>\$ 702,936</u>	<u>\$ 449,347</u>

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4.91%.

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments at December 31 are comprised of the following:

	<u>2023</u>	<u>2022</u>
U.S. Equities	\$ 65,293	\$ 262,410
U.S. Treasury Bonds and Notes	7,820	21,188
Corporate Bonds	-	51,452
Money Market Funds	103,464	23,111
Exchange Traded Funds	41,973	82,855
REIT	<u>1,066</u>	<u>8,822</u>
Total Investments	<u>\$ 219,616</u>	<u>\$ 449,838</u>

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Investments are classified in the following net asset categories as of December 31:

	<u>2023</u>	<u>2022</u>
With donor restrictions – endowment	\$ 123,000	\$ 209,800
With donor restrictions – earnings on endowment	19,653	60,192
Without donor restrictions	<u>76,963</u>	<u>179,846</u>
	<u>\$ 219,616</u>	<u>\$ 449,838</u>

The following table summarizes investment activity for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 7,366	\$ 14,186
Investment fees	(2,277)	(6,930)
Realized and unrealized gain (loss) on investments	<u>35,941</u>	<u>(241,817)</u>
	<u>\$ 41,030</u>	<u>\$ (234,561)</u>

FASB Accounting Standards Codification (“ASC”) 820, “Fair Value Measurement,” provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the assets or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining fair value, the Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Money market funds are valued at the net asset value (“NAV”) at a constant \$1.00 per share, of which, only the yield goes up and down. Investments in U.S. equities, exchange traded funds, and REIT's are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes in active exchange markets involving identical assets. Level 1 also includes U.S. Treasury and U.S. Agency bonds and notes, and corporate bonds, which are traded by dealers or brokers in active markets.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value are classified in the table at Level 1 as follows at December 31:

	<u>2023</u>	<u>2022</u>
Money Market Funds	\$ 103,464	\$ 23,111
U.S. Equities	65,293	262,410
U.S. Treasury Bonds and Notes	7,820	21,188
Corporate Bonds	-	51,452
Exchange Traded Funds	41,973	82,855
REIT	<u>1,066</u>	<u>8,822</u>
Total Assets Carried at Fair Value	<u>\$ 219,616</u>	<u>\$ 449,838</u>

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following as of December 31:

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Lives</u>
Land	\$ 572,119	\$ 572,119	-
Building	5,718,780	5,718,780	20-50 years
Furniture and equipment	541,333	541,333	5-20 years
Vehicles	<u>42,705</u>	<u>42,705</u>	5 years
Total cost	6,874,937	6,874,937	
Less: accumulated depreciation	<u>(3,344,645)</u>	<u>(3,162,352)</u>	
Net book value	<u>\$ 3,530,292</u>	<u>\$ 3,712,585</u>	

Depreciation expense amounted to \$182,293 and \$182,305 for the years ended December 31, 2023 and 2022, respectively.

NOTE 7 – RECEIVABLES FROM THIRD-PARTY PAYORS, NET

The Agency provides credit without collateral to its patients and clients, most of whom are local residents and are insured under third-party payor agreements. As of December 31, receivables from third-party payors were as follows:

	<u>2023</u>	<u>2022</u>
Medicaid	\$ -	\$ 2,308
Medicare	-	24,647
Other	<u>-</u>	<u>1,381</u>
	-	28,336
Less: allowance for credit losses	<u>-</u>	<u>(3,499)</u>
	<u>\$ -</u>	<u>\$ 24,837</u>

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7 – RECEIVABLES FROM THIRD-PARTY PAYORS, NET (Continued)

The following table summarizes the activity related to the allowance for credit losses for the year ended December 31, 2023 under the CECL methodology (Note 2N):

Balance, December 31, 2022	\$	3,499
Provision for credit losses		1,191
Write offs		<u>(4,690)</u>
Balance, December 31, 2023	\$	<u>-</u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A. On October 5, 2023, the Agency obtained a line of credit (“LOC”) with Ponce Bank (the “Bank”) in the amount of \$200,000 and collateralized by the Agency’s business assets. The LOC has an effective interest rate of 11.5% and expires on October 1, 2024. There were no borrowings as of December 31, 2023. As of December 31, 2023, the Agency was in compliance with all compliance and reporting covenants.

B. The Agency believes it has no uncertain tax positions as of December 31, 2023 and 2022, in accordance with FASB ASC Topic 740, “Income Taxes”, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 9 – NET SERVICE REVENUE

Revenue from third-party payors for the years ended December 31 was as follows:

	<u>2023</u>	<u>2022</u>
Medicare	\$ 562	\$ 1,355
Other	<u>1,981</u>	<u>8,619</u>
	<u>\$ 2,543</u>	<u>\$ 9,974</u>

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets released from restrictions during the years ended December 31, by incurring expenses or the passage of time, thus satisfying the restricted purpose, are as follows:

	<u>2023</u>	<u>2022</u>
Asthma and Environment	\$ 61,761	\$ 72,028
Home Health Agency:		
Maternity Outreach	30,347	139,674
Parenting and Child Development	602,566	198,303
K-5 Enrichment Program	95,308	71,603
Mental Health Services	129,124	-
Advocacy	113,139	58,990
Administrative and Development	32	15,000
Appropriated earnings from Endowment	68,161	-
The McInerney Endowment release (a)	86,800	-
Write-off of Uncollectible Endowment	<u>-</u>	<u>5,000</u>
Total	<u>\$ 1,187,238</u>	<u>\$ 560,598</u>

(a) During the year ended December 31, 2023, the Agency performed a search of the endowment documents to identify the source of the donors. It was determined the endowment represented funds raised between 2003 and 2006 in honor of the McInerney but no specific restrictions on the donations. As such, the Agency released the \$86,800 principal value above with Board approval during 2023.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions are available for the following as of December 31:

	<u>2023</u>	<u>2022</u>
Subject to expenditures for the specified purpose:		
Home Health Agency:		
General Nursing	\$ -	\$ 5,347
Maternity Outreach	-	546,410
Parenting and Child Development	617,959	312,115
K-5 Enrichment Program	49,692	-
Mental Health Services	230,876	-
Asthma and Environment	-	61,761
Advocacy	40,299	50,260
Administrative and Development	19,067	4,099
Unappropriated Earnings from Endowment	19,653	60,192
Subject to time restrictions	300,000	-
Endowment principal held in perpetuity:		
The Doyle Endowment	100,000	100,000
The McInerney Endowment	5,500	92,300
Ensuring our Future Campaign Endowments	17,500	17,500
Total	<u>\$ 1,400,546</u>	<u>\$ 1,249,984</u>

The Agency recognizes that New York State adopted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) on September 17, 2010. NYPMIFA replaced the prior law, which was the Uniform Management of Institutional Funds Act (“UMIFA”). In addition, NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than seven percent of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered without donor restriction by the donor will be reflected as net assets with donor restrictions until appropriated.

The Agency’s Board has interpreted NYPMIFA as allowing the Agency to appropriate for expenditure or accumulate so much of an endowment fund as the Agency determines is prudent for the uses, benefits, purposes and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise, the assets in a donor-restricted endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Agency to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions.

In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor restricted funds that fall below the level the donor requires the Agency to retain in perpetuity. The deficiencies may result from unfavorable market fluctuations that occurred in the economy as a whole that may have affected the donor restricted fund where the fair value of the donor restricted fund fell below the amount that is required to be retained in perpetuity. As of December 31, 2023 and 2022, the Agency had not incurred a deficiency in its donor-restricted endowment funds.

The Agency’s endowment investment policy is to invest primarily in a mix of equities and fixed-income securities based on an asset allocation to satisfy its overall endowment financial and investment objectives, such as to preserve the principal, protect against inflation, receive stable returns and achieve long-term growth. The Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Changes in endowment net assets consisted of the following for the year ended December 31, 2023:

	<u>Endowment Earnings</u>	<u>Endowment Principal Held in Perpetuity</u>	<u>Total Endowment Investments</u>
Endowment net assets, beginning of year	\$ 60,192	\$ 209,800	\$ 269,992
Investment activity:			
Unrealized gain on investments	<u>27,622</u>	<u>-</u>	<u>27,622</u>
Total investment activity	<u>27,622</u>	<u>-</u>	<u>27,622</u>
Release of endowment principal	-	(86,800)	(86,800)
Earnings appropriated for expenditure	<u>(68,161)</u>	<u>-</u>	<u>(68,161)</u>
Endowment net assets, end of year	<u>\$ 19,653</u>	<u>\$ 123,000</u>	<u>\$ 142,653</u>

Changes in endowment net assets consisted of the following for the year ended December 31, 2022:

	<u>Endowment Earnings</u>	<u>Endowment Principal Held in Perpetuity</u>	<u>Total Endowment Investments</u>
Endowment net assets, beginning of year	\$ 104,413	\$ 214,800	\$ 319,213
Investment activity:			
Unrealized loss on investments	<u>(44,221)</u>	<u>-</u>	<u>(44,221)</u>
Total investment activity	<u>(44,221)</u>	<u>-</u>	<u>(44,221)</u>
Write-off of uncollectible endowment	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
Endowment net assets, end of year	<u>\$ 60,192</u>	<u>\$ 209,800</u>	<u>\$ 269,992</u>

Endowment net assets are included with investments on the accompanying statements of financial position as of December 31, 2023 and 2022.

NOTE 11 – LEASES

During 2023, the Agency leased copiers under finance lease arrangements through March 2028. The Agency assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

As of December 31, 2023, the financing lease right-of-use (ROU) assets had a balance of \$49,915. The financing lease liabilities amounted to \$50,689. The ROU assets and liabilities were calculated utilizing a risk-free rate of 3.60% at the commencement of the lease, according to the Agency's elected policy. The weighted average of the remaining lease term for the finance lease is 4.17 years. The weighted average discount rate amounted to 3.61% for the finance lease. The following summarizes the line items in the statement of functional expenses which include the components of lease expense for the year ended December 31, 2023:

Finance lease costs:	
Amortization of lease assets, included in equipment leases and repairs	\$ 11,589
Interest on lease liabilities, included in equipment leases and repairs	<u>1,509</u>
Total finance lease costs	<u>\$ 13,098</u>

**LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 11 – LEASES (Continued)

The following summarizes cash flow information related to leases for the year ended December 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:

Financing cash flows from finance leases	\$	10,815
--	----	--------

Lease assets obtained in exchange for lease obligations:

Financing leases	\$	61,504
------------------	----	--------

Future minimum payments for non-cancelable leases for the years ending after December 31, 2023 are as follows:

2024	\$	13,687
2025		12,900
2026		12,900
2027		12,900
2028		<u>2,150</u>
Total lease payments		54,537
Less: present value discount		<u>(3,848)</u>
Lease obligation	\$	<u>50,689</u>

NOTE 12 – PENSION PLAN

The Agency has established a tax deferred annuity plan (the “Annuity Plan”) under Section 403(b) of the Code and a defined contribution plan (the “Plan”) under Section 401(a) of the Code, for its employees. All employees, excluding religious personnel, are eligible to participate. Under the Plan, the Agency contributed 5% of the eligible salaries into the Plan, annually. Effective April 1, 2012, the Agency amended the Plan and no longer contributes a percentage of eligible salaries. An employee becomes eligible to participate in the Plan at the beginning of the completion of the first year of continuous service, and becomes fully vested after three years. The Agency did not make contributions to the Plan in the years ended December 31, 2023 and 2022. Under the Annuity Plan, an employee becomes eligible at any time the employee wishes to participate and is fully and immediately vested at that time. The Agency is not required to make contributions to the Annuity Plan.

NOTE 13 – LOANS PAYABLE TO RELATED PARTIES

As of December 31, 2023, the Agency received loans from four members of its Board of Directors totaling \$77,500. These transactions are considered related-party transactions due to the relationship between the Board members and Agency. These loans are subject to the terms and conditions approved by the Board of Directors of the Agency. The interest rates and repayment terms are consistent across all loans. The loans carry an interest rate of 8% and are due within 24 months from the date of the note purchase agreement, which is May 12, 2023. The loans may be converted into conversion grants upon maturity. The amount outstanding was \$77,500 as of December 31, 2023.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 14 – CONCENTRATIONS

- A. Cash and cash equivalents that potentially subject the Agency to a concentration of credit risk include cash accounts with one bank that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits by approximately \$399,000 and \$248,000 as of December 31, 2023 and 2022, respectively. This excess includes outstanding checks. Cash accounts with participating banks are insured up to \$250,000 per depositor.
- B. The pledge receivable from one donor represented 42%, and 46% of pledges receivables as of December 31, 2023 and 2022, and 12% and 0% of foundation grants and individual donors revenue for the years ended December 31, 2023 and 2022, respectively.
- C. The grant receivable from one funder represented 70% of total grant receivables and 10% of government support as of and for the year ended December 31, 2023.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through July 9, 2024, the date the financial statements were available to be issued.