

**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, 2022 and 2021

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.

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

YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Little Sisters of the Assumption Family Health Service, Inc. (the "Agency") which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on 2021 Financial Statements

The financial statements of Little Sisters of the Assumption Family Health Service, Inc. as of and for the year ended December 31, 2021 were audited by another auditor whose report dated August 30, 2022, expressed an unmodified opinion on those statements.

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.

Mayer Hoffman McCann CPAs
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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.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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
June 22, 2023

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents (Notes 2B, 3 and 12A) | \$ 397,995 | \$ 747,003 |
| Pledges receivable, net (Notes 2H, 3, 4 and 12B) | 449,347 | 907,616 |
| Grants receivable (Notes 2E and 3) | 431,552 | 90,365 |
| Receivables from third-party payors, net (Notes 2G, 3 and 7) | 24,837 | 42,845 |
| Investments, at fair value (Notes 2B, 2C and 5) | 449,838 | 1,390,026 |
| Prepaid expenses and other current assets | 11,214 | 49,665 |
| Property and equipment, net (Notes 2N and 6) | 3,712,585 | 3,894,890 |
| TOTAL ASSETS | \$ 5,477,368 | \$ 7,122,410 |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 634,275 | \$ 452,381 |
| Government advances and deferred revenue (Notes 2E and 2F) | 2,709 | 19,592 |
| TOTAL LIABILITIES | 636,984 | 471,973 |
| COMMITMENTS AND CONTINGENCIES (Note 8) | | |
| NET ASSETS (Notes 2D and 10) | | |
| Without donor restrictions | 3,590,400 | 5,053,641 |
| With donor restrictions (Note 10) | 1,249,984 | 1,596,796 |
| TOTAL NET ASSETS | 4,840,384 | 6,650,437 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 5,477,368 | \$ 7,122,410 |

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | For the Year Ended December 31, 2022 | | | For the Year Ended December 31, 2021 | | |
|---|--------------------------------------|----------------------------|---------------------|--------------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total 2022 | Without Donor Restrictions | With Donor Restrictions | Total 2021 |
| SUPPORT AND REVENUE: | | | | | | |
| Public Support: | | | | | | |
| Special events revenue | \$ 309,945 | \$ - | \$ 309,945 | \$ 470,737 | \$ - | \$ 470,737 |
| Less: costs of direct benefits to donors (Note 2I) | (98,497) | - | (98,497) | (95,652) | - | (95,652) |
| Net revenues from special events | 211,448 | - | 211,448 | 375,085 | - | 375,085 |
| Service revenue (Notes 2G and 9) | 9,974 | - | 9,974 | 133,644 | - | 133,644 |
| Foundation grants | 639,773 | 209,007 | 848,780 | 441,759 | 1,432,990 | 1,874,749 |
| Individual donations | 541,889 | 49,000 | 590,889 | 999,401 | 18,747 | 1,018,148 |
| Donated goods (Note 2K) | 456,659 | - | 456,659 | 474,612 | - | 474,612 |
| Net assets released from restrictions (Notes 2H and 10) | 560,598 | (560,598) | - | 1,215,990 | (1,215,990) | - |
| Total Public Support | 2,420,341 | (302,591) | 2,117,750 | 3,640,491 | 235,747 | 3,876,238 |
| Government Support (Note 2E): | | | | | | |
| Advocacy | 212,176 | - | 212,176 | 120,818 | - | 120,818 |
| Maternity Infant Health | 114,443 | - | 114,443 | 75,850 | - | 75,850 |
| Other government grants | 212,980 | - | 212,980 | 171,678 | - | 171,678 |
| COVID-19 Disparities | 1,341,379 | - | 1,341,379 | - | - | - |
| Total Government Support | 1,880,978 | - | 1,880,978 | 368,346 | - | 368,346 |
| Other (Loss) Income: | | | | | | |
| Investment activity (Notes 2C and 5) | (190,340) | (44,221) | (234,561) | 218,299 | 32,087 | 250,386 |
| Thrift store | 182,781 | - | 182,781 | 142,538 | - | 142,538 |
| Other income | 2,702 | - | 2,702 | 20,993 | - | 20,993 |
| Total Other (Loss) Income, net | (4,857) | (44,221) | (49,078) | 381,830 | 32,087 | 413,917 |
| TOTAL SUPPORT AND REVENUE | 4,296,462 | (346,812) | 3,949,650 | 4,390,667 | 267,834 | 4,658,501 |
| EXPENSES: | | | | | | |
| Program services | 4,118,575 | - | 4,118,575 | 3,635,149 | - | 3,635,149 |
| Management and general | 731,248 | - | 731,248 | 749,980 | - | 749,980 |
| Fundraising | 909,880 | - | 909,880 | 847,339 | - | 847,339 |
| TOTAL EXPENSES | 5,759,703 | - | 5,759,703 | 5,232,468 | - | 5,232,468 |
| CHANGE IN NET ASSETS | (1,463,241) | (346,812) | (1,810,053) | (841,801) | 267,834 | (573,967) |
| Net assets - beginning of year | 5,053,641 | 1,596,796 | 6,650,437 | 5,895,442 | 1,328,962 | 7,224,404 |
| NET ASSETS - END OF YEAR | \$ 3,590,400 | \$ 1,249,984 | \$ 4,840,384 | \$ 5,053,641 | \$ 1,596,796 | \$ 6,650,437 |

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
(With Comparative Totals for the Year Ended December 31, 2021)

| | For the Year Ended December 31, 2022 | | | | | | | | | | | | | Total 2021 |
|---|--------------------------------------|---|-------------------------|------------------------------|---------------------------|---|-----------------------------------|----------------------------------|------------------------------|---------------------------|-------------------|---------------------|---------------------|---------------|
| | 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 2022 | | |
| 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 | \$ 2,586,758 | |
| Payroll taxes and employee benefits (Note 11) | 59,000 | 45,243 | 174,720 | 26,284 | 20,695 | 51,635 | 30,744 | 49,253 | 457,574 | 61,225 | 42,749 | 561,548 | 545,777 | |
| 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 | 3,132,535 | |
| Independent contractors | - | - | - | - | - | - | - | - | - | - | - | - | 7,253 | |
| 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 | 648,156 | |
| Volunteers (Note 2K) | - | - | - | - | - | - | 10,492 | - | 10,492 | - | 2,021 | 12,513 | 10,438 | |
| Emergency and family assistance (Note 2K) | - | 2,688 | - | - | - | 349 | 486,614 | - | 489,651 | - | - | 489,651 | 598,331 | |
| Client events, classes and activities | 500 | 28 | 3,525 | 201 | 471 | 1,572 | 175 | - | 6,472 | - | - | 6,472 | 2,602 | |
| 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 | 121,427 | |
| Printing and publications | 10,100 | 425 | 22,886 | 1,234 | 1,942 | 1,133 | 356 | 633 | 38,709 | 9,296 | 27,792 | 75,797 | 54,026 | |
| 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 | 75,052 | |
| Travel | 254 | 1,037 | 65 | - | - | - | 543 | - | 1,899 | 4,700 | 1,883 | 8,482 | 8,318 | |
| 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 | 24,563 | |
| 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 | 42,720 | |
| 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 | 18,727 | |
| 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 | 68,486 | |
| 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 | 111,244 | |
| Venue cost | - | - | - | - | - | - | - | - | - | - | - | 76,712 | 72,407 | |
| Other special event costs | - | - | - | - | - | - | - | - | - | - | - | 29,469 | 50,694 | |
| Bad debt expense | - | - | - | - | - | - | - | - | - | 19,160 | - | 19,160 | 71,416 | |
| Miscellaneous | 3,151 | 139 | 170 | 26 | 123 | 156 | 39 | 4,698 | 8,502 | 6,592 | 10,112 | 25,206 | 51,551 | |
| 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 | 5,169,946 | |
| Less: costs of direct benefits to donors | - | - | - | - | - | - | - | - | - | - | (98,497) | (98,497) | (95,652) | |
| 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 | 5,074,294 | |
| 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 | 158,174 | |
| 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 | \$ 5,232,468 | |

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, 2021

| | 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 2021 |
| Salary | \$ 454,639 | \$ 213,984 | \$ 1,923 | \$ 137,937 | \$ 131,972 | \$ 333,864 | \$ 354,010 | \$ 221,387 | \$ 1,849,716 | \$ 391,277 | \$ 345,765 | \$ 2,586,758 |
| Payroll taxes and employee benefits (Note 11) | 88,085 | 61,218 | 154 | 29,752 | 27,781 | 78,639 | 87,668 | 50,849 | 424,146 | 60,880 | 60,751 | 545,777 |
| Total Salaries and Related Costs | 542,724 | 275,202 | 2,077 | 167,689 | 159,753 | 412,503 | 441,678 | 272,236 | 2,273,862 | 452,157 | 406,516 | 3,132,535 |
| Independent contractors | 7,253 | - | - | - | - | - | - | - | 7,253 | - | - | 7,253 |
| Professional fees | 60,297 | 24,072 | 721 | 46,831 | 19,051 | 51,160 | 47,128 | 25,937 | 275,197 | 121,539 | 251,420 | 648,156 |
| Volunteers (Note 2K) | - | - | - | - | - | - | 8,588 | - | 8,588 | - | 1,850 | 10,438 |
| Emergency and family assistance (Note 2K) | 20,000 | 3,614 | - | - | - | 4,851 | 541,814 | - | 570,279 | - | 28,052 | 598,331 |
| Client events, classes and activities | - | - | - | 377 | 1,539 | 614 | - | - | 2,530 | - | 72 | 2,602 |
| Supplies (Note 2K) | 14,089 | 4,427 | - | 24,768 | 4,745 | 18,836 | 7,409 | 8,357 | 82,631 | 1,773 | 37,023 | 121,427 |
| Printing and publications | 2,000 | 1,028 | - | 457 | 375 | 1,196 | 1,561 | 1,218 | 7,835 | 10,752 | 35,439 | 54,026 |
| Telephone | 8,281 | 9,558 | - | 3,253 | 2,384 | 9,463 | 15,166 | 6,490 | 54,595 | 14,615 | 5,842 | 75,052 |
| Travel | 1,982 | 159 | - | - | 13 | 208 | 53 | - | 2,415 | 5,831 | 72 | 8,318 |
| Conferences, in-service and meetings | 4,341 | 1,350 | - | 990 | 1,218 | 850 | 1,312 | - | 10,061 | 4,321 | 10,181 | 24,563 |
| Utilities | 1,495 | 3,930 | - | 7,989 | 1,495 | 9,612 | 4,571 | 5,639 | 34,731 | 4,990 | 2,999 | 42,720 |
| Equipment leases and repairs | 1,809 | 1,751 | - | 778 | 639 | 2,036 | 2,658 | 4,575 | 14,246 | 2,983 | 1,498 | 18,727 |
| Building expense | 2,397 | 6,301 | - | 12,807 | 2,397 | 15,409 | 7,328 | 9,040 | 55,679 | 7,999 | 4,808 | 68,486 |
| Insurance | 4,449 | 9,860 | - | 19,831 | 3,749 | 23,944 | 11,515 | 17,784 | 91,132 | 12,585 | 7,527 | 111,244 |
| Venue cost | - | - | - | - | - | - | - | - | - | - | 72,407 | 72,407 |
| Other special event costs | - | - | - | - | - | - | - | - | - | - | 50,694 | 50,694 |
| Bad debt expense | - | - | - | - | - | - | - | - | - | 71,416 | - | 71,416 |
| Miscellaneous | 3,316 | 11,414 | - | 1,073 | 881 | 2,808 | 3,666 | 4,961 | 28,119 | 11,067 | 12,365 | 51,551 |
| Subtotal before costs of direct benefits to donors and depreciation | 674,433 | 352,666 | 2,798 | 286,843 | 198,239 | 553,490 | 1,094,447 | 356,237 | 3,519,153 | 722,028 | 928,765 | 5,169,946 |
| Less: costs of direct benefits to donors | - | - | - | - | - | - | - | - | - | - | (95,652) | (95,652) |
| Subtotal before depreciation | 674,433 | 352,666 | 2,798 | 286,843 | 198,239 | 553,490 | 1,094,447 | 356,237 | 3,519,153 | 722,028 | 833,113 | 5,074,294 |
| Depreciation (Note 6) | 16,344 | 16,790 | - | 9,950 | 6,153 | 21,529 | 24,948 | 20,282 | 115,996 | 27,952 | 14,226 | 158,174 |
| TOTAL EXPENSES | \$ 690,777 | \$ 369,456 | \$ 2,798 | \$ 296,793 | \$ 204,392 | \$ 575,019 | \$ 1,119,395 | \$ 376,519 | \$ 3,635,149 | \$ 749,980 | \$ 847,339 | \$ 5,232,468 |

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, 2022 AND 2021

| | 2022 | 2021 |
|---|--------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (1,810,053) | \$ (573,967) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 182,305 | 158,174 |
| Bad debt expense - third-party payors | 19,160 | 71,416 |
| Net realized and unrealized loss (gain) on investments | 241,817 | (238,213) |
| Subtotal | (1,366,771) | (582,590) |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Pledges receivable | 458,269 | (178,414) |
| Grants receivable | (341,187) | (15,615) |
| Receivables from third-party payors | (1,152) | (13,819) |
| Prepaid expenses and other current assets | 38,451 | 86,563 |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 181,894 | 148,576 |
| Government advances and deferred revenue | (16,883) | (77,536) |
| Net Cash Used in Operating Activities | (1,047,379) | (632,835) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from investment sales | 744,768 | 476,202 |
| Purchase of investments | (46,397) | (23,152) |
| Property and equipment acquisitions | - | (404,657) |
| Net Cash Provided by Investing Activities | 698,371 | 48,393 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (349,008) | (584,442) |
| Cash and cash equivalents - beginning of year | 747,003 | 1,331,445 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 397,995 | \$ 747,003 |

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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 connect 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 & Sunday 11AM-4PM. COVID-19 restrictions such as masking and social distancing are still in place and updated based on CDC, NYC/NYS & 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, 2022 AND 2021

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, 2022 and 2021, 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, 2022 and 2021, the Agency was awarded conditional grants and contracts from government agencies in the aggregate amount of \$1,291,730 and \$300,895, 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 are 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, 2022 AND 2021

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 14% and 60% of net service revenue for the years ended December 31, 2022 and 2021, respectively, 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, 2022 and 2021, the Agency established an allowance for doubtful accounts on its receivables from third-party payors in the amounts of \$3,499 and \$32,509, respectively. The allowance is estimated by management based on general factors, such as aging of the receivables, and historical collection experience.

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, 2022 and 2021. 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:

| | 2022 | 2021 |
|-----------------|----------|------------|
| Environmental | \$ 600 | \$ - |
| General Nursing | 9,374 | 133,644 |
| | \$ 9,974 | \$ 133,644 |

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 receivable was necessary as of December 31, 2022 and 2021. Conditional promises to give are not included as support until the condition is substantially met.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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 event, 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. Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2020-07, Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets (“Gifts-in-Kind”) was adopted by the Agency for the year ended December 31, 2022. The core guidance in ASU 2020-07 is to increase transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit (“NFP”) organizations, including transparency on how those assets are used and how they are valued.

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, 2022 and 2021 amounted to \$12,513 and \$10,438, respectively. Donated securities are measured at fair value at the date of receipt. Donated securities amounted to \$33,057 and \$0 for the years ended December 31, 2022 and 2021, respectively, and are included in special events revenue in the accompanying 2022 statement of activities.

For the years ended December 31, 2022 and 2021, the Agency recorded the fair value of noncash contributions amounting to \$456,659 and \$474,612, respectively. Such amounts are included as donated goods 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, 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 Sharing Place Thrift Store | 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> | | | |

**LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2021:

| <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 | \$ 29,086 | Fundraising | No associated donor restriction | Based on selling price |
| Donated goods | 63,307 | 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 | 382,219 | Advocacy & Food Pantry Program | No associated donor restriction | Based on estimated fair market value of the food |
| Total | <u>\$ 474,612</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. The CHHA Program provides care to patients regardless of whether or not there is insurance or any other source of reimbursement. Because this charity care is not expected to be paid, no revenue is reported. Amounts of charity care provided were \$0 and \$1,646 in 2022 and 2021, respectively.
- N. 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.
- O. Certain items in the December 31, 2021 financial statements have been reclassified to conform with the December 31, 2022 presentation. These reclassifications had no impact on the change in net assets for the year ended December 31, 2021.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 and 2021, 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:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------------|-------------------------|
| Cash and cash equivalents | \$ 397,995 | \$ 747,003 |
| Pledges receivable, net | 449,347 | 907,616 |
| Grants receivable | 431,552 | 90,365 |
| Receivables from third-party payors, net | 24,837 | 42,845 |
| Investments, at fair value | <u>449,838</u> | <u>1,390,026</u> |
| Total financial assets | 1,753,569 | 3,177,855 |
| Less: Cash and investments held for endowments | (269,992) | (319,213) |
| Less: Pledges receivable due in more than one year | <u>-</u> | <u>(125,000)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,483,577</u> | <u>\$ 2,733,642</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>2022</u> | <u>2021</u> |
|---------------------------------------|-------------------|-------------------|
| Pledges receivable due in: | | |
| Less than one year | \$ 449,347 | \$ 786,636 |
| One to five years | <u>-</u> | <u>125,000</u> |
| Total pledges receivable | 449,347 | 911,636 |
| Unamortized discount to present value | <u>-</u> | <u>(4,020)</u> |
| Pledges receivable, net | <u>\$ 449,347</u> | <u>\$ 907,616</u> |

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate ranging from 1.6% to 1.66%.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments at December 31 are comprised of the following:

| | <u>2022</u> | <u>2021</u> |
|-------------------------------|-------------------|---------------------|
| U.S. Equities | \$ 262,410 | \$ 766,846 |
| U.S. Treasury Bonds and Notes | 21,188 | 46,551 |
| Corporate Bonds | 51,452 | 257,069 |
| Money Market Funds | 23,111 | 79,506 |
| Exchange Traded Funds | 82,855 | 216,633 |
| REIT | <u>8,822</u> | <u>23,421</u> |
| Total Investments | <u>\$ 449,838</u> | <u>\$ 1,390,026</u> |

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

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|---------------------|
| With donor restrictions – endowment | \$ 209,800 | \$ 214,800 |
| With donor restrictions – earnings on endowment | 60,192 | 104,413 |
| Without donor restrictions | <u>179,846</u> | <u>1,070,813</u> |
| | <u>\$ 449,838</u> | <u>\$ 1,390,026</u> |

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

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|-------------------|
| Interest and dividends | \$ 14,186 | \$ 23,375 |
| Investment fees | (6,930) | (11,202) |
| Realized and unrealized (loss) gain on investments | <u>(241,817)</u> | <u>238,213</u> |
| | <u>\$ (234,561)</u> | <u>\$ 250,386</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.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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, which are traded by dealers or brokers in active markets. Corporate bonds are designated as Level 2 instruments if valuations are obtained from readily-available pricing sources for comparable instruments (credit risk/grade, maturities, etc.).

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

| | <u>2022</u> | <u>2021</u> |
|------------------------------------|-------------------|---------------------|
| Money Market Funds | \$ 23,111 | \$ 79,506 |
| U.S. Equities | 262,410 | 766,846 |
| U.S. Treasury Bonds and Notes | 21,188 | 46,551 |
| Corporate Bonds | 51,452 | 257,069 |
| Exchange Traded Funds | 82,855 | 216,633 |
| REIT | <u>8,822</u> | <u>23,421</u> |
| Total Assets Carried at Fair Value | <u>\$ 449,838</u> | <u>\$ 1,390,026</u> |

NOTE 6 – PROPERTY AND EQUIPMENT, NET

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

| | <u>2022</u> | <u>2021</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>(3,162,352)</u> | <u>(2,980,047)</u> | |
| Net book value | <u>\$ 3,712,585</u> | <u>\$ 3,894,890</u> | |

Depreciation expense amounted to \$182,305 and \$158,174 for the years ended December 31, 2022 and 2021, respectively.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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>2022</u> | <u>2021</u> |
|---------------------------------------|------------------|------------------|
| Medicaid | \$ 2,308 | \$ 4,165 |
| Medicare | 24,647 | 55,996 |
| Other | <u>1,381</u> | <u>15,193</u> |
| | 28,336 | 75,354 |
| Less: allowance for doubtful accounts | <u>(3,499)</u> | <u>(32,509)</u> |
| | <u>\$ 24,837</u> | <u>\$ 42,845</u> |

NOTE 8 – COMMITMENTS AND CONTINGENCIES

- A. The Agency leases equipment under operating leases. Future minimum payments due under the leases for the year after December 31, 2022 are \$8,122 due in 2023.

Rental expense for equipment leases charged to operations for each of the years ended December 31, 2022 and 2021 was \$15,458 and is included in equipment leases and repairs on the accompanying statements of functional expenses.

- B. The Agency believes it has no uncertain tax positions as of December 31, 2022 and 2021 in accordance with 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>2022</u> | <u>2021</u> |
|----------|--------------|---------------|
| Medicaid | \$ - | \$ 4,086 |
| Medicare | 1,355 | 75,659 |
| Other | <u>8,619</u> | <u>53,899</u> |
| | \$ 9,974 | \$ 133,644 |

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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>2022</u> | <u>2021</u> |
|--------------------------------------|-------------------|---------------------|
| Asthma and Environment | \$ 72,028 | \$ 143,264 |
| Home Health Agency: | | |
| General Nursing | - | 20,000 |
| Maternity Outreach | 139,674 | 212,476 |
| Parenting and Child Development | 198,303 | 273,907 |
| K-5 Enrichment Program | 71,603 | 134,329 |
| Mental Health Services | - | 41,177 |
| Advocacy | 58,990 | 227,432 |
| Administrative and Development | 15,000 | 54,915 |
| Write-off of uncollectible endowment | 5,000 | - |
| Capital Campaign | - | 108,490 |
| Total | <u>\$ 560,598</u> | <u>\$ 1,215,990</u> |

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

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Subject to expenditures for the specified purpose: | | |
| Home Health Agency: | | |
| General Nursing | \$ 5,347 | \$ 5,347 |
| Maternity Outreach | 546,410 | 671,083 |
| Parenting and Child Development | 312,115 | 325,417 |
| K-5 Enrichment Program | - | 61,603 |
| Asthma and Environment | 61,761 | 133,789 |
| Advocacy | 50,260 | 65,243 |
| Administrative and Development | 4,099 | 15,101 |
| Unappropriated Earnings from Endowment | 60,192 | 104,413 |
| Endowment principal held in perpetuity: | | |
| The Doyle Endowment | 100,000 | 100,000 |
| The McInerney Endowment | 92,300 | 92,300 |
| Ensuring our Future Campaign Endowments | <u>17,500</u> | <u>22,500</u> |
| Total | <u>\$ 1,249,984</u> | <u>\$ 1,596,796</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.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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, 2022 and 2021, 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).

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> |

Changes in endowment net assets consisted of the following for the year ended December 31, 2021:

| | <u>Endowment Earnings</u> | <u>Endowment Principal Held in Perpetuity</u> | <u>Total Endowment Investments</u> |
|---|-------------------------------|---|--|
| Endowment net assets, beginning of year | \$ 72,326 | \$ 214,800 | \$ 287,126 |
| Investment activity: | | | |
| Unrealized gain on investments | <u>32,087</u> | <u>-</u> | <u>32,087</u> |
| Total investment activity | <u>32,087</u> | <u>-</u> | <u>32,087</u> |
| Endowment net assets, end of year | <u>\$ 104,413</u> | <u>\$ 214,800</u> | <u>\$ 319,213</u> |

Endowment net assets are included with investments on the accompanying statements of financial position as of December 31, 2022 and 2021.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 11 – 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, 2022 and 2021. 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 12 – 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 \$248,000 as of December 31, 2022. 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 46% of total pledge receivables as of both December 31, 2022 and 2021, and 0% and 22% of foundation grants and individual donations revenue for the years ended December 31, 2022 and 2021, respectively.
- C. The grant receivable from one funder represented 61% of total grant receivables and 62% of government support as of and for the year ended December 31, 2022.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through June 22, 2023, the date the financial statements were available to be issued.