

**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 and Report
Required by *Government Auditing Standards*)**

Years Ended December 31, 2020 and 2019 (Restated)

and

**Schedules Related to The New York City Administration
for Children's Services
Contract Year Ended June 30, 2020**

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report and
Report Required by *Government Auditing Standards*)

YEARS ENDED DECEMBER 31, 2020 AND 2019 (Restated)

AND

SCHEDULES RELATED TO THE NEW YORK CITY
ADMINISTRATION FOR CHILDREN'S SERVICES
CONTRACT YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying 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, 2020 and 2019 (Restated), and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Little Sisters of the Assumption Family Health Service, Inc. as of December 31, 2020 and 2019 (Restated), 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.

Other Matters

The supplemental schedules for the contract year ended June 30, 2020 (shown on pages 21-26), are presented for purposes of additional analysis as required by The New York City Administration for Children's Services and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records. We have applied certain limited procedures to this supplementary information, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the underlying accounting and other records and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2021, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



New York, NY
June 3, 2021

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019 (Restated)

	<u>2020</u>	<u>As Restated 2019</u>
ASSETS		
Cash and cash equivalents (Notes 2B, 3 and 13)	\$ 1,331,445	\$ 2,089,737
Pledges receivable, net (Notes 2H, 3 and 4)	729,202	859,635
Grants receivable (Notes 2E and 3)	74,750	284,357
Receivables from third-party payors, net (Notes 2G, 3 and 7)	100,442	66,359
Investments, at fair value (Notes 2B, 2C and 5)	1,604,863	522,848
Prepaid expenses and other current assets	136,228	58,953
Property and equipment, net (Notes 2N and 6)	<u>3,648,407</u>	<u>3,803,807</u>
TOTAL ASSETS	<u>\$ 7,625,337</u>	<u>\$ 7,685,696</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 303,805	\$ 313,582
Government advances and deferred revenue (Notes 2E and 2F)	<u>97,128</u>	<u>287,006</u>
TOTAL LIABILITIES	<u>400,933</u>	<u>600,588</u>
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS (Notes 2D and 11)		
Without donor restrictions:		
Undesignated	1,247,035	1,186,676
Board designated	1,000,000	1,000,000
Investment in property and equipment	<u>3,648,407</u>	<u>3,803,807</u>
Total without donor restrictions	5,895,442	5,990,483
With donor restrictions (Note 11)	<u>1,328,962</u>	<u>1,094,625</u>
TOTAL NET ASSETS	<u>7,224,404</u>	<u>7,085,108</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,625,337</u>	<u>\$ 7,685,696</u>

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (Restated)

	For the Year Ended December 31, 2020			For the Year Ended December 31, 2019 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total 2020	Without Donor Restrictions	With Donor Restrictions	Total 2019
SUPPORT AND REVENUE:						
Public Support:						
Special events revenue (Includes auction revenue of \$0 in 2020 and \$41,302 in 2019)	\$ 177,719	\$ -	\$ 177,719	\$ 551,377	\$ -	\$ 551,377
Less: costs of direct benefits to donors (Note 2I)	-	-	-	(88,463)	-	(88,463)
Net revenues from special events	177,719	-	177,719	462,914	-	462,914
Net service revenue (Notes 2G and 10)	117,628	-	117,628	156,828	-	156,828
Foundation grants	31,668	1,224,643	1,256,311	129,997	998,361	1,128,358
Individual donations	1,454,667	147,540	1,602,207	1,328,465	-	1,328,465
Donated goods and services (Note 2K)	188,783	-	188,783	202,007	-	202,007
Net assets released from restrictions (Notes 2H and 11)	1,182,008	(1,182,008)	-	953,085	(953,085)	-
Total Public Support	3,152,473	190,175	3,342,648	3,233,296	45,276	3,278,572
Government Support (Note 2E):						
Preventive Program	449,500	-	449,500	810,808	-	810,808
Advocacy	485,779	-	485,779	265,703	-	265,703
Delivery System Reform Incentive Payment	251,839	-	251,839	221,211	-	221,211
Maternity Infant Health	91,361	-	91,361	98,832	-	98,832
Paycheck Protection Program (Note 9)	554,700	-	554,700	-	-	-
Total Government Support	1,833,179	-	1,833,179	1,396,554	-	1,396,554
Other Income:						
Investment activity (Notes 2C and 5)	275,248	44,162	319,410	70,105	43,164	113,269
Thrift store	87,315	-	87,315	305,091	-	305,091
Other income	9,620	-	9,620	1,668	-	1,668
Total Other Income	372,183	44,162	416,345	376,864	43,164	420,028
TOTAL SUPPORT AND REVENUE	5,357,835	234,337	5,592,172	5,006,714	88,440	5,095,154
EXPENSES:						
Program services	4,017,907	-	4,017,907	3,915,215	-	3,915,215
Management and general	588,692	-	588,692	593,020	-	593,020
Fundraising	846,277	-	846,277	1,012,571	-	1,012,571
TOTAL EXPENSES	5,452,876	-	5,452,876	5,520,806	-	5,520,806
CHANGE IN NET ASSETS AS ORIGINALLY REPORTED	(95,041)	234,337	139,296	(514,092)	88,440	(425,652)
Restatement of net assets with donor restrictions (Note 11)	-	-	-	1,000,000	(1,000,000)	-
CHANGE IN NET ASSETS AS RESTATED	(95,041)	234,337	139,296	485,908	(911,560)	(425,652)
Net assets - beginning of year	5,990,483	1,094,625	7,085,108	5,504,575	2,006,185	7,510,760
NET ASSETS - END OF YEAR	\$ 5,895,442	\$ 1,328,962	\$ 7,224,404	\$ 5,990,483	\$ 1,094,625	\$ 7,085,108

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, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	For the Year Ended December 31, 2020										
	Program Services						Total Program Services	Supporting Services		Total 2020	Total 2019
	General Nursing	Asthma and Environmental Program	Preventive Services Program	Parent & Child Development	Advocacy & Food Pantry Program	Sharing Place Thrift Store		Management and General	Fundraising		
Salary	\$ 467,234	\$ 224,702	\$ 367,230	\$ 463,253	\$ 304,531	\$ 203,000	\$ 2,029,950	\$ 363,838	\$ 547,946	\$ 2,941,734	\$ 3,223,831
Payroll taxes and employee benefits (Note 12)	95,496	60,931	57,577	108,715	71,494	44,821	439,034	52,862	101,422	593,318	606,907
Total Salaries and Related Costs	562,730	285,633	424,807	571,968	376,025	247,821	2,468,984	416,700	649,368	3,535,052	3,830,738
Independent contractors	6,498	-	-	-	-	-	6,498	-	-	6,498	15,258
Professional fees (Note 2K)	30,139	18,456	16,616	83,472	82,877	20,978	252,538	84,010	58,452	395,000	435,057
Volunteers (Note 2K)	-	-	-	252	3,190	-	3,442	-	1,345	4,787	6,510
Emergency and family assistance	-	51,391	54	52,707	584,616	-	688,768	-	6,545	695,313	234,997
Client events, classes and activities	22	-	73	-	51	-	146	-	-	146	5,141
Supplies	22,686	2,620	18,048	123,574	31,326	28,915	227,169	1,506	11,980	240,655	252,302
Printing and publications	2,419	934	1,395	1,161	8,530	996	15,435	17,060	12,799	45,294	90,528
Telephone	4,664	5,952	5,947	6,658	8,678	2,503	34,402	5,009	31,018	70,429	36,838
Travel	2,029	418	958	194	945	120	4,664	6,197	632	11,493	17,671
Conferences, in-service and meetings	5,673	1,021	1,743	1,312	567	126	10,442	5,907	6,250	22,599	35,233
Utilities	4,147	4,979	3,314	14,780	5,854	6,944	40,018	5,297	2,904	48,219	55,843
Equipment leases and repairs	1,728	1,826	2,100	1,899	2,191	2,670	12,414	2,556	2,069	17,039	21,993
Building expense	5,779	6,939	4,618	20,598	8,158	9,677	55,769	7,382	4,047	67,198	82,110
Insurance	8,528	9,739	6,544	28,661	11,453	16,985	81,910	10,413	5,740	98,063	89,534
Special event costs	-	-	-	-	-	-	-	-	25,042	25,042	140,581
Bad debt (recovery) expense	-	-	-	-	-	-	-	(7,141)	-	(7,141)	68,933
Miscellaneous	1,252	125	-	28	-	2,321	3,726	8,561	9,503	21,790	31,274
Subtotal before costs of direct benefits to donors and depreciation	658,294	390,033	486,217	907,264	1,124,461	340,056	3,906,325	563,457	827,694	5,297,476	5,450,541
Less: costs of direct benefits to donors	-	-	-	-	-	-	-	-	-	-	(88,463)
Subtotal before depreciation	658,294	390,033	486,217	907,264	1,124,461	340,056	3,906,325	563,457	827,694	5,297,476	5,362,078
Depreciation (Note 6)	16,002	17,072	18,958	20,434	20,451	18,665	111,582	25,235	18,583	155,400	158,728
TOTAL EXPENSES	<u>\$ 674,296</u>	<u>\$ 407,105</u>	<u>\$ 505,175</u>	<u>\$ 927,698</u>	<u>\$ 1,144,912</u>	<u>\$ 358,721</u>	<u>\$ 4,017,907</u>	<u>\$ 588,692</u>	<u>\$ 846,277</u>	<u>\$ 5,452,876</u>	<u>\$ 5,520,806</u>

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, 2019

	For the Year Ended December 31, 2019									
	Program Services							Supporting Services		
	General Nursing	Asthma and Environmental Program	Preventive Services Program	Parent & Child Development	Advocacy & Food Pantry Program	Sharing Place Thrift Store	Total Program Services	Management and General	Fundraising	Total 2019
Salary	\$ 460,412	\$ 243,597	\$ 634,300	\$ 517,304	\$ 257,165	\$ 250,693	\$ 2,363,471	\$ 336,208	\$ 524,152	\$ 3,223,831
Payroll taxes and employee benefits (Note 12)	79,900	54,809	122,637	119,794	54,661	47,896	479,697	45,967	81,243	606,907
Total Salaries and Related Costs	540,312	298,406	756,937	637,098	311,826	298,589	2,843,168	382,175	605,395	3,830,738
Independent contractors	15,258	-	-	-	-	-	15,258	-	-	15,258
Professional fees (Note 2K)	41,013	17,496	34,972	72,492	12,644	28,657	207,274	72,289	155,494	435,057
Volunteers (Note 2K)	-	-	-	1,404	3,098	-	4,502	-	2,008	6,510
Emergency and family assistance	-	3,851	2,596	4,830	223,720	-	234,997	-	-	234,997
Client events, classes and activities	263	789	2,581	1,458	50	-	5,141	-	-	5,141
Supplies	23,297	13,544	5,899	108,830	19,306	8,187	179,063	792	72,447	252,302
Printing and publications	3,478	1,863	7,742	1,768	2,939	1,315	19,105	5,061	66,362	90,528
Telephone	4,805	6,542	10,377	2,706	2,662	2,232	29,324	5,702	1,812	36,838
Travel	2,541	3,225	3,183	4,276	1,986	13	15,224	2,181	266	17,671
Conferences, in-service and meetings	5,639	2,291	5,344	4,151	1,232	581	19,238	8,975	7,020	35,233
Utilities	4,706	5,719	6,864	17,394	6,592	8,010	49,285	3,287	3,271	55,843
Equipment leases and repairs	1,688	1,967	3,899	3,131	1,920	5,164	17,769	2,127	2,097	21,993
Building expense	6,374	7,745	9,296	23,548	8,928	10,848	66,739	10,941	4,430	82,110
Insurance	7,861	8,746	11,321	26,453	10,064	14,964	79,409	5,083	5,042	89,534
Special event costs	-	-	-	-	-	-	-	-	140,581	140,581
Bad debt expense	-	-	-	-	-	-	-	68,933	-	68,933
Miscellaneous	-	-	637	636	-	3,071	4,344	8,686	18,244	31,274
Subtotal before costs of direct benefits to donors and depreciation	657,235	372,184	861,648	910,175	606,967	381,631	3,789,840	576,232	1,084,469	5,450,541
Less: costs of direct benefits to donors	-	-	-	-	-	-	-	-	(88,463)	(88,463)
Subtotal before depreciation	657,235	372,184	861,648	910,175	606,967	381,631	3,789,840	576,232	996,006	5,362,078
Depreciation (Note 6)	14,026	16,421	31,057	28,895	16,363	18,613	125,375	16,788	16,565	158,728
TOTAL EXPENSES	\$ 671,261	\$ 388,605	\$ 892,705	\$ 939,070	\$ 623,330	\$ 400,244	\$ 3,915,215	\$ 593,020	\$ 1,012,571	\$ 5,520,800

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 139,296	\$ (425,652)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	155,400	158,728
Bad debt (recovery) expense - third-party payors	(7,141)	68,933
Net realized and unrealized gain on investments	<u>(296,870)</u>	<u>(105,113)</u>
Subtotal	(9,315)	(303,104)
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Pledges receivable	130,433	1,582,914
Grants receivable	209,607	(60,479)
Receivables from third-party payors	(26,942)	(72,271)
Prepaid expenses and other current assets	(77,275)	225
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(9,777)	28,733
Government advances	<u>(189,878)</u>	<u>33,904</u>
Net Cash Provided by Operating Activities	<u>26,853</u>	<u>1,209,922</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investment sales	110,220	104,616
Purchase of investments	<u>(895,365)</u>	<u>(62,878)</u>
Net Cash (Used in) Provided by Investing Activities	<u>(785,145)</u>	<u>41,738</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(758,292)	1,251,660
Cash and cash equivalents - beginning of year	<u>2,089,737</u>	<u>838,077</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,331,445</u>	<u>\$ 2,089,737</u>

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019 (Restated)

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.
 - Asthma and Environmental Health Services serve 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.
 - 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.
- **Family Support Programs:**
 - Parenting & Child Development works with parents to keep very young children (up to age 3) developmentally on track through home visits and socialization groups, and provides academic enrichment and social/emotional support to school age children in grades K-3.
 - Preventive Services is a family support program that strengthens family functioning to avoid placement of children in foster care. Key program components include counseling, referrals for specialized treatment, help with parenting and daily life management skills, and follow-up with education, health care, housing, entitlements, and more, based on the needs of the family.
 - The Sharing Place Thrift Store is East Harlem’s popular destination for those in need of good quality, bargain-priced clothing and housewares. It’s where anyone with a meager budget can shop with dignity, meet their neighbors, build community, and learn about the Agency’s programs.
- **Delivery System Reform Incentive Payment (“DSRIP”)** is the main mechanism by which New York State will implement the Medicaid Redesign Team (“MRT”) and waiver amendment. DSRIP’s purpose is to fundamentally restructure the health care delivery system. The Agency is a member of two Performance Provider Systems (“PPS”) affiliated with Mount Sinai and One City Health which is paid through DSRIP. With respect to Mount Sinai PPS, the Agency is actively participating in: 1) an Integrated Delivery System project and 2) Hospital Home Care Collaboration Solutions. In regard to One City Health, the Agency is actively participating in: 1) Integrated Delivery Systems Project, 2) Asthma Program, 3) Cultural Competency and Health Literacy Project.
- **Maternity & Infant Help 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.
- A thrift store provides used clothing at affordable prices primarily to neighborhood and community residents of East Harlem.

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.

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.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019 (Restated)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 imposed restrictions because donor imposed restrictions have been removed or expired. As of December 31, 2020 and 2019, 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.

- 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, 2020 and 2019, government advances amounted to \$31,600 and \$264,236, respectively.

As of December 31, 2020 and 2019, the Agency received conditional grants and contracts from government agencies in the aggregate amount of \$141,598 and \$703,278, 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.
- 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 65% and 76% of net service revenue for the years ended December 31, 2020 and 2019, 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. In 2020 and 2019, the Agency established an allowance for doubtful accounts on its receivables from third-party payors in the amounts of \$13,858 and \$67,933, respectively. The allowance is estimated by management based on general factors, such as aging of the receivables, and historical collection experience.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019 (Restated)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Performance Obligation - 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, 2020. 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:

	<u>2020</u>	<u>2019</u>
General Nursing	\$ 117,628	\$ 156,728
Other	<u>-</u>	<u>100</u>
	<u>\$ 117,628</u>	<u>\$ 156,828</u>

- 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 received. All donor-restricted contributions are reported as increases in net assets with donor restrictions (including capital campaign contributions). Contributions of fixed assets are recorded as support without donor restrictions. Capital campaign contributions which exceeded the cost of the construction of the new building are intended to be used for major building repairs in the future and are treated as net assets with donor restrictions until the funds are spent, at which time, the donations will be reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As of December 31, 2020 and 2019, the balances of unspent funds from the capital campaign were \$108,490 and \$149,936, respectively.

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, 2020 and 2019. Conditional promises to give are not included as support until the condition is substantially met.

- 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, supplies, printing and publications, telephone, conferences, trainings and meetings, equipment leases and repairs, insurance and miscellaneous expenses, which are allocated on the basis of estimates of time and effort. Building related expenses including utilities, repairs, maintenance, property insurance and depreciation expenses, and are allocated on the basis of square footage per space used by each department.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019 (Restated)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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, 2020 and 2019 amounted to \$4,788 and \$6,509, respectively. Donated securities, donated goods and services are measured at fair value at the date of receipt. Donated securities amounted to \$1,065,968 and \$53,533 for the years ended December 31, 2020 and 2019, respectively, and are included in individual donations in the accompanying statements of activities. The donated goods and services for the years ended December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Donated goods	\$ 179,033	\$ 187,431
Donated professional services	<u>9,750</u>	<u>14,576</u>
Total donated goods and services	<u>\$ 188,783</u>	<u>\$ 202,007</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 \$200 and \$129 in 2020 and 2019, respectively.
- N. Property and equipment are stated at cost less accumulated depreciation. 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.

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, 2020 and 2019, reduced by any amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,331,445	\$ 2,089,737
Pledges receivable, net	729,202	859,635
Grants receivable	74,750	284,357
Receivables from third-party payors, net	100,442	66,359
Investments, at fair value	<u>1,604,863</u>	<u>522,848</u>
Total financial assets	3,840,702	3,822,936
Less: Cash and investments held for endowments	(1,287,126)	(1,257,964)
Less: Pledges receivable due in more than one year	<u>(250,000)</u>	<u>(371,369)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,303,576</u>	<u>\$ 2,193,603</u>

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019 (Restated)

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

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 of the Agency's programs 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 11.

NOTE 4 – PLEDGES RECEIVABLE, NET

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

	<u>2020</u>	<u>2019</u>
Pledges receivable due in:		
Less than one year	\$ 489,204	\$ 488,266
One to five years	<u>250,000</u>	<u>390,000</u>
Total pledges receivable	739,204	878,266
Unamortized discount to present value	<u>(10,002)</u>	<u>(18,631)</u>
Pledges receivable, net	<u>\$ 729,202</u>	<u>\$ 859,635</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 2.8%.

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments at December 31 are comprised of the following:

	<u>2020</u>	<u>2019</u>
U.S. Equities	\$ 810,721	\$ 365,625
U.S. Treasury Bonds and Notes	70,438	65,050
Corporate Bonds	376,205	23,828
Money Market Funds	50,259	43,581
Exchange Traded Funds	271,987	14,800
REIT	<u>25,253</u>	<u>9,964</u>
Total Investments	<u>\$ 1,604,863</u>	<u>\$ 522,848</u>

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

	<u>2020</u>	<u>2019</u>
With donor restrictions – endowment	\$ 214,800	\$ 214,800
With donor restrictions – earnings on endowment	72,326	43,164
With donor restrictions – capital campaign	108,490	149,936
Without donor restrictions	<u>1,209,247</u>	<u>114,948</u>
	<u>\$ 1,604,863</u>	<u>\$ 522,848</u>

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019 (Restated)

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

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

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 31,928	\$ 11,941
Investment fees	(9,388)	(3,785)
Realized and unrealized gain on investments	<u>296,870</u>	<u>105,113</u>
	<u>\$ 319,410</u>	<u>\$ 113,269</u>

Financial Accounting Standards Board ("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, 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.).

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019 (Restated)

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value at December 31, 2020 are classified in the table in two of the three levels as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
ASSETS CARRIED AT FAIR VALUE			
Investments:			
Money Market Funds	\$ 50,259	\$ -	\$ 50,259
U.S. Equities	810,721	-	810,721
U.S. Treasury Bonds and Notes	70,438	-	70,438
Corporate Bonds	-	376,205	376,205
Exchange Traded Funds	271,987	-	271,987
REIT	<u>25,253</u>	<u>-</u>	<u>25,253</u>
TOTAL ASSETS CARRIED AT FAIR VALUE	<u>\$ 1,228,658</u>	<u>\$ 376,205</u>	<u>\$ 1,604,863</u>

Financial assets carried at fair value at December 31, 2019 are classified in the table in two of the three levels as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
ASSETS CARRIED AT FAIR VALUE			
Investments:			
Money Market Funds	\$ 43,581	\$ -	\$ 43,581
U.S. Equities	365,625	-	365,625
U.S. Treasury Bonds and Notes	65,050	-	65,050
Corporate Bonds	-	23,828	23,828
Exchange Traded Funds	14,800	-	14,800
REIT	<u>9,964</u>	<u>-</u>	<u>9,964</u>
TOTAL ASSETS CARRIED AT FAIR VALUE	<u>\$ 499,020</u>	<u>\$ 23,828</u>	<u>\$ 522,848</u>

NOTE 6 – PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Lives</u>
Land	\$ 572,119	\$ 572,119	-
Building	5,384,692	5,384,692	20 years
Furniture and equipment	470,764	470,764	5-20 years
Vehicles	<u>42,705</u>	<u>42,705</u>	5 years
Total cost	6,470,280	6,470,280	
Less: accumulated depreciation	<u>(2,821,873)</u>	<u>(2,666,473)</u>	
Net book value	<u>\$ 3,648,407</u>	<u>\$ 3,803,807</u>	

Depreciation expense amounted to \$155,400 and \$158,728 for the years ended December 31, 2020 and 2019, respectively.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019 (Restated)

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>2020</u>	<u>2019</u>
Medicaid	\$ 3,903	\$ 13,725
Medicare	91,686	96,270
Other	<u>18,711</u>	<u>24,297</u>
	114,300	134,292
Less: allowance for doubtful accounts	<u>(13,858)</u>	<u>(67,933)</u>
	<u>\$ 100,442</u>	<u>\$ 66,359</u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

- A. The Agency leases equipment under operating leases. Future minimum payments due under the leases for the years after December 31, 2020 are \$16,606 due in 2021.

Rental expense for equipment leases charged to operations for 2020 and 2019 was \$15,558 and \$15,888, respectively, 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, 2020 and 2019 in accordance with ASC Topic 740 "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- C. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Agency's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Agency is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. The Agency's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Agency continues to monitor evolving economic and general business conditions and the actual and potential impacts on our financial position and results of operations.

NOTE 9 – PAYCHECK PROTECTION PROGRAM GRANT

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven.

The Agency applied for this loan through an SBA authorized lender. The loan, amounting to \$554,700, was approved and received in May 2020. The Agency has opted to account for the proceeds as a conditional contribution under FASB ASC 958-605, *Contribution*. During the year ended December 31, 2020, the Agency has met the performance obligations and recorded grant income of \$554,700 in the accompanying December 31, 2020 statement of activities.

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019 (Restated)

NOTE 10 – NET SERVICE REVENUE

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

	<u>2020</u>	<u>2019</u>
Medicaid	\$ 5,014	\$ 16,366
Medicare	71,947	102,631
Other	<u>40,667</u>	<u>37,831</u>
	<u>\$ 117,628</u>	<u>\$ 156,828</u>

NOTE 11 – 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>2020</u>	<u>2019</u>
Asthma and Environment	\$ 143,425	\$ 151,110
Home Health Agency:		
Maternity Outreach	193,467	233,803
Early Childhood:		
Home Based Socialization	447,136	452,527
Advocacy	291,994	28,020
Administrative and Development	49,540	44,504
Appropriated Earnings from Endowment	15,000	-
Capital Campaign (Note 2G)	<u>41,446</u>	<u>43,121</u>
Total	<u>\$ 1,182,008</u>	<u>\$ 953,085</u>

During the year ended December 31, 2019, a donor had requested to reclassify \$1,000,000 of endowment contributions from prior years from net assets with donor restrictions to net assets without donor restrictions. Accordingly, the Agency restated its December 31, 2019 financial statements by decreasing net assets with donor restrictions and increasing net assets without donor restrictions by \$1,000,000.

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

	<u>2020</u>	<u>As Restated 2019</u>
Subject to expenditures for the specified purpose:		
Home Health Agency:		
General Nursing	\$ 25,346	\$ 5,346
Maternity Outreach	78,562	62,488
Early Childhood:		
Home Based Socialization	426,434	360,570
Asthma and Environment	142,053	142,478
Advocacy	205,938	31,289
Administrative and Development	55,013	84,554
Capital Campaign (Note 2G)	108,490	149,936
Unappropriated Earnings from Endowment	72,326	43,164
Endowment principal held in perpetuity:		
The Doyle Endowment	100,000	100,000
The McNerney Endowment	92,300	92,300
Ensuring our Future Campaign Endowments	<u>22,500</u>	<u>22,500</u>
Total	<u>\$ 1,328,962</u>	<u>\$ 1,094,625</u>

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019 (Restated)

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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 restriction.

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, 2020 and 2019, 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, 2020:

	<u>Endowment Earnings</u>	<u>Endowment Principal Held in Perpetuity</u>	<u>Total Endowment Investments</u>
Endowment net assets, beginning of year	\$ 43,164	\$ 214,800	\$ 257,964
Investment activity:			
Unrealized gain on investments	44,162	-	44,162
Total investment activity	44,162	-	44,162
Earnings appropriated for expenditure	(15,000)	-	(15,000)
Endowment net assets, end of year	\$ 72,326	\$ 214,800	\$ 287,126

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019 (Restated)

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Changes in endowment net assets consisted of the following for the year ended December 31, 2019:

	<u>Endowment Earnings</u>	<u>Endowment Principal Held in Perpetuity</u>	<u>Total Endowment Investments</u>
Endowment net assets, beginning of year	\$ -	\$ 1,214,800	\$ 1,214,800
Restatement of net assets with donor restrictions	-	(1,000,000)	(1,000,000)
Investment activity:			
Unrealized gain on investments	<u>43,164</u>	<u>-</u>	<u>43,164</u>
Total investment activity	<u>43,164</u>	<u>-</u>	<u>43,164</u>
Earnings appropriated for expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year (Restated)	<u>\$ 43,164</u>	<u>\$ 214,800</u>	<u>\$ 257,964</u>

Endowment net assets are included with investments on the accompanying statements of financial position as of December 31, 2020 and 2019.

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, 2020 and 2019. 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 – CONCENTRATIONS

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 \$1,099,000 and \$1,851,000 as of December 31, 2020 and 2019, respectively. This excess includes outstanding checks. Cash accounts with participating banks are insured up to \$250,000 per depositor.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through June 3, 2021, the date the financial statements were available to be issued.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2020 and 2019 (Restated), and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marks Paneth LLP

New York, NY
June 3, 2021

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
GENERAL PREVENTIVE PROGRAM
BUDGET IDENTIFICATION #CT1068201600000275
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

		FINAL APPROVED BUDGET	AGENCY ACTUAL AMOUNTS	VARIANCE	QUESTIONED COSTS
REVENUES:					
Annual		\$ 956,176	\$ 865,375	\$ 90,801	
	TOTAL REVENUES	<u>956,176</u>	<u>865,375</u>	<u>90,801</u>	
EXPENDITURES					
Salary		668,102	607,934	60,168	-
Fringes		150,672	138,225	12,447	-
	Fringe Percentage	23%	23%	0%	-
	TOTAL PS EXPENDITURES	<u>818,774</u>	<u>746,159</u>	<u>72,615</u>	<u>-</u>
OTPS EXPENDITURES					
Other		<u>41,784</u>	<u>26,497</u>	<u>15,287</u>	<u>-</u>
	TOTAL OTPS EXPENDITURES	<u>41,784</u>	<u>26,497</u>	<u>15,287</u>	<u>-</u>
	TOTAL PS AND OTPS EXPENDITURES	<u>860,558</u>	<u>772,656</u>	<u>87,902</u>	<u>-</u>
ADMINISTRATIVE OVERHEAD					
		<u>95,618</u>	<u>92,719</u>	<u>2,899</u>	<u>-</u>
Total Expenditures		<u>956,176</u>	<u>865,375</u>	<u>90,801</u>	<u>-</u>
	Overhead Percentage	10%	11%	-1%	-
(Less) Questioned Costs		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	TOTAL ALLOWABLE COSTS	<u>956,176</u>	<u>865,375</u>	<u>90,801</u>	<u>-</u>
(Deficiency)/Excess of Revenue Over Expense					
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
GENERAL PREVENTIVE PROGRAM
BUDGET IDENTIFICATION #CT1068201600000275
SCHEDULE OF SALARIES
FOR THE YEAR ENDED JUNE 30, 2020

Employee Identification			Original Budgeted	Salary	Career	Total	Salary	
<u>Code</u>	<u>Title</u>	<u>FTE</u>	<u>Salary</u>	<u>Increase</u>	<u>Ladder</u>	<u>Salaries</u>	<u>Paid</u>	<u>Variance</u>
2160294	Program Director	1.00	\$ 116,193	\$ 3,057	\$ -	\$ 119,250	\$ 119,250	\$ -
2160295	Supervisor	1.00	76,256	2,094	-	78,350	78,350	-
3180006	Intake Specialist	1.00	48,150	618	-	48,768	48,768	-
2580946	Case Planner	1.00	46,125	15	-	46,140	46,140	-
3237895	Case Planner	1.00	42,000	391	-	42,391	42,391	-
3207682	Case Planner	1.00	44,075	1,004	-	45,079	45,079	-
3222320	Case Planner	1.00	44,767	-	-	44,767	44,704	63
	Case Planner	1.00	44,050	-	-	44,050	-	44,050
	Career Ladder		-	-	16,055	16,055	-	16,055
2599617	Administrative Assistant	1.00	40,140	1,150	-	41,290	41,290	-
3206782	Case Aide	1.00	33,800	641	-	34,441	34,441	-
2541819	Conference Facilitators	1.00	55,345	1,548	-	56,893	56,893	-
2695591	Quality Assurance	1.00	49,200	1,428	-	50,628	50,628	-
TOTAL		13.00	<u>\$ 640,101</u>	<u>\$ 11,946</u>	<u>\$ 16,055</u>	<u>\$ 668,102</u>	<u>\$ 607,934</u>	<u>\$ 60,168</u>

Total FTE of Case Planners	<u>5</u>
Total FTE of Supervisors	<u>1</u>
Supervisory Ratio:	<u>0.20</u>
 Total FTE of QA/QI on staff	<u>1</u>
Total FTE of Case Aids	<u>1</u>

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
GENERAL PREVENTIVE PROGRAM
BUDGET IDENTIFICATION #CT1068201600000275
SCHEDULE OF FRINGE BENEFITS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Description</u>	<u>Final Approved Budgeted</u>	<u>Actual</u>	<u>Actual Fringe % of Total Salary Cost</u>	<u>Variance</u>
FICA	\$ 51,110	\$ 46,507	7.65%	\$ 4,603
NYC Commuter Tax	2,272	2,067	0.34%	205
Health	43,213	46,780	7.69%	(3,567)
Worker's Compensation	11,024	4,400	0.72%	6,624
Unemployment Insurance	12,226	8,320	1.37%	3,906
Disability	1,470	-	0.00%	1,470
Other	29,357	30,151	4.96%	(794)
TOTAL	\$ 150,672	\$ 138,225	22.74%	\$ 12,447

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
GENERAL PREVENTIVE PROGRAM
BUDGET IDENTIFICATION #CT1068201600000275
SCHEDULE OF FIXED ASSETS INVENTORY
FOR THE YEAR ENDED JUNE 30, 2020

**Schedule of Furniture and Equipment Inventory
June 30, 2020**

Current Year Purchases purchased between 7/1/19 to 6/30/20:

Description	Quantity	Serial # or Asset Tag #	Date Purchased or Acquired	Condition	Date Sold or Disposed	Total Cost	% Allocated to the CT	% Allocated to Other ACS CTs	% Allocated to non-ACS CTs	This CT Cost

Grand Total \$ -

Prior Years Purchases from the beginning of the contract purchased between 7/1/18 to 6/30/19:

Description	Quantity	Serial # or Asset Tag #	Date Purchased or Acquired	Condition	Date Sold or Disposed	Total Cost	% Allocated to the CT	% Allocated to Other ACS CTs	% Allocated to non-ACS CTs	This CT Cost
Desktop Computer, keyboard and mouse	1	37Q9JV2	4/11/2019	New		562	0%			\$ 562
Desktop Computer, keyboard and mouse	1	37QBJV2	4/11/2019	New		562	0%			562
Desktop Computer, keyboard and mouse	1	37SCJV2	4/11/2019	New		562	0%			562
Desktop Computer, keyboard and mouse	1	37NB JV2	4/11/2019	New		562	0%			562
Desktop Computer, keyboard and mouse	1	37VDJV2	4/11/2019	New		562	0%			562

Grand Total \$ 2,810

Notes:

Condition Description

1 NEW/UNUSED - Property that is in new condition or unused condition and can be used immediately without modification or repairs.

4 USED - Property which shows some wear but can be used without significant repair.

7 Repairable - Property which is unusable in its current condition but can be economically repaired.

X Salvage - Property which has value in excess of its basic material content, but repair or rehabilitation is impractical and/or uneconomical.

S Scrap - Property which has no value except for its basic material content.

"CT" = contract

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
GENERAL PREVENTIVE PROGRAM
BUDGET IDENTIFICATION #CT1068201600000275
SCHEDULE OF QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Detailed Explanation of Questioned Costs</u>	<u>Questioned Costs</u>
<p><u>Budget Line Category</u> Please provide a detailed explanation of the questioned costs. Include such items as vendor name, why costs are being questioned and how the questioned costs were determined.</p>	\$ -
<p><u>Budget Line Category</u> N/A</p>	
TOTAL QUESTIONED COSTS	<u><u>\$ -</u></u>

LITTLE SISTERS OF THE ASSUMPTION FAMILY HEALTH SERVICE, INC.
GENERAL PREVENTIVE PROGRAM
BUDGET IDENTIFICATION #CT1068201600000275
SCHEDULE OF QUANTITATIVE PROGRAM RESULTS
FOR THE YEAR ENDED JUNE 30, 2020

QUANTIFIABLE INDICATORS

Number of open cases at beginning of period	43
Number of new cases during audit period	22
Number of cases serviced during audit period	65
Cases terminated	65
Cases open as of current year	0
Case to case worker ratio	65 : 5