

**NORTHEAST YOUTH AND FAMILY SERVICES
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**



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**NORTHEAST YOUTH AND FAMILY SERVICES
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YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northeast Youth and Family Services
Shoreview, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Northeast Youth and Family Services, which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Youth and Family Services as of June 30, 2022, and the changes in 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 audits in accordance with auditing standards generally accepted in the United States of America (U.S. 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 Northeast Youth and Family Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. 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 U.S. 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 Northeast Youth and Family Services' 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 Northeast Youth and Family Services' 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.

Emphasis-of-Matter Regarding a Correction of an Error

As described in Note 11, Northeast Youth and Family Services restated beginning net assets as of June 30, 2021 to properly record revenue during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Board of Directors
Northeast Youth and Family Services

Other Matter

The 2021 financial statements of Northeast Youth and Family Services were audited by other auditors whose report dated February 3, 2022, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2022

**NORTHEAST YOUTH AND FAMILY SERVICES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

Cash and Cash Equivalents	\$	673,698
Accounts Receivable, Net		57,796
Grants Receivable		133,514
Rent Receivable		38,961
Other Receivables		220,576
Property and Equipment, Net		3,267,058
Investments		277,258
Prepaid Expenses		79,529
		<u>4,748,390</u>
Total Assets	\$	<u>4,748,390</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$	30,250
Accrued Payroll Expenses		125,085
Other Accrued Expenses		32,815
Payor Refunds		142,248
Long-Term Debt		2,944,322
Total Liabilities		<u>3,274,720</u>

NET ASSETS

Without Donor Restrictions		771,395
Board Designated for Future Endowment		350,005
Board Designated for Building Reserve		352,270
Total Without Donor Restrictions		<u>1,473,670</u>
With Donor Restrictions		-
Total Net Assets		<u>1,473,670</u>
Total Liabilities and Net Assets	\$	<u>4,748,390</u>

**NORTHEAST YOUTH AND FAMILY SERVICES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support:			
Grants and Contributions	\$ 278,281	\$ -	\$ 278,281
Municipality Contract Revenue	502,435	-	502,435
Employee Retention Credit	220,576	-	220,576
Loan Forgiveness	430,776	-	430,776
Total Support	<u>1,432,068</u>	<u>-</u>	<u>1,432,068</u>
Revenue:			
Program Service Fees	1,485,531	-	1,485,531
Rental Income	474,245	-	474,245
Investment Loss	(11,713)	-	(11,713)
Total Revenue	<u>1,948,063</u>	<u>-</u>	<u>1,948,063</u>
Net Assets Released from Restrictions	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>
Total Support and Revenue	<u>3,395,131</u>	<u>(15,000)</u>	<u>3,380,131</u>
 EXPENSES			
Program Services:			
Mental Health	1,982,278	-	1,982,278
Community Services	270,063	-	270,063
Total Program Services	<u>2,252,341</u>	<u>-</u>	<u>2,252,341</u>
Supporting Services:			
Management and General	962,748	-	962,748
Fundraising	97,592	-	97,592
Total Supporting Services	<u>1,060,340</u>	<u>-</u>	<u>1,060,340</u>
Total Expenses	<u>3,312,681</u>	<u>-</u>	<u>3,312,681</u>
 INCREASE (DECREASE) IN NET ASSETS	 82,450	 (15,000)	 67,450
Net Assets - Beginning of Year - as Restated	<u>1,391,220</u>	<u>15,000</u>	<u>1,406,220</u>
 NET ASSETS - END OF YEAR	 <u>\$ 1,473,670</u>	 <u>\$ -</u>	 <u>\$ 1,473,670</u>

**NORTHEAST YOUTH AND FAMILY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services			Supporting Services		Total All Services	
	Mental Health	Community Services	Total Program Services	Management and General	Fundraising		Total Support Services
Salaries and Benefits	\$ 1,516,832	\$ 207,360	\$ 1,724,192	\$ 385,085	\$ 71,844	\$ 456,929	\$ 2,181,121
Contracted Services	131,878	30,127	162,005	104,729	1,883	106,612	268,617
Occupancy Costs	146,801	11,218	158,019	182,372	1,754	184,126	342,145
Information Technology and Equipment	53,040	5,024	58,064	10,672	1,719	12,391	70,455
Travel	1,406	44	1,450	693	2	695	2,145
Conferences and Meetings	541	-	541	178	-	178	719
Operating Expenses	72,283	11,633	83,916	36,201	4,641	40,842	124,758
Advertising	19,178	2,045	21,223	6,178	15,749	21,927	43,150
Insurance Payor Refund	-	-	-	128,817	-	128,817	128,817
Investment Loss	40,319	2,612	42,931	107,823	-	107,823	150,754
Total Expenses	\$ 1,982,278	\$ 270,063	\$ 2,252,341	\$ 962,748	\$ 97,592	\$ 1,060,340	\$ 3,312,681

**NORTHEAST YOUTH AND FAMILY SERVICES
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets	\$	67,450
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation		144,874
Amortization		2,644
Amortization of Debt Issuance Costs		3,236
Loan Forgiveness		(430,776)
Unrealized (Gain) Loss on Investments		20,326
Realized Loss on the Sale of Investments		1,439
Increase (Decrease) in:		
Accounts Receivable, Net		111,364
Grants Receivable		(7,734)
Rent Receivable		(38,961)
Other Receivables		(220,576)
Prepays		(10,080)
Accounts Payable		(6,766)
Accrued Payroll Expenses		(68,409)
Other Accrued Expenses		11,983
Payor Refunds		142,248
Deferred Revenue		(28,432)
Net Cash Used by Operating Activities		<u>(306,170)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment		(42,299)
Purchase of Investments		(34,949)
Proceeds from Investments		19,876
Net Cash Used by Investing Activities		<u>(57,372)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Long-Term Debt		350,000
Payments of Long-Term Debt		(110,050)
Net Cash Provided by Financing Activities		<u>239,950</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(123,592)

Cash and Cash Equivalents - Beginning of Year

797,290

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 673,698

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

Cash Paid during the Year for Interest		<u><u>\$ 83,446</u></u>
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**NORTHEAST YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 NATURE OF ACTIVITIES

Northeast Youth and Family Services (NYFS or the Organization) is a private nonprofit organization under Internal Revenue Code (IRC) Section 501(c)(3) committed to preparing youth and families for healthy lives. Services of the Organization include:

Mental Health Programs

Outpatient Clinics

The Organization's licensed mental health professionals serve youth, adults, and families from diverse cultures, ethnicities, and life experiences. They offer individual, family, and couples counseling services. Common concerns of their clients include relationship problems, parenting issues, problems in school, depression, anxiety, and problems with anger and/or attention. Their clients' ages can range from 3 to 103. They do thorough assessments and always consider the strengths of the individual and the amount of support in their environment. Treatment plans are developed collaboratively between the client and the therapist to meet their needs. Treatment always considers the strengths of the client and their support system.

School-Based Therapy

NYFS provides mental health counseling and support to students and their families in 15 school buildings throughout the Mounds View, Roseville, and White Bear Lake area school districts. Many of the youth they serve are not able to access traditional clinic-based services and would not receive help without this program. NYFS therapists are also able to work with teachers and other support professionals to coordinate a high level of care for the student. Services provided include diagnostic assessments, individual therapy, family therapy, psychiatry, support groups, training and presentations, and academic support via the student's school support team.

Day Treatment Program

Northeast Therapeutic Services (NETS) includes on-site, half-day therapeutic support to middle and high school youth who are struggling with mental health symptoms that negatively affect their daily functioning. Youth enroll in an in-person, three-hour program at NYFS's Shoreview office Monday through Friday.

Community Services Programs

Community Case Management

This program serves people who have been involved with local law enforcement but have needs that cannot be sufficiently addressed by law enforcement alone. This can include mental health issues, family instability, medical care, and other needs. Addressing these underlying issues reduces the need for law enforcement intervention in the future. NYFS Community Case Management collaborates with the Mounds View, New Brighton, Roseville, St. Anthony, and White Bear Lake police departments to serve their residents.

**NORTHEAST YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 NATURE OF ACTIVITIES (CONTINUED)

Community Services Programs (Continued)

Senior Chore

This program helps any person that is 60 years old and lives within Arden Hills, Birchwood Village, Falcon Heights, Hugo, Little Canada, Mahtomedi, Mounds View, New Brighton, North Oaks, Roseville, Shoreview, St. Anthony, Vadnais Heights, White Bear Lake, and White Bear Township to live independently and safely in their homes for as long as possible. The program pairs youth or adult workers with seniors that need indoor or outdoor chore services. The program is funded in part by the Older Americans Act grant through Metropolitan Area Agency on Aging.

Youth Diversion

Youth who are charged with misdemeanor and status offenses such as theft and alcohol or drug use can use this program as an alternative to the traditional juvenile justice system to rebuild their lives and get back on track. Youth attend educational seminars with their parents, perform community service, and pay restitution.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the NYFS and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Net Assets With Donor Restrictions – Resources subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are purchased. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**NORTHEAST YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected from patients and third-party payors. Management reviews receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write-off and recovery information in determining the estimated bad debt provision. The Organization does not charge interest on past-due accounts receivable. For the year ended June 30, 2022 and 2021, the Organization had an allowance for bad debts of \$30,650.

The Organization's accounts receivable consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Accounts Receivable	\$ 57,796	\$ 169,160

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for the acquisition of property and equipment greater than \$500 are capitalized at cost and donated property and equipment is capitalized at fair value. Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings and Improvements	39 Years
Furniture and Equipment	5 to 10 Years

Maintenance and repairs of property and equipment are charged to operations, and major renewals are capitalized. Upon retirement, sale, or other disposition of property and equipment, the costs and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in other income.

Investments

NYFS carries its investments at market value. At times, the portfolio contains cash equivalents. Privately held stock is recorded at fair value when contributed and is not subsequently measured at fair value. The original value received is retained as cost in future years.

Grants and Contributions

Grants and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets are reclassified to net assets without donor restrictions.

**NORTHEAST YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions (Continued)

The Organization uses the allowance method to determine uncollectible contributions and grants. The allowance is based on prior years' experience and management's analysis of the outstanding receivables. There was no allowance for pledges or grants for the year ended June 30, 2022 and 2021.

Program Service Fee Revenue

Programs Service Fees consist of grant contracts with various governmental entities and municipalities which supplement existing exchange transactions, and the revenue collected from the individual clients who receive the services attached to the existing exchange transactions. The services provided by the Organization have no fixed duration and can be terminated by the patient at any time, and therefore each service is its own stand-alone contract.

Services provided within each program are not separately identifiable and therefore have been combined into a single performance obligation for each contract. The Organization recognizes revenue as its performance obligations are completed. The performance obligations are satisfied at a point in time as the customer simultaneously receives and consumes the benefits of the services provided in half hour increments. Typically, customers and third-party payors are billed within several days of the service being performed and payments are due upon receipt of the invoice. Funds received from various government and municipal grant contracts are billed yearly, quarterly, and monthly and are recognized evenly over the course of the grants due to the unpredictable nature of the volume of services provided.

Rental Income

The Organization leases commercial real estate under operating leases, generally due on a monthly basis with terms ranging upwards of five years, which are recorded as rental income. Rental income is recognized using a method that represents a straight-line basis over the term of the lease. In situations where a lease incentive, such as tenant allowance, is provided, the incentive is recognized as a reduction of lease revenue on a straight-line basis over the reasonably assured lease term.

Concentrations

The amounts due for services provided are from individuals, or their third-party payors, substantially all of which are local residents. In addition, accounts receivable are from local residents, governments, or institutions. During the year ended June 30, 2022, approximately 38% of contributions were from two donors.

NORTHEAST YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization was granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code (IRC) and similar state provisions. It has been classified as an organization that is not a private foundation under the IRC and charitable contributions by donors are tax deductible. NYFS follows the provisions of Accounting for Uncertainty in Income Taxes. This standard clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. NYFS is not aware of any activities that would jeopardize its tax-exempt status.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Functional Expense Allocation

Expenses are charged to program services based on direct expenditures incurred. Certain costs relating to salary, employee benefits, payroll taxes, and occupancy have been allocated using the indirect method, based on percentage of time spent by management and employees on program activities, determined by management.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled \$43,150 for the year ended June 30, 2022.

Compensated Absences

Under the Organization's policies and procedures, employees are granted vacation leave based on the number of years experience they have at the Organization. Employees may accumulate their annual vacation leave benefit throughout the calendar year with a maximum carry over of 80 hours on December 31. Unused accumulated vacation is paid to the employee upon termination.

Employees are able to earn and accumulate sick leave up to a maximum of 90 days. Upon separation, full-time employees with ten or more years of service are entitled to 50% of their accumulated sick leave, but in no event will such severance exceed one month's pay.

Debt Issuance Costs

Debt issuance cost are presented as a direct deduction from the face amount of the debt on the balance sheet. Amortization of debt issuance costs is included with interest expense in the statement of activities and changes in net assets.

NORTHEAST YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effects on the change in net assets or total net assets as previously reported.

NOTE 3 INVESTMENTS

Investments at June 30 consisted of the following:

Cash	\$ 23,713
Mutual Funds	9,633
Exchange-Traded Funds	53,666
Equities	190,246
Total	<u>\$ 277,258</u>

NOTE 4 FAIR VALUE MEASUREMENTS

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). In the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that use quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has ability to access.

Level 2 – Inputs that include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

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. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

**NORTHEAST YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables present the fair value hierarchy for the balances of the assets of NYFS measured at fair value on a recurring basis as of June 30:

	2022			Total
	Level 1	Level 2	Level 3	
Investments:				
Mutual Funds	\$ 9,633	\$ -	\$ -	\$ 9,633
Exchange-Traded Funds	53,666	-	-	53,666
Equities	190,246	-	-	190,246
Total Investments	\$ 253,545	\$ -	\$ -	\$ 253,545

NOTE 5 PROPERTY AND EQUIPMENT, NET

Property and equipment less accumulated depreciation at June 30 are as follows:

Land	\$ 480,000
Building and Improvements	5,440,881
Furniture and Equipment	25,190
Total	5,946,071
Less: Accumulated Depreciation	2,679,013
Property and Equipment, Net	\$ 3,267,058

Depreciation expense for the year ended June 30, 2022 was \$144,874.

NOTE 6 LONG-TERM DEBT

Long-term debt consists of the following at June 30:

Description	Amount
Mortgage payable to Peoples Bank Midwest, bearing interest at 2.91% with monthly installments of \$14,566, matures September 2040, secured by building (1)	\$ 2,503,122
SBA loan bearing interest at 2.75% with monthly installments of \$2,183, matures July 2050 (2)	500,000
Unamortized Debt Issuance Costs	(58,800)
Total Long-Term Debt	\$ 2,944,322

NORTHEAST YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 LONG-TERM DEBT (CONTINUED)

The aggregate annual maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 108,566
2024	118,937
2025	122,424
2026	126,014
2027	129,708
Thereafter	<u>2,397,473</u>
Total Before Unamortized Debt Issuance Costs	3,003,122
Less: Unamortized Debt Issuance Costs	<u>58,800</u>
Total Long Term Debt	<u><u>\$ 2,944,322</u></u>

- (1) On September 15, 2015, the Organization received a mortgage loan from Peoples Bank Midwest in the amount of \$2,920,865. The note has an initial interest rate of 2.91% per annum. Every five years beginning September 1, 2020, the interest rate will be adjusted based on the current five-year LIBOR Swap Rate. Interest-only payments were made through October 2017 and then principal payments on a 25-year amortization schedule began, with monthly payment amounts of \$14,566. The final maturity date of the loan is September 1, 2040. The mortgage loan is secured by the building.
- (2) On July 14, 2020, the Organization received a loan from the U.S. Small Business Administration (SBA) in the amount of \$150,000, which matures in July 2050. The loan is payable in monthly installments of \$641 including interest at a rate of 2.75%. On December 28, 2021, this loan was amended to increase the amount to \$500,000. Principal and interest payments of \$2,183 are due monthly and begin in July 2022. The amended note has an interest rate of 2.75% and matures in July 2050.

NOTE 7 RENTAL REVENUE

The Organization leases office space in the building it occupies to tenants under noncancelable operating leases with terms of three to seven years.

Future minimum rentals, not including operating costs, under these lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 414,407
2024	414,725
2025	52,791
2026	49,296
2027	<u>25,013</u>
Total Minimum Future Lease Payments	<u><u>\$ 956,232</u></u>

NORTHEAST YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors.

NOTE 9 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows at June 30:

Cash and Cash Equivalents	\$ 673,698
Receivables	450,847
Investments	<u>277,258</u>
Total Amounts Available to Management for General Expenditure within One Year	<u>\$ 1,401,803</u>

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in investments and money market funds. The board of directors direct these investments, and review any and all requests by management to move designated funds for management use. Management feels that it has the ability to cover the annual necessary expenses for the upcoming year with financial assets available and future support and revenue. Management also has the ability to request additional funds from board-designated cash and investments upon review by the board.

NOTE 10 SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 1, 2022, the date the financial statements were available to be issued.

NOTE 11 PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2022, NYFS restated deferred revenue as of June 30, 2021 to properly record revenue during the year ended June 30, 2021. The restatement decreased deferred revenue and increased revenue, resulting in an increase to net assets at June 30, 2021 of \$242,595.

During the year ended June 30, 2022, NYFS also restated accounts receivable as of June 30, 2021 to properly record revenue in line with when services were provided. The restatement increased accounts receivable and program service fee revenue as for the year ended June 30, 2021 by \$111,980, resulting in an increase to net assets at June 30, 2021 of \$111,980.



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