

**NEW HORIZONS RESOURCES, INC.
FINANCIAL REPORT
DECEMBER 31, 2020**

NEW HORIZONS RESOURCES, INC.

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7-21
SUPPLEMENTARY INFORMATION	
SCHEDULE OF SUPPORT AND REVENUE RELATED TO FUNCTIONAL EXPENSES	22

To the Board of Directors
New Horizons Resources, Inc.

We have audited the accompanying financial statements of New Horizons Resources, Inc. (the Agency), (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, the statement of functional expenses for the year ended December 31, 2020, 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.

Auditor's 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. 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 New Horizons Resources, Inc., as of December 31, 2020 and 2019, 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.

Emphasis of Matter - Adopting New Accounting Standard

As discussed in Note 1, the Agency adopted Financial Accounting Standards Board's Accounting Standards Update 2016-02, *Leases (Topic 842)* as of and for the year ended December 31, 2020. Our opinion is not modified with respect to this matter (see Note 11).

Report on Summarized Comparative Information

We have previously audited New Horizons Resources, Inc.'s 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Support and Revenue Related to Functional Expenses, shown on page 22 is presented for purposes of additional analysis and is 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 used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Marvin and Company, P.C.

Latham, NY

April 29, 2021

NEW HORIZONS RESOURCES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 5,899,063	\$ 1,421,926
Restricted	50,000	50,000
Receivables - net		
Program	2,715,775	3,006,853
Other	24,672	102,641
Prepaid expenses	78,689	90,488
Total Current Assets	8,768,199	4,671,908
Non Current Assets		
Investment in HVSP	350,984	110,038
Plant, property and equipment - net	13,578,503	13,645,092
Right of use assets - Operating leases	310,108	-
Funded reserves	9,626	5,910
Cash and Investments - Debt service fund	84,094	91,072
Beneficial interest in assets held by others	52,528	49,707
Deposits	31,902	29,214
Residents' funds	282,781	281,313
Total Non Current Assets	14,700,526	14,212,346
TOTAL ASSETS	\$ 23,468,725	\$ 18,884,254
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 539,935	\$ 586,707
Accrued expenses	1,225,272	930,354
Current installments of long-term debt	969,333	970,026
Due to NYS OPWDD	83,012	7,674
Lease liability - current portion	60,526	-
Deferred revenue	157,713	-
Total Current Liabilities	3,035,791	2,494,761
Other Liabilities		
Long-term debt - net of current installments	4,329,775	4,625,518
Lease liability - long-term	252,956	-
Accrued funding adjustments	260,000	-
Residents' funds	287,204	284,214
Total Other Liabilities	5,129,935	4,909,732
Total Liabilities	8,165,726	7,404,493
Net Assets		
Without donor restrictions	15,186,858	11,375,204
With donor restrictions	116,141	104,557
Total Net Assets	15,302,999	11,479,761
TOTAL LIABILITIES AND NET ASSETS	\$ 23,468,725	\$ 18,884,254

See accompanying notes to financial statements.

**NEW HORIZONS RESOURCES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Net Assets Without Donor Restrictions		
Support and Revenue		
Program	\$ 31,333,042	\$ 28,533,080
Nonprogram	860,025	218,363
Release of net assets with donor restrictions	85,440	249,848
	<hr/>	<hr/>
Total Support and Revenue	32,278,507	29,001,291
	<hr/>	<hr/>
Expenses		
Intermediate Care Facilities	1,678,482	1,578,393
Individual Residential Alternatives	22,219,538	21,395,880
Home Based Services	275,778	515,026
Service Coordination	-	324,844
Day Habilitation	1,352,751	1,406,418
Other Program Services and Events	78,707	167,511
Fundraising	1,331	30,183
Administration	2,860,266	2,682,810
	<hr/>	<hr/>
Total Expenses	28,466,853	28,101,065
	<hr/>	<hr/>
Change in Net Assets Without Donor Restrictions	3,811,654	900,226
	<hr/>	<hr/>
Net Assets With Donor Restrictions		
Donations	97,024	121,292
Release of net assets with donor restrictions	(85,440)	(249,848)
	<hr/>	<hr/>
Change in Net Assets With Donor Restrictions	11,584	(128,556)
	<hr/>	<hr/>
Change in Net Assets	3,823,238	771,670
	<hr/>	<hr/>
Net Assets, January 1	11,479,761	10,708,091
	<hr/>	<hr/>
Net Assets, December 31	<u>\$ 15,302,999</u>	<u>\$ 11,479,761</u>

See accompanying notes to financial statements.

NEW HORIZONS RESOURCES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>Intermediate Care Facilities</u>	<u>Supervised Residential Alternatives</u>	<u>Supportive Residential Alternatives</u>	<u>IRA Com Res Services</u>	<u>Home Based Services</u>	<u>Service Coordination</u>	<u>Day Habilitation</u>	<u>Other Program Services</u>	<u>Fundraising</u>	<u>Admini- stration</u>	<u>2020 Total</u>	<u>2019 Total</u>
Personal services	\$ 1,028,431	\$ 13,614,623	\$ 325,824	\$ 25,782	\$ 163,238	\$ -	\$ 830,168	\$ -	\$ -	\$ 1,759,314	\$ 17,747,380	\$ 16,883,933
Mandated fringe benefits	120,777	1,695,277	41,244	3,310	21,139	-	105,183	-	-	170,943	2,157,873	2,252,410
Non-mandated fringe benefits	121,574	1,706,847	42,423	3,301	22,082	-	104,899	-	-	180,926	2,182,052	2,608,167
Food	36,573	610,497	27,962	-	848	-	2,087	-	-	-	677,967	555,670
Repairs and maintenance	24,844	526,900	3,295	17	4,116	-	14,349	420	-	20,153	594,094	779,959
Utilities	16,123	237,315	14,120	5	2,679	-	7,338	-	-	5,393	282,973	281,491
Transportation - participant	7,856	166,696	8,656	534	3	-	15,059	-	-	642	199,446	378,777
Staff travel	1,566	40,942	2,882	-	4,364	-	2,103	-	-	1,756	53,613	107,973
Participant incidentals	4,532	75,982	4,685	-	479	-	(192)	-	-	(353)	85,133	135,109
Equipment expense	7,260	114,183	6,286	3	21	-	3,877	-	-	4,360	135,990	126,680
Section 43.04 services assessment	114,753	-	-	-	-	-	-	-	-	-	114,753	79,376
Staff development	313	4,920	211	1	9	-	712	25	-	21,758	27,949	74,591
Contracted services	37,371	351,644	12,743	4	29	-	5,047	-	-	188,454	595,292	612,629
Day services	-	-	10,294	-	-	-	-	-	-	-	10,294	29,204
Supplies/materials - non-house	40,143	256,774	8,904	113	1,674	-	25,023	8,674	-	-	341,305	238,120
Household supplies	10,318	207,966	7,435	-	-	-	372	127	-	-	226,218	173,529
Telephone	5,930	126,867	23,724	42	12,833	-	15,273	190	-	23,825	208,684	197,060
Other	14	373	207	1	24	-	335	-	575	25,179	26,708	37,664
Audit and legal	97	32,649	238	-	-	-	-	-	-	102,133	135,117	85,597
Employment and recruiting	-	-	-	-	-	-	-	-	-	24,683	24,683	30,906
Office supplies and postage	4,859	69,337	3,577	104	1,179	-	9,811	-	756	53,778	143,401	135,735
General insurance	5,262	56,497	4,039	1	4	-	5,001	-	-	101,400	172,204	125,811
Depreciation - provider paid	32,927	572,381	1,009	45	1,643	-	26,306	56,357	-	159,155	849,823	859,016
Depreciation - state paid	10,191	114,252	-	-	-	-	-	12,020	-	-	136,463	111,086
Leases - vehicles and equipment	119	16,945	20	2	1,584	-	2,647	-	-	3,889	25,206	29,900
Leases - real property	-	57,964	170,592	-	-	-	129,855	-	-	-	358,411	300,207
Real property taxes	-	1,552	-	-	-	-	-	894	-	-	2,446	2,445
Capital debt interest	130	281,614	60	5	34	-	16,941	-	-	5,189	303,973	341,216
Property insurance	2,260	41,655	369	4	26	-	2,438	-	-	4,006	50,758	39,010
Amortization - provider paid	133	41,465	37	3	21	-	2,107	-	-	3,227	46,993	53,357
Start-up expenses	-	3,366	-	-	-	-	713	-	-	-	4,079	30,279
Bond administration fees	-	1,235	-	-	-	-	-	-	-	-	1,235	1,687
Bad debts	44,126	408,622	61,362	1,313	3,159	-	25,299	-	-	456	544,337	402,471
Sub-Total	1,678,482	21,437,340	782,198	34,590	241,188	-	1,352,751	78,707	1,331	2,860,266	28,466,853	28,101,065
Allocation of Administration	187,497	2,394,682	87,376	3,864	26,942	-	151,111	8,793	-	(2,860,265)	-	-
Total Functional Expenses	\$ 1,865,979	\$ 23,832,022	\$ 869,574	\$ 38,454	\$ 268,130	\$ -	\$ 1,503,862	\$ 87,500	\$ 1,331	\$ 1	\$ 28,466,853	\$ 28,101,065
2019 Functional Expenses Before												
Allocation of Administration	\$ 1,578,393	\$ 20,629,320	\$ 766,560	\$ 29,192	\$ 485,834	\$ 324,844	\$ 1,406,418	\$ 167,511	\$ 30,183	\$ 2,682,810	\$ 28,101,065	
Percent Change from 2019	6.34%	3.92%	2.04%	18.49%	-50.36%	-100.00%	-3.82%	-53.01%	-95.59%	6.61%	1.30%	

See accompanying notes to financial statements.

NEW HORIZONS RESOURCES, 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	\$ 3,823,238	\$ 771,670
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	986,286	970,102
Interest on deferred mortgage charges	46,993	53,357
Amortization of bond premium	(4,523)	(4,932)
Donated plant, property, and equipment	-	(32,400)
(Gain) loss on disposal of plant, property and equipment	-	(17,347)
Bad debt	544,337	402,471
(Increase) Decrease in assets:		
Receivables		
Program	(253,259)	(609,540)
Other	77,969	158,480
Prepaid expenses	11,799	89,664
Deposits	(2,688)	(6,648)
Resident's funds	1,522	3,025
Right of use asset - operating leases	(310,108)	-
Increase (Decrease) in liabilities:		
Accounts payable	(46,772)	(205,068)
Accrued expenses	294,918	38,680
Lease liability	313,482	-
Deferred revenue	157,713	(152,975)
Accrued funding adjustments	260,000	-
Net Cash Provided By Operating Activities	<u>5,900,907</u>	<u>1,458,539</u>
Cash Flows From Investing Activities		
Expenditures for plant, property and equipment	(923,413)	(1,076,663)
Proceeds from sale of plant, property and equipment	-	17,347
Decrease in beneficial interest in assets held by others	(2,821)	(5,663)
Increase in cash and investments-Debt Service Fund	6,978	6,121
Investment in HVSP	(240,946)	(69,834)
Net Cash Used By Investing Activities	<u>(1,160,202)</u>	<u>(1,128,692)</u>
Cash Flows From Financing Activities		
Repayment of long-term debt	(970,026)	(1,041,867)
Proceeds from long-term debt	631,120	778,626
Net increase (decrease) in due to NYS OPWDD	75,338	(18,624)
Net Cash Used By Financing Activities	<u>(263,568)</u>	<u>(281,865)</u>
Net Increase in Cash, Cash Equivalents and Restricted Cash	4,477,137	47,982
Cash and Cash Equivalents, January 1	<u>1,471,926</u>	<u>1,423,944</u>
Cash and Cash Equivalents, December 31	<u>\$ 5,949,063</u>	<u>\$ 1,471,926</u>
Reconciliation of Cash Balances Included in the Statement of Cash Flows with Those in the Statement of Financial Position		
Unrestricted Cash	\$ 5,899,063	\$ 1,421,926
Restricted Cash	<u>50,000</u>	<u>50,000</u>
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 5,949,063</u>	<u>\$ 1,471,926</u>
Supplemental Information		
Interest paid	<u>\$ 303,973</u>	<u>\$ 341,216</u>
Noncash donations - software	<u>\$ -</u>	<u>\$ 32,400</u>

See accompanying notes to financial statements.

**NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

New Horizons Resources, Inc. (the Agency) was incorporated in 1974 as a not-for-profit corporation which provides opportunities and support for children and adults with developmental disabilities. The Agency operates residential, home based, and day programs in Dutchess and Ulster Counties. The Agency's revenue comes from Medicaid and state fees, grants, participant fees, and individual contributions. The Agency receives the majority of its support from Medicaid.

Adoption of New Accounting Standard

On January 1, 2020, the Agency adopted ASU 2016-02, *Leases (Topic 842)*. The new accounting standard requires recognition of right-of-use assets and lease liabilities for all long-term leases, including operating leases, on the statement of financial position. The Agency has elected the optional transition method and adopted the new guidance on a modified retrospective basis with no restatement of prior periods presented. As allowed under the ASU, the Agency elected to apply practical expedients to carry forward the original lease determinations, lease classifications, and accounting of initial direct costs, if any, for all asset classes at the time of adoption. The adoption of the ASU did not have a material impact on the Agency's financial statements (see Note 11).

Net Assets

In the accompanying financial statements, net asset categories that have similar characteristics have been combined into two net asset categories: without donor restrictions and with donor restrictions.

Net assets without donor restrictions include resources which are available for the support of the Agency's operating activities.

Net assets with donor restrictions include resources that have been contributed to the Agency subject to restriction, as defined by the donor, see Note 14.

Net assets with donor restrictions also include resources that have donor-imposed restrictions that stipulate that resources be maintained intact permanently, but which permit the Agency to expend all of the income derived from the donated assets for operating purposes, see also Note 14.

Recognition of Program Revenue

Income from government agencies is recognized when services are rendered at approved rates. These rates are primarily cost based and determined by allowable expenditures in rate setting periods. Costs are subject to audit by third party payors and changes, if any, are recognized in the year they are known. Included in program revenue are income (expense) adjustments of \$438,636 and \$247,808 for 2020 and 2019, respectively, attributable to prior years.

There are occasions when funding sources grant the Agency funds for capital additions. Included in nonprogram support and revenue is additional income of \$-0- for 2020 and 2019, attributable to such grants.

Participant fees represent the residents' personal contributions towards the cost of goods and services provided by the Agency. Charges are regulated by Federal and State law.

NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Contributions

The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as release of net assets with donor restrictions. The Agency reports donor restricted contributions as net assets without donor restrictions if the restrictions are met at the time the contribution is received.

The Agency reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Cash Equivalents

Short-term investments with an initial maturity of three months or less are considered cash equivalents for purposes of the statement of cash flows.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Plant, Property, Equipment and Depreciation

Plant, property, and equipment are stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. The Agency capitalizes plant, property, and equipment with a cost of \$5,000 or more and a useful life of greater than one year. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations on a straight-line basis over the following useful lives:

	<u>Years</u>
Buildings and improvements	5-25
Furniture, fixtures and equipment	5-15
Vehicles	4

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When plant, property, and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Taxes

The Agency is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Agency's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Under Accounting Standards Codification (ASC) Section 740, the tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize tax-exempt status. Management of the Agency is not aware of any events that could jeopardize tax exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements.

Bad Debts

Bad debts are recognized using the direct write-off method since management does not believe this method would result in a material difference from the allowance method.

Investment Valuation

The Agency's investments are stated at fair value. 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.

Reclassifications

When necessary, certain prior year amounts have been reclassified to conform to the current year financial statement presentation.

Allocation of Expenses

The costs of providing programs and activities have been summarized on a functional basis in the Statements of Activities and Statement of Functional Expenses. Expenses are charged directly to program or supporting services based on direct expenditures incurred. Certain categories of expenses are attributable to more than one program or supporting service. Significant expenses that are allocated include wages, related expenses and depreciation. Wages and related expenses are allocated based on the time and effort worked per program. Depreciation is allocated to the program for which the asset relates. Insurance, utilities, and maintenance costs are allocated across programs based on square footage or the number of FTEs. Other Program Services include expenses for the maintenance and operation of Briggs Farm and ancillary program grants.

**NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Liquidity

New Horizons Resources, Inc. monitors liquidity required to meet its operating needs and other contractual commitments. Additionally, the Agency maintains an unrestricted interest-bearing money market account. At December 31, 2020, the balance of this money market was \$100,796. New Horizons has an available line-of-credit of \$1,000,000, which is reduced by a standby letter of credit to \$959,668 (see Note 8); however, positive cash flow has negated the need to use the line.

Financial assets available to meet general expenditures over the next 12 months:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 5,949,063	\$ 1,471,926
Trade accounts receivable, net	2,715,775	3,006,853
Other accounts receivable, net	24,672	102,641
Less, net assets with donor restrictions (see Note 14)	<u>116,141</u>	<u>104,557</u>
Total Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$ 8,573,369</u>	<u>\$ 4,476,863</u>

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

2. RECEIVABLES

At December 31, the Agency's receivables consisted of the following:

	<u>2020</u>	<u>2019</u>
Medicaid	\$ 2,516,006	\$ 2,676,716
New York State OPWDD	131,409	61,338
Participant fees	<u>68,360</u>	<u>268,799</u>
Total Program Receivables	<u>\$ 2,715,775</u>	<u>\$ 3,006,853</u>
Other	<u>\$ 24,672</u>	<u>\$ 102,641</u>

Bad debt expense related to accounts receivable for years ended December 31, 2020 and 2019, was \$544,337 and \$402,471, respectively.

**NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

3. PLANT, PROPERTY AND EQUIPMENT

Plant, property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Buildings and improvements	\$ 21,663,128	\$ 21,131,305
Land and improvements	4,061,246	4,051,886
Furniture and equipment	1,439,392	1,428,472
Vehicles	2,248,814	2,033,201
Deferred Assets	184,456	199,900
Construction in progress	<u>327,290</u>	<u>192,115</u>
Plant, Property and Equipment	29,924,326	29,036,879
Less accumulated depreciation	<u>16,345,823</u>	<u>15,391,787</u>
Plant, Property and Equipment - net	<u>\$ 13,578,503</u>	<u>\$ 13,645,092</u>

Depreciation expense for the years ended December 31, 2020 and 2019, was \$986,286 and \$970,102, respectively.

Included in plant, property, and equipment at December 31, 2020 and 2019, are assets under capital leases (see Note 5) with a historical cost in the amount of \$127,934 with an accumulated amortization of \$127,934, respectively.

Construction in progress at December 31, 2020 is related to modifications of the Cream Street, Angelo location, and various other small projects, which are expected to be completed in 2021.

4. FUNDED RESERVES

The employee benefit card reserve represents the minimum funding advanced to the third-party administrator of the Agency's flexible benefit debit card plan. Employees utilize debit cards to pay for eligible medical expenses, drawing against limits pre-set by the Agency.

5. LONG-TERM DEBT

Notes, Mortgages, and Bonds Payable

	<u>2020</u>	<u>2019</u>
Note payable - KeyBank, secured by mortgage on Clintondale residence, Lloyd, interest was based on the prime rate, payable in monthly payments of \$3,344, matured August 2020.	\$ -	\$ 27,690
Note payable - KeyBank, secured by mortgage on Dwight Street residence, Poughkeepsie, interest was based on the prime rate, payable in monthly payments of \$3,177, matured January 2020.	-	4,555

**NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

5. LONG-TERM DEBT

Notes, Mortgages, and Bonds Payable

	<u>2020</u>	<u>2019</u>
Note payable - KeyBank, secured by mortgage on Tyrrel Road residence, Pleasant Valley, interest was based on the prime rate,, payable in monthly payments of \$3,528, matured January 2020.	\$ -	\$ 5,058
Bonds payable – DASNY Bonds, secured by mortgage on Gerry Road residence, Poughkeepsie, interest at 2.88%, payable in monthly payments of \$2,083, maturing June 2021 (includes \$708 of unamortized bond premium at December 31, 2020).	15,706	47,002
Bonds payable – DASNY Bonds, secured by mortgage on Gerry Road residence, Poughkeepsie, interest at 3.45%, payable in monthly payments of \$1,652, maturing July 2042 (includes \$1,375 of unamortized bond discount at December 31, 2020).	323,624	336,124
Note payable – KeyBank, secured by mortgage on Jansen Road residence, Pine Bush, interest at 7.83%, payable in monthly payments of principal of \$3,552, plus interest, maturing November 2022.	81,687	124,307
Note payable – KeyBank, secured by mortgage on Scenic View Lane residence, Poughquag, interest at 7.75%, payable in monthly payments of \$2,391, principal balance of \$19,773 plus accrued interest maturing February 2022.	47,750	71,652
Bonds payable - DASNY Bonds, secured by mortgage on Angelo Blvd. residence, Poughkeepsie, interest at 2.76%, payable in monthly payments of \$6,667, maturing June 2022 (includes \$5,278 of unamortized bond premium at December 31, 2020).	132,778	221,004
Note payable - KeyBank, secured by mortgage on Albrecht Lane residence, Pleasant Valley, interest at 7.79%, payable in monthly payments of \$6,800, principal balance of \$22,940 plus accrued interest maturing April 2023.	186,795	250,814
Note payable - KeyBank, secured by mortgage on Round Hill Road residence, Poughkeepsie, interest at 7.80%, payable in monthly payments of principal of \$3,545 plus interest, maturing December 2023.	127,619	170,160

NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. LONG-TERM DEBT

Notes, Mortgages, and Bonds Payable

	<u>2020</u>	<u>2019</u>
Note payable - Rhinebeck Savings Bank, secured by mortgage on Seaman Road residence, East Fishkill, interest at 7.22%, payable in monthly payments of \$6,376, maturing May 2023.	\$ 169,243	\$ 231,091
Note payable - KeyBank, secured by mortgage on Deer Run residence, Wallkill, interest at 7.30%, payable in monthly payments of principal of \$2,611 plus interest, maturing January 2024.	96,601	127,931
Note payable - KeyBank, secured by mortgage on West Road training and administration facility, Pleasant Valley, interest at prime (4.75% as of December 31, 2020), payable in monthly payments of \$7,829, maturing November 2022.	192,729	277,749
Note payable - Rhinebeck Savings Bank, secured by mortgage on Thornwood Drive residence, Poughkeepsie, interest at 7.00%, payable in monthly payments of \$6,124, maturing March 2023.	152,540	213,031
Note payable - KeyBank, secured by mortgage on Route 22 residence, Millerton, interest at 6.72%, payable in monthly payments of principal of \$1,356, plus interest, maturing November 2024.	63,738	80,011
Note payable - KeyBank, secured by mortgage on Route 22 residence, Dover Plains, interest at 7.37%, payable in monthly payments of principal of \$3,352, plus interest, maturing March 2024.	130,719	170,940
Note payable - KeyBank, secured by mortgage on North Clove Road residence, Verbank. Payments of interest only (at 5.5%) through July 2010, the construction loan period; then payable in equal installments of principal of \$3,592, plus interest at 6.84%, maturing June 2025.	197,536	240,635
Note payable - M&T Bank, secured by mortgage on Pleasant Ridge Drive residence, Poughkeepsie. Payments of interest only (at 1-month LIBOR plus 3%) through January 2013, the construction loan period; then interest at 4.99%, payable in monthly payments of \$5,331, maturing January 2028.	380,179	423,657

**NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

5. LONG-TERM DEBT

Notes, Mortgages, and Bonds Payable

	<u>2020</u>	<u>2019</u>
Note payable - KeyBank, secured by mortgage on Unionvale residence, Verbank. Payments of interest only (at 1-month LIBOR plus 3%) through August 2015, the construction loan period; then interest at 5.88%, payable in monthly principal payments of \$3,421 plus accrued interest, maturing April 2029.	\$ 342,969	\$ 384,024
Note payable - KeyBank, secured by mortgage on Miron Drive residence, Poughkeepsie. Payments of interest only (at 1-month LIBOR plus 5.25%) through January 2016, the construction loan period; then interest at 6.13%, payable in monthly principal payments of \$3,867 plus interest, maturing February 2031.	466,638	513,042
Various notes payable - Rhinebeck Saving Bank, secured by vehicles, interest ranging from 4% - 4.69%, payable in monthly payments ranging from \$1,046 - \$2,006, with maturities from March 2019 – August 2022.	19,824	33,154
Various notes payable - Toyota Financial Services, secured by vehicles purchased, interest ranging from 0% - 6.45%, payable in monthly payments ranging from \$706 – 2,697, with maturities from February 2020 – June 2024.	144,885	102,347
Note payable - Navitas Credit Corp., equipment finance for agency wide phone system, interest at 7.288%, payable in monthly payments of \$1,250, maturing December 2021.	14,430	27,858
Note payable - KeyBank secured by mortgage on Cream Street, interest at 6.25%, payable in monthly payments of principal of \$2,549 plus interest, maturing May 2029.	376,417	382,859
Notes payable - KeyBank secured by mortgage on multiple IRA locations, interest at 5.85%, payable in monthly payments of \$1,046, maturing August 2022.	608,070	643,891
Note payable - KeyBank, secured by mortgage on Dwight Street residence, Poughkeepsie, interest at prime plus 2% (6.75% at December 31, 2020), payable in monthly payments of \$3,177, maturing May 2032.	358,022	397,840
Note payable - KeyBank, secured by mortgage on Jansen Road residence, Pine Bush, interest at 5.55%, payable in monthly payments of \$1,289, maturing January 2040.	180,719	185,430

NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. LONG-TERM DEBT

Notes, Mortgages, and Bonds Payable

	<u>2020</u>	<u>2019</u>
Note payable - KeyBank, secured by mortgage on Cream Street residence, interest at prime plus 2% (6.75% at December 31, 2020), payable in monthly payments of \$816, maturing May 2032.	\$ 185,884	\$ -
Note payable - KeyBank, secured by mortgage on Angelo Blvd Residence and Miron Drive Residence, interest at 5%, payable in monthly payments of \$2,877, maturing June 2036.	372,582	-
Note payable - KeyBank, secured by real property in Napanoch, interest at 5.95%, payable in monthly payments of \$2,089, maturing October 2024.	<u>85,601</u>	<u>104,858</u>
Total Long-Term Debt	5,455,285	5,798,714
Less Current installments	969,333	970,026
Less Unamortized Deferred Mortgage Costs	<u>156,177</u>	<u>203,170</u>
Long-Term Debt, net of current installments	<u>\$ 4,329,775</u>	<u>\$ 4,625,518</u>

Interest expense for the years ended December 31, 2020 and 2019, was \$350,966 and \$394,572, respectively, which includes amortization expense of \$46,993 and \$53,357, respectively, and is related to deferred mortgage charges.

Long-term debt, (excluding \$5,986 of unamortized premiums on bonds payable, \$(1,376) of unamortized discounts on bonds payable, and \$467,497 of bonds payable), are payable as follows:

2021	\$ 881,892
2022	869,014
2023	609,190
2024	396,807
2025	312,827
Thereafter	<u>1,913,448</u>
Total Long-Term Debt	<u>\$ 4,983,178</u>

**NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

5. LONG-TERM DEBT

In 2013, the Agency borrowed \$997,979 from the Dormitory Authority of the State of New York's (DASNY) Interagency Council Pooled Loan Program Revenue Bonds, Series 2013A-1 (tax exempt) and Series 2013 A-2 (Federally taxable). The borrowing from Series 2013A-1 amounted to \$942,979 and Series 2013-A-2 amounted to \$55,000. The bonds are secured by the Agency's real property and its contents located in Dutchess County, New York and a pledge, security interest in, and assignment to DASNY of the Agency's revenues. The loan agreement required the Agency to deposit to a debt service reserve fund \$65,356 and \$3,764 for the 2013A-1 and 2013A-2 bonds, respectively. In addition, the Agency remits monthly payments to BNY Mellon (the Trustee) towards the next semiannual installment due on the loan. Withdrawals are made by the Trustee on July 1 and January 1 of each year to pay the bondholders. The 2013A-1 bonds were issued at a premium of \$42,979, which is amortized on a straight-line basis over the life of the bonds.

In 2017, the Agency borrowed \$365,000 from the Dormitory Authority of the State of New York's (DASNY) Interagency Council Pooled Loan Program Revenue Bonds, Series 2017A-1 (tax exempt) and Series 2017 A-2 (Federally taxable). The borrowing from Series 2017A-1 amounted to \$330,000 and Series 2017-A-2 amounted to \$35,000. The bonds are secured by the Agency's real property and its contents located in Dutchess County, New York and a pledge, security interest in, and assignment to DASNY of the Agency's revenues. The loan agreement required the Agency to deposit to a debt service reserve fund \$12,862 and \$386 for the 2017A-1 and 2017A-2 bonds, respectively. In addition, the Agency remits monthly payments to BNY Mellon (the Trustee) towards the next semiannual installment due on the loan. Withdrawals are made by the Trustee on July 1 and January 1 of each year to pay the bondholders. The 2017A-1 bonds were issued at a discount of \$1,376, which is amortized on a straight-line basis over the life of the bonds.

The 2013 bond agreement contains a covenant pertaining to maintenance of a performance measure. The Agency is required to maintain a total debt service coverage ratio of not less than 1.00 to 1.00 and debt service coverage ratio excluding PPA loans of not less than 1.25 to 1.00. The covenants, which are measured as of the fiscal year end of the Agency, were both met as of December 31, 2020.

The bonds payable mature on July 1 in each of the years in the respective amounts and bear interest at the respective average rates per annum set forth below:

	<u>Gerry Road - 2017</u>		<u>Gerry Road - 2013</u>		<u>Angelo Boulevard - 2013</u>	
	<u>Amount</u>	<u>Interest</u>	<u>Amount</u>	<u>Interest</u>	<u>Amount</u>	<u>Interest</u>
2021	\$ 10,000	3.45%	\$ 14,998	2.88%	\$ 85,000	2.76%
2022	10,000	3.45%	-	-	42,500	2.76%
2023	10,000	3.45%	-	-	-	-
2024	10,000	3.45%	-	-	-	-
2025	10,000	3.45%	-	-	-	-
Thereafter	<u>274,999</u>	3.45%	<u>-</u>	-	<u>-</u>	-
	<u>\$ 324,999</u>		<u>\$ 14,998</u>		<u>\$ 127,500</u>	

**NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

5. LONG-TERM DEBT

In connection with the bonds payable, the Agency incurred financing costs in the amount of \$140,247, which are being amortized over the life of the bonds using the straight-line basis, which approximates the effective interest method. Interest and amortization expense net of bond premium amortization amounted to \$15,507 for the years ended December 31, 2020 and 2019. These amounts are included in Note 5 in the unamortized deferred mortgage costs.

The cash and investments-debt service fund consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
U.S. Treasury Bills	\$ 84,094	\$ 91,072
	<u>\$ 84,094</u>	<u>\$ 91,072</u>

The Agency's investments are classified as level one assets and have been recorded at their fair value based on unadjusted quoted market prices within active markets. There have been no changes in valuation methodologies used during the years ended December 31, 2020 and 2019. For the years ended December 31, 2020 and 2019, there were no transfers in or out of level 1. The Agency's investments are subject to market volatility that could significantly change the carrying value in the near term.

6. DUE NYS OPWDD

	<u>2020</u>	<u>2019</u>
Loans payable to the New York State (NYS) Office for People with Developmental Disabilities (OPWDD), unsecured, non-interest bearing, various payments recouped weekly from Medicaid receipts.	\$ 83,012	\$ 7,674
Less Current installments	<u>83,012</u>	<u>7,674</u>
Due NYS OPWDD, net of current installments	<u>\$ -</u>	<u>\$ -</u>

7. RESIDENTS' FUNDS

The Agency has signature authority over residents' funds. These funds are used for authorized and allowable purchases of participants' personal items.

8. LINE-OF-CREDIT

At December 31, 2020, the Agency had an available unsecured line-of-credit of \$1,000,000 at KeyBank of New York. Interest is at prime plus 2% (6.75% as of December 31, 2020). There was no outstanding balance at December 31, 2020.

The Agency reduced the available line to \$585,000 on February 1, 2013, in order to secure a \$415,000 standby letter of credit. The letter of credit was required by AIG/Chartis pursuant to a 2013 payment agreement for workers compensation insurance. The standby letter of credit was reduced by AIG to \$40,332 at September 30, 2017. The letter of credit, which was set to expire on September 30, 2018, has been renewed annually and is set to expire September 30, 2021.

NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. LINE-OF-CREDIT

The loan agreement relating to the revolving line of credit contains covenants pertaining to maintenance of various performance measures. The Agency is required to maintain an operating cash flow to fixed charge (ocf/fc) ratio of not less than 1.00 to 1.00 and maintain a total debt to tangible net worth (td/tnw) of less than 2.0 to 1.00 each fiscal year. The covenants are measured as of the fiscal year end of the Agency and as of December 31, 2020 both of the covenants were met.

9. CONTRIBUTION IN KIND

The Agency occasionally receives donated supplies or property and equipment. The revenue is reflected as nonprogram support and the related cost as expenses or as property and equipment in the accompanying financial statements. For the years ended December 31, 2020 and 2019, nonprogram support was \$-0- and \$32,400, respectively, and property and equipment was \$-0- and \$32,400, respectively. There were no offsetting nonprogram revenue and expenses for 2020 and 2019. These amounts, if any, would represent non-cash transactions.

10. TAX DEFERRED ANNUITY PLAN

During the year ended December 31, 1996, pursuant to a collective bargaining agreement, the Agency entered into a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time and part-time employees of New Horizons Resources, Inc. The Agency contributes an amount subject to approval by the Board of Directors. There were no Agency contributions to the plan for the years ended December 31, 2020 and 2019.

11. OPERATING LEASES

As disclosed in Note 1, the Agency adopted ASU 2016-02, *Leases (Topic 842)*, effective January 1, 2020. The Agency determines whether a contract contains a lease at the inception of a contract by determining if the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration.

The Agency leases eleven apartments and office space for its residential program, fire alarm systems, other household equipment for the residences it owns, a phone system, and office equipment. Terms of the leases vary from monthly to five years. Two of the Agency's property leases include an option to either renew or terminate the lease. For purposes of calculating lease liabilities, these options are included within the lease term when it has become reasonably certain that the Agency will exercise such options. The incremental borrowing rate utilized to calculate our lease liabilities is based on the information available at commencement date, as most of the leases do not provide an implicit borrowing rate. Our operating leases do not contain any material guarantees or restrictive covenants. The Agency does not have any finance leases or sublease activities.

The Agency incurred lease expense for operating leases with terms in excess of one year of \$77,406 and \$40,638 for the years ended December 31, 2020 and 2019, respectively. These leases are included in the right-of-use assets-operating leases and lease liability in the accompanying statement of financial position. Total cash paid for the amounts included in the measurement of lease liabilities during the year ended December 31, 2020 was \$72,084. Short-term leases, defined as leases with initial terms of 12 months or less, are not reflected in the accompanying statement of financial position. Lease expense for such short-term leases was \$302,836 and \$289,471, for the years ended December 31, 2020 and 2019, respectively.

NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

11. OPERATING LEASES

At December 31, 2020, future payments of operating lease liabilities were as follows:

2021	\$ 76,551
2022	60,978
2023	40,247
2024	36,917
2025	37,655
Construction in progress	<u>130,998</u>
Thereafter	383,346
Less: Present value discount	<u>69,864</u>
Total Present Value of Lease Liabilities	<u>\$ 313,482</u>

The right-of-use assets obtained in exchange for new lease liabilities were \$367,219 for the year ended December 31, 2020.

Supplemental statement of financial position and other information related to leases is as follows:

Weighted average remaining lease term – operating leases	6.92 years
Weighted average discount rate – operating leases	5.69%

12. CONCENTRATIONS

The Agency maintains its cash accounts in local financial institutions. At times, these balances may exceed FDIC insured amounts, or may not be covered by FDIC Insurance. Financial investments which potentially subject the Agency to credit risk consist primarily of cash accounts. The Agency's concentration of credit risk was approximately \$5,900,000 at December 31, 2020.

Approximately 70% of the Agency's full-time equivalent employees are covered by a collective bargaining agreement. The current contract, which expired on November 30, 2019, stipulates a no strike and no lock-out clause and certain agreements with regard to paid time off and leave policies, work hours and schedules, and personnel policies including grievance, discharge and discipline procedures. The risk related to this agreement is minimal. Negotiations related to a new agreement are ongoing as of the issuance of this report.

13. RELATED PARTY INFORMATION

A member of the Board of Directors also acts as the Agency's insurance broker for policies obtained from The Philadelphia Insurance Co. Total premiums to be paid for the July 2020-July 2021 policy year are \$225,968. Total premiums paid for the July 2019-July 2020 policy year were \$187,741.

14. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020 and 2019, net assets with donor restrictions includes an amount that was transferred from New Horizons Foundation during 2017. This amount represents a donation that had been made to the Foundation with the stipulation that the principal remain intact and that only the income generated be used for the benefit of the residents of the Agency. The income available for distribution from this fund is reported in the statement of activities as net assets without donor restrictions.

**NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

14. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020 and 2019, net assets with donor restrictions include donations that become available for use after the expiration of a time or purpose restriction has been met.

	<u>2020</u>	<u>2019</u>
Restrictions for specific purpose:		
Regis Scholarship	\$ 4,850	\$ 4,850
Community Foundation of the Hudson Valley (*)	52,528	49,707
Pleasant Valley (Anderson)	1,702	-
STRBA	6,500	-
Network for Good	<u>561</u>	<u>-</u>
	66,141	54,557
Restrictions in Perpetuity:		
Gerla Fund	<u>50,000</u>	<u>50,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 116,141</u>	<u>\$ 104,557</u>

(*) This amount represents the assets of The New Horizons Endowment Fund (the Fund), which is held by the Community Foundations of the Hudson Valley (CF).

The CF has variance powers, which give the CF the right to distribute the investment income to another not-for-profit organization of its choice if the Agency is no longer a qualified charitable organization. The CF receives contributions from donors for this Fund. Unless otherwise designated by the donor, income of the Fund, as determined annually by the "payout rate" adopted by the Board of Trustees of the CF, shall be paid and distributed to the Agency upon request. The Board of Trustees of the CF has the option of accessing corpus in order to make a distribution to the Agency, if it so desires, up to the maximum payout rate.

15. COMMITMENTS AND CONTINGENCIES

Pursuant to the Agency's and its related party's contractual relationships with certain governmental funding sources, such funding sources have the right to examine the books and records of the Agency involving transactions relating to these matters. As of December 31, 2020, the Agency was not under review with any governmental funding sources.

During the year ended December 31, 2020, the Agency benefited from additional funding through several sources. Agency management believes that there is a possibility that some funds could be recouped at a later date and therefore, management has established a reserve for any future possibility of recoupments in the amount of \$260,000 which is included in the accompanying 2020 statement of financial position.

16. COVID-19

The outbreak of COVID-19, a respiratory disease, has been characterized as a pandemic by the World Health Organization on March 11, 2020. As of the date of the audit report, the extent to which the pandemic may impact the demand for services, contributions, the Agency's liquidity, and it's future fiscal or operating results, is uncertain.

**NEW HORIZONS RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

17. INVESTMENT IN INDEPENDENT PRACTICE ASSOCIATION

As of December 31, 2020 and 2019, New Horizons Resources, Inc. had a 7.6% and 5.26% interest, respectively, in Hudson Valley Service Providers, LLC (HVSP, LLC), a New York limited liability company. HVSP, LLC was established to assist its members in fulfilling their respective charitable purposes of providing quality, community-based support services for people with intellectual and developmental disabilities and their families living in the Hudson Valley Region of New York State, and to accomplish regional enhancements in Health, Community & Family Integration, and Person Centered Planning Services for such persons by pooling the resources of the Members. Under the terms of the operating agreement, New Horizons Resources, Inc. was allocated 7.6% and 5.26% of the HVSP, LLC's December 31, 2020 and 2019 net income, respectively. This interest is accounted for using the equity method.

The following is a summary of selected financial information from the financial statements of HVSP, LLC, as of and for the year ended December 31:

	<u>2020</u>	<u>2019</u>
Total Assets	\$ 4,930,743	\$ 1,637,983
Total Liabilities	-	-
Partners' Capital	<u>\$ 4,930,743</u>	<u>\$ 1,637,983</u>
Revenue	\$ 3,358,717	\$ 1,194,638
Expenses	<u>84,192</u>	<u>70,835</u>
Net Income	<u>\$ 3,274,525</u>	<u>\$ 1,123,803</u>

18. CARES ACT PROVIDER RELIEF FUNDS

The passage of the CARES Act on March 27, 2020 charged the U.S. Department of Health and Human Services (HHS) with providing funds dedicated to delivering relief to providers impacted by the coronavirus. HHS distributed a series of funding to organizations like the Agency, across the nation. The funds distributed were to reimburse eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus. The Agency received \$571,062 in Provider Relief Funds (PRF) during 2020 and accounted for the funding under ASC 958-605, as a conditional grant, and recognized \$413,348 of the PRF as revenue as the conditions were substantially met as of December 31, 2020. The remaining \$157,713 of PRF is recorded as deferred revenue in the accompanying 2020 statement of financial position and will be recognized as revenue during 2021 when the conditions of the grant are met.

19. SUBSEQUENT EVENTS

The Agency's management has evaluated events subsequent to the statement of financial position date of December 31, 2020 through April 29, 2021, which is the date these financial statements were available to be issued, and have determined that there are no events that require recording or disclosure.

NEW HORIZONS RESOURCES, INC.
SCHEDULE OF SUPPORT AND REVENUE RELATED TO FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	PROGRAM							SUPPORT		2020 Total	2019 Total	
	Intermediate Care Facilities	Supervised Residential Alternatives	Supportive Residential Alternatives	IRA Com Res Services	Home Based Services	Service Coordination	Day Habilitation	Other Program Services and Events	Fundraising			Adminis- tration
Program Support and Revenue - without donor restrictions												
Medicaid	\$ 1,725,614	\$ 21,387,716	\$ 558,792	\$ 1,803,256	\$ 305,372	\$ -	\$ 1,969,554	\$ -	\$ -	\$ -	\$ 27,750,304	24,606,764
Participant fees	138,973	2,308,398	215,872	-	-	-	-	-	-	-	2,663,243	2,550,494
NYS Developmental Disabilities	-	477,331	-	-	3,530	-	-	-	-	-	480,861	592,731
Retroactive income (loss)	26,156	348,676	(1,563)	2,697	8,622	-	54,046	-	-	-	438,634	279,033
Other income	-	-	-	-	-	-	-	-	-	-	-	504,058
Total Program Support and Revenue	1,890,743	24,522,121	773,101	1,805,953	317,524	-	2,023,600	-	-	-	31,333,042	28,533,080
Nonprogram Support and Revenue - without donor restrictions												
Interest/investment income (loss)	-	(13,097)	1	-	-	-	-	6,404	-	-	(6,692)	4,507
Participant clothing funds	-	41,875	4,000	-	-	-	-	-	-	-	45,875	45,000
Contributions and fundraising	-	-	-	-	-	-	-	-	24,525	-	24,525	72,657
Donations	-	-	-	-	-	-	-	56,553	-	-	56,553	9,018.00
Grants	-	-	-	-	-	-	-	413,348	-	-	413,348	-
Gain on investment in HVSP	-	-	-	-	-	-	-	-	-	234,946	234,946	69,834
Gain on sale of property, plant, and equipment	-	-	-	-	-	-	-	-	-	-	-	17,347
Other income	-	5,738	-	-	-	-	-	85,732	-	-	91,470	-
Total Nonprogram Support and Revenue	-	34,516	4,001	-	-	-	-	562,037	24,525	234,946	860,025	218,363
Net assets released from restrictions or transferred												
	-	-	-	-	-	-	-	-	-	85,440	85,440	249,848
Total Support and Revenue - without donor restriction:	1,890,743	24,556,637	777,102	1,805,953	317,524	-	2,023,600	562,037	24,525	320,386	32,278,507	29,001,291
Program Support and Revenue - with donor restrictions												
Donations	-	5,750	-	-	-	-	-	91,274	-	-	97,024	121,292
Total Program Support and Revenue - with donor restrictions	-	5,750	-	-	-	-	-	91,274	-	-	97,024	121,292
Total Program and Nonprogram Support and Revenue - with and without donor restrictions												
	1,890,743	24,562,387	777,102	1,805,953	317,524	-	2,023,600	653,311	24,525	320,386	32,375,531	29,122,583
Total Functional Expenses	1,865,979	23,832,022	869,574	38,454	268,130	-	1,503,862	87,500	1,331	-	28,466,852	28,101,065
Excess(Deficiency) of Support and Revenue over Expenses - 2020	\$ 24,764	\$ 730,365	\$ (92,472)	\$ 1,767,499	\$ 49,394	\$ -	\$ 519,738	\$ 565,811	\$ 23,194	\$ 320,386	\$ 3,908,679	\$ 1,021,518
Excess(Deficiency) of Support and Revenue over Expenses - 2019	\$ (15,020)	\$ 331,434	\$ 28,537	\$ 65	\$ (9,832)	\$ (11,475)	\$ 250,237	\$ 93,445	\$ 34,445	\$ 319,682	\$ 1,021,518	