

<h1 style="margin:0;">CHAR500</h1> <p style="margin:0;">NYS Annual Filing for Charitable Organizations www.CharitiesNYS.com</p>	<p style="margin:0; font-size: small;">Send with fee and attachments to: NYS Office of the Attorney General Charities Bureau Registration Section 28 Liberty Street New York, NY 10005</p>	<h2 style="margin:0;">2021</h2> <p style="margin:0; font-weight: bold;">Open to Public Inspection</p>
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**1. General Information**

For Fiscal Year Beginning (mm/dd/yyyy) <b>01/01/2021</b> and Ending (mm/dd/yyyy) <b>12/31/2021</b>		
Check if Applicable: <input type="checkbox"/> Address Change <input type="checkbox"/> Name Change <input type="checkbox"/> Initial Filing <input type="checkbox"/> Final Filing <input type="checkbox"/> Amended Filing <input type="checkbox"/> Reg ID Pending	Name of Organization: <b>NEW HORIZONS RESOURCES INC.</b>  Mailing Address: <b>123 WEST ROAD</b>  City / State / ZIP: <b>PLEASANT VALLEY, NY 12569</b>  Website: <b>WWW.NHRNY.ORG</b>	Employer Identification Number (EIN): <b>52-4862107</b>  NY Registration Number: <b>02-01-86</b>  Telephone: <b>845 473-3000</b>  Email: <b>NSLAUSON@NHRNY.ORG</b>
Check your organization's registration category: <input type="checkbox"/> 7A only <input type="checkbox"/> EPTL only <input checked="" type="checkbox"/> DUAL (7A & EPTL) <input type="checkbox"/> EXEMPT*            Confirm your Registration Category in the Charities Registry at <a href="http://www.CharitiesNYS.com">www.CharitiesNYS.com</a> .		

**2. Certification**

See instructions for certification requirements. Improper certification is a violation of law that may be subject to penalties. The certification requires two signatories.

*We certify under penalties of perjury that we reviewed this report, including all attachments, and to the best of our knowledge and belief, they are true, correct and complete in accordance with the laws of the State of New York applicable to this report.*

President or Authorized Officer:	 Signature	<b>SAMUEL LAGANARO</b> EXECUTIVE DIRECTOR Print Name and Title	 Date
Chief Financial Officer or Treasurer:	 Signature	<b>NANCY A. SLAUSON</b> CFO Print Name and Title	 Date

**3. Annual Reporting Exemption**

Check the exemption(s) that apply to your filing. If your organization is claiming an exemption under one category (7A or EPTL only filers) or both categories (DUAL filers) that apply to your registration, complete only parts 1, 2, and 3, and submit the certified Char500. No fee, schedules, or additional attachments are required. If you cannot claim an exemption or are a DUAL filer that claims only one exemption, you must file applicable schedules and attachments and pay applicable fees.

**3a. 7A filing exemption:** Total contributions from NY State including residents, foundations, government agencies, etc. did not exceed \$25,000 and the organization did not engage a professional fund raiser (PFR) or fund raising counsel (FRC) to solicit contributions during the fiscal year.

**3b. EPTL filing exemption:** Gross receipts did not exceed \$25,000 and the market value of assets did not exceed \$25,000 at any time during the fiscal year.

**4. Schedules and Attachments**

See the following page for a checklist of schedules and attachments to complete your filing.

Yes     No    4a. Did your organization use a professional fund raiser, fund raising counsel or commercial co-venturer for fund raising activity in NY State? If yes, complete Schedule 4a.

Yes     No    4b. Did the organization receive government grants? If yes, complete Schedule 4b.

**5. Fee**

See the checklist on the next page to calculate your fee(s). Indicate fee(s) you are submitting here:	7A filing fee: \$ <u>25.</u>	EPTL filing fee: \$ <u>750.</u>	Total fee: \$ <u>775.</u>	Make a single check or money order payable to: <b>"Department of Law"</b>
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<h1 style="margin: 0;">CHAR500</h1> <p style="margin: 0;">Annual Filing Checklist</p>	<p>Simply submit the certified CHAR500 with no fee, schedule, or additional attachments IF:</p> <ul style="list-style-type: none"> <li>- Your organization is registered as 7A only and you marked the 7A filing exemption in Part 3.</li> <li>- Your organization is registered as EPTL only and you marked the EPTL filing exemption in Part 3.</li> <li>- Your organization is registered as DUAL and you marked <u>both</u> the 7A and EPTL filing exemption in Part 3.</li> </ul>
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**Checklist of Schedules and Attachments**

Check the schedules you must submit with your CHAR500 as described in Part 4:

- If you answered "yes" in Part 4a, submit Schedule 4a: Professional Fund Raisers (PFR), Fund Raising Counsel (FRC), Commercial Co-Venturers (CCV)
- If you answered "yes" in Part 4b, submit Schedule 4b: Government Grants

Check the financial attachments you must submit with your CHAR500:

- IRS Form 990, 990-EZ, or 990-PF, and 990-T if applicable
- All additional IRS Form 990 Schedules, including Schedule B (Schedule of Contributors). Schedule B of public charities is exempt from disclosure and will not be available for public review.
- Our organization was eligible for and filed an IRS 990-N e-postcard. Our revenue exceeded \$25,000 and/or our assets exceeded \$25,000 in the filing year. We have included an IRS Form 990-EZ for state purposes only.

If you are a 7A only or DUAL filer, submit the applicable independent Certified Public Accountant's Review or Audit Report:

- Review Report if you received total revenue and support greater than \$250,000 and up to \$1,000,000
- Audit Report if you received total revenue and support greater than \$1,000,000 and the fiscal year begins on or after July 1, 2021.  
If the fiscal year begins before that date, an Audit Report is required if total revenue and support is greater than \$750,000
- No Review Report or Audit Report is required because total revenue and support is less than \$250,000
- We are a DUAL filer and checked box 3a, no Review Report or Audit Report is required

**Calculate Your Fee**

For 7A and DUAL filers, calculate the 7A fee:

- \$0, if you checked the 7A exemption in Part 3a
- \$25, if you did not check the 7A exemption in Part 3a

For EPTL and DUAL filers, calculate the EPTL fee:

- \$0, if you checked the EPTL exemption in Part 3b
- \$25, if the NET WORTH is less than \$50,000
- \$50, if the NET WORTH is \$50,000 or more but less than \$250,000
- \$100, if the NET WORTH is \$250,000 or more but less than \$1,000,000
- \$250, if the NET WORTH is \$1,000,000 or more but less than \$10,000,000
- \$750, if the NET WORTH is \$10,000,000 or more but less than \$50,000,000
- \$1500, if the NET WORTH is \$50,000,000 or more

Is my Registration Category 7A, EPTL, DUAL or EXEMPT?

Organizations are assigned a Registration Category upon registration with the NY Charities Bureau:

**7A** filers are registered to solicit contributions in New York under Article 7-A of the Executive Law ("7A")

**EPTL** filers are registered under the Estates, Powers & Trusts Law ("EPTL") because they hold assets and/or conduct activities for charitable purposes in NY.

**DUAL** filers are registered under both 7A and EPTL.

**EXEMPT** filers have registered with the NY Charities Bureau and meet conditions in **Schedule E - Registration Exemption for Charitable Organizations**. These organizations are not required to file annual financial reports but may do so voluntarily.

Confirm your Registration Category and learn more about NY law at [www.CharitiesNYS.com](http://www.CharitiesNYS.com).

Where do I find my organization's NET WORTH?

NET WORTH for fee purposes is calculated on:

- IRS Form 990 Part I, line 22
- IRS Form 990 EZ Part I, line 21
- IRS Form 990 PF, calculate the difference between Total Assets at Fair Market Value (Part II, line 16(c)) and Total Liabilities (Part II, line 23(b)).

**Send Your Filing**

Send your CHAR500, all schedules and attachments, and total fee to:

NYS Office of the Attorney General  
Charities Bureau Registration Section  
28 Liberty Street  
New York, NY 10005

Need Assistance?

Visit: [www.CharitiesNYS.com](http://www.CharitiesNYS.com)  
Call: (212) 416-8401  
Email: [Charities.Bureau@ag.ny.gov](mailto:Charities.Bureau@ag.ny.gov)

# CHAR500

Schedule 4b: Government Grants  
www.CharitiesNYS.com

## 2021

**Open to Public  
Inspection**

If you checked the box in question 4b in Part 4, complete this schedule and list EACH government grant award by a domestic (federal, state or local) agency; interstate or intergovernmental agency (for example Port Authority of New York and New Jersey); and state or local authorities.  
**Use additional pages if necessary.** Include this schedule with your certified CHAR500 NYS Annual Filing for Charitable Organizations.

### 1. Organization Information

Name of Organization:	NY Registration Number:
NEW HORIZONS RESOURCES INC.	02-01-86

### 2. Government Grants

Name of Government Agency	Amount of Grant
1. U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - PROVID	1. 157,713.
2.	2.
3.	3.
4.	4.
5.	5.
6.	6.
7.	7.
8.	8.
9.	9.
10.	10.
11.	11.
12.	12.
13.	13.
14.	14.
15.	15.
Total Government Grants:	Total: 157,713.

**NEW HORIZONS RESOURCES, INC.  
FINANCIAL REPORT  
DECEMBER 31, 2021**

# NEW HORIZONS RESOURCES, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
New Horizons Resources, Inc.

### Opinion

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, 2021 and 2020, 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, 2021, 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 New Horizons Resources, Inc., as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Horizons Resources, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management 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.

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 New Horizons Resources, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 New Horizons Resources, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Horizons Resources, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited New Horizons Resources, Inc.'s 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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 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 28, 2022

**NEW HORIZONS RESOURCES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents		
Unrestricted	\$ 7,494,322	\$ 5,899,063
Restricted	50,000	50,000
Receivables - net		
Program	2,299,620	2,715,775
Other	47,063	24,672
Prepaid expenses	204,034	78,689
Total Current Assets	10,095,039	8,768,199
<b>Non Current Assets</b>		
Investment in HVSP	547,078	350,984
Plant, property and equipment - net	14,188,382	13,578,503
Right of use assets - Operating leases	264,212	310,108
Funded reserves	9,626	9,626
Cash and Investments - Debt service fund	67,614	84,094
Beneficial interest in assets held by others	60,921	52,528
Deposits	35,397	31,902
Residents' funds	282,383	282,781
Total Non Current Assets	15,455,613	14,700,526
<b>TOTAL ASSETS</b>	<b>\$ 25,550,652</b>	<b>\$ 23,468,725</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 591,809	\$ 539,935
Accrued expenses	1,585,174	1,225,272
Current installments of long-term debt	934,280	969,333
Due to NYS OPWDD	161,028	83,012
Lease liability - current portion	51,571	60,526
Deferred revenue	88,463	157,713
Total Current Liabilities	3,412,325	3,035,791
<b>Other Liabilities</b>		
Long-term debt - net of current installments	4,495,705	4,329,775
Lease liability - long-term	218,304	252,956
Accrued funding adjustments	320,000	260,000
Residents' funds	282,784	287,204
Total Other Liabilities	5,316,793	5,129,935
Total Liabilities	8,729,118	8,165,726
<b>Net Assets</b>		
Without donor restrictions	16,686,870	15,186,858
With donor restrictions	134,664	116,141
Total Net Assets	16,821,534	15,302,999
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 25,550,652</b>	<b>\$ 23,468,725</b>

See accompanying notes to financial statements.

**NEW HORIZONS RESOURCES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Net Assets Without Donor Restrictions</b>		
<b>Support and Revenue</b>		
Program	\$ 29,789,397	\$ 31,333,042
Nonprogram	672,048	860,025
Release of net assets with donor restrictions	<u>23,070</u>	<u>85,440</u>
Total Support and Revenue	<u>30,484,515</u>	<u>32,278,507</u>
<b>Expenses</b>		
Intermediate Care Facilities	1,736,022	1,678,482
Individual Residential Alternatives	22,368,768	22,219,538
Home Based Services	212,467	275,778
Day Habilitation	1,466,432	1,352,751
Other Program Services and Events	72,787	78,707
Fundraising	8,429	1,331
Administration	<u>3,119,598</u>	<u>2,860,266</u>
Total Expenses	<u>28,984,503</u>	<u>28,466,853</u>
Change in Net Assets Without Donor Restrictions	<u>1,500,012</u>	<u>3,811,654</u>
<b>Net Assets With Donor Restrictions</b>		
Donations	41,593	97,024
Release of net assets with donor restrictions	<u>(23,070)</u>	<u>(85,440)</u>
Change in Net Assets With Donor Restrictions	<u>18,523</u>	<u>11,584</u>
<b>Change in Net Assets</b>	1,518,535	3,823,238
Net Assets, January 1	<u>15,302,999</u>	<u>11,479,761</u>
<b>Net Assets, December 31</b>	<u><u>\$ 16,821,534</u></u>	<u><u>\$ 15,302,999</u></u>

See accompanying notes to financial statements.

**NEW HORIZONS RESOURCES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	Intermediate Care Facilities	Supervised Residential Alternatives	Supportive Residential Alternatives	IRA Com Res Services	Home Based Services	Day Habilitation	Other Program Services	Fundraising	Admini- stration	2021 Total	2020 Total
Personal services	\$ 1,066,130	\$ 13,844,068	\$ 256,205	\$ 17,629	\$ 125,242	\$ 858,714	\$ -	\$ -	\$ 1,773,880	\$ 17,941,868	\$ 17,747,380
Mandated fringe benefits	134,848	1,963,442	35,063	2,577	18,417	125,055	-	-	206,832	2,486,234	2,157,873
Non-mandated fringe benefits	113,829	1,657,388	29,598	2,175	15,546	105,560	-	-	174,589	2,098,685	2,182,052
Food	29,128	582,734	18,687	-	40	4,808	-	-	-	635,397	677,967
Repairs and maintenance	32,111	616,402	4,242	-	1,242	30,450	760	-	31,167	716,374	594,094
Utilities	19,275	278,017	18,782	-	-	12,951	432	-	5,210	334,667	282,973
Transportation - participant	12,957	198,171	18,100	523	25	21,378	-	-	-	251,154	199,446
Staff travel	1,810	42,790	3,090	-	2,428	796	-	-	52	50,966	53,613
Participant incidentals	7,649	116,856	14,500	-	-	2,776	-	-	-	141,781	85,133
Equipment expense	4,221	119,717	3,211	-	-	13,422	-	-	13,843	154,414	135,990
Section 43.04 services assessment	81,610	-	-	-	-	-	-	-	-	81,610	114,753
Staff development	1,313	18,451	563	2	16	1,536	-	-	23,198	45,079	27,949
Contracted services	88,924	254,905	72	-	-	-	-	-	203,964	547,865	595,292
Day services	-	-	15,426	-	-	-	-	-	-	15,426	10,294
Supplies/materials - non-house	38,523	293,968	8,272	499	-	36,225	10,591	-	73	388,151	341,305
Household supplies	11,695	189,646	7,040	-	-	934	518	-	308	210,141	226,218
Telephone	6,395	145,546	23,503	5	8,452	24,638	-	-	31,189	239,728	208,684
Other	534	6,991	-	-	-	53	-	8,184	118,027	133,789	26,708
Audit and legal	-	3,056	-	-	-	-	-	-	111,810	114,866	135,117
Employment and recruiting	-	-	-	-	-	-	-	-	23,158	23,158	24,683
Office supplies and postage	5,560	73,438	3,751	82	826	13,816	-	245	46,249	143,967	143,401
General insurance	5,018	71,050	5,733	-	-	10,239	-	-	189,666	281,706	172,204
Depreciation - provider paid	32,017	637,268	285	-	1,327	55,347	47,596	-	154,732	928,572	849,823
Depreciation - state paid	10,000	117,312	-	-	-	-	12,020	-	-	139,332	136,463
Leases - vehicles and equipment	112	18,782	-	-	-	2,927	-	-	2,926	24,752	25,206
Leases - real property	-	80,320	170,964	-	-	115,226	-	-	-	366,510	358,411
Real property taxes	-	4,417	-	-	-	7,666	870	-	-	12,953	2,446
Capital debt interest	29,814	244,184	-	-	-	15,020	-	-	2,533	291,551	303,973
Property insurance	2,215	42,961	522	-	-	4,584	-	-	3,273	53,555	50,758
Amortization - provider paid	76	29,169	-	-	-	2,311	-	-	2,919	34,475	46,993
Start-up expenses	-	-	-	-	-	-	-	-	-	-	4,079
Bond administration fees	-	1,038	-	-	-	-	-	-	-	1,038	1,235
Bad debts	258	67,646	11,421	7,754	7,660	-	-	-	-	94,739	544,337
<b>Sub-Total</b>	<b>1,736,022</b>	<b>21,719,733</b>	<b>649,035</b>	<b>31,246</b>	<b>181,221</b>	<b>1,466,432</b>	<b>72,787</b>	<b>8,429</b>	<b>3,119,598</b>	<b>28,984,503</b>	<b>28,466,853</b>
Allocation of Administration	209,452	2,620,496	78,306	3,770	21,864	176,926	8,784	-	(3,119,598)	-	-
<b>Total Functional Expenses</b>	<b>\$ 1,945,474</b>	<b>\$ 24,340,229</b>	<b>\$ 727,341</b>	<b>\$ 35,016</b>	<b>\$ 203,085</b>	<b>\$ 1,643,358</b>	<b>\$ 81,571</b>	<b>\$ 8,429</b>	<b>\$ -</b>	<b>\$ 28,984,503</b>	<b>\$ 28,466,853</b>

2020 Functional Expenses Before	\$ 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	
Allocation of Administration	3.43%	1.32%	-17.02%	-9.67%	-24.86%	8.40%	-7.52%	533.26%	9.07%		
Percent Change from 2020										1.82%	

See accompanying notes to financial statements.

**NEW HORIZONS RESOURCES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 1,518,535	\$ 3,823,238
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,067,904	986,286
Interest on deferred mortgage charges	34,475	46,993
Amortization of bond premium	(2,467)	(4,523)
(Gain) loss on disposal of plant, property and equipment	(800)	-
Bad debt	94,739	544,337
(Increase) Decrease in assets:		
Receivables		
Program	321,416	(253,259)
Other	(22,391)	77,969
Prepaid expenses	(125,345)	11,799
Deposits	(3,495)	(2,688)
Residents funds	(4,022)	1,522
Right of use asset - operating leases	45,896	(310,108)
Increase (Decrease) in liabilities:		
Accounts payable	51,874	(46,772)
Accrued expenses	359,902	294,918
Lease liability	(43,607)	313,482
Deferred revenue	(69,250)	157,713
Accrued funding adjustments	60,000	260,000
<b>Net Cash Provided By Operating Activities</b>	<u>3,283,364</u>	<u>5,900,907</u>
<b>Cash Flows From Investing Activities</b>		
Expenditures for plant, property and equipment	(1,515,332)	(923,413)
Proceeds from sale of plant, property and equipment	800	-
Increase in beneficial interest in assets held by others	(8,393)	(2,821)
Increase in cash and investments-Debt Service Fund	16,480	6,978
Investment in HVSP	(196,094)	(240,946)
<b>Net Cash Used By Investing Activities</b>	<u>(1,702,539)</u>	<u>(1,160,202)</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of long-term debt	(1,023,059)	(970,026)
Proceeds from long-term debt	959,477	631,120
Net increase (decrease) in due to NYS OPWDD	78,016	75,338
<b>Net Cash Provided (Used) By Financing Activities</b>	<u>14,434</u>	<u>(263,568)</u>
<b>Net Increase in Cash, Cash Equivalents and Restricted Cash</b>	1,595,259	4,477,137
Cash, Cash Equivalents and Restricted Cash, January 1	<u>5,949,063</u>	<u>1,471,926</u>
<b>Cash, Cash Equivalents and Restricted Cash, December 31</b>	<u>\$ 7,544,322</u>	<u>\$ 5,949,063</u>
<b>Reconciliation of Cash Balances Included in the Statement of Cash Flows with Those in the Statement of Financial Position</b>		
Unrestricted Cash	\$ 7,494,322	\$ 5,899,063
Restricted Cash	50,000	50,000
<b>Total Cash, Cash Equivalents and Restricted Cash</b>	<u>\$ 7,544,322</u>	<u>\$ 5,949,063</u>
<b>Supplemental Information</b>		
Interest paid	<u>\$ 291,551</u>	<u>\$ 303,973</u>
<b>Supplemental Information</b>		
Plant, property, and equipment acquired with debt financing	<u>\$ 162,450</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**NEW HORIZONS RESOURCES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**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.

***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 those 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 \$290,793 and \$438,636 for 2021 and 2020, 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 2021 and 2020, 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.

***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.

**NEW HORIZONS RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**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.

***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.

***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.

**NEW HORIZONS RESOURCES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

***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.

***Liquidity***

New Horizons Resources, Inc. monitors liquidity required to meet its operating needs and other contractual commitments. New Horizons has an available line-of-credit of \$1,000,000, which is reduced by a standby letter of credit to \$976,768 (see Note 8); however, positive cash flow has negated the need to use the line. New Horizons also has an available equipment line-of-credit of \$500,000 (see Note 8).

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 7,544,322	\$ 5,949,063
Program accounts receivable, net	2,299,620	2,715,775
Other accounts receivable, net	47,063	24,672
Less, net assets with donor restrictions (see Note 14)	<u>134,664</u>	<u>116,141</u>
Total Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$ 9,756,341</u>	<u>\$ 8,573,369</u>

**NEW HORIZONS RESOURCES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

***Comparative Financial Information***

The accompanying statement of functional expenses includes certain prior year summarized comparative amounts in total only. 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, 2020, from which the summarized information was derived.

**2. RECEIVABLES**

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

	<u>2021</u>	<u>2020</u>
Medicaid	\$ 2,128,476	\$ 2,516,006
New York State OPWDD	87,978	131,409
Participant fees	<u>83,166</u>	<u>68,360</u>
Total Program Receivables	<u>\$ 2,299,620</u>	<u>\$ 2,715,775</u>
Other	<u>\$ 47,063</u>	<u>\$ 24,672</u>

Bad debt expense related to accounts receivable for years ended December 31, 2021 and 2020, was \$94,739 and \$544,337, respectively.

**3. PLANT, PROPERTY AND EQUIPMENT**

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

	<u>2021</u>	<u>2020</u>
Buildings and improvements	\$ 22,362,412	\$ 21,663,128
Land and improvements	4,096,256	4,061,246
Furniture and equipment	1,462,672	1,439,392
Vehicles	2,411,264	2,248,814
Deferred Assets	143,207	184,456
Construction in progress	<u>1,094,048</u>	<u>327,290</u>
Plant, Property and Equipment	31,569,859	29,924,326
Less accumulated depreciation	<u>17,381,477</u>	<u>16,345,823</u>
Plant, Property and Equipment - net	<u>\$ 14,188,382</u>	<u>\$ 13,578,503</u>

Depreciation expense for the years ended December 31, 2021 and 2020, was \$1,067,904 and \$986,286, respectively.

Included in plant, property, and equipment as of December 31, 2021 and 2020, are assets under capital leases with a historical cost in the amount of \$127,934 with an accumulated amortization of \$127,934, respectively.

**NEW HORIZONS RESOURCES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**3. PLANT, PROPERTY AND EQUIPMENT**

Construction in progress at December 31, 2021 is related to modifications of the Cream Street, Angelo location, and various other small projects, which are expected to be completed in 2022.

**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>2021</u>	<u>2020</u>
Bonds payable - DASNY Bonds, secured by mortgage on Gerry Road residence, Poughkeepsie, interest at 2.88%, payable in monthly payments of \$2,083, matured June 2021.	\$ -	15,706
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 \$1,376 of unamortized bond discount at December 31, 2021).	313,624	323,624
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, matured November 2021.	-	81,687
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.	21,887	47,750
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 \$1,759 of unamortized bond premium at December 31, 2021).	44,259	132,778
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.	117,477	186,795

**NEW HORIZONS RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**5. LONG-TERM DEBT**

***Notes, Mortgages, and Bonds Payable***

	<u>2021</u>	<u>2020</u>
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.	\$ 85,079	\$ 127,619
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.	102,783	169,243
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.	65,272	96,601
Note payable - KeyBank, secured by mortgage on West Road training and administration facility, Pleasant Valley, interest at prime (4.75% as of December 31, 2021), payable in monthly payments of \$7,829, maturing February 2023.	103,794	192,729
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.	87,670	152,540
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.	47,464	63,738
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.	90,498	130,719
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.	154,437	197,536
Note payable - M&T Bank, secured by mortgage on Pleasant Ridge Drive residence, Poughkeepsie. Payments of interest at 4.99%, payable in monthly payments of \$5,331, maturing January 2028.	334,388	380,179

**NEW HORIZONS RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**5. LONG-TERM DEBT**

***Notes, Mortgages, and Bonds Payable***

	<u>2021</u>	<u>2020</u>
Note payable - KeyBank, secured by mortgage on Unionvale residence, Verbank. Payments of interest at 5.88%, payable in monthly principal payments of \$3,421 plus accrued interest, maturing April 2029.	\$ 301,915	\$ 342,969
Note payable - KeyBank, secured by mortgage on Miron Drive residence, Poughkeepsie. Payments interest at 6.13%, payable in monthly principal payments of \$3,867 plus interest, maturing February 2031.	420,235	466,638
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 various maturities thru August 2022.	7,949	19,824
Various notes payable - Toyota Financial Services, secured by vehicles purchased, interest ranging from 0% - 6.45%, payable in monthly payments ranging from \$706 - \$875, with maturities from January 2022 - January 2025.	101,712	144,885
Note payable - Navitas Credit Corp., equipment finance for agency wide phone system, interest at 7.288%, payable in monthly payments of \$1,250, matured December 2021.	-	14,430
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.	369,486	376,417
Notes payable - KeyBank secured by mortgage on multiple IRA locations, interest at 5.85%, payable in monthly payments of \$1,046, maturing June 2032.	569,958	608,070
Note payable - KeyBank, secured by mortgage on Dwight Street residence, Poughkeepsie, interest at prime plus 2% (5.25% at December 31, 2021), payable in monthly payments of \$3,177, maturing May 2032.	336,935	358,022
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.	175,282	180,719

**NEW HORIZONS RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**5. LONG-TERM DEBT**

***Notes, Mortgages, and Bonds Payable***

	<u>2021</u>	<u>2020</u>
Note payable - KeyBank, secured by mortgage on Cream Street residence, interest at prime plus 2% (5.25% at December 31, 2021), payable in monthly payments of \$816, maturing May 2032.	\$ 174,936	\$ 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.	362,602	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.	65,131	85,601
Various notes payable – M&T Bank, secured by vehicles purchased, interest at 3.67% for each, payable in monthly payments of \$991 each, all with a maturity of July 2026.	143,412	-
Note payable - KeyBank, secured by mortgage on Tyrell Road residence, interest at 5.91%, payable in monthly payments of \$6,177, maturing June 2046, subject to specific financial covenants which were met as of December 31, 2021.	<u>953,501</u>	<u>-</u>
Total Long-Term Debt	5,551,686	5,455,285
Less Current installments	934,280	969,333
Less Unamortized Deferred Mortgage Costs	<u>121,701</u>	<u>156,177</u>
Long-Term Debt, net of current installments	<u>\$ 4,495,705</u>	<u>\$ 4,329,775</u>

Interest expense for the years ended December 31, 2021 and 2020, was \$326,026 and \$350,966, respectively, which includes amortization expense of \$34,475 and \$46,993, respectively, which is related to deferred mortgage charges.

Long-term debt, (excluding \$1,759 of unamortized premiums on bonds payable, \$(1,376) of unamortized discounts on bonds payable, and \$357,500 of bonds payable), are payable as follows:

2022	\$ 875,023
2023	666,120
2024	456,661
2025	352,302
2026	289,406
Thereafter	<u>2,554,291</u>
Total Long-Term Debt	<u>\$ 5,193,803</u>

**NEW HORIZONS RESOURCES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**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, 2021.

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>Angelo Boulevard - 2013</u>	
	<u>Amount</u>	<u>Interest</u>	<u>Amount</u>	<u>Interest</u>
2022	\$ 10,000	3.45%	\$ 42,500	2.76%
2023	10,000	3.45%	-	-
2024	10,000	3.45%	-	-
2025	10,000	3.45%	-	-
2026	10,000	3.45%	-	-
Thereafter	<u>265,000</u>	3.45%	<u>-</u>	-
	<u>\$ 315,000</u>		<u>\$ 42,500</u>	

**NEW HORIZONS RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**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, 2021 and 2020. 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>2021</u>	<u>2020</u>
U.S. Treasury Bills	\$ 67,614	\$ 84,094
	<u>\$ 67,614</u>	<u>\$ 84,094</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, 2021 and 2020. For the years ended December 31, 2021 and 2020, 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>2021</u>	<u>2020</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.	\$ 12,107	\$ 83,012
Amounts due to the New York State (NYS) Office for People with Developmental Disabilities (OPWDD) relating to excess supplemental land and property payments for the IRAs, amounts are being recouped monthly from Medicaid receipts.	<u>148,921</u>	<u>-</u>
	161,028	83,012
Less Current installments	<u>161,028</u>	<u>83,012</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. LINES-OF-CREDIT**

As of December 31, 2021, the Agency had an available unsecured line-of-credit of \$1,000,000 at KeyBank of New York. Interest is at prime plus 2% (5.25% as of December 31, 2021). There was no outstanding balance as of December 31, 2021.

**NEW HORIZONS RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**8. LINE-OF-CREDIT**

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 as of September 30, 2017, and then further reduced to \$23,232 in November 2021. The letter of credit, which was set to expire on September 30, 2021, has been renewed and is set to expire December 31, 2022.

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, 2021 both of the covenants were met.

During the year ended December 31, 2021, the Agency obtained a \$500,000 secured equipment line-of-credit with M&T bank. The line-of-credit is secured by the Agency's deposits on hand at M&T Bank, which as of December 31, 2021, totaled \$100,481. The interest rate is determined at the time the Agency draws on the line-of-credit. As of December 31, 2021, there was no outstanding balance due.

**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. During the years ended December 31, 2021 and 2020, the Agency did not receive any donated supplies or property and equipment and there was no offsetting nonprogram revenue and expenses. 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, 2021 and 2020.

**11. OPERATING LEASES**

The Agency follows ASU 2016-02, *Leases (Topic 842)*. 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.

**NEW HORIZONS RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**11. OPERATING LEASES**

The Agency leases fifteen 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, Napanoch DayHab and Brookside Meadows IRA, include an option to either renew for an additional term 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 \$79,923 and \$77,406 for the years ended December 31, 2021 and 2020, respectively. These leases are included in the right-of-use assets-operating leases and lease liability in the accompanying statements of financial position. Total cash paid for the amounts included in the measurement of lease liabilities during the years ended December 31, 2021 and 2020 was \$77,091 and \$72,084, respectively. 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 \$311,341 and \$302,836, for the years ended December 31, 2021 and 2020, respectively.

At December 31, 2021, future payments of operating lease liabilities were as follows:

2022	\$ 65,307
2023	44,304
2024	40,156
2025	40,894
2026	41,647
Thereafter	<u>92,589</u>
Total Lease Payments	324,897
Less: Present value discount	<u>55,022</u>
Total Present Value of Lease Liabilities	<u>\$ 269,875</u>

The right-of-use assets obtained in exchange for new lease liabilities were \$17,336 and \$367,219, respectively, for the years ended December 31, 2021 and 2020.

Supplemental statement of financial position and other information related to the Agency's operating leases is as follows:

	<u>As of December 31,</u>	
	<u>2021</u>	<u>2020</u>
Weighted average remaining lease term (in years)	6.50	6.92
Weighted average discount rate - operating leases	5.69%	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 \$7,630,000 as of December 31, 2021.

**NEW HORIZONS RESOURCES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**12. CONCENTRATIONS**

Approximately 70% of the Agency's full-time equivalent employees are covered by a collective bargaining agreement (CBA). The current contract, which expired on August 31, 2021, 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. On October 8, 2021, the Agency signed a memorandum of agreement (MOA) with the employees' union, and on October 20, 2021, the MOA was ratified. The MOA modified certain sections of, or added new sections to, the CBA relating to one time bonus payments, maintaining the current healthcare plan options, and a retro wage increase back to February 2021. 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 Affinity Insurance Services, Inc. (AIS) and The Philadelphia Insurance Co. (PIC). Total premiums paid to AIS for the July 2021-July 2022 policy year were \$284,827. Total premiums paid to PIC for the July 2021-July 2022 (policy cancelled end of July 2021) were \$106,080 and for the July 2020-July 2021 policy year were \$225,968.

**14. NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2021 and 2020, 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.

As of December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Restrictions for specific purpose:		
Regis Scholarship	\$ 4,350	\$ 4,850
Community Foundation of the Hudson Valley (*)	60,921	52,528
Pleasant Valley (Anderson)	2,893	1,702
STRBA	14,000	6,500
Network for Good	-	561
Kessler, Michael and Julia	<u>2,500</u>	<u>-</u>
	84,664	66,141
Restrictions in Perpetuity:		
Gerla Fund (**)	<u>50,000</u>	<u>50,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 134,664</u>	<u>\$ 116,141</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).

(\*\*) Included in restricted cash in the accompanying statements of financial position.

**NEW HORIZONS RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**14. NET ASSETS WITH DONOR RESTRICTIONS**

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, 2021, the Agency was not under review with any governmental funding sources.

During the years ended December 31, 2021 and 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 \$320,000 and \$260,000, which is included in the accompanying statements of financial position as of December 31, 2021 and 2020, respectively.

**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 its future fiscal or operating results, is uncertain.

**17. INVESTMENT IN INDEPENDENT PRACTICE ASSOCIATION**

As of December 31, 2021 and 2020, New Horizons Resources, Inc. had a 5.5% and 7.6% 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 5.5 % and 7.6% of the HVSP, LLC's December 31, 2021 and 2020 net income, respectively. This interest is accounted for using the equity method.

**NEW HORIZONS RESOURCES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**17. INVESTMENT IN INDEPENDENT PRACTICE ASSOCIATION**

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>2021</u>	<u>2020</u>
Total Assets	\$ 7,659,759	\$ 4,930,743
Total Liabilities	-	-
Partners' Capital	<u>\$ 7,659,759</u>	<u>\$ 4,930,743</u>
Revenue	\$ 2,720,170	\$ 3,358,717
Expenses	<u>100,409</u>	<u>84,192</u>
Net Income	<u>\$ 2,619,761</u>	<u>\$ 3,274,525</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 was recorded as deferred revenue in the accompanying 2020 statement of financial position and was recognized as revenue during 2021 when the conditions of the grant were met.

**19. SUBSEQUENT EVENTS**

The Agency's management has evaluated events subsequent to the statement of financial position date of December 31, 2021 through April 28, 2022, 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, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	PROGRAM						SUPPORT				
	Intermediate Care Facilities	Supervised Residential Alternatives	Supportive Residential Alternatives	IRA Com Res Services	Home Based Services	Day Habilitation	Other Program Services and Events	Fundraising	Administration	2021 Total	2020 Total
<b>Program Support and Revenue - without donor restrictions</b>											
Medicaid	\$ 1,778,702	\$ 21,406,837	\$ 577,782	\$ 30,332	\$ 187,533	\$ 2,340,978	\$ -	\$ -	\$ -	\$ 26,322,164	27,750,304
Participant fees	135,368	2,395,329	208,692	-	-	-	-	-	-	2,739,389	2,663,243
NYS Developmental Disabilities	-	433,069	-	-	3,982	-	-	-	-	437,051	480,861
Retroactive income (loss)	78,614	202,922	55	(8,245)	3,859	13,588	-	-	-	290,793	438,634
Total Program Support and Revenue	1,992,684	24,438,157	786,529	22,087	195,374	2,354,566	-	-	-	29,789,397	31,333,042
<b>Nonprogram Support and Revenue - without donor restrictions</b>											
Interest/investment income (loss)	-	(16,326)	-	-	-	-	24	-	-	(16,302)	(6,692)
Participant clothing funds	-	40,374	4,125	-	-	-	-	-	-	44,499	45,875
Contributions and fundraising	-	-	-	-	-	-	27,762	22,652	-	50,414	24,525
Donations	-	-	-	-	-	-	46,334	-	-	46,334	56,553
Grants	-	-	-	-	-	-	157,713	-	-	157,713	413,348
Gain on investment in HVSP	-	-	-	-	-	-	-	-	225,808	225,808	234,946
Gain on sale of property, plant, and equipment	-	300	-	-	-	-	500	-	-	800	-
Other income	-	-	-	-	-	-	162,782	-	-	162,782	91,470
Total Nonprogram Support and Revenue	-	24,348	4,125	-	-	-	395,115	22,652	225,808	672,048	860,025
<b>Net assets released from restrictions or transferred</b>											
Total Support and Revenue - without donor restrictions	1,992,684	24,462,505	790,654	22,087	195,374	2,354,566	395,115	22,652	248,878	30,484,515	32,278,507
<b>Program Support and Revenue - with donor restrictions</b>											
Donations	-	3,200	-	-	-	-	18,393	-	20,000	41,593	97,024
Total Program Support and Revenue - with donor restrictions	-	3,200	-	-	-	-	18,393	-	20,000	41,593	97,024
<b>Total Program and Nonprogram Support and Revenue - with and without donor restrictions</b>											
Total Functional Expenses	1,992,684	24,465,705	790,654	22,087	195,374	2,354,566	413,508	22,652	268,878	30,526,108	32,375,531
Total Functional Expenses	1,945,474	24,340,229	727,341	35,016	203,085	1,643,358	81,571	8,429	-	28,984,503	28,466,852
<b>Excess(Deficiency) of Support and Revenue over Expenses - 2021</b>	\$ 47,210	\$ 125,476	\$ 63,313	\$ (12,929)	\$ (7,711)	\$ 711,208	\$ 331,937	\$ 14,223	\$ 268,878	\$ 1,541,605	\$ 3,908,679
<b>Excess(Deficiency) of Support and Revenue over Expenses - 2020</b>	\$ 24,764	\$ 730,365	\$ (92,472)	\$ 1,767,499	\$ 49,394	\$ 519,738	\$ 565,811	\$ 23,194	\$ 320,386	\$ 3,908,679	