# NEW HORIZONS RESOURCES, INC.

# AUDITED FINANCIAL STATEMENTS

# SUPPLEMENTAL INFORMATION

# AND

# INDEPENDENT AUDITOR'S REPORT

# DECEMBER 31, 2024 AND 2023

**NEW HORIZONS RESOURCES, INC.**

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Horizons Resources, Inc.
Pleasant Valley, NY

***Opinion***

We have audited the financial statements of New Horizons Resources, Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New Horizons Resources, Inc. as of December 31, 2024 and 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

**Supplementary Information**

Our 2024 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2024 schedule of support and revenue related to functional expenses on page 27 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 2024 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2024 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 financial statements or to the 2024 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 2024 financial statements as a whole.

Mengel, Metzger, Barr & Co. LLP

Latham, NY
April 24, 2025



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**NEW HORIZONS RESOURCES, INC.**
**STATEMENTS OF FINANCIAL POSITION**
**DECEMBER 31, 2024 AND 2023**

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | | |
| Unrestricted | $ 5,686,332 | $ 7,484,853 |
| Restricted | 50,000 | 50,000 |
| Certificates of deposit | 264,300 | 250,651 |
| Investments | 2,605,814 | - |
| Receivables | | |
| Program, net of credit losses | 5,326,695 | 2,561,502 |
| Other | 54,050 | 55,380 |
| Prepaid expenses | 224,980 | 225,921 |
| Total Current Assets | 14,212,171 | 10,628,307 |
| **Non Current Assets** | | |
| Investment in HVSP | 6,000 | 6,000 |
| Plant, property and equipment - net | 16,597,011 | 15,976,762 |
| Right of use assets - operating leases | 531,405 | 185,334 |
| Funded reserves | 9,626 | 9,626 |
| Cash and Investments - debt service fund | 25,231 | 24,693 |
| Beneficial interest in assets held by others | 65,530 | 60,905 |
| Deposits | 46,533 | 45,727 |
| Burial funds | 9,016 | 24,889 |
| Total Non Current Assets | 17,290,352 | 16,333,936 |
| **TOTAL ASSETS** | $ 31,502,523 | $ 26,962,243 |
| **LIABILITIES AND NET ASSETS** | | |
| **Current Liabilities** | | |
| Accounts payable | $ 686,889 | $ 503,893 |
| Accrued expenses | 2,148,169 | 1,694,277 |
| Current installments of long-term debt | 574,432 | 619,700 |
| Due to NYS OPWDD | 374,189 | 172,515 |
| Lease liability - current portion | 65,702 | 32,227 |
| Deferred revenue | 667,447 | 501,973 |
| Total Current Liabilities | 4,516,828 | 3,524,585 |
| **Other Liabilities** | | |
| Long-term debt - net of current installments | 5,228,078 | 4,040,009 |
| Lease liability - long-term | 480,067 | 160,882 |
| Accrued funding adjustments | - | 320,000 |
| Burial funds | 9,016 | 24,889 |
| Total Other Liabilities | 5,717,161 | 4,545,780 |
| Total Liabilities | 10,233,989 | 8,070,365 |
| **Net Assets** | | |
| Without donor restrictions | 21,098,728 | 18,686,566 |
| With donor restrictions | 169,806 | 205,312 |
| Total Net Assets | 21,268,534 | 18,891,878 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 31,502,523 | $ 26,962,243 |

See accompanying notes to financial statements.

**NEW HORIZONS RESOURCES, INC.**
**STATEMENTS OF ACTIVITIES**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

| | 2024 | 2023 |
|---|---|---|
| **Net Assets Without Donor Restrictions** | | |
| **Support and Revenue** | | |
| Program | $ 35,685,949 | $ 32,265,374 |
| Nonprogram - cash and other financial assets | 1,432,820 | 2,119,794 |
| Nonprogram - contributed nonfinancial assets | 26,994 | 29,634 |
| Release of net assets with donor restrictions | 55,717 | 9,318 |
| Total Support and Revenue | 37,201,480 | 34,424,120 |
| **Expenses** | | |
| Program Activities: | | |
| Intermediate Care Facilities | 2,193,382 | 2,253,454 |
| Individual Residential Alternatives (Supervised/Supportive) | 26,639,002 | 25,547,475 |
| IRA Com Res & Home Based Services | 179,181 | 95,582 |
| Day Habilitation | 1,790,235 | 1,627,994 |
| Other Program Services and Events | 140,480 | 103,612 |
| Supporting Services: | | |
| Fundraising | 58,117 | 23,627 |
| Administration | 3,788,921 | 3,720,807 |
| Total Expenses | 34,789,318 | 33,372,551 |
| Change in Net Assets Without Donor Restrictions | 2,412,162 | 1,051,569 |
| **Net Assets With Donor Restrictions** | | |
| Donations | 15,586 | 13,481 |
| Interest/investment income | 4,625 | 64,561 |
| Release of net assets with donor restrictions | (55,717) | (9,318) |
| Change in Net Assets With Donor Restrictions | (35,506) | 68,724 |
| **Change in Net Assets** | 2,376,656 | 1,120,293 |
| Net Assets, January 1 | 18,891,878 | 17,771,585 |
| **Net Assets, December 31** | $ 21,268,534 | $ 18,891,878 |

See accompanying notes to financial statements.

# NEW HORIZONS RESOURCES, INC.
# STATEMENT OF FUNCTIONAL EXPENSES
# FOR THE YEAR ENDED DECEMBER 31, 2024

| | 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 | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Personal services | $ 1,317,852 | $ 16,633,058 | $ 426,479 | $ 103,283 | $ 40,509 | $ 954,540 | $ 439 | $ - | $ 2,169,027 | **$ 21,645,187** |
| Mandated fringe benefits | 128,772 | 1,682,051 | 38,722 | 10,676 | 4,291 | 98,664 | 46 | - | 199,671 | **2,162,893** |
| Non-mandated fringe benefits | 164,345 | 2,146,725 | 49,419 | 13,625 | 5,476 | 125,920 | 59 | - | 257,415 | **2,762,984** |
| Food | 48,230 | 871,243 | 59,928 | - | - | 16,583 | - | - | 83 | **996,067** |
| Repairs and maintenance | 49,640 | 793,023 | 14,916 | - | - | 58,512 | 8,236 | - | 24,819 | **949,146** |
| Utilities | 19,064 | 323,069 | 26,009 | - | - | 53,543 | 5,633 | - | 4,962 | **432,280** |
| Transportation - participant | 13,848 | 271,986 | 17,093 | - | - | 44,117 | 280 | - | - | **347,324** |
| Staff travel | 2,346 | 55,922 | 4,280 | - | - | 8,736 | 424 | 472 | 5,898 | **78,078** |
| Participant incidentals | 7,720 | 116,923 | 31,728 | - | - | 1,076 | 17 | - | 3,948 | **161,412** |
| Equipment expense | 5,461 | 163,161 | 14,913 | - | - | 5,064 | 2,014 | - | 34,941 | **225,554** |
| Section 43.04 services assessment | 108,974 | - | - | - | - | - | - | - | - | **108,974** |
| Staff development | 2,174 | 39,572 | 1,016 | - | - | 4,189 | 79 | - | 38,546 | **85,576** |
| Contracted services | 114,753 | 309,065 | 759 | - | - | - | 147 | - | 221,025 | **645,749** |
| Day services | - | - | 23,623 | - | - | - | - | - | - | **23,623** |
| Supplies/materials - non-house | 43,957 | 254,665 | 6,674 | - | - | 32,619 | - | - | 33 | **337,948** |
| Household supplies | 7,473 | 153,341 | 6,248 | - | - | 297 | - | - | 21 | **167,380** |
| Telephone | 6,719 | 156,107 | 28,788 | 20 | 312 | 36,418 | 4,539 | - | 22,147 | **255,050** |
| Other | 1 | 6,563 | 1 | - | - | 41 | - | 57,170 | 34,315 | **98,091** |
| Audit and legal | - | - | - | - | - | - | - | - | 146,996 | **146,996** |
| Employment and recruiting | - | - | - | - | - | - | - | - | 21,296 | **21,296** |
| Office supplies and postage | 4,468 | 66,012 | 3,420 | 437 | 474 | 35,654 | 23 | 475 | 55,984 | **166,947** |
| General insurance | 6,195 | 110,854 | 5,723 | - | - | 13,166 | 7 | - | 405,260 | **541,205** |
| Depreciation - provider paid | 93,606 | 1,114,155 | 1,590 | - | - | 86,138 | 59,448 | - | 134,497 | **1,489,434** |
| Leases - vehicles and equipment | 114 | 19,938 | 34 | - | - | 3,742 | - | - | 2,884 | **26,712** |
| Leases - real property | - | 59,959 | 246,905 | - | - | 160,240 | - | - | - | **467,104** |
| Real property taxes | - | - | - | - | - | 714 | 690 | - | - | **1,404** |
| Capital debt interest | 45,637 | 190,047 | - | - | - | 43,180 | 56,623 | - | - | **335,487** |
| Property insurance | 1,960 | 36,853 | 713 | - | - | 3,673 | 1,776 | - | 1,510 | **46,485** |
| Amortization - provider paid | 73 | 11,551 | 56 | - | - | 3,332 | - | - | 1,745 | **16,757** |
| Bond administration fees | - | 708 | - | - | - | - | - | - | - | **708** |
| Credit loss expense (recovery) | - | 32,021 | 11,393 | 173 | (95) | 77 | - | - | 1,898 | **45,467** |
| **Sub-Total** | 2,193,382 | 25,618,572 | 1,020,430 | 128,214 | 50,967 | 1,790,235 | 140,480 | 58,117 | 3,788,921 | **34,789,318** |
| Allocation of Administration | 268,079 | 3,131,143 | 124,719 | 15,671 | 6,229 | 218,806 | 17,171 | 7,103 | (3,788,921) | **-** |
| **Total Functional Expenses** | **$ 2,461,461** | **$ 28,749,715** | **1,145,149** | **$ 143,885** | **$ 57,196** | **$ 2,009,041** | **$ 157,651** | **$ 65,220** | **$ -** | **$ 34,789,318** |

See accompanying notes to financial statements.

# NEW HORIZONS RESOURCES, INC.
# STATEMENT OF FUNCTIONAL EXPENSES
# FOR THE YEAR ENDED DECEMBER 31, 2023

| | 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 | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Personal services | $ 1,298,232 | $ 16,130,114 | $ 389,340 | $ 19,832 | $ 56,185 | $ 981,636 | $ 222 | $ - | $ 2,201,315 | **$ 21,076,876** |
| Mandated fringe benefits | 144,828 | 1,897,790 | 42,793 | 2,305 | 6,900 | 120,025 | 28 | - | 234,756 | **2,449,425** |
| Non-mandated fringe benefits | 123,968 | 1,624,484 | 36,629 | 1,973 | 5,906 | 102,737 | 24 | - | 200,845 | **2,096,566** |
| Food | 59,479 | 683,488 | 41,015 | - | - | 5,143 | 1 | - | - | **789,126** |
| Repairs and maintenance | 50,546 | 683,376 | 13,687 | - | - | 37,450 | 5,537 | - | 38,682 | **829,278** |
| Utilities | 21,526 | 325,979 | 19,455 | - | - | 10,996 | 2,199 | - | 6,161 | **386,316** |
| Transportation - participant | 31,030 | 348,779 | 28,967 | 446 | - | 55,615 | 47 | - | - | **464,884** |
| Staff travel | 3,580 | 63,230 | 7,548 | - | 341 | 3,825 | 97 | - | 5,636 | **84,257** |
| Participant incidentals | 6,572 | 118,838 | 25,580 | - | - | 916 | 22 | - | - | **151,928** |
| Equipment expense | 17,414 | 224,201 | 9,309 | - | - | 5,792 | 194 | - | 37,937 | **294,847** |
| Section 43.04 services assessment | 104,284 | - | - | - | - | - | - | - | - | **104,284** |
| Staff development | 1,009 | 21,477 | 515 | - | - | 3,702 | 1 | - | 35,669 | **62,373** |
| Contracted services | 144,028 | 278,054 | 389 | - | - | - | 71 | - | 176,956 | **599,498** |
| Day services | - | 24 | 20,016 | - | - | - | - | - | - | **20,040** |
| Supplies/materials - non-house | 48,368 | 264,272 | 7,432 | - | - | 32,050 | 570 | - | 734 | **353,426** |
| Household supplies | 18,753 | 255,992 | 12,082 | - | - | 3,628 | - | - | 72 | **290,527** |
| Telephone | 6,586 | 150,362 | 26,639 | 5 | 850 | 24,626 | 2,734 | - | 31,540 | **243,342** |
| Other | 1,830 | 3,659 | 1 | - | - | 1,916 | 10,507 | 22,273 | 2,442 | **42,628** |
| Audit and legal | - | - | - | - | - | - | - | - | 160,761 | **160,761** |
| Employment and recruiting | - | - | - | - | - | - | - | - | 30,187 | **30,187** |
| Office supplies and postage | 6,093 | 78,742 | 4,194 | 86 | 548 | 21,427 | 22 | 1,354 | 46,657 | **159,123** |
| General insurance | 6,195 | 90,218 | 7,139 | - | - | 11,198 | 3 | - | 349,716 | **464,469** |
| Depreciation - provider paid | 83,938 | 910,404 | 598 | - | - | 55,283 | 69,408 | - | 151,711 | **1,271,342** |
| Leases - vehicles and equipment | 133 | 19,641 | 1 | - | - | 3,292 | - | - | 3,744 | **26,811** |
| Leases - real property | - | 56,814 | 220,331 | - | - | 116,629 | - | - | - | **393,774** |
| Real property taxes | - | - | - | - | - | 8,530 | 11,923 | - | - | **20,453** |
| Capital debt interest | 49,182 | 206,461 | - | - | - | 10,400 | - | - | (11) | **266,032** |
| Property insurance | 1,855 | 34,218 | 597 | - | - | 4,138 | 1 | - | 2,379 | **43,188** |
| Amortization - provider paid | 87 | 18,758 | 1 | - | - | 2,165 | 1 | - | 2,918 | **23,930** |
| Bond administration fees | - | 723 | - | - | - | - | - | - | - | **723** |
| Credit loss expense (recovery) | 23,938 | 135,824 | 7,295 | 205 | - | 4,875 | - | - | - | **172,137** |
| **Sub-Total** | 2,253,454 | 24,625,922 | 921,553 | 24,852 | 70,730 | 1,627,994 | 103,612 | 23,627 | 3,720,807 | **33,372,551** |
| Allocation of Administration | 282,771 | 3,090,149 | 115,640 | 3,119 | 8,875 | 204,287 | 13,001 | 2,965 | (3,720,807) | - |
| **Total Functional Expenses** | **$ 2,536,225** | **$ 27,716,071** | **$ 1,037,193** | **$ 27,971** | **$ 79,605** | **$ 1,832,281** | **$ 116,613** | **$ 26,592** | **$ -** | **$ 33,372,551** |

See accompanying notes to financial statements.

**NEW HORIZONS RESOURCES, INC.**
**STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

| | 2024 | 2023 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Change in Net Assets | $ 2,376,656 | $ 1,120,293 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 1,489,434 | 1,271,342 |
| Interest on deferred mortgage charges | 16,757 | 23,930 |
| Amortization of bond premium | (2,467) | (2,467) |
| Gain on disposal of plant, property and equipment | (20,384) | (4,400) |
| Credit loss provision | 45,467 | 172,137 |
| Amortization of right-of-use asset | 6,589 | 904 |
| (Increase) Decrease in assets: | | |
| Receivables | | |
| Program | (2,810,660) | 758,970 |
| Other | 1,330 | (9,423) |
| Prepaid expenses | 941 | (15,176) |
| Deposits | (806) | (9,220) |
| Burial funds | - | (1,885) |
| Increase (Decrease) in liabilities: | | |
| Accounts payable | 182,996 | (127,031) |
| Accrued expenses | 453,892 | (335,155) |
| Deferred revenue | 165,474 | 385 |
| Accrued funding adjustments | (320,000) | - |
| **Net Cash Provided By Operating Activities** | 1,585,219 | 2,843,204 |
| **Cash Flows From Investing Activities** | | |
| Expenditures for plant, property and equipment | (2,120,059) | (1,876,176) |
| Proceeds from sale of plant, property and equipment | 30,760 | 4,400 |
| Purchase of certificates of deposit | (13,649) | (250,651) |
| Purchase of investments | (2,605,814) | - |
| Increase in beneficial interest in assets held by others | (4,625) | (7,419) |
| Increase in cash and investments-debt Service Fund | (538) | (446) |
| Investment in HVSP | - | 44,667 |
| **Net Cash Used By Investing Activities** | (4,713,925) | (2,085,625) |
| **Cash Flows From Financing Activities** | | |
| Repayment of long-term debt | (615,584) | (953,321) |
| Proceeds from long-term debt | 1,744,095 | - |
| Net increase in due to NYS OPWDD | 201,674 | 126,068 |
| **Net Cash Provided (Used) By Financing Activities** | 1,330,185 | (827,253) |
| **Net Decrease in Cash, Cash Equivalents and Restricted Cash** | (1,798,521) | (69,674) |
| Cash, Cash Equivalents and Restricted Cash, January 1 | 7,534,853 | 7,604,527 |
| **Cash, Cash Equivalents and Restricted Cash, December 31** | $ 5,736,332 | $ 7,534,853 |
| **Reconciliation of Cash Balances Included in the Statement of Cash Flows with Those in the Statement of Financial Position** | | |
| Unrestricted Cash | $ 5,686,332 | $ 7,484,853 |
| Restricted Cash | 50,000 | 50,000 |
| **Total Cash, Cash Equivalents and Restricted Cash** | $ 5,736,332 | $ 7,534,853 |
| **Supplemental Information** | | |
| Interest paid | $ 325,094 | $ 269,880 |
| **Supplemental Information** | | |
| Plant, property, and equipment acquired with debt financing | $ - | $ 317,306 |

See accompanying notes to financial statements.

## 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.

### *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 $395,692 and $55,823 for 2024 and 2023, 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 2024 and 2023, 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.

### *Accounts Receivable and Allowance for Credit Losses*

Accounts receivable are customer obligations due under normal trade terms. The Agency performs continuing credit evaluation of customers' financial condition and generally does not require collateral. At each statement of financial position date, the Agency recognizes an expected allowance for credit losses. The allowance for credit losses is updated at each statement of financial position date to reflect any changes in credit risk since the receivable is initially recorded. The allowance for credit losses is calculated on a pooled basis where similar characteristics exist.

The allowance for credit losses is derived from a review of the Agency's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Agency. The Agency believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Agency's customers have remained constant since the Agency's inception. However, due to consumers' economic factors, rep payee consideration and inflation, among other economic indicators, the Agency is anticipating higher than expected losses than have been incurred in the past. As a result, management has determined that its allowance for credit losses should be adjusted across all aging categories. (See Note 2).

The Agency writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery. Write-offs during the years ended December 31, 2024 and 2023, were $43,571 and $20,414, respectively.

## 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 or in the same reporting period.

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.

### *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 Note 14).

### *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.

### *Certificates of Deposit*

Certificates of deposit are reflected at fair market value. Any change in fair market value is recorded and shown as an unrealized gain or loss on investments in the statements of activities.

### *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.

## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

### *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:

| | Years |
|---|---|
| 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.

### *Investments*

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. All realized and unrealized gains and losses are reflected in the statements of activities. Investment income, including interest, dividends, and gains and losses, is reported as an increase or decrease in net assets without donor restrictions unless the income is restricted by donor or law.

### *Reclassifications*

The following prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on prior year net assets or the prior year change in net assets. During the year ended December 31, 2024, management determined that $29,634 of contributed nonfinancial assets were included in the Nonprogram line within the statement of activities and has reclassified that amount to Nonprogram – contributed nonfinancial assets.

## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

### *Allocation of Expenses*

The costs of providing programs and activities have been summarized on a functional basis in the Statements of Activities and Statements 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 available two lines-of-credit totaling $1,500,000. (See Note 8).

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

| | 2024 | 2023 |
|---|---|---|
| Cash and cash equivalents | $ 5,736,332 | $ 7,534,853 |
| Certificates of deposit | 264,300 | 250,651 |
| Investments | 2,605,814 | - |
| Program accounts receivable, net of credit losses | 5,326,695 | 2,561,502 |
| Other accounts receivable, net | 54,050 | 55,380 |
| Less, net assets with donor restrictions (see Note 14) | 169,806 | 205,312 |
| Less, deferred revenue OPWDD | 200,000 | - |
| Total Financial Assets Available to Meet General Expenditures Over the Next 12 Months | $ 13,617,385 | $ 10,197,074 |

### *Contributed Nonfinancial Assets*

The Agency follows ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The Agency recognizes contributed nonfinancial assets within revenue as a separate line item in the statement of activities. The Agency estimates the fair value of these items on the basis of estimates of that that would be received for selling similar items or rates for similar services with the United States. (See Note 9).

### *Leases*

The Agency leases apartments, office space, fire and phone systems and household and office equipment and determines if an arrangement is a lease at inception. All of the Agency's leases are considered operating leases and they have no financing leases. Operating leases are included in right-of-use (ROU) assets, current portion of lease liabilities, and long-term lease liabilities in the accompanying statements of financial position.

## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

***Leases (continued)***

ROU assets represent the Agency's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at date of the adoption of the new accounting standard (January 1, 2020 or at commencement date if after January 1,2020, based on the present value of lease payments over the lease term. In determining the discount rate used to measure the right-of-use asset and lease liability, the Agency uses rates implicit in the lease, or if not readily available, the Agency's incremental borrowing rate. The incremental borrowing rate is based on an estimated secure rate comprised of a risk-free rate plus a credit spread as secured by the Agency's assets. Determining a credit spread as secured by the assets may require significant judgement.

The operating ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Agency will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the term of the lease term. The Agency's lease agreements do not contain any material residual value guarantees or restrictive covenants.

The Agency has elected to account for lease and non-lease components as a single lease component and to apply the short-term lease exemption to all classes of underlying assets.

In evaluating contracts to determine if they qualify as a lease, the Agency considers such factors as if the Agency has obtained substantially all of the rights to the underlying asset through exclusivity, if the Agency can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement. (See Note 11).

## 2. RECEIVABLES

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

| | 2024 | 2023 |
|---|---|---|
| Medicaid | $ 2,642,808 | $ 2,589,146 |
| New York State OPWDD * | 2,766,440 | 81,234 |
| Participant fees | 71,068 | 42,845 |
| Total Program Receivables | 5,480,316 | 2,713,225 |
| Adjustment for credit losses | 153,621 | 151,723 |
| Net Program Receivables | $ 5,326,695 | $ 2,561,502 |
| Other | $ 54,050 | $ 55,380 |

* Receivables from New York State OPWDD are either not trade accounts receivable or are receivables that were collected in full within the first quarter of the subsequent year and therefore, are not part of the analysis in the following tables.

## 2. RECEIVABLES

The following represents by portfolio segment, the changes in the allowance for credit losses for the years ended December 31:

| | 2024 | 2023 |
|---|---|---|
| Beginning balance | $ 151,723 | $ - |
| Provision for expected credit losses | 45,467 | 172,137 |
| Write-offs | (43,569) | (20,414) |
| Recoveries | - | - |
| Allowance for Credit Losses | $ 153,621 | $ 151,723 |

The following presents an aging analysis of accounts receivable for consumer rents which are included in Medicaid accounts receivable noted above at December 31:

| December 31, 2024<br>Accounts receivable aging analysis | Cost Basis | Credit Loss Rate | Expected Credit Loss |
|---|---|---|---|
| Status of Medicaid and CSC | | | |
| Current - 30 Days - ICF/DH/At-Home Reshab | $ 719,755 | 0.00% | $ - |
| Current - 30 Days | 1,685,772 | 5.00% | 84,289 |
| 31-60 Days ICF/DH | 8,942 | 5.00% | 447 |
| 31-60 Days | 145,431 | 10.00% | 14,543 |
| 61-90 Days - ICF/DH | 82 | 10.00% | 8 |
| 61-90 Days | 11,647 | 20.00% | 2,329 |
| More than 90 days past due - ICF/DH | 28,800 | 50.00% | 14,400 |
| More than 90 days past due | 42,379 | 50.00% | 21,190 |
| Total Accounts Receivable Aging Pooled | $ 2,642,808 | | $ 137,206 |

| December 31, 2023<br>Accounts receivable aging analysis | Cost Basis | Credit Loss Rate | Expected Credit Loss |
|---|---|---|---|
| Status of Medicaid and CSC | | | |
| Current - 30 Days - ICF/DH/At-Home Reshab | $ 485,388 | 0.00% | $ - |
| Current - 30 Days | 1,928,840 | 5.00% | 96,441 |
| 31-60 Days ICF/DH | 38,246 | 5.00% | 1,912 |
| 31-60 Days | 27,612 | 10.00% | 2,761 |
| 61-90 Days - ICF/DH | 38,572 | 10.00% | 3,857 |
| 61-90 Days | 18,514 | 20.00% | 3,702 |
| More than 90 days past due - ICF/DH | 42,595 | 50.00% | 21,298 |
| More than 90 days past due | 9,379 | 50.00% | 4,690 |
| Total Accounts Receivable Aging Pooled | $ 2,589,146 | | $ 134,661 |

## 2. RECEIVABLES

The following presents an aging analysis of accounts receivable for consumer rents which are included in Participant fees accounts receivable noted above at December 31:

| December 31, 2024 | Cost Basis | Credit Loss Rate | Expected Credit Loss |
|---|---|---|---|
| Accounts receivable aging analysis | | | |
| Status of Resident fees | | | |
| Current - 30 Days | $ 446 | 0.00% | $ - |
| Current - 30 Days | 54,603 | 5.00% | 2,730 |
| 31-60 Days | 8,550 | 10.00% | 855 |
| 61-90 Days | 7,800 | 45.00% | 3,510 |
| More than 90 days past due | 18,639 | 50.00% | 9,320 |
| Credit adjustments (NAMI offset) | (18,970) | 0.00% | - |
| Total Accounts Receivable Aging Pooled | $ 71,068 | | $ 16,415 |

| December 31, 2023 | Cost Basis | Credit Loss Rate | Expected Credit Loss |
|---|---|---|---|
| Accounts receivable aging analysis | | | |
| Status of Resident fees | | | |
| Current - 30 Days | $ 16,433 | 5.00% | $ 822 |
| 31-60 Days | 13,392 | 10.00% | 1,339 |
| 61-90 Days | 4,555 | 45.00% | 2,050 |
| More than 90 days past due | 25,702 | 50.00% | 12,851 |
| Credit adjustments (NAMI offset) | (17,237) | 0.00% | - |
| Total Accounts Receivable Aging Pooled | $ 42,845 | | $ 17,062 |

## 3. PLANT, PROPERTY AND EQUIPMENT

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

| | 2024 | 2023 |
|---|---|---|
| Buildings and improvements | $ 26,455,334 | $ 25,059,058 |
| Land and improvements | 4,469,622 | 4,445,590 |
| Furniture and equipment | 1,119,804 | 1,109,004 |
| Vehicles | 3,089,093 | 3,065,936 |
| Deferred assets | 46,454 | 78,705 |
| Construction in progress | 937,038 | 444,604 |
| Plant, Property and Equipment | 36,117,345 | 34,202,897 |
| Less accumulated depreciation | 19,520,334 | 18,226,135 |
| Plant, Property and Equipment - net | $ 16,597,011 | $ 15,976,762 |

Depreciation expense for the years ended December 31, 2024 and 2023, was $1,489,434 and $1,271,342, respectively.

Construction in progress at December 31, 2024 is related to modifications of the Day Hab, Ada and Stormville facility locations, and various other small projects, which are expected to be completed in 2025.

## 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***

| | 2024 | 2023 |
|---|---|---|
| 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, 2024). | $ 283,624 | $ 293,624 |
| Notes payable - KeyBank, secured by mortgage on Overlook Residence, interest at 6.77%, payable in monthly payments of $1,443, plus interest, maturing August 1, 2038. | 84,307 | 95,404 |
| Note payable - KeyBank, secured by mortgage on Deer Run residence, Wallkill, interest at 7.30%, payable in monthly payments of principal of $2,612 plus interest, maturing January 2024. | - | 2,612 |
| 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. | - | 10,055 |
| 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. | 25,140 | 68,239 |
| 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. | 185,184 | 237,305 |
| Note payable - Keybank, secured by mortgage on Clinton residence. Payments of interest at 6.5%, payable in monthly payments of $3,602, maturing on August 1, 2033. | 286,608 | 310,048 |

## 5. LONG-TERM DEBT

***Notes, Mortgages, and Bonds Payable (continued)***

| | 2024 | 2023 |
|---|---|---|
| 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. | $ 178,752 | $ 219,806 |
| Note payable - KeyBank, secured by mortgage on Miron Drive residence, Poughkeepsie. Payments of interest at 6.13%, payable in monthly principal payments of $3,867 plus interest, maturing February 2031. | 281,026 | 327,429 |
| 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 2027. | 28,284 | 36,640 |
| Various notes payable - Toyota Financial Services, secured by vehicles purchased, interest ranging from 0% - 11.23%, payable in monthly payments ranging from $706 - $1,278, with maturities from May 2024 - October 2028. | 121,945 | 177,118 |
| Note payable - M&T Bank, secured by generator, interest at 4.33%, payable in monthly payments of $1,659, maturing on March 2027. | 42,575 | 60,182 |
| 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. | 345,925 | 354,239 |
| Notes payable - KeyBank secured by mortgage on multiple IRA locations, interest at 5.85%, payable in monthly payments of $1,046, maturing June 2032. | 441,187 | 486,622 |
| Note payable - KeyBank, secured by mortgage on Dwight Street residence, Poughkeepsie, interest at prime plus 2% (9.5% at December 31, 2024), payable in monthly payments of $3,177, maturing May 2032. | 267,337 | 291,624 |
| 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. | 157,040 | 163,448 |

## 5. LONG-TERM DEBT

***Notes, Mortgages, and Bonds Payable (continued)***

| | 2024 | 2023 |
|---|---|---|
| Note payable - KeyBank, secured by mortgage on Cream Street residence, interest at prime plus 2% (9.5% at December 31, 2024), payable in monthly payments of $816, maturing May 2032. | $ 138,799 | $ 151,411 |
| 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. | 306,488 | 326,051 |
| Note payable - KeyBank, secured by all of the Agency's assets, interest at 5.95%, payable in monthly payments of $2,089, maturing October 2024. | - | 20,303 |
| 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. | 51,838 | 120,676 |
| Various notes payable - Friendly Honda, secured by vehicles purchased, interest ranging from 3.90%-6.90% for each, payable in monthly payments ranging from $1,136-$1,182 each, all with a maturity of ranging from August - November 2027. | 147,036 | 193,728 |
| Note payable - KeyBank, secured by mortgage on Tyrell Road facility, interest at 5.91%, payable in monthly payments of $6,177, maturing June 2046. | 749,015 | 777,365 |
| Note payable - KeyBank, secured by mortgage on West Road residence, interest at 9.50%, payable in monthly payments of $3,866, maturing February 2037. | 346,670 | - |
| Note payable - KeyBank, secured by mortgage on ADA Drive residence, interest at 8.00%, payable in monthly payments of $10,816, maturing July 2049. | 1,381,193 | - |
| Total Long-Term Debt | 5,849,973 | 4,723,929 |
| Less Current installments | 574,432 | 619,700 |
| Less Unamortized Deferred Mortgage Costs | 47,463 | 64,220 |
| Long-Term Debt, net of current installments | $ 5,228,078 | $ 4,040,009 |

## 5. LONG-TERM DEBT

***Notes, Mortgages, and Bonds Payable (continued)***

Interest expense on long-term debt for the years ended December 31, 2024 and 2023, was $335,487 and $266,032, respectively. Amortization expense related to deferred mortgage costs, was $16,757 and $23,930, respectively.

Long-term debt, (excluding $(1,376) of unamortized discounts on bonds payable, and $285,000 of bonds payable), is payable as follows:

| | | |
|---|---|---|
| 2025 | $ | 574,432 |
| 2026 | | 500,797 |
| 2027 | | 497,070 |
| 2028 | | 384,990 |
| 2029 | | 346,277 |
| Thereafter | | 3,262,783 |
| Total Long-Term Debt | $ | 5,566,349 |

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 2017A-2 (Federally taxable). The borrowing from Series 2017A-1 amounted to $330,000 and Series 2017A-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 debt related to the 2017A-2 bonds was paid-in-full during the year ended December 31, 2020.

The 2017 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 of the Agency, were both met as of December 31, 2024.

## 5. LONG-TERM DEBT

***Notes, Mortgages, and Bonds Payable (continued)***

The 2017A-1 bonds payable at December 31, 2024, relating to the Gerry Road residence, 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:

| | Amount | Interest |
|---|---|---|
| 2025 | $ 10,000 | 3.45% |
| 2026 | 10,000 | 3.45% |
| 2027 | 10,000 | 3.45% |
| 2028 | 10,000 | 3.45% |
| 2029 | 10,000 | 3.45% |
| Thereafter | 235,000 | 3.45% |
| | $ 285,000 | |

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, 2024 and 2023. These amounts are included in the unamortized deferred mortgage costs disclosed on page 17.

## 6. DUE NYS OPWDD

| | 2024 | 2023 |
|---|---|---|
| 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. | $ 12,246 | $ 14,124 |
| Amounts due to OPWDD relating to excess supplemental land and property payments for the IRAs, amounts are being recoupled monthly from Medicaid receipts. | - | 158,391 |
| Amounts due to OPWDD relating to a retroactive rate adjustment for 2023, amounts are being recouped weekly from Medicaid receipts. | 161,943 | - |
| Amount due to OPWDD relating to the Community Transition program. The Agency received this money in advance but was unable to admit an individual that fits the criteria of the program and are awaiting repayment instructions from OPWDD. | 200,000 | - |
| | 374,189 | 172,515 |
| Less Current installments | 374,189 | 172,515 |
| Due NYS OPWDD, net of current installments | $ - | $ - |

## 7. RESIDENTS' FUNDS

The Agency has signature authority over residents' funds. These funds are used for authorized and allowable purchases of residents' personal needs. As the Agency does not act as custodian of the residents' funds, those funds are not included in the accompanying financial statements.

## 8. LINES-OF-CREDIT

The Agency has available an unsecured line-of-credit of $1,000,000 at KeyBank of New York. Interest is at prime plus 2% (9.5% as of December 31, 2024). There were no outstanding balances as of December 31, 2024 and 2023.

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, 2024, both of the covenants were met.

The Agency also has 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, 2024, totaled $105,152. The interest rate is determined at the time the Agency draws on the line-of-credit. As of December 31, 2024 and 2023, there was no outstanding balance due.

## 9. CONTRIBUTED NONFINANCIAL ASSETS

For the years ended December 31, 2024 and 2023, contributed nonfinancial assets recognized within the statement of activities are as follows:

| | 2024 | 2023 |
|---|---|---|
| Software licensing fees | $ 26,994 | $ 29,634 |
| Contributed nonfinancial assets | $ 26,994 | $ 29,634 |

The Agency recognized contributed nonfinancial assets with revenue as listed above. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. For the years ended December 31, 2024 and 2023, the software licensing fees were used by employees of the agency. For the valuation of the software licensing fees, the value was provided by Microsoft as to the amount of fees the Agency would have had to pay for its licensing services which would approximate fair value. The revenue is reflected as nonprogram support and the related cost as expenses, for services and supplies, or as property and equipment in the accompanying financial statements.

## 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, at its discretion, contributes an amount subject to approval by the Board of Directors. There were Agency contributions to the plan for the years ended December 31, 2024 and 2023 of $326,300 and $-0-, respectively.

## 11. 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.

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 ten 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. The 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 $92,687 and $47,134 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023 was $82,445 and $46,144, 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 $380,726 and $366,651, for the years ended December 31, 2024 and 2023, respectively.

At December 31, 2024, future minimum payments of operating lease liabilities were as follows:

| | |
|---|---|
| 2025 | $ 88,153 |
| 2026 | 90,261 |
| 2027 | 88,558 |
| 2028 | 89,737 |
| 2029 | 64,284 |
| Thereafter | 219,041 |
| Total Lease Payments | 640,034 |
| Less: Present value discount | 94,265 |
| Total Present Value of Lease Liabilities | $ 545,769 |

The right-of-use assets obtained in exchange for new lease liabilities were $409,648 and $4,823, respectively, for the years ended December 31, 2024 and 2023.

Supplemental statement of financial position and other information related to the Agency's operating leases as of December 31, is as follows:

| | 2024 | 2023 |
|---|---|---|
| Weighted average remaining lease term (in years) | 7.58 | 5.17 |
| Weighted average discount rate - operating leases | 4.42% | 5.73% |

## 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 $5,091,000 as of December 31, 2024.

Approximately 70% of the Agency's full-time equivalent employees are covered by a collective bargaining agreement (CBA) that was effective October 20, 2021 and ended on October 19, 2024, at which time a one year agreement was signed and is effective through October 19, 2025, while the contract is up for negotiations. In March 2025, a new CBA was signed and is effective October 20, 2024 through October 19, 2027. The risk related to this agreement is minimal. During the years ended December 31, 2022 and 2021, the Agency’s Board of Directors approved and the union membership ratified five memorandums of agreement (MOA). A few of the provisions of the MOA are the creation of new bargaining unit classifications, a mentoring program for direct support professionals, credentialing opportunities for direct support professionals, one-time bonus payments, the maintaining of current healthcare options and a retro wage increase back to December 31, 2024.

## 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). Total premiums paid to AIS for the July 2024-July 2025 and July 2023-July 2024 policy years were $610,920 and $626,598, respectively.

## 14. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2024 and 2023, 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, 2024 and 2023, net assets with donor restrictions include donations that become available for use after the expiration of a time or purpose restriction has been met.

| | 2024 | 2023 |
|---|---|---|
| Restrictions for specific purpose: | | |
| Regis Scholarship | $ 3,350 | $ 3,850 |
| Community Foundation of the Hudson Valley (*) | 65,530 | 60,905 |
| Bruce Anderson (Transfer to Tyrell) | 4,276 | 2,710 |
| STRBA | 46,500 | 34,000 |
| Thanksgiving fund | 150 | 64 |
| Medicaid Managed Care - HVSP | - | 53,783 |
| | 119,806 | 155,312 |
| Restrictions in Perpetuity: | | |
| Gerla Fund (**) | 50,000 | 50,000 |
| Total Net Assets with Donor Restrictions | $ 169,806 | $ 205,312 |

## 14. NET ASSETS WITH DONOR RESTRICTIONS

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

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

## 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, 2024, the Agency was not under review with any governmental funding sources.

During the pandemic, the Agency benefited from additional funding allowed by the funding agencies. Prior to 2024, Agency management had reserved funds for potential recoupments, which was included in accrued funding adjustments in the 2023 statement of financial position. As of December 31, 2024, Agency management no longer believes that there is a possibility that these funds will be recouped and has released the reserve for future recoupments in the amount of $320,000. This amount is included as revenue in nonprogram – cash and other financial assets in the 2024 statement of activities.

## 16. INVESTMENT IN INDEPENDENT PRACTICE ASSOCIATION

As of both December 31, 2024 and 2023, New Horizons Resources, Inc. had a 5.5% interest 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% of HVSP, LLC's December 31, 2024 and 2023 net income. The Agency's investment in HVSP, LLC is accounted for and recorded in the accompanying statements of financial position using the cost method of accounting.

## 17. PROVIDER RELIEF FUNDS, FEDERAL MEDICAL ASSISTANCE PERCENTAGE PROGRAM, AND WORKFORCE STABILIZATION INITIATIVES

*Federal Medical Assistance Percentage Program*

The American Rescue Plan Act of 2021 provided for supplemental funding for mental health services through the time-limited expansion of the Federal Medical Assistance Percentage (FMAP) program. The first FMAP funding consisted of the workforce stabilization longevity and retention supplemental payments. Recipient organizations of these funds must use the amounts received for retention,

## 17. PROVIDER RELIEF FUNDS, FEDERAL MEDICAL ASSISTANCE PERCENTAGE PROGRAM, AND WORKFORCE STABILIZATION INITIATIVES

*Federal Medical Assistance Percentage Program (continued)*
longevity pay and mandated fringe. During the years ended December 31, 2024 and 2023, the Agency received approximately $-0- and $323,000 of FMAP funding, which was used by the Agency in accordance with the requirements of the FMAP program. Accordingly, the Agency has recorded the funding as revenue included in nonprogram-cash and other financial assets in the accompanying 2023 statement of activities and as personal services in the accompanying 2023 statement of functional expenses.

*Workforce Stabilization Initiatives*
During the year ended December 31, 2022, the Agency received approximately $917,000 related to the COVID Service and Vaccination incentives and used approximately $508,000 of the funds in accordance with the incentive programs. These incentive programs were created by OPWDD during the year ended December 31, 2021. The unspent portion approximates $409,000 and is recorded in deferred revenue in the accompanying 2024 and 2023 statements of financial position until such time as NYS OPWDD notifies the Agency that they will be recouping the amount or allow the Agency to keep the funds, at which point the Agency will recognize the amount as income. There were no similar funds received during the years ended December 31, 2024 and 2023.

During the year ended December 31, 2024, the Agency applied for and received one-time funding in the amount of $679,712 from OPWDD's Direct Service Retention Bonus program (the Program). The Program provides for a one-time payment to nonprofit organizations to be paid out to the direct care, support, clinical and/or production staff of the recipient nonprofit organization. The Agency received these funds and disbursed them to qualifying employees as two separate bonus payments paid out during the year ended December 31, 2024. The Program funds are included in revenue under nonprogram - cash and other financial assets in the 2024 statement of activities and in personal services in the 2024 statement of functional expenses.

## 18. RISKS AND UNCERTAINTIES

The Agency invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

## 19. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Accounting Standards Codification 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The assets or liability's fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

## 19. FAIR VALUE MEASUREMENTS

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are described as follows:

- Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

- The carrying amount of the Agency's money market funds are valued at quoted market prices on the last trading day of the year.
- The carrying amount of the Agency's U.S. Treasury Bills and certificates of deposit reported in the statement of financial position approximate fair values because of the short-term maturities of those instruments.

The preceding methods may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Agency management believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date. There were no changes in the methods used to determine fair value as of December 31, 2024 and 2023.

Fair value of assets measured on a recurring basis as of December 31 are as follows:

| | Fair Value | (Level 1) |
|---|---|---|
| **December 31, 2024** | | |
| U.S. Treasury bills | $ 25,231 | $ 25,231 |
| Money market funds | 2,605,814 | 2,605,814 |
| Total Investments at Fair Value | $ 2,631,045 | $ 2,631,045 |
| **December 31, 2023** | | |
| U.S. Treasury bills | $ 24,693 | $ 24,693 |
| Money market funds | - | - |
| Total Investments at Fair Value | $ 24,693 | $ 24,693 |

## 20. SUBSEQUENT EVENTS

In January 2025, the Agency signed five, five-year term notes with M&T Bank totaling $249,265. All five notes charge interest at 7.04% annually and have monthly principal and interest payments ranging from $932 to $1,059.

The Agency's management has evaluated events subsequent to the statement of financial position date of December 31, 2024 through April 24, 2025, which is the date these financial statements were available to be issued, and have determined that except for the matter discussed in Note 12 and the item above there are no additional 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, 2024
# (WITH COMPARATIVE TOTALS FOR 2023)

| | 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 | Adminis-tration | 2024 Total | 2023 Total |
| **Program Support and Revenue - without donor restrictions** | | | | | | | | | | | |
| Medicaid | $ 2,282,198 | $ 26,369,965 | $ 790,134 | $ 152,882 | $ 54,597 | $ 2,491,504 | $ - | $ - | $ - | **$ 32,141,280** | 29,116,580 |
| Participant fees | 110,313 | 2,736,473 | 269,232 | - | - | - | - | - | - | **3,116,018** | 3,089,330 |
| NYS Developmental Disabilities | - | 32,959 | - | - | - | - | - | - | - | **32,959** | 3,641 |
| Retroactive income (loss) | - | 11,681 | (997) | 10,244 | 4,321 | (10,611) | 381,054 | - | - | **395,692** | 55,823 |
| Total Program Support and Revenue | 2,392,511 | 29,151,078 | 1,058,369 | 163,126 | 58,918 | 2,480,893 | 381,054 | - | - | **35,685,949** | **32,265,374** |
| **Nonprogram Support and Revenue - without donor restrictions** | | | | | | | | | | | |
| Interest/investment income (loss) | - | - | - | - | - | - | 260,482 | - | - | **260,482** | 197,742 |
| Participant clothing funds | - | 41,375 | 5,250 | - | - | - | - | - | - | **46,625** | 46,125 |
| Contributions and fundraising | - | - | - | - | - | - | 24,990 | 172,184 | - | **197,174** | 133,229 |
| Contributed nonfinancial assets | - | - | - | - | - | - | 26,994 | - | - | **26,994** | 29,634 |
| Donations | 3,000 | 108 | - | - | - | - | 13,132 | - | - | **16,240** | 83,263 |
| Gain on sale of property, plant, and equipment | - | - | - | - | - | - | 20,384 | - | - | **20,384** | 4,400 |
| Other income | 51,853 | 678,633 | 21,663 | 4,928 | 1,885 | 47,017 | 85,936 | - | - | **891,915** | 1,655,035 |
| Total Nonprogram Support and Revenue | 54,853 | 720,116 | 26,913 | 4,928 | 1,885 | 47,017 | 431,918 | 172,184 | - | **1,459,814** | **2,149,428** |
| **Net assets released from restrictions or transferred** | 1,434 | - | - | - | - | - | 54,283 | - | - | **55,717** | 9,318 |
| Total Support and Revenue - without donor restrictions | 2,448,798 | 29,871,194 | 1,085,282 | 168,054 | 60,803 | 2,527,910 | 867,255 | 172,184 | - | **37,201,480** | **34,424,120** |
| **Program Support and Revenue - with donor restrictions** | | | | | | | | | | | |
| Donations | - | - | - | - | - | - | 15,586 | - | - | **15,586** | 13,481 |
| Interest/investment income (loss) | - | - | - | - | - | - | 4,625 | - | - | **4,625** | 64,561 |
| Total Program Support and Revenue - with donor restrictions | - | - | - | - | - | - | 20,211 | - | - | 20,211 | 78,042 |
| **Total Program and Nonprogram Support and Revenue - with and without donor restrictions** | 2,448,798 | 29,871,194 | 1,085,282 | 168,054 | 60,803 | 2,527,910 | 887,466 | 172,184 | - | **37,221,691** | 34,502,162 |
| Total Functional Expenses | 2,461,461 | 28,749,715 | 1,145,149 | 143,885 | 57,196 | 2,009,041 | 157,651 | 65,220 | - | **34,789,318** | 33,372,551 |
| **Excess(Deficiency) of Support and Revenue over Expenses - 2024** | **$ (12,663)** | **$ 1,121,479** | **$ (59,867)** | **$ 24,169** | **$ 3,607** | **$ 518,869** | **$ 729,815** | **$ 106,964** | **$ -** | **$ 2,432,373** | $ 1,129,611 |
| Excess(Deficiency) of Support and Revenue over Expenses - 2023 | **$ (444,013)** | **$ 242,578** | **$ (59,635)** | **$ 1,219** | **$ 10,299** | **$ 844,789** | **$ 508,828** | **$ 25,546** | **$ -** | **$ 1,129,611** | |