

*Report of Audit*

*on the*

*Financial Statements*

*of*

***Adult Day Center of  
Somerset County, Inc.***

*for the*

*Years Ended*

*December 31, 2022 and 2021*

ADULT DAY CENTER OF SOMERSET COUNTY, INC.

I N D E X

	<u>PAGE NUMBER</u>
Independent Auditor's Report	1-3
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	4-5
 <u>EXHIBITS</u>	
"A" - Statements of Financial Position – December 31, 2022 and 2021	6
"B" - Statements of Activity for the Years Ended December 31, 2022 and 2021	7-8
"C" - Statements of Cash Flows for the Years Ended December 31, 2022 and 2021	9
"D" - Statements of Functional Expenses for the Years Ended December 31, 2022 and 2021	10
 Notes to Financial Statements – December 31, 2022 and 2021	 11-17
 <u>SCHEDULE</u>	
"1" - Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2022	18
Notes to Schedule of Expenditures of Federal Awards – December 31, 2022	19



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Adult Day Center of Somerset County, Inc.  
Bridgewater, New Jersey

### ***Opinion***

We have audited the accompanying financial statements of the of the Adult Day Center of Somerset County, Inc., as of December 31, 2022 and 2021, and the related statements of activity, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adult Day Center of Somerset County, Inc. as of December 31, 2022 and 2021, 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, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Adult Day Center of Somerset County, 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 the Adult Day Center of Somerset County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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## ***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 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 and *Government 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 Adult Day Center of Somerset County, 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 Adult Day Center of Somerset County, Inc. 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.

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## ***Other Matters***

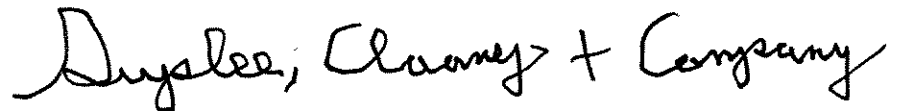
### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of Adult Day Center of Somerset County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adult Day Center of Somerset County, Inc.'s internal control over financial reporting and compliance.

October 31, 2023

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

Board of Trustees  
Adult Day Center of Somerset County, Inc.  
Bridgewater, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Adult Day Center of Somerset County, Inc., which comprise the statements of financial position as of December 31, 2022, and the related statements of activity, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2023.

***Internal Control Over Financial Reporting***

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

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

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

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## ***Compliance and Other Matters***

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

## ***Purpose of This Report***

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

October 31, 2023

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.

## EXHIBIT "A"

ADULT DAY CENTER OF SOMERSET COUNTY, INC.STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 739,555	\$ 783,045
Receivables, net	283,653	115,389
Prepaid Expenses	6,632	6,763
	<hr/>	<hr/>
<u>TOTAL CURRENT ASSETS</u>	1,029,840	905,197
Fixed Assets, net	2,397,432	2,493,896
	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 3,427,272</u>	<u>\$ 3,399,093</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 4,280	\$ 5,700
Credit Cards Payable	1,912	339
Deferred Income	-	10,000
Other liabilities	43,587	26,012
Loan Payable - Current Portion	66,943	65,954
	<hr/>	<hr/>
<u>TOTAL CURRENT LIABILITIES</u>	116,722	108,005
Loan - EIDL	500,000	500,000
Loan - Somerset County	2,241,352	2,308,295
	<hr/>	<hr/>
<u>TOTAL LIABILITIES</u>	2,858,074	2,916,300
<u>Net Assets:</u>		
Without Donor Restrictions	550,375	463,970
With Donor Restrictions	18,823	18,823
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u>	569,198	482,793
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 3,427,272</u>	<u>\$ 3,399,093</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.



ADULT DAY CENTER OF SOMERSET COUNTY, INC.

STATEMENTS OF ACTIVITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
<u>Operating Activities:</u>			
Federal and State Grants		\$ 250,175	\$ 250,175
Local Grants		316,770	316,770
Indirect Public Support		9,373	9,373
Client Fees	172,418		172,418
Contributions	70,217	1,720	71,937
Special Events: (Integral and Ongoing)			
Special Events Revenue	210,732		210,732
Cost of Direct Benefits to Donors	60,743		60,743
Net Fundraising Revenue	149,989		149,989
Other	1,960		1,960
Total revenue and support before releases	394,584	578,038	972,622
Net Assets Released From Restriction	578,038	(578,038)	
<u>TOTAL REVENUE AND SUPPORT</u>	972,622	(578,038)	972,622
<u>Expenses and Losses:</u>			
Program Services	889,008		889,008
Management and General	209,399		209,399
Fundraising	49,885		49,885
<u>TOTAL EXPENSES</u>	1,148,292		1,148,292
Change in net assets from operating activities	(175,670)	-	(175,670)
<u>Non-operating Activities:</u>			
Interest and Dividend Income	3,151		3,151
Employee Retention Credit	308,710		308,710
Interest Expense	(49,786)		(49,786)
Change in net assets from non-operating activities	262,075	-	262,075
<u>CHANGE IN NET ASSETS</u>	86,405		86,405
Net Assets, Beginning of Year	463,970	18,823	482,793
Net Assets, End of Year	\$ 550,375	\$ 18,823	\$ 569,198

The accompanying Notes to the Financial Statements are an integral part of this statement.

ADULT DAY CENTER OF SOMERSET COUNTY, INC.

STATEMENTS OF ACTIVITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
<u>Operating Activities:</u>			
Federal and State Grants		\$ 230,752	\$ 230,752
Local Grants		201,721	201,721
Indirect Public Support		12,580	12,580
Client Fees	44,945		44,945
Contributions	76,416	185	76,601
Special Events: (Integral and Ongoing)			
Special Events Revenue	322,038		322,038
Cost of Direct Benefits to Donors	77,363		77,363
Net Fundraising Revenue	244,675		244,675
Other	27,447		27,447
Total revenue and support before releases	393,483	445,238	838,721
Net Assets Released From Restriction	442,733	(442,733)	
<u>TOTAL REVENUE AND SUPPORT</u>	836,216	2,505	838,721
<u>Expenses and Losses:</u>			
Program Services	842,616		842,616
Management and General	193,406		193,406
Fundraising	48,347		48,347
<u>TOTAL EXPENSES</u>	1,084,369		1,084,369
Change in net assets from operating activities	(248,153)	2,505	(245,648)
<u>Non-operating Activities:</u>			
Interest and Dividend Income	1,533		1,533
Interest Expense	(46,238)		(46,238)
Gain on Extinguishment of Debt	181,573		181,573
Change in net assets from non-operating activities	136,868	-	136,868
CHANGE IN NET ASSETS	(111,285)	2,505	(108,780)
Net Assets, Beginning of Year	575,255	16,318	591,573
Net Assets, End of Year	463,970	18,823	482,793

The accompanying Notes to the Financial Statements are an integral part of this statement.

ADULT DAY CENTER OF SOMERSET COUNTY, INC.STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 86,405	\$ (108,780)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	102,981	112,319
Restricted Contributions	(1,720)	(185)
Receivables	(168,264)	(17,237)
Prepaid Expenses	131	(6,763)
Accounts Payable	(1,420)	1,159
Credit Cards Payable	1,573	(539)
Deferred Income	(10,000)	(650)
Other Liabilities	17,575	(4,166)
Net Cash Provided (Used) by Operating Activities	<u>27,261</u>	<u>(24,842)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	<u>(6,517)</u>	<u>(4,420)</u>
Net Cash Used by Investing Activities	<u>(6,517)</u>	<u>(4,420)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal Payment On Loan	(65,954)	(64,979)
EIDL Loan	-	350,000
Restricted Contributions	<u>1,720.00</u>	<u>185</u>
Net Cash Provided (Used) by Financing Activities	<u>(64,234)</u>	<u>285,206</u>
Net Increase in Cash and Cash Equivalents	(43,490)	255,944
Cash and Cash Equivalents, Beginning of Year	<u>783,045</u>	<u>527,101</u>
Cash and Cash Equivalents, End of Year	<u>\$ 739,555</u>	<u>\$ 783,045</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

ADULT DAY CENTER OF SOMERSET COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021				
	Program Services	Management and General	Fundraising	Total Supporting	Program Services	Management and General	Fundraising	Total Supporting	
Salaries	\$ 491,446	\$ 132,823	\$ 39,847	\$ 172,670	\$ 474,552	\$ 128,257	\$ 38,477	\$ 166,734	\$ 641,286
Payroll Taxes	42,952	11,609	3,483	15,091	39,758	10,745	3,224	13,969	53,727
Employee Benefits	80,849	21,851	6,555	28,407	81,976	22,156	6,647	28,802	110,778
	615,247	166,283	49,885	216,168	596,285	161,158	48,347	209,506	805,791
Other Expenses:									
Professional Fees	6,665	10,874		10,874	4,266	6,960		6,960	11,225
Office Expenses									
Telephone	1,562	174	174	174	2,241	249		249	2,490
Postage	1,359	945	945	945	982	682		682	1,664
Equipment Rental	3,923	3,923	3,923	3,923	3,502	3,502		3,502	7,003
Payroll Service	3,919	980	980	980	2,475	619		619	3,094
Uncollectible Receivables		6,905	6,905	6,905	899	899		899	899
Credit Card Fees	753	1,398	1,398	1,398	1,427	2,650		2,650	4,077
Pension Administration	1,412	353	353	353	1,464	366		366	1,830
Office Expense	11,631	2,908	2,908	2,908	13,114	3,278		3,278	16,392
	24,558	17,584	17,584	17,584	25,204	12,245		12,245	37,449
Occupancy									
Repairs and Maintenance	39,699	2,089	2,089	2,089	21,871	1,151		1,151	23,022
Utilities	53,190	2,799	2,799	2,799	46,582	2,452		2,452	49,034
	92,888	4,889	4,889	4,889	68,453	3,603		3,603	72,056
Travel, Meals and Entertainment	481	120	120	120	590	147		147	737
Insurance									
Program Expenses	22,674	5,668	5,668	5,668	23,222	5,806		5,806	29,028
Center Expenses	7,678			7,678	3,140				3,140
Miscellaneous	10,212			10,212	6,417				6,417
	7,684	1,921	1,921	1,921	4,966	1,241		1,241	6,207
Total Expenses Before Depreciation	788,087	207,339	49,885	257,224	732,543	191,160	48,347	239,507	972,050
Depreciation	100,921	2,060		2,060	110,073	2,246		2,246	112,319
TOTAL EXPENSES	\$ 889,008	\$ 209,399	\$ 49,885	\$ 259,284	\$ 842,616	\$ 193,406	\$ 48,347	\$ 241,754	\$ 1,084,369

The accompanying Notes to the Financial Statements are an integral part of this statement.

ADULT DAY CENTER OF SOMERSET COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

NATURE OF ACTIVITIES

Adult Day Center of Somerset County, Inc. (the "Organization") is a not-for-profit corporation organized under Section 501(c)(3) of the Internal Revenue Code. It is operated for the purpose of providing adult day-care services for elderly and disabled residents of the Somerset County area and support for caring families.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements in accordance with generally accepted accounting principles in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

Net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's Board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activity as net assets released from restriction.

ADULT DAY CENTER OF SOMERSET COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the services and programs. Such allocations are determined by management on an equitable, direct basis.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes unrestricted time deposits and highly liquid instruments with initial maturities of three months or less.

Cash balances maintained at financial institutions may exceed federally insured limits. The Organization monitors the health of these banking institutions. Historically, the Organization has not experienced any credit-losses.

Income Taxes

The Organization is a Not-For-Profit Corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The most significant tax position of the Organization is its assertion that it is exempt from income taxes. Other significant tax positions include its determination of whether any amounts are subject to unrelated business tax (UBIT). Management has determined the Organization had no activities subject to UBIT in the year ended December 31, 2022. All significant tax positions have been considered by management and it has determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities.

The Organization is required to file Form 990 (Return of Organization Exempt from Income Tax) which is subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of the tax return. The Forms 990 for 2019 through 2021 are open to examination by the IRS as of December 31, 2022.

ADULT DAY CENTER OF SOMERSET COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

The Organization considers all receivables to be fully collectible: no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made

Fixed Assets

Fixed Assets are recorded at cost or estimated fair value on the date received. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

Contributed Services

The Organization receives a substantial amount of services donated by its volunteers in carrying out the organization's purpose. No amounts have been reflected in the financial statements for those services.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

(2) CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Organization at December 31 consisted of the following:

	<u>2022</u>	<u>2021</u>
Checking Account	\$ 129,430	\$ 246,908
Savings and Money Markets	<u>610,125</u>	<u>536,137</u>
	\$ <u>739,555</u>	\$ <u>783,045</u>

ADULT DAY CENTER OF SOMERSET COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

(3) FIXED ASSETS

Property and equipment consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Building & Improvements	\$3,454,620	\$3,454,620
Equipment	92,744	92,029
Furniture & Fixtures	111,162	111,162
Software	33,920	28,118
Server Upgrade	6,852	6,852
Vehicle	<u>51,966</u>	<u>51,966</u>
	3,751,264	3,744,747
Less: Accumulated Depreciation	<u>1,353,832</u>	<u>1,250,851</u>
Net Fixed Assets	<u>\$2,397,432</u>	<u>\$2,493,896</u>

(4) RECEIVABLES

At December 31, the receivable balance consists of the following:

	<u>2022</u>	<u>2021</u>
Pledges receivable	\$ 23,250	\$ 24,500
Grants receivable	246,807	82,075
Accounts receivable – Members	13,907	8,992
Less: Reserve for specific client accounts	<u>(1,391)</u>	<u>(898)</u>
Net accounts receivable – Members	12,513	8,094
Other receivables	<u>1,080</u>	<u>720</u>
Total net receivables	<u>\$283,653</u>	<u>\$115,389</u>

(5) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions is available for the following purpose at December 31:

	<u>2022</u>	<u>2021</u>
Musical and craft programs	\$ <u>18,823</u>	\$ <u>18,823</u>



ADULT DAY CENTER OF SOMERSET COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

(6) NET ASSETS RELEASED FROM DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended December 31, 2022 and 2021. Assets were released from restrictions for the following purposes:

	<u>2022</u>	<u>2021</u>
Program services	\$578,038	\$442,733
Musical and craft programs	<u>0</u>	<u>0</u>
Total net assets released from restrictions	<u>\$578,038</u>	<u>\$442,733</u>

(7) LOAN PAYABLE

On April 15, 2010, Somerset County granted the Adult Day Center a \$2,000,000 loan to finance the construction of a new facility. The loan has a term of 40 years, bears interest at 1.5%, and is interest-only for the first five years.

On April 1, 2011, Somerset County granted an additional loan of \$750,000 to finance completion of the construction. The second loan carries the same terms as the first loan.

The combined balance on the Somerset County loans at December 31, 2022 and 2021 was \$2,308,295 and \$2,374,249, respectively.

Principal payments on the loans are as follows:

<u>Year</u>	<u>Principal Due</u>
2023	\$ 66,943
2024	67,947
2025	68,966
2026	70,001
Thereafter	<u>2,034,438</u>
	<u>\$2,308,295</u>

(8) (EIDL) ECONOMIC INJURY DISASTER LOAN

On June 2, 2020 the Organization secured an Economic Injury Disaster Loan in the amount of \$150,000. On June 2, 2021 this loan was amended for an additional \$350,000. The loan bears interest at 2.75% and matures in 30 years. Installment payments, including principle and interest, of \$2,210 will begin thirty months from the date of original promissory note.

ADULT DAY CENTER OF SOMERSET COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

(9) PENSION PLAN

The Organization has a defined contribution pension plan which covers employees who are at least twenty-one (21) years of age and have at least one (1) year of service. The Organization matches 100% of contributions, up to 2% of employee compensation. Employee and employer contributions are 100% vested at all times. Pension expense for the years ended December 31, 2022 and 2021 was \$9,819 and \$10,862, respectively.

(10) CHARITY CARE

The Adult Day Center of Somerset County has never denied or discontinued services due to individuals limited financial resources or inability to pay for services. Charity care is provided to those who cannot pay as well as used to subsidize individuals that pay a rate on the Center's sliding fee scale that is below the daily cost of providing services.

In 2022 the estimated amount of charity care provided to individuals served by the Center was \$553,296.

(11) EMPLOYEE RETENTION CREDITS

As of December 31, 2022 the Organization has received employee retention credits in the amount of \$308,710, which included \$14,039 of interest.

(12) CONTINGENT LIABILITIES - GRANTS

The Organization participates in federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes.

The federal and state grants received and expended were subject to the Office of Management and Budget Uniform Guidance and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08, which mandates that grant revenues and expenditures be audited in conjunction with the Organization's annual audit.

Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in the Schedule of Findings and Questioned Costs. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives.

(13) COMMITMENTS AND CONTINGENCIES

The land on which the Organization's facility is located is leased from Somerset County under a forty (40) year lease expiring on December 31, 2050. The County lease calls for annual lease payments of \$100.

ADULT DAY CENTER OF SOMERSET COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

(14) SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the financial statement date through October 31, 2023, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined that no subsequent events have occurred which require disclosure in the financial statements.

(15) LIQUIDITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and Cash Equivalents	\$739,555
Receivables, net	<u>283,653</u>
Total Financial Assets	<u>1,023,208</u>
Donor-imposed restrictions or internal designations:	
General Use	
Musical and craft programs	<u>(18,823)</u>
Total Donor-imposed restrictions or internal designations	<u>(18,823)</u>
Financial Assets available to meet cash needs for general expenditures within one year	<u>\$1,004,385</u>

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions.

The Organization's primary sources of support are federal, state and foundation grants, client fees and contributions. Some of the support received is required to be used in accordance with the purpose restrictions imposed by the donors.

The Organization monitors its financial assets for liquidity to be able to meet its operating needs.

(16) LITIGATION, CLAIMS AND CONTINGENT LIABILITIES

In the ordinary conduct of its business, the Organization may be a party to litigation. At December 31, 2022, in the opinion of management there were no matters pending or threatened, which would have a material adverse effect on the financial position of the Organization.

ADULT DAY CENTER OF SOMERSET COUNTY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	FISCAL YEAR		
			Expenditures	Loans Disbursed	Subrecipient Expenditures
U.S. Department of Health and Human Services:					
Passed-Through:					
New Jersey Department of Health and Senior Services and the Somerset County Office on Aging & Disability Services Adult Day Care Services	93.667		\$ 203,175	\$ - 0 -	\$ - 0 -
Passed-Through:					
New Jersey Department of Health and Senior Services Alzheimer's Adult Day Services Program	93.044		203,975		
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 407,150</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

ADULT DAY CENTER OF SOMERSET COUNTY, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

(1) GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of Adult Day Center of Somerset County, Inc. The Organization is defined in the Notes to the Organization's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through state and local agencies, is included on the schedule of expenditures of federal awards.

(2) BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(3) RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Organization's basic financial statements.

(4) RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal and state financial reports.

(5) OTHER

Matching contributions expended by the Organization in accordance with terms of the various grants are not reported in the accompanying schedule.

(6) LOANS

The Organization had no year-end loan balances for Reimbursement Loans, Loan Advances and Revolving Loans.

(7) COST RATE

The accompanying schedules include indirect costs that were claimed for reimbursement using a Cost Rate Proposal approved by the pass-through entity.