

**Greenwich Adult Day Care, Inc.  
(d/b/a River House Adult Day Center)**

Consolidated Financial Statements

June 30, 2022 and 2021

## INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of  
Greenwich Adult Day Care, Inc.**

### **Opinion**

We have audited the accompanying consolidated financial statements of Greenwich Adult Day Care, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greenwich Adult Day Care, Inc. as of June 30, 2022 and 2021, and the changes in their net assets and their 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greenwich Adult Day Care, 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 the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greenwich Adult Day Care, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such

**To the Board of Directors of  
Greenwich Adult Day Care, Inc.  
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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 Greenwich Adult Day Care, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greenwich Adult Day Care, 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.

*PKF O'Connor Davies, LLP*

Stamford, CT  
November 17, 2022

**Greenwich Adult Day Care, Inc.**  
**(d/b/a River House Adult Day Center)**

Consolidated Statements of Financial Position

	June 30,	
	2022	2021
<b>ASSETS</b>		
Cash	\$ 117,936	\$ 265,491
Client fees receivable	113,695	98,612
Grants and contributions receivable	30,100	-
Employee Retention Credit receivable	371,474	-
Prepaid and other assets	65,511	80,525
Investments	862,347	811,498
Property and equipment, net	3,053,075	3,187,092
	\$ 4,614,138	\$ 4,443,218
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 59,724	\$ 51,899
Clients' security deposits	59,076	58,946
Paycheck Protection Program ("PPP") loan	-	187,076
Total Liabilities	118,800	297,921
Net Assets		
Without Donor Restrictions		
Undesignated	364,349	(93,925)
Board designated reserves	612,347	586,498
Property and equipment	3,053,075	3,187,092
	4,029,771	3,679,665
With Donor Restrictions		
Restricted for time and specific purposes	215,567	215,632
Funds held in perpetuity	250,000	250,000
Total Net Assets	4,495,338	4,145,297
	\$ 4,614,138	\$ 4,443,218

See notes to consolidated financial statements

**Greenwich Adult Day Care, Inc.**  
**(d/b/a River House Adult Day Center)**

Consolidated Statement of Activities

	Year Ended June 30, 2022			Total
	Without Donor Restrictions	With Donor Restrictions		
		Time and Purpose	Funds Held in Perpetuity	
<b>OPERATING REVENUE AND PUBLIC SUPPORT</b>				
Operating Revenue				
Program service fees	\$ 621,886	\$ -	\$ -	\$ 621,886
Special events - net of direct donor benefits expense of \$49,081	76,970	-	-	76,970
Total Operating Revenue	<u>698,856</u>	<u>-</u>	<u>-</u>	<u>698,856</u>
Public Support				
Contributions	501,420	121,300	-	622,720
Employee Retention Credit	371,474	-	-	371,474
Grant - Town of Greenwich	72,000	-	-	72,000
Grants - other	12,863	-	-	12,863
Grant - USDA	-	-	-	-
Net assets released from restrictions	121,365	(121,365)	-	-
Total Public Support	<u>1,079,122</u>	<u>(65)</u>	<u>-</u>	<u>1,079,057</u>
Total Operating Revenue and Public Support	<u>1,777,978</u>	<u>(65)</u>	<u>-</u>	<u>1,777,913</u>
<b>EXPENSES</b>				
Adult Day Program	1,188,504	-	-	1,188,504
Management and general	273,536	-	-	273,536
Fundraising	140,757	-	-	140,757
Total Expenses	<u>1,602,797</u>	<u>-</u>	<u>-</u>	<u>1,602,797</u>
(Deficiency) excess of Operating Revenue and Public Support Over Expenses	<u>175,181</u>	<u>(65)</u>	<u>-</u>	<u>175,116</u>
Rental income	12,000	-	-	12,000
PPP loan forgiveness	187,076	-	-	187,076
Investment return, net	(24,151)	-	-	(24,151)
Total Non-Operating Revenue	<u>174,925</u>	<u>-</u>	<u>-</u>	<u>174,925</u>
Change in Net Assets	350,106	(65)	-	350,041
<b>NET ASSETS</b>				
Beginning of year	<u>3,679,665</u>	<u>215,632</u>	<u>250,000</u>	<u>4,145,297</u>
End of year	<u>\$ 4,029,771</u>	<u>\$ 215,567</u>	<u>\$ 250,000</u>	<u>\$ 4,495,338</u>

See notes to consolidated financial statements

**Greenwich Adult Day Care, Inc.**  
**(d/b/a River House Adult Day Center)**

Consolidated Statement of Activities

	Year Ended June 30, 2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Time and Purpose	Funds Held in Perpetuity	
<b>OPERATING REVENUE AND PUBLIC SUPPORT</b>				
Revenue				
Program service fees	\$ 423,777	\$ -	\$ -	\$ 423,777
Special events - net of direct donor benefits expense of \$1,121	17,540	-	-	17,540
Total Operating Revenue	441,317	-	-	441,317
Public Support				
Contributions	449,586	142,100	-	591,686
Town of Greenwich	9,800	-	-	9,800
Grants - other	19,513	-	-	19,513
Grant - USDA	13,589	-	-	13,589
Net assets released from restrictions	92,024	(92,024)	-	-
Total Public Support for Operations	584,512	50,076	-	634,588
Total Operating Revenue and Public Support	1,025,829	50,076	-	1,075,905
<b>EXPENSES</b>				
Adult Day Program	1,307,908	-	-	1,307,908
Management and general	115,012	-	-	115,012
Fundraising	77,326	-	-	77,326
Total Expenses	1,500,246	-	-	1,500,246
(Deficiency) excess of Operating Revenue and Public Support Over Expenses	(474,417)	50,076	-	(424,341)
PPP loan forgiveness	218,399	-	-	218,399
Investment return, net	133,313	-	-	133,313
Total Non-Operating Revenue	351,712	-	-	351,712
Redesignation	156,532	-	(156,532)	-
Change in Net Assets	33,827	50,076	(156,532)	(72,629)
<b>NET ASSETS</b>				
Beginning of year	3,645,838	165,556	406,532	4,217,926
End of year	\$ 3,679,665	\$ 215,632	\$ 250,000	\$ 4,145,297

See notes to consolidated financial statements

**Greenwich Adult Day Care, Inc.**  
**(d/b/a River House Adult Day Center)**

Consolidated Statements of Functional Expenses

	Year Ended June 30, 2022					Year Ended June 30, 2021				
	Adult Day Program	Management and General	Fund- Raising	Direct Donor Benefits	Total	Adult Day Program	Management and General	Fund- Raising	Direct Donor Benefits	Total
<b>EXPENSES</b>										
Salaries and related expenses	\$ 773,720	\$ 170,155	\$ 114,556	\$ -	\$ 1,058,431	\$ 926,632	\$ 37,862	\$ 58,779	\$ -	\$ 1,023,273
Meals	72,650	-	-	-	72,650	47,246	-	-	-	47,246
Transportation expenses	29,993	-	-	-	29,993	21,476	-	-	-	21,476
Professional fees	-	39,400	-	-	39,400	-	25,923	-	-	25,923
Repairs and maintenance	62,051	3,447	3,447	-	68,945	60,714	3,373	3,373	-	67,460
Insurance	30,258	6,664	4,470	-	41,392	38,446	1,570	2,419	-	42,435
Utilities	25,670	1,426	1,426	-	28,522	30,483	1,694	1,694	-	33,871
Information technology	23,776	5,237	3,513	-	32,526	23,611	964	1,485	-	26,060
Program supplies	12,627	-	-	-	12,627	7,755	-	-	-	7,755
Catering, venues and decorations	-	-	-	30,738	30,738	-	-	-	-	-
Supplies and other	15,217	3,352	2,248	-	20,817	11,805	483	743	-	13,031
Recreational therapist	10,040	-	-	-	10,040	1,050	-	-	-	1,050
Storage, dues and subscriptions	4,936	1,087	729	-	6,752	7,518	307	473	-	8,298
Bank related fees	-	13,209	-	-	13,209	-	12,054	-	-	12,054
Marketing	-	21,944	-	-	21,944	-	23,727	-	-	23,727
Media and entertainment	-	-	-	16,505	16,505	-	-	-	-	-
Development related	-	-	3,000	-	3,000	-	-	1,200	-	1,200
Telephone	3,411	751	504	-	4,666	4,068	166	256	-	4,490
Printing and postage	601	-	-	1,838	2,439	704	29	44	1,121	1,898
Conference, travel and training	-	-	-	-	-	2,920	-	-	-	2,920
	<u>1,064,950</u>	<u>266,672</u>	<u>133,893</u>	<u>49,081</u>	<u>1,514,596</u>	<u>1,184,428</u>	<u>108,152</u>	<u>70,466</u>	<u>1,121</u>	<u>1,364,167</u>
Less: Direct donor benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,081)</u>	<u>(49,081)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,121)</u>	<u>(1,121)</u>
Total Expenses Before Depreciation and Amortization	1,064,950	266,672	133,893	-	1,465,515	1,184,428	108,152	70,466	-	1,363,046
Depreciation and amortization	<u>123,554</u>	<u>6,864</u>	<u>6,864</u>	<u>-</u>	<u>137,282</u>	<u>123,480</u>	<u>6,860</u>	<u>6,860</u>	<u>-</u>	<u>137,200</u>
Total Expenses	<u>\$ 1,188,504</u>	<u>\$ 273,536</u>	<u>\$ 140,757</u>	<u>\$ -</u>	<u>\$ 1,602,797</u>	<u>\$ 1,307,908</u>	<u>\$ 115,012</u>	<u>\$ 77,326</u>	<u>\$ -</u>	<u>\$ 1,500,246</u>

See notes to consolidated financial statements

**Greenwich Adult Day Care, Inc.**  
**(d/b/a River House Adult Day Center)**

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 350,041	\$ (72,629)
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized and unrealized (gain) loss on investments	53,395	(111,802)
Depreciation and amortization	137,282	137,200
PPP loan forgiveness	(187,076)	(218,399)
Changes in operating assets and liabilities		
Client fees receivable	(15,083)	(56,468)
Grants and contributions receivable	(30,100)	-
Employee Retention Credit receivable	(371,474)	-
Prepaid and other assets	15,014	(6,852)
Accounts payable and accrued expenses	7,825	4,750
Clients' security deposits	130	-
Net Cash from Operating Activities	(40,046)	(324,200)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(3,265)	-
Proceeds from sale of investments	50,000	180,395
Purchase of investments	(154,244)	(101,906)
Net Cash from Investing Activities	(107,509)	78,489
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP loan	-	187,076
Net Change in Cash	(147,555)	(58,635)
<b>CASH</b>		
Beginning of year	265,491	324,126
End of year	\$ 117,936	\$ 265,491

See notes to consolidated financial statements



**Greenwich Adult Day Care, Inc.**  
**(d/b/a River House Adult Day Center)**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**1. Organization and Tax Status**

Greenwich Adult Day Care, Inc. (the “Organization,” or “GADC”) is located in Greenwich, Connecticut. The mission of the Organization is to support and enrich the quality of life for seniors living with age-related needs and impairments in a safe and nurturing environment. Greenwich Adult Day Care, Inc. provides:

- Customized day-time programs and services that stimulate intellectual, physical and emotional well-being
- Professional monitoring of health and personal care needs
- Counsel and peace of mind for caregivers and families

The consolidated financial statements include the assets and activity of the Greenwich Adult Day Care Trust Fund (the “Trust”) which manages investments of net assets held in perpetuity and board designated reserves.

Greenwich Adult Day Care, Inc. and the Trust are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and have not been classified as private foundations.

**2. Summary of Significant Accounting Policies**

***Change in Accounting Principle***

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (Topic 606) (“ASU 2014-09”). This ASU provides a single principles-based revenue recognition model with a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires that reporting entities disclose the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. On July 1, 2020, the Organization adopted this ASU, and it was determined that the adoption of this ASU had no impact on the Organization’s financial statements.

***Basis of Presentation and Use of Estimates***

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. One of the more significant estimates required to be made by management is the allocation of functional expenses.

**Greenwich Adult Day Care, Inc.**  
**(d/b/a River House Adult Day Center)**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**2. Summary of Significant Accounting Policies (continued)**

***Net Assets***

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions, including net assets set aside by the Board of Directors designated for certain purposes. Board designated net assets were \$612,347 and \$586,498 at June 30, 2022 and 2021.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are permanent in nature, such as those in which the donor intended for the Organization to use only the income generated from an original gift. The Organization has \$250,000 of net assets with perpetual restrictions at June 30, 2022 and 2021.

***Consolidation Policy***

Since Greenwich Adult Day Care, Inc. and the associated Trust are under common control, and share management and fundraising services, consolidated financial statements have been presented. Significant inter-organizational transactions and balances have been eliminated in consolidation.

***Cash***

The Organization considers all highly liquid investments with a maturity date of three months or less at the time of purchase to be cash.

***Fair Value Measurements***

The Organization follows GAAP guidance on fair value measurements which defines fair value and established a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. The value by input level of GADC's investments are included in Note 5 to the consolidated financial statements.

***Allowance for Uncollectible Receivables***

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. At June 30, 2022 and 2021, there was not an allowance for uncollectible receivables.

**Greenwich Adult Day Care, Inc.**  
**(d/b/a River House Adult Day Center)**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**2. Summary of Significant Accounting Policies (continued)**

***Investments***

Investments are reported at fair value in the consolidated statements of financial position. Realized and unrealized gains and losses, as well as interest and dividend income, are included within the change in net assets in the consolidated statements of activities.

***Property and Equipment***

The Organization's facility improvements, and furniture and equipment are recorded at cost. River House Facility improvements are amortized over the lesser of the estimated useful life of the asset or the term of the lease inclusive of expected renewals. Furniture and equipment are depreciated using the straight-line method over their useful lives which range from five to seven years.

***Contributed Services and Goods***

During the years ended June 30, 2022 and 2021, no contributed services or goods met the requirements for recognition in the consolidated financial statements. A substantial number of volunteers have contributed their time to the Organization's program and supporting services, however, none of these services meet the requirements for financial statement recognition.

***Contributions***

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

***Grants***

Grants received by GADC are generally based on cost-reimbursement and are recognized as revenue as the related costs are incurred.

***Revenue from Contracts with Customers***

The Organization recognizes revenue from contracts with customers in an amount that reflects the consideration that is expected to be received for goods or services when its performance obligations are satisfied by transferring control of those promised goods or services to its customers.

Revenue for the Organization is applied through the following five-step process:

1. Identify the contract(s) with a customer.
2. Identify the performance obligation in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

**Greenwich Adult Day Care, Inc.**  
**(d/b/a River House Adult Day Center)**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**2. Summary of Significant Accounting Policies (continued)**

***Revenue from Contracts with Customers (continued)***

Program service fee revenue is derived providing day programming to the Organization's clients. Program service fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing those services. These amounts are due from the individuals served and other third-party payors.

Fundraising event revenue is derived primarily from the sales of tickets and sponsorships related to each event.

The Organization disaggregates revenue from contracts with customers by payor. The Organization's program services revenue can generally be classified as revenue for customer services.

The Organization recognizes revenue as its performance obligations are completed. The performance obligations are satisfied as the individuals served simultaneously receives and consumes the benefits of the services provided. Typically, program service fees are billed when the service is provided and payments are due based on contract terms. For fundraising events revenue, amounts collected in advance of an event are deferred and recognized as revenue when the event occurs.

***Practical Expedients***

Customer payment terms are typically less than one year and as such, the Organization has applied the practical expedient to exclude consideration of significant financing components from the determination of the transaction price. If taxes are collected from customers and remitted to governmental authorities, they are excluded from net sales. Costs to obtain a contract are generally immaterial, but the Organization has elected the practical expedient to expense these costs as incurred if the amortization period of the capitalized cost would be one year or less. As permitted by the guidance, the Organization has applied a portfolio approach to evaluating the customer's ability to pay, rather than evaluating each customer's ability to pay separately.

***Functional Expenses***

For financial reporting in accordance with GAAP, GADC allocates its expenses on a functional basis among its program and support services. Expenses that can be specifically identified with a program or support service are allocated directly according to their natural classifications. Expenses that are common to several functions are allocated based on estimates made by management using a salary-weighted method. Those expenses include the salaries and benefits of certain personnel, occupancy, repairs and maintenance, communications related expenses, insurance, supplies and depreciation.

**Greenwich Adult Day Care, Inc.**  
**(d/b/a River House Adult Day Center)**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**2. Summary of Significant Accounting Policies (continued)**

***Measure of Operations***

The Organization has elected to include an operating measure in its consolidated statement of activities titled *deficiency (excess) of operating revenue and public support over expenses*. The measure of operations includes all fees for services, grants, contributions and other support, and other revenue and expenses with the exception of rental income, investment returns and loan forgiveness.

***Accounting for Uncertainty in Income Taxes***

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that GADC had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable tax jurisdictions for periods prior to 2019.

***Connecticut Enactment of UPMIFA***

U.S. GAAP guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”), requires additional disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Connecticut enacted UPMIFA effective October 1, 2007, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors has determined that all of the Organization’s funds held in perpetuity meet the definition of endowment funds under UPMIFA.

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the consolidated financial statements were available to be issued, which date is November 17, 2022.

**3. Liquidity and Availability of Financial Assets**

GADC structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage liquidity needs, with approval from the Board of Directors, Board designated reserves can be made available for expenditure, should a liquidity need arise.

**Greenwich Adult Day Care, Inc.**  
**(d/b/a River House Adult Day Center)**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**3. Liquidity and Availability of Financial Assets (continued)**

The table on the below reflects GADC's available financial assets at June 30, 2022 and 2021, which exclude amounts not available for general use within one year. Amounts not available for use within one year include financial assets with donor restrictions as well as amounts set aside by the Board of Directors for operating and other reserves that could be drawn upon if the Board of Directors approves such action.

	<u>2022</u>	<u>2021</u>
Cash	\$ 117,936	\$ 265,491
Client fees receivable, net	113,695	98,612
Employee Retention Credit receivable	371,474	-
Investments	<u>862,347</u>	<u>811,498</u>
Total Financial Assets Available Within One Year	1,465,452	1,175,601
Donor Imposed Restrictions		
Endowment assets in perpetuity	(250,000)	(250,000)
Board designated reserves	<u>(612,347)</u>	<u>(586,498)</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 603,105</u>	<u>\$ 339,103</u>

**4. Concentrations of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, investments and receivables. At times, cash balances may be in excess of balances insured by the Federal Deposit Insurance Corporation.

**5. Investments**

Investments grouped by fair value hierarchy consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Level 1 Investments		
Money market	\$ 1,601	\$ 18,087
Mutual funds	345,572	347,626
Exchange traded products	<u>515,174</u>	<u>445,785</u>
	<u>\$ 862,347</u>	<u>\$ 811,498</u>

**Greenwich Adult Day Care, Inc.**  
**(d/b/a River House Adult Day Center)**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**5. Investments (continued)**

Investment return, net, including interest on cash accounts, consists of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 29,244	\$ 21,511
Realized (losses) gains	769	(5,831)
Unrealized gains (losses)	<u>(54,164)</u>	<u>117,633</u>
	<u>\$ (24,151)</u>	<u>\$ 133,313</u>

**6. Property and Equipment**

Property and equipment consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
River House facility improvements	\$ 4,756,356	\$ 4,756,356
Furniture and equipment	<u>448,107</u>	<u>444,842</u>
	5,204,463	5,201,198
Accumulated depreciation and amortization	<u>(2,151,388)</u>	<u>(2,014,106)</u>
	<u>\$ 3,053,075</u>	<u>\$ 3,187,092</u>

**7. Coronavirus Aid, Relief and Economic Security Act Funding**

***Paycheck Protection Program Loans***

GADC applied for and received a Small Business Administration (“SBA”) Paycheck Protection Program loan (the “PPP loan”) in the amount of \$218,399 on April 22, 2020. The PPP loan has an interest rate of 1%. The PPP loan is forgivable, partially or in whole, if certain employment levels are maintained and expenditures are made for qualified costs as stated in the PPP loan agreement, and as outlined by the SBA. GADC received notice on March 17, 2021 that the full amount of principal, and all accrued interest, was forgiven. PPP loan forgiveness of \$218,399 is recorded as non-operating revenue in the June 30, 2021 consolidated statement of activities.

In January 2021, GADC received loan proceeds in the amount of \$187,076 under Second Draw provisions of the PPP as authorized by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the “Economic Aid Act”). The Second Draw provisions of the Economic Aid Act provides for loans to qualifying entities for amounts up to 2.5 times their 2019 or 2020 average monthly payroll expenses. The Second Draw PPP loan bears an interest rate of 1% per annum.

GADC received notice on September 28, 2021 that the full amount of principal, and all accrued interest, was forgiven. PPP loan forgiveness of \$187,076 is recorded as non-operating revenue in the June 30, 2022 consolidated statement of activities.

**Greenwich Adult Day Care, Inc.**  
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Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**7. Coronavirus Aid, Relief and Economic Security Act Funding (continued)**

***Employee Retention Credit***

During the year ended June 30, 2022, GADC qualified for the Employee Retention Credit (“ERC”) which is a refundable payroll tax credit for employers who had operations fully or partially suspended due to orders from a governmental authority or whose revenues decreased by a specified threshold. When eligible, an entity can claim a refund in excess of the payroll taxes paid based upon the amount of qualified wages and health insurance paid. Because the amount of the credit is in excess of the payroll taxes paid, the ERC is considered a conditional government grant. Accordingly, GADC has elected to follow the guidance in ASC 958-605 in which conditional government grants are recognized in income as conditions are met. GADC has recognized \$371,474 for year ending June 30, 2022. As of June 30, 2022, GADC has ERC receivables of \$371,474.

**8. Lease Commitments and Facilities Agreement**

During 2006, the Organization entered into an agreement with the Town of Greenwich to lease the River House (formerly known as the Pumphouse) in Cos Cob, CT. The terms of the agreement grant the Organization use of the facility for a term of ten years, for a total consideration of \$1 per year, with options for three additional ten-year terms. GADC has prepaid the lease commitment for the term of the lease and the three optional renewal periods. GADC has the right to terminate the lease at any time by giving 120 days advance written notice to the Town of Greenwich.

In exchange for the use of the property, GADC has agreed to make substantial improvements. At the expiration of the lease term these improvements will inure to the benefit of the Town of Greenwich.

Since management believes that the cost of the improvements approximates the fair rental value of the property over the extended term of the lease, GADC has not recorded any contribution income in connection with the lease transaction.

During fiscal year 2016, the first of the three optional ten-year terms was exercised by GADC and approved by the Town of Greenwich.

**9. Net Assets With Donor Restrictions**

Net assets with donor restrictions include a contribution to the Greenwich Adult Day Care Trust, Inc. that is to be held in perpetuity and is adjusted for realized and unrealized gains and losses based on management’s evaluation of the donor’s intentions and relevant law for the gift. Interest and dividends earned on investments are classified as net assets without donor restrictions and are included in the row “Board Designated” in the table in Note 11 until appropriated for expenditure.



**Greenwich Adult Day Care, Inc.**  
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Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**9. Net Assets With Donor Restrictions (continued)**

Net assets with donor restrictions consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Time or Purpose Restricted		
Meals	\$ 175,939	\$ 133,589
Fund a client	32,307	41,607
Scholarships	6,525	28,275
Creative arts	360	10,400
St. John's Community Foundation	-	1,325
Community trips	<u>436</u>	<u>436</u>
	215,567	215,632
Funds Held in Perpetuity		
Malcom Smith endowment	<u>250,000</u>	<u>250,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 465,567</u>	<u>\$ 465,632</u>

Net assets with donor restrictions for time and purpose released from restriction and disbursed during the years ended June 30, consist of the following:

	<u>2022</u>	<u>2021</u>
Meals	\$ 72,650	\$ 47,246
Distance learning	-	29,122
Fund a client	9,300	15,656
Creative Arts	10,040	-
Scholarships for low-income residents	28,050	-
St. John's Community Foundation	<u>1,325</u>	<u>-</u>
	<u>\$ 121,365</u>	<u>\$ 92,024</u>

**10. Board Designations of Net Assets Without Donor Restrictions**

Over ten years ago, the Board of Directors (the "Board") authorized the creation of a reserve fund to receive amounts designated to this fund by the Board. The Board created this reserve to help protect Greenwich Adult Day Care, Inc. against an economic downturn. It is the Board's intention that the reserve funds will generate income that will help reduce Greenwich Adult Day Care, Inc.'s dependence on outside funding sources and fundraising.

**Greenwich Adult Day Care, Inc.**  
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Notes to Consolidated Financial Statements  
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**11. Funds Held for Long-Term Investments**

GADC maintains donor-restricted and board-designated funds whose purpose is to provide long term support for programs. In classifying such funds for financial statement purposes as either with donor restrictions or without donor restrictions, the Board looks to the explicit directions of the donor where applicable and the provisions of the laws of the State of Connecticut. It is the intent of the Board that a portion of income will not be withdrawn but remain for future growth. This amount, along with the annual appropriation for spending, will be determined by the Board on an annual basis.

GADC utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Long-term investment return objectives are to exceed composite benchmark results over the long term with a moderate level of risk. In order to achieve this objective, the GADC follows the strategy of weighting the asset allocation to higher yielding asset classes, including equities which carry a higher risk. The total return objective includes the funding of both the current year spending rate and the amount to be retained pursuant to the Board's interpretation of State law.

During fiscal year 2021, the Board reviewed the original Malcolm Smith endowment gift. The principal amount of this gift of \$250,000 is to be held in perpetuity. In prior years, appropriations of earnings on the Malcolm Smith funds were interpreted by the Board as limited to interest, dividends and short-term gains, less investment fees. Therefore, in prior years, the principal amount of the Malcom Smith funds, plus long-term investment gains, were held in perpetuity. The Board determined from their review, with the assistance of legal counsel, that the donor's original intent of the Malcolm Smith gift was not to restrict appropriations of earnings to only interest, dividends and short-term gains, but rather appropriations should include all investment earnings, less investment fees. As a result, in fiscal year 2021 GADC re-designated \$156,532 from funds held in perpetuity to board-designated funds. Also, in fiscal year 2021 and on a go-forward basis, investment earnings from the funds held in perpetuity are included in the column "Board Designated" until approved for expenditure.

Activity of funds held for long-term investments for the years ended June 30, 2022 and 2021, is as follows:

	Board Designated	Funds Held in Perpetuity	Total
Balance, July 1, 2021	\$ 586,498	\$ 250,000	\$ 836,498
Contributions	100,000	-	100,000
Interest and dividends	29,244	-	29,244
Capital appreciation	(53,395)	-	(53,395)
Approved for expenditure	(50,000)	-	(50,000)
Balance, June 30, 2022	<u>\$ 612,347</u>	<u>\$ 250,000</u>	<u>\$ 862,347</u>

**Greenwich Adult Day Care, Inc.**  
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Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**11. Funds Held for Long-Term Investments (continued)**

	<u>Board Designated</u>	<u>Funds Held in Perpetuity</u>	<u>Total</u>
Balance, July 1, 2020	\$ 371,653	\$ 406,532	\$ 778,185
Contributions	25,000	-	25,000
Redesignation	156,532	(156,532)	
Interest and dividends	21,511	-	21,511
Capital depreciation	111,802	-	111,802
Approved for expenditure	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Balance, June 30, 2021	<u>\$ 586,498</u>	<u>\$ 250,000</u>	<u>\$ 836,498</u>

For the year-ended June 30, 2021, the \$25,000 in contributions included in the table above was deposited into a cash account and were transferred to GADC's investment account in fiscal year 2022.

Included in Board designated funds in the above table for the periods ended June 30, 2022 and 2021 are \$100,000 and \$25,000 in contributions related to GADC's Family Care Fund. Funds raised for the Family Care Fund are Board designated at the time they are considered unconditional promises to give. The Board also may allocate donations received that are without donor restrictions to the Family Care Fund. At June 30, 2022 and 2021 the principal balance of assets designed by the Board for the Family Care Fund is \$125,000 and \$25,000.

**12. Retirement Plan**

Greenwich Adult Day Care, Inc. sponsors a 401(k) plan for employees (the "Plan") whereby eligible employees (the "participants") may make voluntary contributions to the Plan. The Plan is a non-contributory plan with an employer safe harbor contribution of 3% of each participant's gross salary. Total expense for the years ended June 30, 2022 and 2021 was \$19,477 and \$26,691. The Plan is fully funded on a current basis.

**13. COVID-19**

GADC's operations and financial performance was affected by the coronavirus outbreak which spread globally and adversely affected economic conditions throughout the world. If a new significant outbreak were to occur, GADC would likely experience disruptions in operations as well as a significant decline in revenue generating activities. Any significant outbreak would likely adversely affect the GADC's business, financial conditions, cash flows and results of operations.

**14. Subsequent Event**

The ERC receivable amount of \$371,474 was collected by GADC in August 2022.

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