

**NORTHEAST CONTEMPORARY
SERVICES, INC.**
(A Nonprofit Organization)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Northeast Contemporary Services, Inc.
Roseville, Minnesota

Opinion

We have audited the accompanying financial statements of Northeast Contemporary Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Northeast Contemporary Services, Inc. as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northeast Contemporary Services, 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 the 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 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 Epic Enterprise, Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Casey, Menden, Faust & Nelson, P.A.

October 4, 2022

**NORTHEAST CONTEMPORARY
SERVICES, INC.**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 955,258	\$ -	\$ 955,258
Accounts receivable	91,729	-	91,729
Allowance for doubtful accounts	(5,500)	-	(5,500)
Accounts receivable - other	123,729	-	123,729
Marketable securities	4,786	-	4,786
Prepaid expenses	3,943	-	3,943
Total current assets	1,173,945	-	1,173,945
Property and equipment:			
Equipment	624,335	-	624,335
Less accumulated depreciation	404,727	-	404,727
Net property and equipment	219,608	-	219,608
Other assets:			
Security deposits	11,545	-	11,545
Total assets	\$ 1,405,098	\$ -	\$ 1,405,098

(Continued)

**NORTHEAST CONTEMPORARY
SERVICES, INC.**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities:			
Line of credit	\$ 15,000	\$ -	\$ 15,000
Accounts payable	30,920	-	30,920
Accrued payroll and related	47,146	-	47,146
Current maturities of long term debt	2,289	-	2,289
Total current liabilities	95,355	-	95,355
Long term debt (net of current portion)	154,379	-	154,379
Net assets			
Without donor restrictions:			
Undesignated	1,155,364	-	1,155,364
Total	1,155,364	-	1,155,364
With donor restrictions:			
Perpetual in nature	-	-	-
Purpose restrictions	-	-	-
Underwater endowments	-	-	-
Total	-	-	-
Total net assets	1,155,364	-	1,155,364
Total liabilities and net assets	\$ 1,405,098	\$ -	\$ 1,405,098

The accompanying notes are an integral part of these financial statements

NORTHEAST CONTEMPORARY SERVICES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues:			
Revenue - purchase of services	\$ 1,025,787	\$ -	\$ 1,025,787
Transportation income	191,292	-	191,292
Grant revenue	197,886	-	197,886
Contributions	15,969	-	15,969
Net assets released from restrictions:			
Satisfaction of program restrictions	34,700	(34,700)	-
Total revenues	1,465,634	(34,700)	1,430,934
Operating expenses			
Program services	802,124	-	802,124
Management and general	245,543	-	245,543
Total operating expenses	1,047,667	-	1,047,667
Other income (expense)			
Interest income	55	-	55
Unrealized gain (loss)	1,513	-	1,513
Other income	95,412	-	95,412
Employee retention tax credits	123,729	-	123,729
PPP loan forgiveness	198,889	-	198,889
Total other income (expense)	419,598	-	419,598
Change in net assets	837,565	(34,700)	802,865
Net assets:			
Beginning of year	317,799	34,700	352,499
End of year	\$ 1,155,364	\$ -	\$ 1,155,364

The accompanying notes are an integral part of these financial statements

**NORTHEAST CONTEMPORARY
SERVICES, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	2021					
	Program Services				Management and General	Totals
	Adult Services	Senior Service	Transportation	Total		
Salaries and wages	\$ 142,087	\$ 82,489	\$ -	\$ 224,575	\$ 116,512	\$ 341,087
Payroll taxes	12,120	4,237	154	16,511	9,238	25,749
Health insurance	13,771	6,471	-	20,242	5,952	26,194
Employee benefits	3,438	1,412	-	4,851	1,900	6,751
Retirement expense	1,169	837	-	2,006	1,731	3,736
Rent expense	118,497	33,211	238	151,947	16,883	168,830
Utilities and cleaning	22,230	5,249	-	27,479	2,069	29,548
Maintenance and repair	7,067	3,203	50	10,320	263	10,583
Transportation costs	-	-	233,667	233,667	-	233,667
Depreciation expense	-	-	90,694	90,694	2,067	92,761
Professional fees	234	502	-	736	62,147	62,883
Program supplies and grant expenses	1,963	535	-	2,498	-	2,498
Insurance	2,546	1,428	1,405	5,379	6,807	12,186
Interest expense	-	-	-	-	6,332	6,332
Technology fees	1,448	1,073	32	2,553	6,670	9,223
Employee expense	717	935	-	1,653	260	1,913
Office supplies and equipment	2,000	1,304	45	3,349	3,043	6,392
Dues and subscriptions	2,177	1,073	-	3,250	3,595	6,845
Miscellaneous	368	43	5	415	73	488
Total expenses by program	\$ 331,832	\$ 144,001	\$ 326,290	\$ 802,124	\$ 245,543	\$ 1,047,666

The accompanying notes are an integral part of these financial statements

NORTHEAST CONTEMPORARY SERVICES, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

	2021
Reconciliation of change in net assets to net cash from operating activities:	
Change in net assets	\$ 802,865
Depreciation and amortization	92,792
Unrealized (gain) loss	(1,513)
PPP loan forgiveness	(197,429)
Accounts receivable	(58,770)
Accounts receivable other	(123,729)
Prepaid expense	6,538
Accounts payable	(13,874)
Accrued payroll and related	7,685
Accrued interest	4,245
Other accrued payable	(26,634)
Net cash from operating activities	492,177
Cash flows from investing activities:	
Marketable securities	(153)
Cash flows from financing activities:	
PPP loan proceeds	98,700
Net change in cash and cash equivalents	590,724
Cash and cash equivalents:	
Cash, cash equivalents and restricted cash - beginning of year	364,534
Cash, cash equivalents and restricted cash - end of year	\$ 955,258
Supplemental cash flow information:	
Cash paid for interest	\$ 753
Cash paid for income taxes	\$ -

The accompanying notes are an integral part of these financial statements

NORTHEAST CONTEMPORARY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION

Organization

Northeast Contemporary Services, Inc. (the Organization) is a 501(c)(3) charitable organization headquartered in Roseville, Minnesota. The Organization provides day training and rehabilitation services to persons with developmental disabilities. In addition, employment and employment related services are available to persons 21 years of age or older (Adult Services) and post-retirement services are available to persons 50 years of age or older (Senior Services). Referrals for services are made via a county social worker.

The mission of the Organization is to provide and promote experiences for persons served. These experiences will reflect presence and participation in the community, the discovery and development of individual capabilities, and the opportunity to make choices and amplify independence.

Method of Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time and effort studies. The Organization does not consider any of its expenses to be fundraising in nature.

Basis of Presentation

The Organization presents its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Income is recognized when earned, and expenses are recorded when incurred. Net assets and changes in net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Without Donor Restrictions - Net assets are not subject to donor-imposed stipulations.

With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

(Continued)

NORTHEAST CONTEMPORARY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Recent Accounting Pronouncements

ASU 2016-02 Leases (Topic 842)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new guidance will require all leases to be recorded as assets and liabilities on the statement of financial position. This update would require capitalization of the “right to use” an asset and recognition of an obligation for future leases payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. In June 2020, the FASB issued ASU 2020-05, which deferred the effective date one year making it effective for reporting periods beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact this standard will have on its financial statements

Cash Equivalents

Investment instruments purchased with a maturity of three months or less are considered to be cash equivalents. Certificates of deposit and other securities with original maturities over three months are classified as short-term investments. At December 31, 2021 there were no cash equivalents.

The Organization adopted ASU 2016-18, which requires that restricted cash and cash equivalents be included in the beginning and ending cash and cash equivalents in the statements of cash flows. The Organization has no restricted cash at December 31, 2021.

Revenue Recognition

The Organization adopted ASU 2014-09 and all subsequent amendments to the ASU (collectively, “ASC 606”), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The majority of the Organization’s revenues come from service agreements with government agencies for providing developmental achievement services to clients with developmental disabilities. Each entity is billed for each of its participants for the number of days in which the participant was enrolled in the Organization’s programs. Revenues are recognized at a point in time when the services have been provided to individuals. These agreements can be canceled by either party, at any time, upon proper written notice.

(Continued)

NORTHEAST CONTEMPORARY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Revenue Recognition (Continued)

Contributions are recorded when received and recognized as support in the period received, in accordance with ASC 958-605, Not-for-Profit Revenue Recognition - Contributions. If donor-imposed restrictions accompany the contribution, the amount is recorded as donations with restrictions until the donor-imposed restrictions expire or are fulfilled, unless the restrictions expire or are fulfilled in the same calendar year the contribution is received, in which case the contribution is recorded as donations without restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions in the period donor-imposed restrictions expire or are fulfilled.

In-Kind Donations

In-kind donations consist of services and materials and are measured at fair value at the date of donation. In-kind services represent services which meet the criteria specified by accounting standards, including, among other things, services requiring specialized skills and services that the Organization would typically purchase. Volunteers provided services throughout the year that are not recognized as contributions in the financial statements since the criteria for FASB ASC 958, *Not-for-Profit Entities*, are not met.

Comprehensive Income

GAAP establishes standard for the reporting and disclosure of comprehensive income and its components which will be presented in association with the Organization's financial statements. Comprehensive income is defined as the change in a business enterprise's equity during a period arising from transactions, events or circumstances relating to non-owner sources, such as unrealized gains or losses on available-for-sale securities. It includes all changes in fund balances during a period except those resulting from investments. Changes in net assets and comprehensive income were the same for the years ended December 31, 2021.

(Continued)

NORTHEAST CONTEMPORARY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Concentrations, Risks and Uncertainties

Uncertainties

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. Impacts to the Organization's operations included a suspension of all in-person programming, the development of a distance-learning curriculum, and suspension of the art program for most of 2020. During 2021, in-person programming returned. During 2021, the Organization received \$290,773 in grants from various government agencies to assist with the financial hardship caused by COVID-19. Future potential impacts may include disruptions in fund raising and or soliciting donations and/or contributions.

Changes to the operating environment may continue to increase operating costs. The future effects of these issues are unknown.

Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Cash in Bank

The Organization's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times the bank balance may be in excess of FDIC coverage.

Accounts Receivable and Credit Policy

Billings for services are recognized as income as the services are performed. Billings to governmental agencies for subsidized services, constituting a significant portion of the Organization's revenue are based upon contract rates which may be subsequently changed by the governmental authorities.

(Continued)

NORTHEAST CONTEMPORARY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Concentrations, Risks and Uncertainties (Continued)

Accounts Receivable and Credit Policy (Continued)

Changes in regulation or governmental funding could result in the reduction of services. Any such adjustments to the daily rates are recognized as a reduction of income when their effect becomes reasonably determinable.

Accounts receivables are unsecured. The estimated loss that management believes is probable is recorded as a reduction of revenues. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. While the ultimate loss may differ, management believes any loss would not have a material impact on the Organization's financial position. Due to uncertainties in the collection process, however, it is reasonable that management's estimate may change during the next year. That amount cannot be estimated.

Billings to the State of Minnesota - Medical Assistance Program accounted for approximately 77.63% of the Organization's revenue in 2021. The State of Minnesota accounted for approximately 84.00% of the Organization's accounts receivable at December 31, 2021.

Impairment of Long-Lived Assets

The Organization periodically evaluates its long-lived assets, including its investment in real estate, for indicators of impairment. The judgments regarding the existence of impairment indicators are based on factors such as operational performance, market conditions, legal, regulatory and environmental concerns, and the Organization's intent and ability to hold the related asset. Future events could occur which would cause the Organization to conclude that impairment indicators exist, and an impairment loss is warranted. Assessing impairment can be complex and involves a high degree of subjectivity in determining if indicators are present and in estimating the future undiscounted cash flows or the fair value of an asset. In particular, these estimates are sensitive to significant assumptions, including the estimation of future purchase of services revenue, operating expenses, discount and capitalization rates, all of which could be affected by expectations about future market or economic conditions. These estimates can have a significant impact on the undiscounted cash flows or estimated fair value of an asset. As of December 31, 2021, there were no indications of impairment, and no losses were recognized.

(Continued)

NORTHEAST CONTEMPORARY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT OTHER INFORMATION (Continued)

Property and Equipment and Depreciation

Property and equipment additions are recorded at cost or, if donated, at the approximate fair value at the date of donation. For financial reporting purposes, property and equipment are depreciated over their estimated useful lives by use of the straight-line method of depreciation. The estimated useful lives of the assets are as follows:

Buildings and Improvements	40 Years
Equipment and Furnishings	5 Years
Office Equipment	3 to 5 Years
Training Equipment	5 Years
Vehicles	4 -7 Years

Renewals and betterments with a cost greater than \$2,500 that materially extend the life of an asset are capitalized. Minor equipment costs and repairs less than \$2,500 are charged to expense.

Income Taxes

The Organization is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization is classified as a publicly supported charitable organization under Section 509(a)(1) of the Code and contributions to the Organization qualify as a charitable tax deduction by the contributor. The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal and state returns remain subject to examination for three years. No interest or penalties are reflected in the 2021 financial statements.

NOTE 2 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(Continued)

NORTHEAST CONTEMPORARY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

NOTE 2 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES (Continued)

The following table reflects the Organization's financial assets available as of December 31, 2021:

Financial assets at December 31, 2021	\$ 1,170,716
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	-
Board designations:	
Designated by the Board	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,170,716</u>

NOTE 3 – MARKETABLE SECURITIES

Marketable securities are reported at aggregate fair value based on quoted market prices for those investments. The current year change in marketable securities is reported as unrealized gains and losses and included in the increase (decrease) in net assets on the statement of activities. The specific identification cost basis is used to determine realized gain or loss of securities.

Following is a summary of cost and fair value:

	<u>2021</u>
Common Stock	\$ 3,273
Unrealized gain (loss)	<u>1,513</u>
Fair value	<u>\$ 4,786</u>

NOTE 4 – LINE OF CREDIT

The Organization has available a \$50,000 line of credit with a bank, collateralized by substantially all assets of the Organization. Interest is at 1.00% over the prime rate (prime rate was 3.25% at December 31, 2021), with a floor of 4.95%. In June 2021, the line of credit was extended to June 1, 2022. As of December 31, 2021, borrowings under the line of credit totaled \$15,000.

(Continued)

NORTHEAST CONTEMPORARY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020 and March 2021, the Organization obtained Paycheck Protection Program (“PPP”) loans administered by the U.S. Small Business Administration through Premier Bank for \$98,700 and \$98,700, respectively. The loans bore interest at 1.0%, were due in April 2022 and March 2023, respectively. The Organization received notification that the PPP loans were fully forgiven on March 16, 2021 and November 3, 2021, respectively. The Organization reduced the PPP loans and recognized other income of \$198,889 during 2021.

NOTE 6 - LONG-TERM DEBT

The Organization has a long-term note agreement entered into May 22, 2020 with the Small Business Administration (SBA) for working capital to alleviate economic injury caused by the COVID-19 pandemic. The total of the loan agreement was \$150,000. The SBA deferred monthly payments for 24 months with interest accruing during that time period. Accrued interest through December 31, 2021 totaled \$6,668 and is included in the loan balance in the accompanying financial statements. The loan agreement requires monthly payments of \$647 beginning May 2022, with the remaining balance of principal and interest due May 22, 2050.

The fixed interest rate is 2.75%. Future principal payments on the above note payable are due as follows:

Year Ending December 31	Amount
2022	\$ 2,289
2023	3,512
2024	3,612
2025	3,711
2026	3,814
Thereafter	139,730
Total	<u>\$ 156,668</u>

NOTE 7 – OPERATING LEASES

The Organization has entered into various operating leases for facilities and office equipment.

The Organization entered into a facility lease for office and program space that will expire on October 31, 2024. The Organization is responsible for operating expenses such as insurance, utilities and repairs and maintenance.

(Continued)

NORTHEAST CONTEMPORARY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

NOTE 7 – OPERATING LEASES (Continued)

The Organization is also responsible for their pro rata share of real estate taxes and common area expenses. Additionally, the Organization leases office equipment under noncancelable operating leases that expire in April 2023.

Total rent and common area expenses charged to operations was \$155,324 for the year ended December 31, 2021.

The future minimum lease payments under all operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2022	\$ 112,918
2023	113,679
2024	<u>96,029</u>
Total	<u>\$ 322,626</u>

The Organization has refundable deposits totaling \$11,545 in connection with these leases.

NOTE 8 – DEFINED CONTRIBUTION PLAN

The Organization has established the Northeast Contemporary Services, Inc. Tax Deferred Annuity Plan (the Plan) effective July 1, 1991 under the provisions of Section 403(b) of the Internal Revenue Code. The Plan covers all employees who have completed one year of service, are at least 20 years of age, and work at least 1,000 hours per year. The Organization contributes one half of a participant's voluntary contributions up to 4% of the participant's compensation. Employer contributions were \$3,736 for the year ended December 31, 2021.

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 4, 2022, which is the date the financial statements were available to be issued.