



ABBATE DEMARINIS, LLP
Certified Public Accountants & Consultants

ST. MICHAEL'S HOME, INC.
(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

As of and for the Years Ended
December 31, 2022 and 2021

ST. MICHAEL'S HOME, INC.
(A Not-For-Profit Corporation)

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ABBATE DEMARINIS, LLP

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Independent Auditors' Report

Board of Trustees of
St. Michael's Home, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of St. Michael's Home, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of St. Michael's Home, Inc. as of December 31, 2022 and 2021, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of St. Michael's Home, 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 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 St. Michael's Home, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information 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.

Abbate DeMarinis LLP

CERTIFIED PUBLIC ACCOUNTANTS
September 19, 2023

ST. MICHAEL'S HOME, INC.
(A Not-For-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 58,596	\$ 267,806
Accounts Receivable	24,354	28,153
Prepaid Expenses and Other Current Assets	16,783	40,378
Mortgage Escrows	<u>202,196</u>	<u>138,589</u>
TOTAL CURRENT ASSETS	<u>301,929</u>	<u>474,926</u>
PROPERTY AND EQUIPMENT - NET (Note 4)	30,210,252	21,226,718
OTHER ASSETS		
Beneficial Interest in Split-Interest Agreements (Note 5)	575,319	704,359
Assets Whose Use is Limited (Note 6)	<u>2,264,403</u>	<u>3,539,820</u>
TOTAL OTHER ASSETS	<u>2,839,722</u>	<u>4,244,179</u>
TOTAL ASSETS	<u>\$ 33,351,903</u>	<u>\$ 25,945,823</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,408,237	\$ 322,393
Accrued Expenses	44,961	48,092
Mortgage Payable (Note 7)	64,209	61,504
Paycheck Protection Program Loan (Note 8)	<u>-</u>	<u>230,006</u>
TOTAL CURRENT LIABILITIES	<u>1,517,407</u>	<u>661,995</u>
MORTGAGE PAYABLE LESS CURRENT PORTION (Note 7)	<u>1,497,717</u>	<u>1,570,175</u>
TOTAL LIABILITIES	<u>3,015,124</u>	<u>2,232,170</u>
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS		
Without Donor Restrictions	27,497,057	19,469,474
With Donor Restrictions (Notes 5 and 6)	<u>2,839,722</u>	<u>4,244,179</u>
TOTAL NET ASSETS	<u>30,336,779</u>	<u>23,713,653</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 33,351,903</u>	<u>\$ 25,945,823</u>

The accompanying notes are an integral part of these financial statements.

ST. MICHAEL'S HOME, INC.
(A Not-For-Profit Corporation)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2022

	<u>2022</u>		
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
OPERATING SUPPORT			
Revenues - Resident Fees	\$ 774,134	\$ -	\$ 774,134
Expenses (Schedule I)			
Care of Residents	1,365,145	-	1,365,145
Administrative Expenses	<u>441,006</u>	<u>-</u>	<u>441,006</u>
Total Expenses	<u>1,806,151</u>	<u>-</u>	<u>1,806,151</u>
NET OPERATING SUPPORT LOSS			
BEFORE NON OPERATING SUPPORT	<u>(1,032,017)</u>	<u>-</u>	<u>(1,032,017)</u>
NON OPERATING SUPPORT			
Contributions and Pledges	215,906	6,986,053	7,201,959
Bequests and Memorials	87,054	-	87,054
Holiday Appeals	109,194	-	109,194
Chapel Income	1,731	-	1,731
Dinner Dance Event - Net (Schedule II)	169,273	-	169,273
Investment Income (Expense) - Net	16	(15,918)	(15,902)
Loss on Beneficial Interest in Split-interest Agreements	-	(129,040)	(129,040)
Miscellaneous Income	868	-	868
Forgiveness of Paycheck Protection Program Loan (Note 8)	<u>230,006</u>	<u>-</u>	<u>230,006</u>
TOTAL NON OPERATING SUPPORT	<u>814,048</u>	<u>6,841,095</u>	<u>7,655,143</u>
CHANGE IN NET ASSETS	(217,969)	6,841,095	6,623,126
NET ASSETS, BEGINNING OF YEAR	19,469,474	4,244,179	23,713,653
NET ASSETS RELEASED FROM RESTRICTIONS	<u>8,245,552</u>	<u>(8,245,552)</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 27,497,057</u>	<u>\$ 2,839,722</u>	<u>\$ 30,336,779</u>

The accompanying notes are an integral part of these financial statements.

ST. MICHAEL'S HOME, INC.
(A Not-For-Profit Corporation)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2021

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING SUPPORT			
Revenues - Resident Fees	\$ 870,986	\$ -	\$ 870,986
Expenses (Schedule I)			
Care of Residents	1,440,345	-	1,440,345
Administrative Expenses	580,956	-	580,956
Total Expenses	<u>2,021,301</u>	<u>-</u>	<u>2,021,301</u>
NET OPERATING SUPPORT LOSS BEFORE NON OPERATING SUPPORT	<u>(1,150,315)</u>	<u>-</u>	<u>(1,150,315)</u>
NON OPERATING SUPPORT			
Contributions and Pledges	189,699	3,949,217	4,138,916
Bequests and Memorials	96,124	-	96,124
Holiday Appeals	100,680	-	100,680
Chapel Income	6,173	-	6,173
Dinner Dance Event - Net (Schedule II)	239,027	-	239,027
Investment Income	71	70	141
Gain on Beneficial Interest in Split-interest Agreements	-	65,050	65,050
TOTAL NON OPERATING SUPPORT	<u>631,774</u>	<u>4,014,337</u>	<u>4,646,111</u>
CHANGE IN NET ASSETS	(518,541)	4,014,337	3,495,796
NET ASSETS, BEGINNING OF YEAR	11,669,846	8,548,011	20,217,857
NET ASSETS RELEASED FROM RESTRICTIONS	<u>8,318,169</u>	<u>(8,318,169)</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 19,469,474</u>	<u>\$ 4,244,179</u>	<u>\$ 23,713,653</u>

The accompanying notes are an integral part of these financial statements.

ST. MICHAEL'S HOME, INC.
(A Not-For-Profit Corporation)

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 6,623,126	\$ 3,495,796
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Amortization	7,923	7,923
Depreciation	177,595	178,630
Gain on Beneficial Interest in Split-interest Agreements	129,040	(65,050)
Forgiveness of Paycheck Protection Program Loan	(230,006)	-
(Increase) Decrease in Assets		
Accounts Receivable	3,799	(19,107)
Prepaid Expenses and Other Current Assets	23,595	(2,071)
Mortgage Escrows	(63,607)	(82,914)
Increase (Decrease) in Liabilities		
Accounts Payable	1,085,844	234,941
Accrued Expenses	<u>(3,131)</u>	<u>(1,113)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>7,754,178</u>	<u>3,747,035</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(9,161,129)	(8,528,797)
Increase in Assets Whose Use is Limited	<u>1,275,417</u>	<u>4,368,881</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(7,885,712)</u>	<u>(4,159,916)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Mortgage Payable	(77,676)	(60,038)
Proceeds from Payroll Protection Program Loan	<u>-</u>	<u>230,006</u>
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	<u>(77,676)</u>	<u>169,968</u>
NET (DECREASE) INCREASE IN CASH	(209,210)	(242,913)
CASH, BEGINNING OF YEAR	<u>267,806</u>	<u>510,719</u>
CASH, END OF YEAR	<u>\$ 58,596</u>	<u>\$ 267,806</u>

The accompanying notes are an integral part of these financial statements.

ST. MICHAEL'S HOME, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2022 and 2021

- (1) **Nature of Operations** - St. Michael's Home, Inc. (the "Home") is a not-for-profit corporation dedicated to the purpose of providing living facilities and services for the aged.
- (2) **Summary of Significant Accounting Policies** - The significant accounting policies followed by the Home is summarized below:

Basis of Accounting - The Home utilizes the accrual basis of accounting and reports accordingly.

Use of 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain amounts in the prior year presented have been reclassified to conform to the current year financial statement presentation. These reclassifications have no effect on previously reported net income.

Cash and Cash Equivalents - The Home considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts - Accounts receivable consist primarily of amounts due from Medicare and Medicaid programs, private payors, and a variety of other third party payors, net of estimates for variable consideration. Accounts receivables are stated at the amount the Home expects to collect. The Home provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Home's estimate is based on historical collection experience and a review of the status of resident accounts receivable. It is reasonably possible that the Home's estimate of the allowance for doubtful accounts will change.

Investment Valuation and Income Recognition - Investments are recorded at fair value and are categorized based upon a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. Fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The categorization of financial instruments within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

ST. MICHAEL'S HOME, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2022 and 2021

(2) Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition (continued) – The hierarchy is prioritized into three level defined as follows:

Level 1 – Inputs are based on quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 – Inputs are other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly (i.e. – quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

Level 3 – Inputs are unobservable inputs (i.e. – a company's own data) for the asset or liability and should be used to measure fair value to the extent that relevant observable inputs are not available.

Investments are carried at fair value, and realized and unrealized gains and losses are reflected within investment return, net of investment expenses, in the statement of activities. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from the sales of securities are included in earnings and are determined on a specific identification basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

On an annual basis, individual investments are reviewed for impairment to determine whether the fair value is less than its cost. If a decline in fair value is less than its cost, this impairment is assessed as either temporary or other-than-temporary. There were no temporary or other-than-temporary impairments recorded during the years ended December 31, 2022 and 2021, respectively.

Property and Equipment – Property and equipment is recorded at cost and includes expenditures for additions and improvements that extend the useful lives of the building and equipment. Expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal, the related costs and accumulated depreciation are reduced by the carrying amounts. Gains or losses on these transactions are included in income or expense as incurred. Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Deferred Financing Fees – Deferred financing fees are recorded at cost and is comprised of mortgage related closing costs. Deferred financing fees are amortized using the straight-line method over the life of the mortgage. Deferred financing fees are presented in the balance sheet as a reduction of long-term debt.

ST. MICHAEL'S HOME, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2022 and 2021

(2) Summary of Significant Accounting Policies (continued)

Long-Lived Assets – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the sum of the future cash flows (undiscounted and without interest charges) expected to result from the use of the intangible asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized to the extent the carrying amount of the asset exceeds its fair value.

Revenue Recognition - The Home's revenue is derived primarily from providing a living facility and services for the aged. Revenues are recognized when control of the promised services are provided to the residents at the amount that reflects the consideration to which the Home expects to be entitled from residents and third-party payors in exchange for providing resident living.

Performance obligations are determined based on the nature of the services provided. The resident agreement provides a home and services in exchange for a contractual agreed-upon amount or rate. Resident fees are treated as a single performance obligation satisfied over time as the resident resides in the home and receives services over time. As such, resident care services represent a bundle of services that are not capable of being distinct. Additionally, there may be ancillary services which are not included in the daily rates for routine services, but instead are treated as separate performance obligations satisfied over time, if and when those services are rendered.

Revenue recognized from resident fees are adjusted for estimates of variable consideration (implicit price concessions) to arrive at the transaction price. The Home determines the transaction price based on contractually agreed-upon amounts as determined by the Home, adjusted for estimates of variable consideration. The Home uses the expected value method in determining the variable component that should be used to arrive at the transaction price, using contractual agreements and historical collection experience within each payor type. The amount of variable consideration which is included in the transaction price may be constrained, and is included in net revenue only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. If actual amounts of consideration ultimately received differ from the Home's estimates, the Home adjusts these estimates, which would affect net resident revenues in the period such variances become known. Adjustments arising from a change in the transaction price were not significant for the years ended December 31, 2022 and 2021.

The Home disaggregates revenue from contracts with its residents by payors to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Settlement with third party payors for retroactive adjustments due to audits and reviews are considered variable consideration and are included in the determination of the estimated transaction price. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Home's historical settlement activity. Any changes to these revenue estimates are recorded in the period the change or adjustment becomes known based on final settlement. The Home recorded adjustments to net resident revenues which were not material to the Home's revenue or financial statements for the years ended December 31, 2022 and 2021.

ST. MICHAEL'S HOME, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2022 and 2021

(2) Summary of Significant Accounting Policies (continued)

Net Assets - Net assets of the Home consist of the following:

Without Donor Restrictions - These net assets are available for general obligations of the Home.

With Donor Restrictions - These net assets are restricted by donors to be used for some specific purpose. Income and capital gains may or may not be used depending on the donor/endowment agreement.

Contributions and Pledges - Contributions and pledges are recorded as revenue when either unsolicited cash is received or the year in which the donors promise to give becomes due and collectible. Contributions and pledges are classified as either, unrestricted, temporarily restricted or permanently restricted revenue based upon donor-imposed restrictions. Pledges are recognized in the year in which they become due and collectible.

Fair Value of Financial Instruments - The fair value of current assets and liabilities approximate carrying value because of the short-term nature of these items. The recorded values of long-term debt approximates its fair value, as interest approximates market rates.

Federal Income Taxes - The Home is a Not-For-Profit Organization as described in Section 501 (c) (3) of the Internal Revenue Code ("IRC") and is exempt from Federal income taxes pursuant to Section 501(a) of the IRC.

Accounting for Uncertainty in Income Taxes – The Home recognizes the effect of income tax position only if those positions are more likely than not to be sustained. Management has determined that the Home had no uncertain tax positions that would require financial statement recognition and/or disclosure. The Home is no longer subject to examination by applicable taxing jurisdictions for periods prior to December 31, 2019.

Performance Indicator – The statement of activities and changes in net assets includes the caption change in net assets. For the years ended December 31, 2022 and 2021, there were no items excluded from the performance indicator.

Functional Allocation of Expenses – The financial statements report certain categories of expenses that are attributed to one or more program or supporting services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs are allocated on the basis of staff estimates of time and effort. Costs identifiable to a particular function are directly charged to the program or supporting service. All other costs that are not charged directly to a program or supporting service are allocated based on the percentage of overall salary allocation.

ST. MICHAEL'S HOME, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2022 and 2021

- (3) **Liquidity and Availability of Resources** – The Home's financial assets for general expenditures, liabilities, and other obligations available within one year of the statement of financial position date are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Cash	\$ 58,596	\$ 267,806
Accounts Receivable	24,448	28,153
Prepaid Expenses and Other Current Assets	<u>16,783</u>	<u>40,378</u>
Total	<u>\$ 99,827</u>	<u>\$ 336,337</u>

Liquidity Management - The Home maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

- (4) **Property and Equipment** – Property and Equipment consists of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Uniondale Land	\$ 3,361,972	\$ 3,361,972
Land, Buildings, and Improvements	4,826,286	4,824,789
Furniture and Equipment	697,920	697,920
Construction in Progress:		
Uniondale Building	4,116,008	4,116,008
Uniondale Startup Costs	<u>22,313,068</u>	<u>13,153,436</u>
Total at Cost	35,315,254	26,154,125
Less: Accumulated Depreciation	<u>(5,105,002)</u>	<u>(4,927,407)</u>
Property and Equipment - Net	<u>\$ 30,210,252</u>	<u>\$ 21,226,718</u>

Depreciation for the years ended December 31, 2022 and 2021 was \$177,595 and \$178,630, respectively.

- (5) **Beneficial Interest in Split-Interest Agreements** - The Home is a beneficiary of two charitable gift annuity agreements, Katherine Malta Trust (50.0% interest) and the Petsas Trust (11.11% interest), whereby the donors contributed assets to a third-party trustee and the income in certain instances is paid to beneficiaries over a specified period of time, or the beneficiaries received special distributions. In addition, certain trusts have a required minimum distribution to both the Home and others. Both trusts provide that a portion of the trust assets becomes available to the Home after a specified period of time. These accounts are restricted by donors and are included net assets with donor restrictions. The assets measured at fair value categorized by the fair value hierarchy (level 1) consists of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Cash	\$ 8,210	\$ 6,125
Equity Securities	549,950	677,933
Fixed Income Securities	<u>17,159</u>	<u>20,301</u>
Total Beneficial Interest in Split-Interest Agreements	<u>\$ 575,319</u>	<u>\$ 704,359</u>

ST. MICHAEL'S HOME, INC.
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NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2022 and 2021

- (6) **Assets Whose Use is Limited** – The Home has various assets whose use are restricted by the donors to be used for the construction of the Uniondale expansion. These assets are restricted by donors and are included net assets with donor restrictions. The assets measured at fair value categorized by the fair value hierarchy (level 1) consists of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,980,815	\$ 3,539,820
Exchange Traded Funds	<u>283,588</u>	<u>-</u>
Total Assets Whose Use is Limited	<u>\$ 2,264,403</u>	<u>\$ 3,539,820</u>

- (7) **Mortgage Payable** – Mortgage payable consists of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Mortgage Payable	\$ 1,591,782	\$ 1,654,458
Less: Unamortized Debt Finance Fees	<u>(29,856)</u>	<u>(22,779)</u>
Total Mortgage Payable Less Unamortized Debt Finance Fees	1,561,926	1,631,679
Less: Current Maturities	<u>(64,209)</u>	<u>(61,504)</u>
Mortgage Payable - Long-term	<u>\$ 1,497,717</u>	<u>\$ 1,570,175</u>

On November 18, 2014, the Home obtained a mortgage from Alma Bank for the purchase of the Uniondale property with a principal of \$2,000,000. The mortgage is payable in 119 fixed monthly payments currently at \$16,173 (principal, interest, and escrow inclusive), at 4.25%, based upon a 25-year amortization period with a balloon payment at maturity. The Uniondale land and building are pledged as collateral on the mortgage. Capitalized interest for the years ended December 31, 2022 and 2021 was \$70,059 and \$72,698, respectively, and is included in property and equipment on the balance sheet as the building is not in service as of December 31, 2022 and 2021.

In connection with the mortgage, the Company incurred financing costs of \$94,230 which are being amortized over the life of the mortgage. Amortization of unamortized debt finance fees for the years ended December 31, 2022 and 2021 was \$7,923. Estimated amortization for each of the two succeeding years is \$7,923 and \$6,933, respectively.

Future maturities of the Mortgage Payable are as follows:

2023	\$ 64,209
2024	1,527,573
Thereafter	<u>-</u>
	<u>\$ 1,591,782</u>

ST. MICHAEL'S HOME, INC.
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NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2022 and 2021

- (8) **COVID-19 and Payroll Protection Program** – On March 27, 2020, the Paycheck Protection Program (“PPP”) established by the Coronavirus Aid, Relief, and Economic Security “CARES” Act became law. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on payroll. PPP loans can be used to help fund payroll costs, including benefits, and may also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations. PPP loans bear interest at 1.00% per annum. PPP loans issued before June 5, 2020 have a maturity of two years. PPP loans issued after June 5, 2020 have a maturity of five years. PPP loan payments are deferred for borrowers who apply for loan forgiveness as long as the borrower maintains employee and compensation levels; the loan proceeds are spent on payroll and other eligible expenses, and at least 60% of the loan proceeds are spent on payroll costs.

On January 27, 2021, the Home secured a PPP loan from Alma Bank with a principal amount of \$230,006. On March 18, 2022, the Home followed the SBA guidelines and had was granted forgiveness. Accordingly, the Home has recorded the PPP loan as income on the income statement for the year ended December 31, 2022.

- (9) **Commitments and Contingencies**

Litigation – From time to time, the Home may be subject to legal proceedings arising out of the ordinary course of business. Although management cannot predict the outcome of such proceedings, management does not consider such proceedings to result in a material adverse effect on its financial position or its results of operations or its cash flows.

- (10) **Concentration of Credit Risk** – For the years ended December 31, 2022 and 2021, the Home had cash balances in major financial institutions which at times may have exceeded Federal Depository Insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these deposits is minimal.

- (11) **Subsequent Events** – Management of the Home has evaluated subsequent events through September 19, 2023, the date the financial statements were available to be issued. No significant events have been identified that would require adjustment to or disclosure in the accompanying financial statements.

ST. MICHAEL'S HOME, INC.
(A Not-For-Profit Corporation)

SUPPLEMENTARY INFORMATION - STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2022 and 2021

Schedule I - Schedule of Functional Expenses

	<u>2022</u>	<u>2021</u>
Care of Residents Expenses		
Salaries	\$ 665,128	\$ 703,837
Employee Benefits	79,497	105,821
Payroll Taxes	55,481	60,019
Amortization Expense	7,131	7,131
Automobile Expense	2,280	2,133
Depreciation Expense	159,836	160,767
Food	170,912	183,805
Household Supplies	5,640	6,109
Insurance	77,470	73,888
Outside Services	18,958	11,812
Repairs and Maintenance	56,381	68,052
Resident Activities	3,488	4,296
Utilities	<u>62,943</u>	<u>52,675</u>
Total Care of Residents Expenses	<u>\$ 1,365,145</u>	<u>\$ 1,440,345</u>
General and Administrative Expenses		
Salaries	\$ 237,949	\$ 263,706
Employee Benefits	28,442	39,657
Payroll Taxes	19,849	22,492
Advertising	1,636	4,207
Amortization Expense	792	792
Bank Charges	469	-
Christmas Expense	1,050	2,283
Depreciation Expense	17,759	17,863
Equipment Rental	4,964	5,129
Household Supplies	627	679
Insurance	8,608	8,210
Office Expenses	23,827	21,205
Other	10,921	15,788
Payroll Services	8,723	8,445
Postage and Delivery	4,567	6,398
Professional Fees	45,707	139,420
Real Estate Taxes	4,059	3,378
Repairs and Maintenance	9,949	12,009
Utilities	<u>11,108</u>	<u>9,295</u>
Total General and Administrative Expenses	<u>\$ 441,006</u>	<u>\$ 580,956</u>

See Independent Auditors' Report

ST. MICHAEL'S HOME, INC.
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SUPPLEMENTARY INFORMATION - STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2022 and 2021

Schedule II - Schedule of Selected Non Operating Support

	<u>2022</u>	<u>2021</u>
Annual Dinner Dance Event		
Dinner Dance Income		
Journals	\$ 102,348	\$ 69,829
Raffles	29,625	35,250
Ticket Sales	57,633	51,809
Dinner Dance Donations	<u>56,503</u>	<u>149,361</u>
Total Dinner Dance Income	<u>246,109</u>	<u>306,249</u>
Dinner Dance Expenses		
Printing	9,158	9,774
Raffle and Awards	7,500	7,500
Hotel Rental	50,769	43,831
Miscellaneous	<u>9,409</u>	<u>6,117</u>
Total Dinner Dance Expenses	<u>76,836</u>	<u>67,222</u>
Net Profit	<u>\$ 169,273</u>	<u>\$ 239,027</u>