

**JAY NOLAN  
COMMUNITY SERVICES, INC.**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

**JAY NOLAN COMMUNITY SERVICES, INC.**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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**AUDIT  
AND  
ASSURANCE**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Jay Nolan Community Services, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Jay Nolan Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jay Nolan Community Services, Inc. as of June 30, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Jay Nolan Community Services, Inc.  
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**Report on Summarized Comparative Information**

We have previously audited Jay Nolan Community Services, Inc.'s June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Green Hasson & Janks LLP*

January 25, 2022  
Los Angeles, California

# JAY NOLAN COMMUNITY SERVICES, INC.

## STATEMENT OF FINANCIAL POSITION

June 30, 2021

With Summarized Totals at June 30, 2020

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 4,633,922	\$ 3,770,325
Investments	7,664,642	5,253,425
Accounts Receivable (Net)	2,360,978	2,124,861
Prepaid Expenses and Other Assets	327,633	208,623
Property and Equipment (Net)	<u>329,215</u>	<u>343,569</u>
<b>TOTAL ASSETS</b>	<u>\$ 15,316,390</u>	<u>\$ 11,700,803</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts Payable	\$ 21,858	\$ 19,199
Accrued Liabilities	1,653,123	1,546,202
Deferred Rent Liability	502,094	534,929
Reserve for Unemployment	<u>100,000</u>	<u>100,000</u>
<b>TOTAL LIABILITIES</b>	2,277,075	2,200,330
<b>NET ASSETS:</b>		
Without Donor Restrictions	<u>13,039,315</u>	<u>9,500,473</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 15,316,390</u>	<u>\$ 11,700,803</u>

The Accompanying Notes are an Integral Part of These Financial Statements

# JAY NOLAN COMMUNITY SERVICES, INC.

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
<b>REVENUE AND SUPPORT:</b>		
Program Service Fees	\$ 22,313,373	\$ 21,139,482
Contributions	599,400	385,464
Investment Return	1,053,437	169,396
Other Income	52,130	18,829
	<hr/>	<hr/>
<b>TOTAL REVENUE AND SUPPORT</b>	24,018,340	21,713,171
<b>EXPENSES:</b>		
Program Services	18,457,729	17,637,358
Support Services:		
Management and General	1,979,822	2,199,647
Fundraising	41,947	39,222
	<hr/>	<hr/>
<b>TOTAL SUPPORT SERVICES</b>	2,021,769	2,238,869
	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	20,479,498	19,876,227
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	3,538,842	1,836,944
Net Assets - Beginning of Year	9,500,473	7,663,529
	<hr/>	<hr/>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 13,039,315</u>	<u>\$ 9,500,473</u>

The Accompanying Notes are an Integral Part of These Financial Statements

**JAY NOLAN COMMUNITY SERVICES, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	2021							2020 Total	
	Program Services			Total Program Services	Support Services		Total Support Services		
	So. Cal Supp Living	Family Support	Other Programs		Management and General	Fundraising			Total
Salaries	\$ 7,922,075	\$ 4,762,537	\$ 1,910,909	\$ 14,595,521	\$ 1,158,306	\$ 36,681	\$ 1,194,987	\$ 15,790,508	\$ 14,735,064
Employee Benefits	759,730	298,149	210,551	1,268,430	269,299	58	269,357	1,537,787	1,895,970
Payroll Taxes	573,505	359,729	141,738	1,074,972	78,755	2,657	81,412	1,156,384	1,078,075
<b>TOTAL PERSONNEL COSTS</b>	9,255,310	5,420,415	2,263,198	16,938,923	1,506,360	39,396	1,545,756	18,484,679	17,709,109
Advertising	19,509	11,728	4,706	35,943	2,854	90	2,944	38,887	29,334
Automobile Mileage	96,006	112,709	19,348	228,063	1,653	-	1,653	229,716	322,936
Consultants	5,775	1,981	-	7,756	20,474	-	20,474	28,230	147,344
Copier Lease	25,261	15,186	6,093	46,540	3,694	117	3,811	50,351	57,917
Depreciation	28,979	17,422	6,990	53,391	4,238	134	4,372	57,763	50,693
Dues and Subscription	-	-	1,141	1,141	37,570	-	37,570	38,711	43,891
Facilities	53,456	71,501	61,074	186,031	181,998	-	181,998	368,029	378,170
Insurance	150,969	90,759	36,416	278,144	22,074	699	22,773	300,917	220,555
Miscellaneous	104	185	1,396	1,685	51,120	-	51,120	52,805	53,626
Payroll Fees	97,670	58,717	23,559	179,946	14,281	452	14,733	194,679	204,049
Professional Fees	181,094	108,869	43,682	333,645	26,478	839	27,317	360,962	388,056
Supplies	646	1,793	377	2,816	22,397	-	22,397	25,213	36,777
Supported Living Costs	74,330	-	-	74,330	876	-	876	75,206	55,850
Telephone	38,548	32,921	17,308	88,777	72,495	220	72,715	161,492	160,125
Travel	13	-	585	598	11,260	-	11,260	11,858	17,795
<b>TOTAL 2021 FUNCTIONAL EXPENSES</b>	<b>\$ 10,027,670</b>	<b>\$ 5,944,186</b>	<b>\$ 2,485,873</b>	<b>\$ 18,457,729</b>	<b>\$ 1,979,822</b>	<b>\$ 41,947</b>	<b>\$ 2,021,769</b>	<b>\$ 20,479,498</b>	
				90%	10%	0%		100%	
<b>TOTAL 2020 FUNCTIONAL EXPENSES</b>	<b>\$ 9,600,282</b>	<b>\$ 5,403,465</b>	<b>\$ 2,633,611</b>	<b>\$ 17,637,358</b>	<b>\$ 2,199,647</b>	<b>\$ 39,222</b>	<b>\$ 2,238,869</b>		<b>\$ 19,876,227</b>
				89%	11%	0%			100%

The Accompanying Notes are an Integral Part of These Financial Statements

# JAY NOLAN COMMUNITY SERVICES, INC.

## STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 3,538,842	\$1,836,944
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Realized and Unrealized Gains on Investments	(969,534)	(33,804)
Bad Debt Expense	28,814	19,142
Depreciation	57,763	50,693
Increase in:		
Accounts Receivable	(264,931)	(196,458)
Prepaid Expenses and Other Assets	(119,010)	(45,914)
Increase (Decrease) in:		
Accounts Payable	2,659	(4,998)
Accrued Liabilities	106,921	112,094
Deferred Rent Liability	(32,835)	(24,265)
	<u>2,348,689</u>	<u>1,713,434</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,348,689</b>	<b>1,713,434</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(43,409)	(8,870)
Purchase of Investments	(1,357,780)	(231,409)
Reinvested Interest and Dividends	(83,903)	(135,592)
	<u>(1,485,092)</u>	<u>(375,871)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,485,092)</b>	<b>(375,871)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>863,597</b>	<b>1,337,563</b>
Cash and Cash Equivalents - Beginning of Year	<u>3,770,325</u>	<u>2,432,762</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 4,633,922</u></b>	<b><u>\$ 3,770,325</u></b>

The Accompanying Notes are an Integral Part of These Financial Statements



# **JAY NOLAN COMMUNITY SERVICES, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

### **NOTE 1 - ORGANIZATION**

The mission of Jay Nolan Community Services, Inc. (JNCS) is to enable individuals with Autism Spectrum Disorder and other developmental disabilities to live fulfilling lives as members of the community by providing support services customized to their individual needs.

JNCS, a nonprofit 501(c)(3) organization, was established in 1975 by members of the Autism Society of Los Angeles. Initially named Programs for the Developmentally Handicapped, Inc., JNCS operated a social and recreational program on Saturdays. Throughout the 1970's and 1980's, JNCS expanded to include group homes and day programs.

In the early 1990's, the Board of Directors of JNCS advocated for a change from congregated living to more personalized and individualized support services. The senior management and Board of Directors then began changing the way JNCS provided services. JNCS began closing its group homes, moving individuals into their own homes or apartments and providing support services based on their needs. This led to other changes in the organization, including how people spent their days and how families were supported. Individuals found they could hold real jobs, attend college classes and develop relationships in their community. JNCS developed Supported Employment and Personalized Day Support in order to provide individuals with the support needed to participate fully in their community.

To help individuals achieve their desires and goals, Circles of Support were established. Each Circle is guided by the individual being supported and is made up of friends, family members and staff who are all committed to joining with the individual to live the best life possible. As a result, individuals are able to live fulfilling lives as fully-inclusive members of their community.

To assist families to remain together, Family Support Services also made changes in the way they provided support to children and their parents. Community Facilitators support children in learning to be active members of their family, school and community. Alternative Families were found for children who could not remain with their birth families.

Today, JNCS remains virtually one of the only large-scale, metropolitan-based organizations to make a pervasive change from traditional services to individualized and personalized support. JNCS provides support services in Los Angeles and its surrounding counties and in Santa Clara County.

# **JAY NOLAN COMMUNITY SERVICES, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

### **NOTE 1 - ORGANIZATION** (continued)

JNCS believes that:

- All people have capacities and gifts.
- All people need a sense of belonging to a community.
- All people contribute to a community.
- Relationships and trust are equally fundamental for inclusion to happen.
- All people can live in their own home with the right support.
- All people should be treated with dignity and respect and have a right to privacy.
- For all persons, self-advocacy and empowerment should be promoted.
- All people have the right to be free from pain, coercion, and cruelty.
- All people have the right to be heard and their ideas acknowledged.

JNCS's philosophy is based on the belief that with the right kind of support and assistance, individuals with Autism Spectrum Disorder and other developmental disabilities can pursue their hopes and dreams and live to their full potential within the community.

JNCS also continues its commitment to the employment arena. In addition to a Supported Employment Program, JNCS provides direct placement services for the California Department of Rehabilitation. JNCS firmly believes in transitioning people toward customized employment opportunities so that people with Autism Spectrum Disorder and other developmental disabilities can generate income and improve their quality of life.

JNCS continues to evolve and change itself to meet the unique needs of the people it supports. JNCS does this by listening and personalizing support and assistance to match the unique needs of each consumer and their families. It is JNCS's firm belief that all people, regardless of the challenges that they may have, can and should have a chance to live a valued life in the community.

# JAY NOLAN COMMUNITY SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### (b) NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-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-imposed restrictions.
- **Net Assets With Donor Restrictions.** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. 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 and reported in the statement of activities as net assets released from donor restrictions. JNCS has no net assets with donor restrictions as of June 30, 2021.

#### (c) CASH AND CASH EQUIVALENTS

For financial statement purposes, JNCS considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents at June 30, 2021 approximates its fair value.

#### (d) INVESTMENTS

Investments are held in marketable securities with readily determinable market values and are reported at fair value. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in investment return in the statement of activities and represent the difference between the cost and fair value of investments held at the end of the fiscal year.

# **JAY NOLAN COMMUNITY SERVICES, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(e) ACCOUNTS RECEIVABLE**

Receivables are recorded when services are rendered and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2021, JNCS evaluated the collectability of its receivables and an allowance for uncollectible receivables in the amount of \$18,905 was established.

#### **(f) LEGACIES AND BEQUESTS**

JNCS was named a beneficiary in bequests in previous years. Certain of these gifts have not been recorded in the accompanying financial statements because the donors' wills have not yet been declared valid by the probate court and/or the value of the amounts to be received are not yet determinable. JNCS will record and report all gifts when declared valid and the amount is determinable.

#### **(g) CONCENTRATION OF CREDIT RISKS**

JNCS places its cash, cash equivalents and investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation's insurance limit. JNCS has not incurred losses related to these investments and believes it is not exposed to any significant credit risk on cash, cash equivalents and investments.

The primary accounts receivable balance outstanding at June 30, 2021 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of JNCS's receivables consist of earned fees from contract programs granted by governmental agencies.

# JAY NOLAN COMMUNITY SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Maintenance and repair costs are charged to expense as incurred while renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than one year.

Depreciation of property and equipment has been determined principally by the use of the straight-line method over the estimated useful lives of the related assets as follows:

Equipment and Machinery	3-5 Years
Furniture and Fixtures	10 Years
Leasehold Improvements	Remaining Life of Lease

#### (i) LONG-LIVED ASSETS

JNCS evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the assets, in which case a write-down is recorded to reduce the related asset to its estimated value. No such impairment losses have been recognized during the year ended June 30, 2021.

#### (j) DEFERRED RENT LIABILITY

JNCS recognizes rent holidays, escalating rent provisions and tenant allowances on a straight-line basis over the term of the lease. JNCS has a deferred rent liability of \$502,094 as of June 30, 2021.

#### (k) CONTRIBUTIONS AND GRANTS

JNCS recognizes grants and contributions when cash, securities, other assets or an unconditional promise to give are received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

# **JAY NOLAN COMMUNITY SERVICES, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(l) CONTRIBUTED GOODS AND SERVICES**

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of unpaid volunteers have donated significant amounts of their time to JNCS, primarily in the areas of research, graphic art, data entry and fundraising activities. The services that these individuals rendered, however, do not meet the above recognition criteria and, as such, are not recognized as revenue.

#### **(m) REVENUE FROM CONTRACTS WITH CUSTOMERS**

JNCS's revenues from contracts with customers are generated from program service fees and supported employment. JNCS recognizes revenue from these revenue streams when the respective performance obligations are satisfied.

- Program service fee revenues are earned from contracts with Regional Centers and the Department of Rehabilitation. The performance obligation for such contracts consists of coordinating and delivering services to individuals with developmental disabilities. Site contracts exist with Regional Centers for a flat or hourly fee for services provided to qualifying consumers. Payment agreements are determined on a client-by-client basis. JNCS recognizes revenue from these contracts over time as the related services are provided.
- Supported employment revenue relates to programs which are geared toward assisting people to work in a community-integrated work setting by providing coaching, assistance, mentoring, financial planning and benefits management. These revenues are recognized when the performance obligation of service delivery has been met.

Fees for revenues with contracts with customers, which are billed and collected are deferred and recognized as income in the period in which the related services are rendered.

#### **(n) ADVERTISING COSTS**

JNCS expenses the costs of advertising as incurred. Total advertising expense was \$38,887 for the year ended June 30, 2021.

# JAY NOLAN COMMUNITY SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) INCOME TAXES

JNCS is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

In accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification Topic No. 740, *Uncertainty in Income Taxes*, JNCS recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2021, JNCS performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

#### (p) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing JNCS's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. JNCS uses facility square footage and salary dollars to allocate indirect costs.

#### (q) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### (r) COMPARATIVE TOTALS

The financial statements include certain prior period summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with JNCS's financial statements for the year ended June 30, 2020 from which the summarized information was derived.

# JAY NOLAN COMMUNITY SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (s) RECLASSIFICATIONS

For comparability, certain June 30, 2020 amounts have been reclassified, where appropriate, to conform with the financial statement presentation used at June 30, 2021.

#### (t) NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of U.S. GAAP and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance 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. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions and various other narrow aspects, as identified and addressed in such updates. JNCS implemented this ASU during the year ended June 30, 2021. There was no significant impact on JNCS's financial statements as a result of the implementation of this ASU, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the financial statements. For JNCS, the ASU will be effective for the year ending June 30, 2023.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For JNCS, the ASU will be effective for the year ending June 30, 2022.



# JAY NOLAN COMMUNITY SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (u) SUBSEQUENT EVENTS

JNCS has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2021, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through January 25 2022, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

### NOTE 3 - INVESTMENTS

JNCS has implemented the fair value standard. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about JNCS's assets that are measured at fair value on a recurring basis at June 30, 2021 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities / Mutual Funds	\$ 4,593,039	\$ 4,593,039	\$ -	\$ -
Fixed Income / Bond Fund	2,928,628	2,928,628	-	-
Hedge Funds	142,975	142,975	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 7,664,642</b>	<b>\$ 7,664,642</b>	<b>\$ -</b>	<b>\$ -</b>

# JAY NOLAN COMMUNITY SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 3 - INVESTMENTS (continued)

The fair values of the mutual funds and equity stock within Level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 consist of the following:

Equipment and Machinery	\$ 251,857
Furniture and Fixtures	28,968
Leasehold Improvements	<u>483,748</u>
<b>TOTAL</b>	764,573
Less: Accumulated Depreciation	<u>(435,358)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	<u><u>\$ 329,215</u></u>

Depreciation expense for the year ended June 30, 2021 was \$57,763.

### NOTE 5 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2021 consist of the following:

Accrued Salaries	\$ 646,887
Accrued Vacation	671,094
Other Accrued Liabilities	<u>335,142</u>
<b>TOTAL ACCRUED LIABILITIES</b>	<u><u>\$ 1,653,123</u></u>

### NOTE 6 - RESERVE FOR UNEMPLOYMENT

JNCS has elected to be self-insured for the purposes of employees' unemployment claims. The reserve for unemployment liability at June 30, 2021 of \$100,000 represents estimated future claims arising from current and past employees. Unemployment expense for the year ended June 30, 2021 was \$158,455.

# JAY NOLAN COMMUNITY SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 6 - RESERVE FOR UNEMPLOYMENT (continued)

	Gross Claims Liability	Estimated Insurance Recoveries	Net Claims Liability
Balance at July 1, 2020	\$ 100,000	\$ -	\$ 100,000
Self-Insurance Expenses Incurred	158,455	-	158,455
Payments Made to Fund Related Liabilities	(158,455)	-	(158,455)
<b>BALANCE AT JUNE 30, 2021</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>

### NOTE 7 - LINE OF CREDIT

JNCS has a revolving line of credit with a bank in the amount of \$1,000,000 which bears interest at the prime rate or monthly LIBOR plus 2.5%. The line of credit matures in April 2022 and is renewable on an annual basis in April. The line of credit is secured by substantially all the assets of JNCS. JNCS had no outstanding balance on the line of credit at June 30, 2021. The prime rate was 3.25% and the monthly LIBOR was 0.10% at June 30, 2021.

### NOTE 8 - COMMITMENTS AND CONTINGENCIES

#### (a) OPERATING LEASE

JNCS leases facilities under operating leases expiring through July 2028. Future minimum payments under this lease are as follows:

#### Years Ending June 30

2022	\$ 333,986
2023	328,356
2024	322,556
2025	332,233
2026	342,200
Thereafter	715,505
<b>TOTAL</b>	<b>\$ 2,374,836</b>

Rent expense under the facility leases and other month-to-month facility and equipment leases was \$350,570 for the year ended June 30, 2021 and is included in facilities expense in the statement of functional expenses.

# JAY NOLAN COMMUNITY SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 8 - COMMITMENTS AND CONTINGENCIES (continued)

#### (b) CONTRACTS

JNCS's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits, cannot be reasonably estimated and, accordingly, JNCS has made no provision for the possible disallowance of program costs on its financial statements.

#### (c) LEGAL PROCEEDINGS

In the ordinary course of conducting its business, JNCS becomes involved in various lawsuits. Some of these proceedings may result in judgments being assessed against JNCS which, from time to time, may have an impact on changes in net assets. JNCS does not believe that these proceedings, individually or in the aggregate, would have a material effect on the accompanying financial statements.

### NOTE 9 - PENSION PLAN

JNCS has an ERISA-qualified 403(b) plan with limited employer match. The employer's monthly matching contribution is discretionary. Participants vest at a rate of 33% per year with full vesting at three years of service for matching contributions. Employer matching contribution expense totaled \$149,428 for the year ended June 30, 2021.

### NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by JNCS at June 30, 2021 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2021:	
Cash and Cash Equivalents	\$ 4,633,922
Investments	7,664,642
Accounts Receivable (Net)	<u>2,360,978</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u><u>\$ 14,659,542</u></u></b>

**JAY NOLAN COMMUNITY SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021

**NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES** (continued)

JNCS regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of the JNCS' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

To help manage unanticipated liquidity needs, JNCS has a line of credit facility of \$1,000,000 that could be drawn from for current operations, if necessary.