

**GERIATRIC SERVICES, INC.  
AND AFFILIATE**

COMBINED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021 AND 2020



**SOBEL & CO. LLC**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

# GERIATRIC SERVICES, INC. AND AFFILIATE

DECEMBER 31, 2021 AND 2020

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Geriatric Services, Inc. and Affiliate  
Teaneck, New Jersey

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying combined financial statements of Geriatric Services, Inc. and Affiliate ("Organization"), both New Jersey nonprofit corporations, which comprise the combined statements of financial position as of December 31, 2021 and 2020, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information, including the combining statements of financial position, the combining statements of activities and changes in net assets, and the combining statements of functional expenses on pages 23-28, is presented for purposes of additional analysis and is not a required part of the combined financial statements. The accompanying schedules of expenditures of federal and state awards on pages 29-30, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey Office of Management and Budget Circular Letter 15-08, are presented for the purpose of additional analysis and are not a required part of the combined 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 combined financial statements.

The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Sobel & Co, LLC*

Certified Public Accountants

Livingston, New Jersey  
May 3, 2022

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2021	2020
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 935,584	\$ 404,250
Contributions receivable	166,000	234,500
Grant receivable	9,411	4,167
Accounts receivable, net	194,331	230,888
Prepaid expenses	37,143	-
Residents' personal needs allowance	12,658	10,979
Total Current Assets	<u>1,355,127</u>	<u>884,784</u>
Property and equipment, net	3,512,343	2,802,221
Loans receivable	11,614,050	11,614,050
Mortgage escrow deposits	-	311,446
Investments	720,033	557,458
Other assets	750	750
	<u>\$ 17,202,303</u>	<u>\$ 16,170,709</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 293,198	\$ 239,857
Deferred revenue	700,000	-
Prepaid residents' fees	10,943	6,253
Long-term debt, current portion	3,846	378,520
Residents' personal needs allowance	22,369	12,086
Total Current Liabilities	<u>1,030,356</u>	<u>636,716</u>
Long-term debt, net of current portion	11,882,716	13,854,117
Total Liabilities	<u>12,913,072</u>	<u>14,490,833</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	3,125,118	713,271
With donor restrictions	1,164,113	966,605
Total Net Assets	<u>4,289,231</u>	<u>1,679,876</u>
	<u>\$ 17,202,303</u>	<u>\$ 16,170,709</u>

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT:						
Resident services revenue	\$ 2,411,656	\$ -	\$ 2,411,656	\$ 2,501,265	\$ -	\$ 2,501,265
Contributions	114,888	266,030	380,918	237,978	500,000	737,978
Government grants	337,750	350,000	687,750	547,538	-	547,538
Special event revenues, net	-	-	-	38,268	-	38,268
Interest income, net	8,367	-	8,367	8,917	-	8,917
Resident community fee	7,500	-	7,500	-	-	-
Unrealized and realized gain on investments	162,595	-	162,595	53,409	-	53,409
Miscellaneous income	2,869,754	-	2,869,754	11	-	11
	<u>5,912,510</u>	<u>616,030</u>	<u>6,528,540</u>	<u>3,387,386</u>	<u>500,000</u>	<u>3,887,386</u>
Net assets released from restrictions	418,522	(418,522)	-	328,268	(328,268)	-
Total Revenue and Other Support	<u>6,331,032</u>	<u>197,508</u>	<u>6,528,540</u>	<u>3,715,654</u>	<u>171,732</u>	<u>3,887,386</u>
EXPENSES:						
Program services	3,501,881	-	3,501,881	3,359,651	-	3,359,651
Management and general	376,484	-	376,484	271,436	-	271,436
Fundraising	40,820	-	40,820	31,709	-	31,709
Total Expenses	<u>3,919,185</u>	<u>-</u>	<u>3,919,185</u>	<u>3,662,796</u>	<u>-</u>	<u>3,662,796</u>
CHANGES IN NET ASSETS	2,411,847	197,508	2,609,355	52,858	171,732	224,590
NET ASSETS, Beginning of year	<u>713,271</u>	<u>966,605</u>	<u>1,679,876</u>	<u>660,413</u>	<u>794,873</u>	<u>1,455,286</u>
NET ASSETS, End of year	<u>\$ 3,125,118</u>	<u>\$ 1,164,113</u>	<u>\$ 4,289,231</u>	<u>\$ 713,271</u>	<u>\$ 966,605</u>	<u>\$ 1,679,876</u>

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Services	Support Services		Total Program and Support Services
		Management and General	Fundraising	
Salaries and wages	\$ 2,089,080	\$ 227,214	\$ 21,429	\$ 2,337,723
Managing agent fee	94,860	5,100	2,040	102,000
Payroll taxes	193,877	21,127	1,987	216,991
Employee benefits	197,099	14,354	2,385	213,838
Total Salaries and Related Expenses	2,574,916	267,795	27,841	2,870,552
Dietary expense	168,392	846	-	169,238
Laundry and linen	25,747	-	-	25,747
Insurance	120,531	7,497	1,323	129,351
Supplies	41,413	10,325	4,524	56,262
Repairs and maintenance	88,073	2,197	1,282	91,552
Waste disposal	12,292	307	179	12,778
Utilities	50,432	1,258	734	52,424
Telephone	16,463	1,990	88	18,541
Professional fees	33,328	1,856	387	35,571
Office expense	19,903	527	287	20,717
Depreciation expense	114,438	2,855	1,665	118,958
Interest expense	36,581	6,455	-	43,036
Service fees	74,408	16,390	-	90,798
BSM groundbreaking	-	-	2,510	2,510
Rent expense	5,505	1,834	-	7,339
Grant expenses - TLC	74,838	-	-	74,838
Bad debt expense	-	47,341	-	47,341
Other expense	44,621	7,011	-	51,632
Total Functional Expenses	\$ 3,501,881	\$ 376,484	\$ 40,820	\$ 3,919,185



**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Services	Support Services		Total Program and Support Services
		Management and General	Fundraising	
Salaries and wages	\$ 1,841,524	\$ 195,521	\$ 15,143	\$ 2,052,188
Managing agent fee	94,860	5,100	2,040	102,000
Payroll taxes	180,677	18,394	1,918	200,989
Employee benefits	220,594	12,370	2,858	235,822
Total Salaries and Related Expenses	2,337,655	231,385	21,959	2,590,999
Dietary expense	131,436	660	-	132,096
Laundry and linen	42,303	-	-	42,303
Insurance	86,812	3,860	1,101	91,773
Supplies	36,801	9,368	4,310	50,479
Repairs and maintenance	67,389	1,681	981	70,051
Waste disposal	9,780	244	142	10,166
Utilities	54,236	1,353	789	56,378
Telephone	12,442	1,433	73	13,948
Professional fees	36,060	1,892	429	38,381
Office expense	17,692	510	251	18,453
Depreciation expense	115,045	2,870	1,674	119,589
Interest expense	28,330	4,999	-	33,329
Service fees	24,887	5,346	-	30,233
Brightside Manor expansion	262,897	-	-	262,897
Rent expense	5,506	1,836	-	7,342
Grant expenses - TLC	65,371	-	-	65,371
Other expense	25,009	3,999	-	29,008
Total Functional Expenses	\$ 3,359,651	\$ 271,436	\$ 31,709	\$ 3,662,796

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**COMBINED STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS PROVIDED BY (USED FOR):</b>		
<b><u>OPERATING ACTIVITIES:</u></b>		
Changes in net assets	\$ 2,609,355	\$ 224,590
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	118,958	119,589
Bad debt expense	47,341	-
Unrealized and realized gain on investments	(162,595)	(53,409)
Changes in certain assets and liabilities:		
Contributions receivable	68,500	(132,923)
Grants receivable	(5,244)	(4,167)
Accounts receivable	(10,784)	(62,893)
Prepaid expenses	(37,143)	3,377
Residents' personal needs allowance	(1,679)	-
Accounts payable and accrued expenses	53,341	38,838
Deferred revenue	700,000	-
Prepaid residents' fees	4,690	(16,788)
Residents' personal needs allowance	10,283	642
Net Cash Provided by Operating Activities	<u>3,395,023</u>	<u>116,856</u>
<b><u>INVESTING ACTIVITIES:</u></b>		
Purchase of property and equipment	(829,080)	-
Deposits in mortgage escrow funds	-	(42,760)
Disbursements from mortgage escrow funds	311,446	78,623
Purchases of investments	-	(104,844)
Proceeds from sale of investments	20	179,497
Net Cash (Used for) Provided by Investing Activities	<u>(517,614)</u>	<u>110,516</u>
<b><u>FINANCING ACTIVITIES:</u></b>		
Proceeds from loan payable	519,462	159,900
Forgiveness of mortgage payable	(2,865,537)	-
Principal payments of mortgages payable	-	(10,906)
Net Cash (Used for) Provided by Financing Activities	<u>(2,346,075)</u>	<u>148,994</u>

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**COMBINED STATEMENTS OF CASH FLOWS (Continued)**

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	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS	531,334	376,366
CASH AND CASH EQUIVALENTS:		
Beginning of year	404,250	27,884
End of year	<u>\$ 935,584</u>	<u>\$ 404,250</u>
SUPPLEMENTAL DISCLOSURE OF CASH-FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 43,036</u>	<u>\$ 33,329</u>
Forgiveness of mortgage payable	<u>\$ 2,865,537</u>	<u>\$ -</u>

# GERIATRIC SERVICES, INC. AND AFFILIATE

## NOTES TO COMBINED FINANCIAL STATEMENTS

### DECEMBER 31, 2021 AND 2020

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#### NOTE 1 - NATURE OF BUSINESS:

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Geriatric Services, Inc. (“GSI”), is governed by a Board of Trustees. GSI operates a 65-bed assisted-living facility licensed and regulated by the New Jersey Department of Health and Senior Services. GSI provides resident services to the elderly, emphasizing personal care, recreation, and nutrition programs. The facility, operated by GSI, located in Teaneck, New Jersey, is known as Bright Side Manor.

In 2003, GSI completed a project to expand and renovate Bright Side Manor at a cost of approximately \$3.7 million, financed primarily through a tax-exempt bond obligation issued by the New Jersey Housing and Mortgage Finance Agency (“NJHMFA”). This project significantly increased the capacity of the facility and has enabled GSI to qualify as an assisted-living facility and, thereby, qualify its eligible residents for Medicaid subsidies. NJHMFA discharged the mortgage held on the project in May 2021.

The combined financial statements include those of Geriatric Services, Inc., and Geriatric Living Solutions, Inc. (“GLS”) (collectively, “Organization”), both of which are New Jersey not-for-profit corporations in which Geriatric Services, Inc., exercises control. GLS was incorporated in March 2014 and was established exclusively for the purpose of operating a portable assisted-living service (“PALS”) program that provides assisted-living services in subsidized housing for elderly or other persons in need, with services specifically designed to meet their physical, social, and psychological needs. Both organizations are under common management and the majority of members of the Board of Trustees for Geriatric Living Solutions, Inc., are also members of Geriatric Services, Inc.’s Board of Trustees.

The financial position and results of operations presented in the accompanying combined financial statements do not represent those of a single legal entity. All significant intercompany transactions and accounts have been eliminated in combination.

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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##### ***Basis of Accounting:***

The accompanying combined financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

##### ***Financial Statement Presentation:***

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

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Financial Statement Presentation: (Continued)***

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations and currently available for use by the Organization's Board of Trustees.

Net Assets 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, and other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities and changes in net assets as net assets released from restrictions.

***Cash and Cash Equivalents:***

Cash consists of funds maintained in bank accounts. Cash equivalents consist of highly liquid money market investments with an original maturity of three months or less.

***Receivables:***

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts and historical write-offs. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Write-offs are determined on a case-by-case basis. The allowance for doubtful accounts at December 31, 2021, is \$28,000. An allowance for doubtful accounts at December 31, 2020, was not deemed necessary.

***Property and Equipment:***

Property and equipment is stated at cost of purchase or at the estimated fair market value on the date of gift for donated assets. Expenditures for maintenance and repairs are charged to net assets as incurred.

Property and equipment is depreciated using the straight-line method over estimated useful lives that range from 5 to 7 years for furniture and equipment, and 40 years for buildings and improvements.

***Donated Goods and Services:***

Various volunteer groups periodically provide services to help maintain the residential care facility or assist with program services. The value of these services is not reflected in the combined financial statements since the services do not require specialized skills.

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Fair Value:***

Fair value measurements are defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value.

The fair value hierarchy defines the three levels as follows:

**Level 1:** Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

**Level 2:** Valuations based on observable inputs other than Level 1 prices, such as: quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

**Level 3:** Valuations based on unobservable inputs when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

The fair values of investments are as follows:

Equity securities - Shares in companies traded on national securities exchanges are valued at the closing price reported in the active market in which the individual securities are traded.

***Notes Payable:***

The Organization does not discount noninterest-bearing or below-market-rate loans that originated from governmental agencies.

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Revenue Recognition:***

Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional contributions are not recognized until the conditions are substantially met or explicitly waived.

Contributions are recorded as revenue as either with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions with restrictions that are met in the same reporting period as they are received are reported as unrestricted support.

Revenue from government grants is considered a conditional contribution and is not recognized until the conditions related to this revenue are substantially met or explicitly waived. Cash received in excess of revenue recognized is reported as deferred revenue.

The Organization derives a portion of its revenue from resident services. Resident services revenue is recognized when the Organization provides the services to a respective resident in an amount that reflects the consideration the Organization expects to be entitled to in exchange for providing these services.

The Organization recognizes resident services revenue over time as the services are provided to the residents. There are no significant financing components or variable considerations provided to clients.

Any resident services revenues received in advance are deferred as prepaid residents' fees until earned.

***Income Taxes:***

GSI and GLS are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are not liable for federal and state income taxes.

The Organization follows accounting standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's combined financial statements. The guidance prescribes a recognition threshold and measurement attribute for the combined financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense in the combined statements of activities and changes in net assets. No interest and penalties were recorded during the years 2021 and 2020. At December 31, 2021 and 2020, there are no significant income tax uncertainties that are expected to have a material impact on the Organization's combined financial statements.

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Use of Estimates:***

In preparing combined financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the combined financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Recent Accounting Pronouncements:***

The Financial Accounting Standards Board issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date, or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The effective date for the pronouncement is for periods beginning after December 15, 2021. It will be effective for the Organization for the year ended December 31, 2022. The Organization is currently evaluating the effect the new standard will have on the financial statements.

***Subsequent Events:***

The Organization has evaluated events subsequent to the combined statement of financial position date as of December 31, 2021, through May 3, 2022, the date that the financial statements were available to be issued.

**NOTE 3 - PROPERTY AND EQUIPMENT:**

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	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Land	\$ 330,078	\$ 330,078
Buildings	700,125	700,125
Building improvements	3,713,012	3,708,312
Furniture and equipment	370,226	370,226
Construction in progress	824,380	-
Total	5,937,821	5,108,741
Less: Accumulated depreciation	2,425,478	2,306,520
Property and Equipment, Net	<u>\$ 3,512,343</u>	<u>\$ 2,802,221</u>



**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 4 - INVESTMENTS:**

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Investments are categorized as follows:

	<b>Fair Value Measurements as of December 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity securities	\$ 720,033	\$ -	\$ -	\$ 720,033

	<b>Fair Value Measurements as of December 31, 2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity securities	\$ 557,458	\$ -	\$ -	\$ 557,458

The cost basis of the Organization's investments at December 31, 2021 and 2020, is approximately \$396,000 and \$392,000, respectively.

**NOTE 5 - LOANS RECEIVABLE:**

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On October 18, 2013, a limited partnership, Teaneck Senior Housing Urban Renewal, L.P., was formed to acquire, own, develop, construct, manage and operate a senior housing project located at 60 Bergen Avenue in Teaneck, New Jersey. Senior Housing Services, Inc., a related party, is the General Partner in this partnership, owning 0.01%. Teaneck Senior Housing Urban Renewal, L.P., is structured as a 4% low-income housing tax credit project.

On October 15, 2014, a development services agreement was executed between Teaneck Senior Housing Urban Renewal, L.P. ("Partnership"), Geriatric Services, Inc., and The Alpert Group, LLC (collectively, "Developer"). The purpose of the agreement is to appoint the Developer to render services in overseeing the development of the project for the Partnership. The term of the agreement shall end on December 31, 2030. The Organization received \$401,500 of the developer fee, which represented full payment.

On October 15, 2014, Geriatric Services, Inc., and an individual (collectively, "Guarantor") entered into a guaranty agreement with the Partnership to jointly guarantee to the Limited Partner the due and punctual performance by the General Partner and the Developer of all said obligations under the partnership agreement and the development services agreement. The Guarantor shall furnish the Limited Partnership a current and accurate financial statement within 180 days following the end of each calendar year or fiscal year of such Guarantor.

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 5 - LOANS RECEIVABLE: (Continued)**

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	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Noninterest bearing loan receivable from the Partnership. Matures on December 31, 2071, and is secured by the assets of the Partnership. This obligation is absolute even if the underlying source of the loan is not required to be repaid by Geriatric Services, Inc.	\$ 396,950	\$ 396,950
Noninterest bearing loan receivable from the Partnership. Matures on December 31, 2070, and is secured by the assets of the Partnership. This obligation is absolute even if the underlying source of the loan is not required to be repaid by Geriatric Services, Inc.	9,782,100	9,782,100
Noninterest bearing loan receivable from the Partnership. This loan will be due and payable on December 31 of the year HUD rental restrictions shall end but at an event no later than December 31, 2071. This loan is then due and payable even though the loan from Bergen County to Geriatric Services, Inc., is forgiven. The loan is secured by the assets of the Partnership.	750,000	750,000
Noninterest bearing loan receivable from the Partnership. This loan will be due and payable on December 31 of the year HUD rental restrictions shall end but at an event no later than December 31, 2071. This loan is then due and payable even though the loan from Bergen County to Geriatric Services, Inc., is forgiven. The loan is secured by the assets of the Partnership.	75,000	75,000
Noninterest bearing loan receivable from the Partnership. Matures on December 31, 2071, and is secured by the assets of the Partnership. This obligation is absolute even if the underlying source of the loan is not required to be repaid by Geriatric Services, Inc.	610,000	610,000
<b>Total Loan Receivable</b>	<b>\$11,614,050</b>	<b>\$11,614,050</b>

All funds received by Geriatric Services, Inc., for the development of the Teaneck Senior Housing Project have been transferred to the Partnership and all other costs incurred by Geriatric Services, Inc., have been reimbursed by the Partnership.

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN:**

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The Organization obtained a Paycheck Protection Program loan under the CARES Act in April 2020 for approximately \$343,000. This loan was to provide the Organization with working capital for the purpose of maintaining employment levels and paying occupancy costs during a stay-at-home period ordered by the governor of New Jersey. The Organization expended the total loan amount in accordance with the agreement and received full forgiveness of the loan in February 2021. The loan was recognized as revenue in 2020 as the conditions were substantially met as of year-end.

**NOTE 7 - LONG-TERM DEBT:**

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	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
First mortgage payable to NJHMFA. Monthly payments amount to \$21,941 with interest of 5.3%, including a monthly service charge of \$1,950 through August 2033. Mortgage was fully forgiven in 2021.	\$ -	\$ 2,453,729
First mortgage payable to NJHMFA. Monthly payments amount to \$487 with interest of 5.3%, including a monthly service charge of \$43 through November 2033. Mortgage was fully forgiven in 2021.	-	51,908
Second mortgage payable to NJHMFA. Payments are to be made from 50% of any available cash flow after payment of debt service, fees, escrow funding, and project operating expenses through November 2033. As of December 31, 2021, no payments had been made against this loan. Mortgage was fully forgiven in 2021.	-	350,000
Noninterest-bearing mortgage note payable to the United States Department of Housing and Urban Development, forgivable after 55 years. Entire amount to be recognized as revenue after the 55-year affordability period expires.	9,782,100	9,782,100
Noninterest-bearing mortgage note payable to the county of Bergen, forgivable 20 years after the project's completion. Entire amount to be recognized as revenue after the 20-year affordability period expires.	750,000	750,000
Noninterest-bearing mortgage note payable to Bogota Savings Bank, forgivable 15 years after operating the project in accordance with the affordable housing program of the Federal Home Loan Bank of New York. Entire amount to be recognized as revenue after the 15-year affordability period expires.	610,000	610,000

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 7 - LONG-TERM DEBT: (Continued)**

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Noninterest-bearing mortgage note payable to the county of Bergen, forgivable 20 years after the project's completion. Entire amount to be recognized as revenue after the 20-year affordability period expires.	75,000	75,000
Economic Injury Disaster loan payable in monthly installments of \$641 beginning in June 2022, including interest at 2.75% through June 2051. The loan is collateralized by substantially all of the Organization's assets.	150,000	159,900
Construction loan payable to Community Loan Fund of New Jersey. Upon conversion to permanent loan at the completion of construction, half the balance will fully amortize over 25 years and the other half will amortize over 30 years. Interest is accruing at 5.5%. As of December 31, 2021, no payments have been made against this loan.	519,462	-
Total Long-term Debt	11,886,562	14,232,637
Less: Current portion	3,846	378,520
Long-term Debt, Net of current portion	<u>\$11,882,716</u>	<u>\$13,854,117</u>

At December 31, 2021, long-term debt matures as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 3,846
2022	7,692
2023	7,692
2024	7,692
2025	7,692
Thereafter	11,851,948
	<u>\$ 11,886,562</u>

During the year ended December 31, 2021, the Organization received forgiveness of the first and second mortgages by NJHMFA. Escrow balances were returned back to the Organization and all reporting requirements ceased.

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:**

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	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Teaneck Senior Housing project costs	\$ 322,500	\$ 322,500
TLC project	53,318	128,156
GSI programs and initiatives	276,805	276,805
Jewish identity and spirituality	2,041	2,041
Bright Side Manor expansion	509,449	237,103
	<u>\$1,164,113</u>	<u>\$ 966,605</u>

**NOTE 9 - RELATED-PARTY TRANSACTIONS:**

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As of December 31, 2021 and 2020, Geriatric Services, Inc., received grants in the amount of \$78,000 and \$82,500, respectively, from various foundations and Bergen County for the PALS program, which is administered through Geriatric Living Solutions, Inc. As of December 31, 2021 and 2020, \$78,000 and \$82,500, respectively, is included in subrecipient grant expense on the combining statements of functional expenses.

During 2021 and 2020, Geriatric Services, Inc., loaned Geriatric Living Solutions, Inc., \$613,700 and \$397,269, respectively, for operating costs. In addition, Geriatric Services, Inc., owes Geriatric Living Solutions, Inc., \$34,250 and \$25,000 related to grants received in 2021 and 2020, respectively for the PALS program. These transactions were eliminated in the financial statement combination.

Senior Housing Services, Inc. (“SHS”), is a separate 501(c)(3) organization that was created for the purpose of senior housing development. SHS is related to the Organization through common management. However, GSI does not have control of the SHS Board of Trustees and, therefore, isn’t included in these combined financial statements.

**NOTE 10 - FUNCTIONAL EXPENSES:**

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The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and wages, and management agent fees are allocated based on time and effort. All other expenses are allocated to support functions based on administrative salaries with the exception of expenses, which are directly identifiable to a specific function. Dietary expenses, laundry and linen, subrecipient grant expense, Bright Side Manor expansion, and grant expense – TLC are charged directly to programs. Bad debt expense is charged directly to management and general.

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 11 - CONCENTRATIONS OF CREDIT RISK:**

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At times, the Organization maintains investment balances that may exceed federally or other insured limits. The investments are primarily financial instruments that are monetary in nature. The investments are subject to risk conditions of the investments' objectives, stock market performance, interest rates, economic conditions, and world affairs. The Organization maintains a diversified portfolio in order to limit this risk. The Organization historically has not experienced any credit-related losses.

As of December 31, 2021, 88% of the Organization's contribution revenues was from one contributor. As of December 31, 2020, approximately 86% of the Organization's contribution revenues was from two contributors. As of December 31, 2021 and 2020, 100% of the Organization's contributions receivable was from one contributor.

As of December 31, 2021, 94% of the Organization's grant revenue was from three government agencies. As of December 31, 2020, 89% of the Organization's grant revenue was from two government agencies.

As of December 31, 2021, approximately 10% of the Organization's accounts receivable was due from one resident. As of December 31, 2020, approximately 58% of the Organization's accounts receivable was due from three managed-care organizations.

As of December 31, 2021 and 2020, 100% of the Organization's loans receivable is from one partnership.

**NOTE 12 - COMMITMENTS AND CONTINGENCIES:**

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The Organization is actively monitoring the recent COVID-19 outbreak and its potential impact on the employees, volunteers, donors, residents, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

**NOTE 13 - OFFICER LOAN:**

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During the year ended December 31, 2020, one of the founders of GSI, a key employee and a member of the Board of Trustees, loaned the Organization \$20,000. The loan had no stated repayment terms and no stated interest rate and was paid back in full by the end of 2020. There were no officer loans for the year ended December 31, 2021.

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 14 - TAXES:**

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At December 31, 2021, all required tax returns had been filed.

**NOTE 15 - LIQUIDITY AND AVAILABILITY OF RESOURCES:**

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The following represents the Organization's financial assets at December 31, 2021 and 2020, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	<b>December</b>	
	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 935,584	\$ 404,250
Contributions, grants, and account receivable	369,742	469,555
Investments	720,033	557,458
Total financial assets	2,025,359	1,431,263
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(1,164,113)	(966,605)
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	\$ 861,246	\$ 464,658

The Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, excess cash is invested in Level 1 investments, such as equities that can be liquidated if needed. Included in net assets with donor restrictions is approximately \$277,000, which is restricted for the programs and initiatives of the Organization and can be released from restriction if needed.

**NOTE 16 - PROPERTIES UNDER DEVELOPMENT:**

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The Organization is currently in the process of the renovation and expansion of the facility, known as Bright Side Manor. The Organization has received zoning approval from the town and secured funding for this project. The construction broke ground during the year ended December 31, 2021. The project is being funded through government and foundation grants. In addition, a construction loan was obtained.

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 16 - PROPERTIES UNDER DEVELOPMENT: (Continued)**

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The Organization has also entered into an agreement to co-develop a township-owned property in Teaneck, New Jersey, along with another organization. The project is known as 1425 Teaneck Road, LLC, which will consist of 40 units of affordable housing. The project was awarded a 9% low-income housing tax credit through the NJHMFA in December of 2020. One of the founders of GSI, a key employee and a member of the Board of Trustees, created a single-member LLC, known as BSF Senior Housing, LLC, which will have 25% voting rights in the project. The co-developers are in the process of finalizing the funding for the project and expect to break ground in 2022.



**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

	Geriatric Services, Inc.	Geriatric Living Solutions, Inc.	Eliminations	Combined
<b>ASSETS</b>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 900,426	\$ 35,158	\$ -	\$ 935,584
Contributions receivable	166,000	-	-	166,000
Grant receivable	9,411	-	-	9,411
Accounts receivable, net	180,557	13,774	-	194,331
Due from affiliate	-	34,250	(34,250)	-
Prepaid expenses	37,143	-	-	37,143
Residents' personal needs allowance	12,658	-	-	12,658
Total Current Assets	1,306,195	83,182	(34,250)	1,355,127
Property and equipment, net of accumulated depreciation	3,512,343	-	-	3,512,343
Loans receivable	12,227,750	-	(613,700)	11,614,050
Investments	720,033	-	-	720,033
Other assets	-	750	-	750
	<u>\$ 17,766,321</u>	<u>\$ 83,932</u>	<u>\$ (647,950)</u>	<u>\$ 17,202,303</u>
<b>LIABILITIES AND NET ASSETS</b>				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 238,512	\$ 54,686	\$ -	\$ 293,198
Deferred revenue	700,000	-	-	700,000
Prepaid residents' fees	10,943	-	-	10,943
Due to affiliate	34,250	-	(34,250)	-
Long-term debt, current portion	3,846	-	-	3,846
Residents' personal needs allowance	22,369	-	-	22,369
Total Current Liabilities	1,009,920	54,686	(34,250)	1,030,356
Long-term debt, net of current portion	11,882,716	-	-	11,882,716
Loan payable	-	613,700	(613,700)	-
Total Liabilities	12,892,636	668,386	(647,950)	12,913,072
COMMITMENTS AND CONTINGENCIES				
NET ASSETS:				
Without donor restrictions	3,709,572	(584,454)	-	3,125,118
With donor restrictions	1,164,113	-	-	1,164,113
Total Net Assets	4,873,685	(584,454)	-	4,289,231
	<u>\$ 17,766,321</u>	<u>\$ 83,932</u>	<u>\$ (647,950)</u>	<u>\$ 17,202,303</u>

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

	Geriatric Services, Inc.	Geriatric Living Solutions, Inc.	Eliminations	Combined
<b>ASSETS</b>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 381,241	\$ 23,009	\$ -	\$ 404,250
Contributions receivable	234,500	-	-	234,500
Grant receivable	4,167	-	-	4,167
Accounts receivable	174,731	56,157	-	230,888
Due from affiliate	-	25,000	(25,000)	-
Residents' personal needs allowance	10,979	-	-	10,979
Total Current Assets	<u>805,618</u>	<u>104,166</u>	<u>(25,000)</u>	<u>884,784</u>
Property and equipment, net of accumulated depreciation	2,802,221	-	-	2,802,221
Loans receivable	12,011,319	-	(397,269)	11,614,050
Mortgage escrow deposits	311,446	-	-	311,446
Investments	557,458	-	-	557,458
Other assets	-	750	-	750
	<u>\$ 16,488,062</u>	<u>\$ 104,916</u>	<u>\$ (422,269)</u>	<u>\$ 16,170,709</u>
<b>LIABILITIES AND NET ASSETS</b>				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 222,591	\$ 17,266	\$ -	\$ 239,857
Prepaid residents' fees	6,253	-	-	6,253
Due to affiliate	25,000	-	(25,000)	-
Long-term debt, current portion	378,520	-	-	378,520
Residents' personal needs allowance	12,086	-	-	12,086
Total Current Liabilities	<u>644,450</u>	<u>17,266</u>	<u>(25,000)</u>	<u>636,716</u>
Long-term debt, net of current portion	13,854,117	-	-	13,854,117
Loan payable	-	397,269	(397,269)	-
Total Liabilities	<u>14,498,567</u>	<u>414,535</u>	<u>(422,269)</u>	<u>14,490,833</u>
COMMITMENTS AND CONTINGENCIES				
NET ASSETS:				
Without donor restrictions	1,022,890	(309,619)	-	713,271
With donor restrictions	966,605	-	-	966,605
Total Net Assets	<u>1,989,495</u>	<u>(309,619)</u>	<u>-</u>	<u>1,679,876</u>
	<u>\$ 16,488,062</u>	<u>\$ 104,916</u>	<u>\$ (422,269)</u>	<u>\$ 16,170,709</u>

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2021**

	<b>Geriatric Services, Inc.</b>	<b>Geriatric Living Solutions, Inc.</b>	<b>Eliminations</b>	<b>Combined</b>
<b>REVENUE AND OTHER SUPPORT:</b>				
Resident services revenue	\$ 1,738,485	\$ 673,171	\$ -	\$ 2,411,656
Contributions	377,918	3,000	-	380,918
Government grants	656,483	109,267	(78,000)	687,750
Interest income, net	8,323	44	-	8,367
Resident community fee	7,500	-	-	7,500
Unrealized and realized gain on investments	162,595	-	-	162,595
Miscellaneous income	2,869,754	-	-	2,869,754
Total Revenue and Other Support	<u>5,821,058</u>	<u>785,482</u>	<u>(78,000)</u>	<u>6,528,540</u>
<b>EXPENSES:</b>				
Program services	2,778,681	801,200	(78,000)	3,501,881
Management and general	117,367	259,117	-	376,484
Fundraising	40,820	-	-	40,820
Total Expenses	<u>2,936,868</u>	<u>1,060,317</u>	<u>(78,000)</u>	<u>3,919,185</u>
CHANGES IN NET ASSETS	2,884,190	(274,835)	-	2,609,355
NET ASSETS, Beginning of year	<u>1,989,495</u>	<u>(309,619)</u>	<u>-</u>	<u>1,679,876</u>
NET ASSETS, End of year	<u>\$ 4,873,685</u>	<u>\$ (584,454)</u>	<u>\$ -</u>	<u>\$ 4,289,231</u>

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2020**

	<b>Geriatric Services, Inc.</b>	<b>Geriatric Living Solutions, Inc.</b>	<b>Eliminations</b>	<b>Combined</b>
<b>REVENUE AND OTHER SUPPORT:</b>				
Resident services revenue	\$ 1,872,890	\$ 628,375	\$ -	\$ 2,501,265
Contributions	736,754	8,724	(7,500)	737,978
Government grants	485,979	136,559	(75,000)	547,538
Special event revenues, net	38,268	-	-	38,268
Interest income, net	7,971	946	-	8,917
Unrealized and realized gain on investments	53,409	-	-	53,409
Miscellaneous income	11	-	-	11
Total Revenue and Other Support	<u>3,195,282</u>	<u>774,604</u>	<u>(82,500)</u>	<u>3,887,386</u>
<b>EXPENSES:</b>				
Program services	2,787,898	654,253	(82,500)	3,359,651
Management and general	74,805	196,631	-	271,436
Fundraising	31,709	-	-	31,709
Total Expenses	<u>2,894,412</u>	<u>850,884</u>	<u>(82,500)</u>	<u>3,662,796</u>
CHANGES IN NET ASSETS	300,870	(76,280)	-	224,590
NET ASSETS, Beginning of year	<u>1,688,625</u>	<u>(233,339)</u>	<u>-</u>	<u>1,455,286</u>
NET ASSETS, End of year	<u>\$ 1,989,495</u>	<u>\$ (309,619)</u>	<u>\$ -</u>	<u>\$ 1,679,876</u>

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**COMBINING STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	<b>Affiliate</b>		<b>Geriatric Services, Inc.</b>				<b>Total Program and Support Services</b>
	<b>Program Services</b>	<b>Support Services</b>	<b>Program Services</b>	<b>Support Services</b>		<b>Eliminations</b>	
		<b>Management and General</b>		<b>Management and General</b>	<b>Fundraising</b>		
Salaries and wages	\$ 616,635	\$ 190,479	\$ 1,472,445	\$ 36,735	\$ 21,429	\$ -	\$ 2,337,723
Managing agent fee	-	-	94,860	5,100	2,040	-	102,000
Payroll taxes	57,369	17,721	136,508	3,406	1,987	-	216,991
Employee benefits	33,234	10,266	163,865	4,088	2,385	-	213,838
Total Salaries and Related Expenses	707,238	218,466	1,867,678	49,329	27,841	-	2,870,552
Dietary expense	-	-	168,392	846	-	-	169,238
Laundry and linen	-	-	25,747	-	-	-	25,747
Insurance	29,630	5,229	90,901	2,268	1,323	-	129,351
Supplies	15,775	2,784	25,638	7,541	4,524	-	56,262
Repairs and maintenance	-	-	88,073	2,197	1,282	-	91,552
Waste disposal	-	-	12,292	307	179	-	12,778
Utilities	-	-	50,432	1,258	734	-	52,424
Telephone	10,423	1,839	6,040	151	88	-	18,541
Professional fees	6,760	1,193	26,568	663	387	-	35,571
Office expense	196	35	19,707	492	287	-	20,717
Depreciation expense	-	-	114,438	2,855	1,665	-	118,958
Interest expense	-	-	36,581	6,455	-	-	43,036
Subrecipient grant expense	-	-	78,000	-	-	(78,000)	-
Service fees	20,778	6,926	53,630	9,464	-	-	90,798
BSM groundbreaking	-	-	-	-	2,510	-	2,510
Rent expense	5,505	1,834	-	-	-	-	7,339
Grant expenses - TLC	-	-	74,838	-	-	-	74,838
Bad debt expense	-	20,811	-	26,530	-	-	47,341
Other expense	4,895	-	39,726	7,011	-	-	51,632
Total Functional Expenses	\$ 801,200	\$ 259,117	\$ 2,778,681	\$ 117,367	\$ 40,820	\$ (78,000)	\$ 3,919,185

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**COMBINING STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Affiliate		Geriatric Services, Inc.				Total Program and Support Services
	Program Services	Support Services	Program Services	Support Services		Eliminations	
		Management and General		Management and General	Fundraising		
Salaries and wages	\$ 529,260	\$ 163,489	\$ 1,312,264	\$ 32,032	\$ 15,143	\$ -	\$ 2,052,188
Managing agent fee	-	-	94,860	5,100	2,040	-	102,000
Payroll taxes	48,906	15,107	131,771	3,287	1,918	-	200,989
Employee benefits	24,182	7,470	196,412	4,900	2,858	-	235,822
Total Salaries and Related Expenses	602,348	186,066	1,735,307	45,319	21,959	-	2,590,999
Dietary expense	-	-	131,436	660	-	-	132,096
Laundry and linen	-	-	42,303	-	-	-	42,303
Insurance	11,177	1,973	75,635	1,887	1,101	-	91,773
Supplies	12,380	2,185	24,421	7,183	4,310	-	50,479
Repairs and maintenance	-	-	67,389	1,681	981	-	70,051
Waste disposal	-	-	9,780	244	142	-	10,166
Utilities	-	-	54,236	1,353	789	-	56,378
Telephone	7,411	1,308	5,031	125	73	-	13,948
Professional fees	6,553	1,156	29,507	736	429	-	38,381
Office expense	452	80	17,240	430	251	-	18,453
Depreciation expense	-	-	115,045	2,870	1,674	-	119,589
Interest expense	-	-	28,330	4,999	-	-	33,329
Subrecipient grant expense	-	-	82,500	-	-	(82,500)	-
Service fees	6,081	2,027	18,806	3,319	-	-	30,233
Bright Side Manor expansion	-	-	262,897	-	-	-	262,897
Rent expense	5,506	1,836	-	-	-	-	7,342
Grant expenses - TLC	-	-	65,371	-	-	-	65,371
Other expense	2,345	-	22,664	3,999	-	-	29,008
Total Functional Expenses	\$ 654,253	\$ 196,631	\$ 2,787,898	\$ 74,805	\$ 31,709	\$ (82,500)	\$ 3,662,796

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2021**

<b>Federal Grantor Pass-through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Budget Period</b>	<b>Contract Amount</b>	<b>Beginning of the Year Loan Balance</b>	<b>Disbursements/ Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>					
<u>Direct:</u>					
Section 202 Capital Advance	14.157	N/A	\$ 9,782,100	\$ 9,782,100	\$ -
<u>Passed through:</u>					
Bergen County:					
Bergen County Teaneck Senior Housing Site Improvements (CDBG)	14.218	07/01/11-06/30/12	75,000	75,000	-
<u>Passed through:</u>					
Bergen County:					
HOME Investment Partnerships Program	14.239	07/01/11-06/30/16	750,000	750,000	-
<b>U.S. Department of Health and Human Services</b>					
<u>Direct:</u>					
Provider Relief Fund	93.498	07/01/20-03/31/21	228,874	-	228,874
<u>Passed through:</u>					
Bergen County:					
Special Programs for the Aging Title III Part B Area Plan Contract	93.044	01/01/21-12/31/21	95,976	-	95,976
<b>United States Small Business Administration</b>					
<u>Direct:</u>					
Economic Injury Disaster Loan	59.008	06/01/21-06/01/50	150,000	150,000	-
<b>Total Federal Awards</b>			<b>\$ 11,081,950</b>	<b>\$ 10,757,100</b>	<b>\$ 324,850</b>

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**YEAR ENDED DECEMBER 31, 2021**

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<b>Grantor / Program Title</b>	<b>Contract Number</b>	<b>Budget Period</b>	<b>Contract Amount</b>	<b>Current-Year Expenditures</b>
<b>State of New Jersey</b>				
Department of Community Affairs	2021-05217-0176-00	01/01/2021-09/09/2021	\$ 700,000	\$ <u>343,684</u>



**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL**  
**AND STATE AWARDS**  
**YEAR ENDED DECEMBER 31, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Organization and is presented on the accrual basis of accounting. The information in the schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2 - SUBRECIPIENTS:**

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During the year ended December 31, 2021, the Organization did not provide any funds relating to their federal and state programs to subrecipients.

**NOTE 3 - INDIRECT COSTS:**

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The Organization did not elect to use the de minimis cost rate when allocating indirect costs to federal and state programs.

**NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:**

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As of December 31, 2021, \$10,757,100 was outstanding on the federal loan programs.

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

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To the Board of Trustees  
Geriatric Services, Inc. and Affiliate  
Teaneck, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of Geriatric Services, Inc. and Affiliate ("Organization"), a nonprofit corporation, 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, and have issued our report thereon, dated May 3, 2022.

### **Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of this Report

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

*Sobel & Co, LLC*

Certified Public Accountants

Livingston, New Jersey  
May 3, 2022

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJ OMB CIRCULAR LETTER 15-08**

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To the Board of Trustees  
Geriatric Services, Inc. and Affiliate  
Teaneck, New Jersey

### **Report on Compliance for Each Major Program**

#### **Opinion on Each Major Program**

We have audited Geriatric Services, Inc. and Affiliate's ("Organization") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* and the New Jersey Office of Management and Budget ("NJOMB") *Compliance Supplement* that could have a direct and material effect on each of the Organization's major programs for the year ended December 31, 2021. The Organization's major programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended December 31, 2021.

#### ***Basis for Opinion on Each Major Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and NJOMB Circular Letter 15-08. Our responsibilities under those standards and the Uniform Guidance and NJOMB Circular Letter 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal and state programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and NJOMB Circular Letter 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and NJOMB Circular Letter 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular Letter 15-08. Accordingly, this report is not suitable for any other purpose.

*Sobel & Co, LLC*

Certified Public Accountants

Livingston, New Jersey  
May 3, 2022

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2021**

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**I. Summary of Auditors' Results**

**Financial Statements**

The auditors' report issued on the combined financial statements of Geriatric Services, Inc. and Affiliate was an unmodified opinion.

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  No

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over the major programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  No

Type of auditors' report issued on compliance for the major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  Yes  No

Identification of major programs:

14.157 U.S. Department of Housing and Urban Development – Capital Advance

**GERIATRIC SERVICES, INC. AND AFFILIATE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2021**

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**I. Summary of Auditors' Results (Continued)**

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee?        X   Yes                             No

**II. Financial Statement Finding**

None

**III. Compliance Findings**

None

**IV. Prior Audit Findings**

None