FY22
BUDGET REQUEST

UNITED COMMUNITY
&
FAMILY SERVICES

UCFS Healthcare
Well-Being Redefined.

34 East Town Street
Norwich, Connecticut 06360-3509

telephone (860) 889-2375
fax (860) 889-3450
UCFShealthcare.org

November 17, 2020

Board of Selectmen
Town of Waterford
15 Rope Ferry Road
Waterford, CT 06385

Dear Board of Selectmen:

On behalf of Waterford residents in need, United Community and Family Services, Inc. (UCFS) is requesting that the Town of Waterford include $8,000 in its FY 2021-2022 budget to help subsidize the services we will provide to Waterford residents.

During the fiscal year ending June 30, 2020, UCFS provided dental, medical, behavioral health and adult day services to **288 unduplicated Waterford residents at a total cost of $368,061**. UCFS provided:

- 173 dental visits to 69 Waterford residents at a cost of $35,285
- 282 primary care medical visits to 101 Waterford residents at a cost of $52,024
- 15 Women's Health visits to 12 Waterford residents at a cost of $2,765
- 1,867 behavioral health visits to 106 Waterford residents at a cost of $277,988
- Ross Adult Day Center provided 241 days of service to 2 Waterford residents at a cost of $23,618.

It should be noted that from March June 2020, UCFS was operating on a very limited in-person schedule due to the COVID-19 pandemic which is reflective, especially in services at Ross Adult Day Center which was entirely closed during this period, in the reduced service visits and patients. UCFS has implemented a tele-health program once CT Medicaid (HUSKY) approved reimbursement for tele-health services that required a few weeks to get up and rolling in the Spring. Most visits continue to be conducted via tele-health if there is no need to be seen in person.

Throughout the pandemic, UCFS has been open and serving the community by offering daily COVID-19 testing in various locations throughout the region, free mask giveaways, and an expanded food pantry that is now open to the public and providing weekly pop up drive thru food distribution events around the community as well as offering pick up of food bags five days a week at our health centers to anyone who requests one.

For the fiscal year ending June 30, 2021, we anticipate that the total cost for the various services provided by UCFS to Waterford residents will be approximately $379,103. Based on conservative

growth projections, we anticipate the cost to provide services to Waterford residents to be approximately $390,476 for the fiscal year ending June 30, 2022.

On average, the amount of uncompensated care provided to our clients is 10% of our total costs to provide these services. Annually we request the cities and towns we serve to assist us in paying for uncompensated care provided to their residents. For the fiscal year ending June 30, 2022, Waterford residents' amount is projected to be $39,048. Based on prior conversations with members of your Board, **we are limiting our request to $8,000**. This amount will be used to support our programs in the following ways:

- $1,500 for Dental Services
- $1,000 for Primary Care Medical Services
- $2,000 for Women's Health Services
- $500 for Behavioral Health Services
- $3,000 for Adult Day Center Services

Many of the people that UCFS serves have nowhere else to turn for the essential health care they need and deserve. UCFS provides services regardless of ability to pay, accepts all insurance types, including Medicaid and Medicare, and provides an income-based sliding fee scale for low-income uninsured and underinsured clients. UCFS was **awarded $334,058 from the United Way** for FY 2021, which represents **under 1%** of the total agency budget.

UCFS employees **389 staff** for a total budgeted amount of **$28,899,781**, inclusive of benefits.

To support our request, you will find the following:

- List of municipalities who support UCFS and the amount of funding they provide
- FY21 and draft FY22 Budget
- FY19 Audit Report (the FY20 Audit will not be finalized until the end of December)
- FY20 Annual Report

Please note that our proposed FY22 budget is only a rough estimate at this stage since the budget will not be completed until June 2021.

continued support is critical to ensuring that care is available to Waterford residents who would otherwise be unable to afford its full cost. With Waterford as an ongoing partner, UCFS will continue to make a positive impact on the lives of your residents in need.

If you require any additional information, please feel free to contact me at (860) 822-4143. Thank you for your past support and your consideration of this request.

Sincerely,

Jennifer Granger

Jennifer Granger
President & CEO

United Way

TOWN OF WATERFORD
15 Rope Ferry Road
Waterford, CT 06385
860-442-0553

SOCIAL SERVICES GRANT FUNDING REQUEST

ORGANIZATION NAME: United Community and Family Services, Inc

REQUEST DATE (FISCAL YEAR): FY22

REQUESTED AMOUNT: $8,000

BENEFIT STATEMENT (Describe how these funds will be used)

These funds will be used to offset the cost of uncompensated care to Waterford residents for dental, primary care, behavioral health, and adult day services. Please see attached letter for detailed breakdown of funding allocations across these departments.

Per Town of Waterford Budget Guidelines: please attach a certified audit report of all funds appropriated during the last completed fiscal year to your funding request.

DECLARATION

I, the requester, understand that I am requesting public funds from the Town of Waterford. I declare that this request does not pose any potential conflict with the Town of Waterford and I will provide any documentation requested by the Town of Waterford to authorize funding this request or review the appropriateness of the request.

Jennifer Granger

Signature

11/17/2020

Date

<u>Services Provided to Waterford Residents During FY 2022</u>
<u>Detail of FY22 Funding Request</u>

<u>Dental Program</u>:

183 patient visits
Subsidy Requested: $1,500

This funding will be used to provide 7 dental visits during FY 2022 to Waterford clients who do not have the ability to pay for these services.

<u>Medical Program</u>:

299 patient visits
Subsidy Requested: $1,000

This funding will be used to provide 5 medical visits during FY 2022 to Waterford clients who do not have the ability to pay for these services.

<u>Women's Health Program</u>:

16 patient visits
Subsidy Requested: $2,000

This funding will be used to provide 2 women's health visits during FY 2022 to Waterford clients who do not have the ability to pay for these services.

<u>Behavioral Health Services</u>:

1,979 sessions of direct professional care
Subsidy Requested: $500

This funding will be used to provide 3 behavioral health visits during FY 2022 to Waterford clients who do not have the ability to pay for these services.

<u>Ross Adult Day Center</u>:

241 days of service
Subsidy Requested: $3,000

This funding will be used to provide 31 visits during FY 2022 to Waterford clients who do not have the ability to pay for these services.

UCFS Cities and Towns Funding Fiscal Year 2021		
Town	**FY 2021 Request**	**Award**
Bozrah (incl. Gilman)	$24,205	
Canterbury	$32,060	-
Colchester	$99,880	-
E. Lyme (incl. Niantic)	$20,488	$6,301
Franklin (incl. N. Franklin)	$10,818	$3,300
Griswold (incl. Jewett City)	$265,037	$3,000
Lebanon	$20,063	-
Ledyard (incl. Gales Ferry)	$45,221	-
Lisbon	$26,277	$18,000
Lyme (incl. Hadlyme, Old Lyme, S. Lyme)	$3,349	$3,349
Montville (incl. Uncasville, Oakdale)	$117,149	$1,000
New London	$115,625	-
North Stonington	$7,794	$1,000
Norwich (incl. Taftville, Yiantic, Occum)	$150,000	$48,500
Plainfield (incl. Ctr. Village, Moosup, Wauregan)	$173,310	-
Preston	$32,537	$27,621
Salem	$16,630	-
Sprague (incl. Baltic, Hanover, Versailles)	$44,25	-
Voluntown	$24,864	-
Waterford (incl. Quaker Hill)	$8,000.00	$7,200
TOTAL	**$1,313,748**	**$119,271**

United Community and Family Services, Inc.

	FY 21 Budget	FY 22 Projected Budget
Revenue		
OutPatient Revenue	17,399,779	21,749,724
Government Grant Revenue	7,738,372	7,738,372
HRSA 330 Grant Revenue	1,847,738	1,690,768
Non-Gov't Grant Revenue	200,360	300,360
Eldercare Fees	1,632,043	1,632,043
340B Phamacy	788,000	394,000
Contract Revenue	563,502	563,502
United Way	334,058	267,246
Foundation Revenue	150,000	150,000
Contributions	116,671	58,336
Cities & Towns Revenue	115,793	115,793
Special Events	51,500	51,500
Rental Income	242,451	242,451
COVID Income	1,238,094	0
Miscellaneous Income	6,750	6,750
Total Revenue	32,425,111	34,960,845
Expenses		
Personnel Expense		
Personnel Expense	22,856,161	23,289,837
Fringe Benefits	6,043,619	6,158,291
Total Salary Related Expenses	28,899,781	29,448,128
Other Expenses		
Contracted Labor/Services/Equipment	2,258,760	2,301,618
340B Contract Expenses	0	0
Equipment & Supplies	837,661	853,555
Occupancy	558,700	569,301
Interest & Debt Service	165,000	168,131
Insurance	418,567	426,509
Telephone/Communications Exps	216,792	220,905
Transportation - Client/Staff	289,435	294,927
Staff Training & Meetings	213,360	217,408
Marketing & Fundraising	178,150	181,530
Advertising-Employment	39,800	40,555
Staff & Volunteer Recognition	25,200	25,678
Client Support	32,800	33,422
Miscellaneous Expenses	123,182	125,519
Total Other Expense	5,357,407	5,459,059
Total Labor and Other Expenses	34,257,188	34,907,187
Operations Surplus/Deficit	-1,832,077	53,658

Fast Forward

2020 Annual Report

While Looking Back

To the community we serve...

Put your mask up to keep the numbers down.

Now that we've gotten the most important message of the year out of the way... I'm pleased to share other timely updates from this region's longest-operating health system, UCFS Healthcare.

While the presence and demands of a pandemic are undeniable, the headlines highlighted in this report represent just a few months of a very full year of comprehensive efforts to improve the health and well-being of our community. The sudden and universal impact of the onset of COVID-19 resulted in equally sudden and universal changes in all aspects of our operations.

How did we achieve immediate implementation of remote teams, telehealth services and countless other new protocols? *Simply said, we adopted and adapted in fast-forward.*

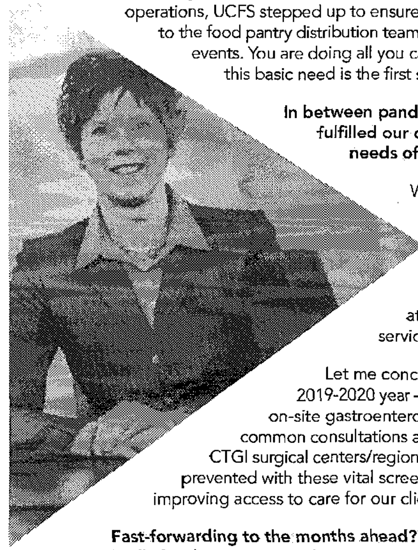
In just three days, we trained over 170 clinicians and launched fully-functional telehealth technology that allowed clients in behavioral and medical modalities to arrange for a timely, supportive and quality care experience. By reducing barriers to care (transportation, language, etc.) we improved access significantly by providing video and telephone telehealth visits and increased adoption of our patient portal for easy communication.

Governor Lamont declared a public health emergency that left little doubt about the seriousness of the COVID-19 pandemic. Businesses and schools closed their doors, but essential workers like UCFS remained open. We immediately adopted new screening and infection-control protocols so that staff could come to work every day to make sure that anyone who needed to be seen face-to-face by a medical, dental or behavioral health provider could do so safely. At the time of this publication, we provided over 2,000 COVID-19 tests both at UCFS and in the community. I am in awe and forever grateful for our UCFS Healthcare heroes.

I should point out that this nearly instantaneous shift in how we provide care was directly on the heels of our "Epic" electronic health record implementation. With over 120 new computers, double that number of monitors and a fully re-engineered voice/data network, by the first week of March we were not only prepared for greater client demand we were prepared for something unexpected — a pandemic. I thank the entire information technology team — we could not have made it through this year without you.

Speaking of being without, in the months leading up to the pandemic and most certainly during recent days, we became aware that an increasing number of residents were going without basic food. While simultaneously providing free and accessible COVID-19 testing to individuals from 55 towns in eastern Connecticut, we also handed out more than 41,000 pounds of food.

Leadership Message



Addressing the unusual demands caused by social distancing and reduced mobile food pantry operations, UCFS stepped up to ensure that those in need knew where to turn. Thank you to the food pantry distribution team for safely and proactively participating in these public events. You are doing all you can to ensure that no one goes hungry, for addressing this basic need is the first step in keeping our friends and neighbors healthy.

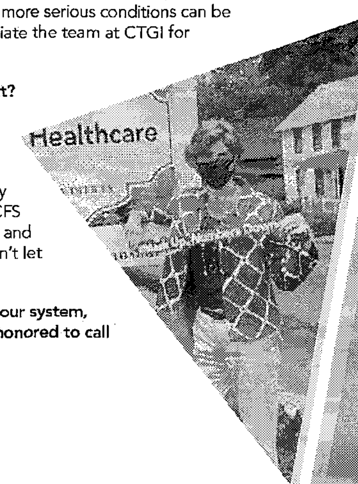
In between pandemics, pantries and computer programming we fulfilled our core mission in meeting the evolving healthcare needs of our changing community.

We brought much-needed primary care services to our existing New London Health Center and to our popular eldercare programs. In addition, we performed thoughtful research into the needs of the LGBTQ+ community, established a cross-disciplinary task force to address the health disparities among a population often at greater risk, and enacted a plan to train staff and expand services that will meet anticipated needs.

Let me conclude by highlighting one of the first actions we took in the 2019-2020 year — a service partnership with Connecticut GI. UCFS now offers on-site gastroenterological services including colonoscopy screenings and other common consultations at our Norwich and Griswold Health Centers, as well as at CTGI surgical centers/regional hospitals. So many more serious conditions can be prevented with these vital screenings and we appreciate the team at CTGI for improving access to care for our clients.

Fast-forwarding to the months ahead? What can we expect? Well, *for the most part, the unexpected.*

In addition to unknowns such as when a COVID-19 vaccine will arrive, we do know that we all need to work more aggressively to ensure that consumers address preventive, chronic and primary care needs while minimizing the risk of exposure to this virus. UCFS will continue to be exemplary in our infection control protocols and our encouragement of the community to do the same. We can't let the fear of getting sick keep us from staying well.



On behalf of more than 380 health professionals who define our system, we are honored to be of service to our community and I am honored to call them colleagues and friends.

President/CEO

Financials

Unaudited – fiscal year ended June 30, 2020.

Operational Revenue

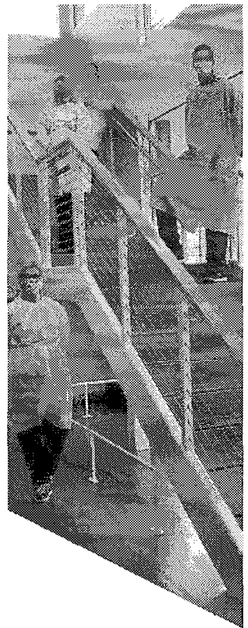
Fees	$19,831,724
Grants	$11,693,591
Contracts	$1,580,087
United Way	$332,616
Special Events & Contributions	$271,000
Other	$248,787
TOTAL OPERATIONAL REVENUE	**$33,957,805**

Includes COVID-19 Income in 2020.

Operational Expenses

Behavioral Health Services	$17,835,586
Medical Services	$6,981,703
Dental Health	$2,851,555
Eldercare Services	$1,708,478
Community Outreach Services	$414,152
School-Based Services	$583,398
Administration	$5,328,941
TOTAL OPERATIONAL EXPENSE	**$35,703,813**

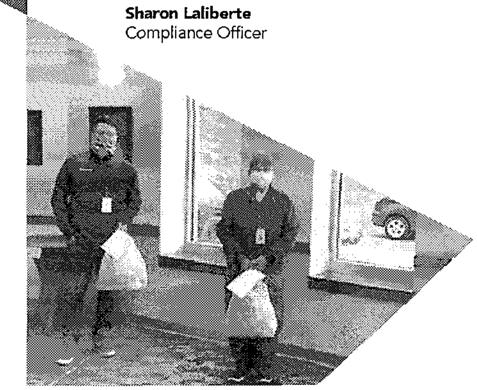
We received Paycheck Protection Program (PPP) monies totaling $6.3 million that was used to offset FY 20 expenses. However, this revenue cannot be recognized until loan forgiveness is obtained which we expect to occur in FY 21.



Annual
Operating Deficit
($1,746,008)

Depreciation Expense
($1,294,439)

Agency Deficit
($3,040,447)



Senior Management

Senior Management

Jennifer Granger
President/CEO

Cara Westcott
Chief Operating Officer

William Rush
Chief Financial Officer

Dr. Ramindra Walia
Chief Medical Officer

Janis Davis
Vice President Eldercare Services

Jennifer Bevacqua
Vice President of People

James Gregware
Vice President Information Technology

Deberey Hinchey
Vice President Behavioral Health

Pamela Allen Kinder
Vice President Business Development

Sharon Laliberte
Compliance Officer

Board of Directors/Officers

Abby I. Dolliver
Chair

Lee-Ann Gomes
First Vice Chair

Jessica Quinn
Second Vice Chair

Deborah Kievits
Secretary

Leo Chupaska
Treasurer

Dr. Robert Strick
Immediate Past Chair

Board Members

Irene Bessette

Nicholas Caplanson

Caroline Fortin

Patrick McCormack

Paul Mathieu

Jacqueline Patenaude

Connie Hilbert

Charlene Jones

Jocelyn Williams

Statistics

Primary Care

36,609
client visits

11,767
unique clients seen

Women's Health

2,441
client visits

1,526
unique clients seen

Dental

15,536
client visits

6,314
unique clients seen

Behavioral Health

85,203
client visits

4,859
unique clients seen

Community-Based Behavioral Health
over **2,000** children and their families served

Access to Care

1,026 unduplicated clients served

902 screenings

1,123 applications for insurance and other assistance programs

Case Management

576 new referrals

Medical Home

241 families served

Eldercare Services

Ross Adult Day Center
69 clients
5,914 days

Sheltering Arms
34 residents
9,744 days

TOTAL ALL SITES
142,789
client visits
18,427
unique clients seen

Funding Sources

FEDERAL, STATE, LOCAL AND FOUNDATION GRANTS
4imprint
Advanced Behavioral Health, Inc.
Chamber of Commerce of Eastern CT
Chelsea Groton Bank Foundation
Child Health & Development Institute
City of New London – Community Development Block Grant
Community Foundation of Eastern CT – Alessi Family Foundation
Community Foundation of Eastern CT – Census Grant
Community Foundation of Eastern CT – Neighbors for Neighbors Fund
Community Health Center Association of CT (CHCACT)
CT Association of Realtors Foundation
CT Health and Education Facilities Authority
State of Connecticut:
– Department of Children and Families
– Department of Mental Health and Addiction Services
– Department of Public Health
– Department of Social Services
– Department of Transportation
– Office of Early Childhood
Costco Wholesale #200
Department of Revenue Services/ Norwich Public Utilities Neighborhood Assistance Act
Dime Bank Foundation
Dominion Foundation
Eastern CT Association of Realtors Foundation
William Casper Graustein Foundation
Dr. Edward Hargus
Harvard Pilgrim Foundation
Health and Human Services
Last Green Valley
New London Kiwanis Club
Norwich Rotary Foundation
R.S. Gernon Trust
Senior Resources Agency on Aging
Stop & Shop New England
U.S. Department of Agriculture – Food Nutrition Service – Child and Adult Care Food Program
U.S. Department of Health and Human Services – Health Resources and Service Administration (HRSA)
Willimantic Elks Club

UNITED WAY CONTRIBUTIONS
United Way of Southeastern CT
United Way Campaign
United Way of Greater Philadelphia
Valley of the Sun United Way

CITY AND TOWN CONTRIBUTIONS
– Lyme
– Norwich
– Lisbon
– Montville
– Franklin
– Preston
– Waterford
– East Lyme
– Groton

SUPPORTERS
Geri S. Allen
William Allen
Anderson Law Firm
Nancy Barnhart
Scott Bassett
Bay Coast Behavioural Health, LLC
James Bernardo Land Surveying, LLC – In memory of Virginia Bernardo
Big Y Giving Tag Program
Chuck & Eva Bunnell
Debbie Caron
Patrick Caron
Charter Oak Federal Credit Union
Leo & Christina Chupaska
Goldblatt Bokoff, LLC
Deb Burke-Grabarek
Dime Bank
Abby Dolliver
Mary Grace Donovan
Eastern CT Savings Bank
Claire Erardy
George Galinksky
Richard & Gail Gale
Grampies Charities Gives
Jennifer Granger
Frank & Connie Hilbert
Deberey & Lloyd Hinchey
Bev & Joseph Jaskiewicz
Jewett City Savings Bank
Frank Johnson Trust
Mark & Jill Johnson
Laurie Keenan
James & Nancy Kinder
Pamela & Chris Kinder
Lebanon 4H Dairy & Beef Club
Joseph Lobe
St. Luke Lutheran Church
Dawn & Phil McDermott
Martha & Jean Mador
Mohegan Sun
Mohegan Tribe
Joy Passmore
Meryl J. Plotkin
Putnam Bank Foundation
Your Cause – Pfizer Foundation
Chuck & Susan Seeman
Shear Timing Hair Salon
Heidi Simmons
Stop & Shop Giving Tag Program
Stop & Shop – Norwich
Dr. Robert Strick
Donald Trella
TRUIST Donations
UCFS Healthcare Board of Directors
WR Allen & Co., Inc.
Drs. Ramindra & Rachna Walia
Irene Weiss
Earl & Maria Winthrop

Caring in Action

Caring in Action • Giving Redefined

For decades, our community has asked how they can have the greatest impact on the health and well-being of their friends and neighbors.

You wanted fewer galas and more opportunities to be involved in making a meaningful impact in the community. **You wanted to know that your donations are being directed to the most effective programs.**

UCFS Healthcare has created an opportunity for you to become part of the solution and have a voice in where your dollars are invested — *Caring in Action.* **Giving Redefined.**

THE IDEA IS SIMPLE:

COMMIT
Make a commitment to contribute a $200 donation twice a year.

ATTEND
Gather twice a year, where you will hear presentations directly from staff that impact the lives of our clients.

SELECT
Caring in Action members select where the collective donation will be directed.

IMPACT
The more attendees who participate, the larger the impact on improving the community.

Enrolling in *Caring in Action* is easy — simply send an email to **Pam Kinder** at **pkinder@ucfs.org** indicating that you wish to become a member.

You will be contacted with all the information you need.

Simple
Direct
Impactful

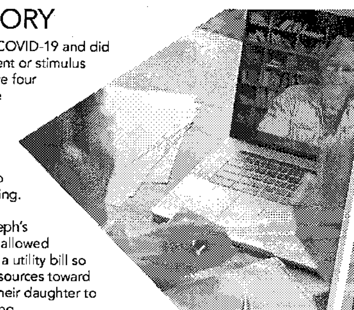
Thank you to our current members of Caring in Action who through their donations were able to support twelve patients who were experiencing financial difficulties with a variety of outstanding bills. We would like to share with you just a couple of their stories to illustrate how their generosity has helped our patients.

Anonymous
Carl & Bonnie Banks
Chelsea Groton Bank
Leo & Christina Chupaska
CorePlus Credit Union
Jan Davis
Bill & Abby Dolliver
Melissa Banks
Frank & Connie Hilbert
Lloyd & Deberey Hinchey
Jennifer Granger
Michael & Charlene Jones
Chris & Pam Kinder
Marta Lachcik
Tom & Sharon Laliberte
Kathryn Lord
OB-GYN Services
Theodore Phillips, II
Robinson + Cole
Andrea Sullivan
Jeff & Cara Westcott
WR Allen Companies

MARIA'S STORY

Maria has been a UCFS patient since 2015. She is undocumented and uninsured although she does have two daughters who are U.S. citizens and are enrolled in HUSKY A. She works cleaning people's houses to care for herself and her family. She receives services at UCFS and, through our sliding fee scale, has always been able to make her payments, until she lost her job due to COVID-19. She is now unemployed and does not qualify for any COVID-19 stimulus money or unemployment. With your help, we have been able to forgive her balance which allows her to focus on addressing other basic expenses to keep a roof over her family's head and food on the table.

JOSEPH'S STORY



Joseph lost his job due to COVID-19 and did not qualify for unemployment or stimulus money. He and his wife have four children, three of whom are under the age of five. They did not have the financial resources to pay $10 per month for internet service for their daughter to participate in online schooling. The family accumulated significant debt due to Joseph's lost wages. Your assistance allowed UCFS to assist them to pay a utility bill so that they can direct their resources toward other expenses and allow their daughter to participate in remote learning.

For more information, please visit **UCFShealthcare.org**

Caring in Action

As a community, we have much to look forward to in the months ahead. A time when we can share smiles, shake hands, hug our loved ones, and make those connections that are at the very heart of our humanity.

As much as we wish we could fast-forward to that time, we need to remain in the present and face the challenges before us. While the pandemic continues, we must maintain our vigilance and work together to minimize the risk of exposure to COVID-19. Please remember the most important message of all...

Mask Up. Numbers Down.

LOCATIONS

Norwich

General Administration
34 East Town Street, Norwich, 860-889-2375

Rock Nook
Community Behavioral Health Programs
77 East Town Street, Norwich, 860-892-7042

The Edward & Mary Lord Family Health Center
47 Town Street, Norwich, 860-892-7042

School-Based Health Center at Kelly STEAM Magnet Middle School
25 Mahan Drive, Norwich, 860-934-1101

School-Based Health Center at Stanton Elementary School
386 New London Turnpike, Norwich, 860-934-1107

School-Based Health Center at Teacher's Memorial Global Studies Magnet Middle School
15 Teachers Drive, Norwich, 860-934-1150

School-Based Health Center at Norwich Technical High School
7 Mahan Drive, Norwich, 860-822-4909

School-Based Health Center at Norwich Free Academy (NFA)
305 Broadway, Norwich, 860-425-5557

Eldercare Services
Sheltering Arms Residential Care
165 McKinley Avenue, Norwich
860-887-5005, ucfseldercare.org

Ross Adult Day Center
165 McKinley Avenue, Norwich
860-889-1252, ucfseldercare.org

Montville

School-Based Health Center at Montville High School
800 Old Colchester Road, Oakdale, 860-822-4914

Griswold

Griswold Health Center
226 East Main Street, Griswold, 860-376-7040

Colchester

Colchester Behavioral Health Center
212 Upton Road, Suite C, Colchester, 860-537-7676

New London

New London Health Center
351 North Frontage Road, Suite 24, New London
860-442-4319

Plainfield

Plainfield Health Center
120-122 Plainfield Road, Moosup, 860-822-4938

Mobile Crisis Intervention Services
31 Dow Road, Plainfield

Willimantic

Child First & Intensive Family Preservation
322 Main Street, Suite #B2E-2E, Willimantic
860-822-4907

Centerbrook

Caregiver Support Team (CST) & Community Network Program (CNP)
64 Main Street, Unit A, Centerbrook
860-822-4908

UCFS Healthcare
Well-Being Redefined

PROGRAMS & SERVICES

Primary and Specialty Medical Services
- Adult and Pediatric Primary Care
- Women's Health
- Geriatrics

Dental
- General and Pediatric Dentistry
- Special Smiles Dental Operatory
- Smiles on the Move In-School Dental Program

Eldercare Services
- Sheltering Arms Residential Care
- Ross Adult Day Center

Community Outreach Services
- Access to Care Program
- The Eastern CT Medical Home Initiative
- Case Management

Outpatient Behavioral Health Services
- Counseling and Psychotherapy
- The Bettor Choice
- Autism
- Medication Assisted Treatment

Community-Based Behavioral Health Services
- Mobile Crisis Intervention Services
- Intensive Family Preservation
- Multidimensional Family Therapy
- Early Childhood Consultation Partnership
- Child First
- Caregiver Support Team
- Family Based Recovery
- Care Coordination

Be Social

UCFShealthcare.org

United Community & Family Services, Inc.

Financial Statements and Independent Auditor's Report

June 30, 2020 and 2019

United Community & Family Services, Inc.

Index

Independent Auditor's Report

To the Board of Directors
United Community & Family Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of United Community & Family Services, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 audits. 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. 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 United Community & Family Services, Inc. as of June 30, 2020 and 2019, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated (Report Date), on our consideration of United Community & Family Services, Inc.'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 United Community & Family Services, Inc.'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 United Community & Family Services, Inc.'s internal control over financial reporting and compliance.

Hartford, Connecticut
(Report Date)

United Community & Family Services, Inc.

Statements of Financial Position
June 30, 2020 and 2019

Assets

	2020	2019
Current assets		
Cash and cash equivalents	$ 5,657,283	$ 2,005,636
Patient services receivable, net	1,363,554	1,136,879
United Way contribution receivable	334,058	331,485
Investments - Board designated for capital	672,634	621,114
Grants receivable	697,898	698,740
Prepaid expenses	501,246	298,370
Total current assets	9,226,673	5,092,224
Property and equipment, at cost		
Buildings and improvements	21,568,458	21,548,458
Furniture and fixtures	7,042,313	6,578,398
Motor vehicles	489,519	431,578
Land improvements	70,976	70,976
Total	29,171,266	28,629,410
Less accumulated depreciation	(14,735,132)	(13,381,295)
Total	14,436,134	15,248,115
Land	1,112,499	1,112,499
Construction in progress	913,347	207,329
Total property and equipment, net	16,461,980	16,567,943
Other assets		
Beneficial interest in perpetual trust	2,907,498	2,923,420
Investments - in perpetuity	1,213,263	1,213,263
Investments - restricted for time/purpose	794,397	762,204
Investments - functioning as an endowment	5,654,643	5,754,002
Total other assets	10,569,801	10,652,889
Total assets	$ 36,258,454	$ 32,313,056

United Community & Family Services, Inc.

Statements of Financial Position
June 30, 2020 and 2019

<u>Liabilities and Net Assets</u>

	2020	2019
Current liabilities		
Accounts payable and other	$ 1,197,053	$ 1,079,573
Accrued expenses	2,268,385	2,524,236
Refundable advances - grants	1,173,498	249,622
Current portion of notes payable	317,630	276,590
Refundable advance - PPP	6,339,100	-
Current portion of capital lease obligations	41,012	45,767
Total current liabilities	11,336,678	4,175,788
Long-term liabilities		
Notes payable, net of current portion	3,861,576	4,293,719
Capital lease obligations, net of current portion	63,928	104,939
Total long-term liabilities	3,925,504	4,398,658
Total liabilities	15,262,182	8,574,446
Commitments and contingencies		
Net assets		
Net assets without donor restrictions	15,506,346	18,139,410
Net assets with donor restrictions		
Time/purpose	1,190,430	1,283,782
In perpetuity	4,299,496	4,315,418
Total net assets without donor restrictions	5,489,926	5,599,200
Total net assets	20,996,272	23,738,610
Total liabilities and net assets	$ 36,258,454	$ 32,313,056

See Notes to Financial Statements.

United Community & Family Services, Inc.

Statements of Activities
Years Ended June 30, 2020 and 2019

	2020	2019
Changes in net assets without donor restrictions		
Operating revenue and support		
Patient service revenue, net of contractual allowances and discounts	$ 20,764,898	$ 22,990,263
Provision for uncollectible accounts	(691,592)	(687,672)
Net patient service revenue	20,073,306	22,302,591
Grants from government and other agencies	11,643,909	9,837,523
Pharmacy revenue	1,441,327	794,040
Investment income	232,715	226,433
Rental income	226,416	172,363
Other revenue	403,223	590,116
Realized loss on investments	(55,977)	(11,863)
Special events	6,792	43,499
Contributions	323,010	512,556
	34,294,721	34,467,258
Net assets released from restrictions	460,734	392,748
Total operating revenue and support	34,755,455	34,860,006
Expenses		
Program services	(31,517,757)	(29,799,235)
Support services	(5,950,485)	(4,909,305)
Total expenses	(37,468,242)	(34,708,540)
Change in net assets without donor restrictions before other income	(2,712,787)	151,466
Other income		
Loss on disposal of property and equipment	-	(75,189)
Unrealized gain on investments	79,723	369,854
Total other income	79,723	294,665
Change in net assets without donor restrictions	(2,633,064)	446,131
Changes in net assets with donor restrictions - time/purpose		
United Way funding	335,189	333,167
Investment income	33,737	33,714
Realized loss on investments	(9,724)	(2,057)
Unrealized gain on investments	8,180	67,360
Net assets released from restrictions	(460,734)	(392,748)
Change in net assets with donor restrictions - time/purpose	(93,352)	39,436
Changes in net assets with donor restrictions - in perpetuity		
Change in value of beneficial interest in perpetual trust	(15,922)	(7,239)
Change in net assets with donor restrictions - in perpetuity	(15,922)	(7,239)
Change in net assets	(2,742,338)	478,328
Net assets, beginning	23,738,610	23,260,282
Net assets, end	$ 20,996,272	$ 23,738,610

See Notes to Financial Statements.

United Community & Family Services, Inc.

Statements of Functional Expenses
Year Ended June 30, 2020 (With Comparative Totals for 2019)

	Program services				Support services			2020	2019
	Behavorial health	Medical services	ElderCare services	Total program services	Management and general	Fund raising	Total support services	Total	Total
Salaries and wages	$ 12,665,013	$ 6,531,833	$ 952,956	$ 20,149,802	$ 2,546,426	$ -	$ 2,546,426	$ 22,696,228	$ 21,986,594
Fringe benefits	3,635,191	1,782,383	287,960	5,705,534	599,658	-	599,658	6,305,192	5,514,787
Total personnel expenses	16,300,204	8,314,216	1,240,916	25,855,336	3,146,084	-	3,146,084	29,001,420	27,501,381
Contracted services	612,234	632,350	97,927	1,342,511	1,256,054	-	1,256,054	2,598,565	1,938,787
Office and medical supplies	143,983	932,249	137,562	1,213,794	935,268	-	935,268	2,149,062	1,232,798
Rent and occupancy	-	-	-	-	250,267	-	250,267	250,267	264,896
Insurance	5,639	250	12,798	18,687	328,883	-	328,883	347,570	376,349
Utilities	-	-	78,146	78,146	207,974	-	207,974	286,120	294,745
Transportation	200,695	8,841	44,230	253,766	23,470	32	23,502	277,268	260,392
Repairs and maintenance	309	644	7,587	8,540	67,706	-	67,706	76,246	369,491
Telephone	66,617	7,774	12,482	86,873	238,773	293	239,066	325,939	273,432
Rental and maintenance of equipment	2,263	9,195	-	11,458	114,332	-	114,332	125,790	74,884
Conferences and training	63,889	20,375	(667)	83,597	42,027	3	42,030	125,627	177,579
Advertising	85,043	10,553	3,308	98,904	86,203	-	86,203	185,107	247,936
Interest expense	-	-	20,843	20,843	145,252	-	145,252	166,095	177,170
Membership dues	19,875	14,992	1,639	36,506	3,306	-	3,306	39,812	53,946
Awards and grants	4,445	40	-	4,485	12,286	-	12,286	16,771	49,396
Special assistance to individuals	52,731	781	-	53,512	-	-	-	53,512	70,463
Printing and publications	3,280	1,922	239	5,441	3,154	-	3,154	8,595	11,110
Program expenses	267	-	-	267	2,985	-	2,985	3,252	1,813
License fees	821	4,678	940	6,439	962	-	962	7,401	31,277
Allocated occupancy	687,663	393,067	-	1,080,730	(1,085,228)	4,498	(1,080,730)	-	-
Miscellaneous	21	(2,670)	1,220	(1,429)	65,421	5,934	71,355	69,926	62,314
Total other expenses	1,949,775	2,035,041	418,254	4,403,070	2,699,095	10,760	2,709,855	7,112,925	5,968,778
Total expenses before depreciation	18,249,979	10,349,257	1,659,170	30,258,406	5,845,179	10,760	5,855,939	36,114,345	33,470,159
Depreciation	502,616	568,071	188,664	1,259,351	94,546	-	94,546	1,353,897	1,238,381
Total expenses	$ 18,752,595	$ 10,917,328	$ 1,847,834	$ 31,517,757	$ 5,939,725	$ 10,760	$ 5,950,485	$ 37,468,242	$ 34,708,540

See Notes to Financial Statements.

United Community & Family Services, Inc.

Statement of Functional Expenses
Year Ended June 30, 2019

	Program services				Support services			2019
	Behavorial health	Medical services	ElderCare services	Total program services	Management and general	Fund raising	Total support services	Total
Salaries and wages	$ 12,402,501	$ 6,165,736	$ 988,243	$ 19,556,480	$ 2,421,154	$ 8,960	$ 2,430,114	$ 21,986,594
Fringe benefits	3,045,961	1,493,173	250,599	4,789,733	720,731	4,323	725,054	5,514,787
Total personnel expenses	15,448,462	7,658,909	1,238,842	24,346,213	3,141,885	13,283	3,155,168	27,501,381
Contracted services	706,690	297,644	28,292	1,032,626	906,161	-	906,161	1,938,787
Office and medical supplies	238,273	723,237	134,827	1,096,337	136,437	24	136,461	1,232,798
Rent and occupancy	-	-	-	-	264,896	-	264,896	264,896
Insurance	1,604	1,671	28,564	31,839	344,510	-	344,510	376,349
Utilities	-	-	78,472	78,472	216,273	-	216,273	294,745
Transportation	195,397	7,921	42,525	245,843	14,498	51	14,549	260,392
Repairs and maintenance	1,619	13,646	94,714	109,979	259,512	-	259,512	369,491
Telephone	61,874	11,212	14,290	87,376	185,996	60	186,056	273,432
Rental and maintenance of equipment	2,180	3,864	4,041	10,085	64,799	-	64,799	74,884
Conferences and training	89,432	34,429	2,653	126,514	51,052	13	51,065	177,579
Advertising	112,925	13,967	7,439	134,331	113,605	-	113,605	247,936
Interest expense	-	-	22,783	22,783	154,387	-	154,387	177,170
Membership dues	24,958	15,917	2,624	43,499	10,422	25	10,447	53,946
Awards and grants	-	-	-	-	49,396	-	49,396	49,396
Special assistance to individuals	63,866	6,577	-	70,443	20	-	20	70,463
Printing and publications	5,092	2,338	189	7,619	3,491	-	3,491	11,110
Program expenses	1,033	-	-	1,033	780	-	780	1,813
License fees	27,357	1,922	665	29,944	1,333	-	1,333	31,277
Allocated occupancy	760,415	399,175	-	1,159,590	(1,163,834)	4,244	(1,159,590)	-
Miscellaneous	70	(10,207)	1,513	(8,624)	47,718	23,220	70,938	62,314
Total other expenses	2,292,785	1,523,313	463,591	4,279,689	1,661,452	27,637	1,689,089	5,968,778
Total expenses before depreciation	17,741,247	9,182,222	1,702,433	28,625,902	4,803,337	40,920	4,844,257	33,470,159
Depreciation	501,716	476,487	195,130	1,173,333	65,048	-	65,048	1,238,381
Total expenses	$ 18,242,963	$ 9,658,709	$ 1,897,563	$ 29,799,235	$ 4,868,385	$ 40,920	$ 4,909,305	$ 34,708,540

See Notes to Financial Statements.

United Community & Family Services, Inc.

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	$ (2,742,338)	$ 478,328
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	1,353,897	1,238,381
Provision for uncollectible accounts	691,592	687,672
Realized loss on investments	65,701	13,920
Unrealized gain on investments	(87,903)	(437,214)
Amortization of deferred financing costs	1,155	1,155
Gain on disposal of property and equipment	-	75,189
Change in value of beneficial interest in perpetual trust	15,922	7,239
Changes in operating assets and liabilities		
Patient services receivable	(918,267)	(673,793)
United Way contribution receivable	(2,573)	(835)
Grants receivable	842	(39,464)
Prepaid expenses	(202,876)	229,826
Accounts payable and other	117,480	(858,752)
Accrued expenses	(255,851)	143,514
Refundable advances - grants	923,876	59,847
Net cash (used in) provided by operating activities	(1,039,343)	925,013
Cash flows from investing activities		
Proceeds from sales of investments	552,970	955,155
Purchases of investments	(515,122)	(1,057,823)
Purchases of property and equipment	(1,247,934)	(410,750)
Net cash used in investing activities	(1,210,086)	(513,418)

United Community & Family Services, Inc.

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from financing activities		
Borrowings on line of credit	$ 550,000	$ 230,799
Repayments on line of credit	(550,000)	(230,799)
Repayment on capital lease obligations	(45,766)	(47,092)
Refundable advance - PPP	6,339,100	-
Proceeds from notes payable	-	795,295
Payments on notes payable	(392,258)	(551,372)
Net cash provided by financing activities	5,901,076	196,831
Net increase in cash and cash equivalents	3,651,647	608,426
Cash and cash equivalents, beginning	2,005,636	1,397,210
Cash and cash equivalents, end	$ 5,657,283	$ 2,005,636
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 166,095	$ 177,170

See Notes to Financial Statements.

Note 1 - Organization and summary of significant accounting policies

Organization

The mission of United Community & Family Services, Inc. (the "Organization") is "to improve the health and well-being of the community". The Organization provides comprehensive healthcare services that strengthen those in need throughout greater southeastern Connecticut.

Accounting pronouncements

In June 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2020-05 ("ASU 2020-05"), *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842): *Effective Dates for Certain Entities*, which provide for elective deferrals of the effective dates of Topic 606 and Topic 842 for certain entities. The Organization has elected to apply the deferral provided by ASU 2020-05 and, therefore, expects to adopt Topic 606 for annual reporting periods beginning after December 15, 2019 on a modified retrospective basis and adopt Topic 842 for fiscal years beginning after December 15, 2021 on a modified retrospective basis. The Organization is currently evaluating the potential impact of adopting Topic 606 and 842 on its financial statements.

The Organization adopted FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization adopted the provisions of ASU 2018-08 on July 1, 2019 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. There is no effect on net assets in connection with the implementation of ASU 2018-08.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to the following net asset categories:

Net assets without donor restrictions - Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes by the Board of Directors.

Net assets with donor restrictions - Net assets subject to donor (or certain grantor) imposed restrictions are temporary in nature, such as that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Performance indicator

The statements of activities include the change in net assets without donor restrictions before other income as the performance indicator.

Concentrations of credit risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, patient service revenue and receivables, grants revenue and receivables and investments.

The Organization maintains cash and cash equivalents in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash. As of June 30, 2020, the Organization has approximately $5,550,000 of cash and cash equivalents in excess of the federally insured limits.

The Organization invests in various debt and equity securities. These investment securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is at least reasonably possible that these factors will result in changes in the value of the Organization's investments, which could materially affect amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

Cash equivalents
The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

In-kind contributions
In-kind contributions consist primarily of medical supplies and are recorded at the fair value of the supplies provided. The fair value of those goods as provided by the funding sources is $347,495 and $395,091 for the years ended June 30, 2020 and 2019, respectively, and is recorded as grants from government and other agencies on the statements of activities, along with a corresponding charge to office and medical supplies in the accompanying statements of functional expenses.

Income taxes
The Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). However, certain operations of the Organization may qualify as unrelated business taxable income and to the extent that these operations generate income, they will be subject to federal and state taxes.

The Organization has no unrecognized tax benefits at June 30, 2020 and 2019. The Organization's federal and state information and unrelated business income tax returns prior to fiscal year 2017 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Organization has unrelated business income taxes, they will recognize interest and penalties associated with uncertain tax positions as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statements of financial position.

Perpetual trust
The Organization is one of several income beneficiaries of a perpetual trust. The Organization regularly receives income distributions from the perpetual trust, the amounts of which are recorded as contributions in the statements of activities. The income from the perpetual trusts is for general operations of the Organization and for use of Sheltering Arms. The principal is controlled by a bank trustee independent of the Organization. The Organization has recorded its proportionate share of the trust principal as net assets with donor restrictions - in perpetuity. The Organization's estimate of fair value at each reporting date is based on fair value information received from the trustee. Trust assets consist of, but are not limited to, cash and cash equivalents, corporate and government bonds, mutual funds, and equity securities.

Investments
The Organization reports investments at their current fair values and reflects any gains or losses in the statements of activities. Gains and losses are considered without donor restriction unless restricted by donor stipulation or law. Nonmonetary investments received as gifts are immediately sold and recorded at the realized value.

Patient services receivables
The collection of receivables from third-party payors and patients is the Organization's primary source of cash for operations and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts (deductibles and copayments) remain outstanding. Patient receivables from third-party payors are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Receivables due directly from patients are carried at the original charge for the service provided less discounts provided under the Organization's charity care policy, less amounts covered by third-party payors and less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. The Organization does not charge interest on past due accounts. Patient receivables are written off against the allowance for doubtful accounts when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of provision for uncollectible accounts when received.

Property and equipment
The Organization capitalizes all expenditures for property and equipment in excess of $5,000. Purchased property and equipment are carried at cost, less accumulated depreciation. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated lives for financial reporting purposes are as follows:

Asset	Estimated lives
Buildings and improvements	5 - 20 years
Furniture and fixtures	2 - 15 years
Motor vehicles	4 - 10 years
Land improvements	3 - 30 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statements of activities.

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, the Organization compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that impairment has occurred, the loss would be recognized during the period. The impairment loss is calculated as the difference between the asset carrying values and the present value of estimated net cash flows or comparable market values, giving consideration to recent operating performance and pricing trends. The Organization does not believe that any material impairment currently exists related to its long-lived assets.

Capital assets (personal property) purchased with funds received from all state funding agencies are expensed in the year acquired and are charged to the program benefited. Title to the equipment remains with the funding agency and the capital assets revert to that agency at the termination of the program. The amount of equipment purchased and expensed as incurred was $8,500 and $22,921 for the years ended June 30, 2020 and 2019, respectively.

During the years ended June 30, 2020 and 2019, the Organization incurred costs associated with various capital projects. Upon completion, these projects will be placed into service and depreciated over their applicable estimated useful lives.

Revenue recognition
Contributions
Transactions where the resource providers often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Unconditional contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor 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 as net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contribution without donor restrictions.

Grants and contracts
Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations and private foundations are accounted for either as exchange transactions or as contributions. For purposes of determining whether a transfer of asset is a contribution or an exchange, the Organization deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider. Revenue from grants and contracts that are accounted for as exchange transactions is recognized when performance obligations have been satisfied. Grants and contracts awarded for the acquisition of long-lived assets are reported as nonoperating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances.

On the other hand, when the resource provider does not receive commensurate value, the transaction is accounted for as a contribution.

Patient service revenue

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include predetermined fee schedules and discounted charges. Service fees are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including retroactive adjustments under reimbursement agreements with third-party payors, which are subject to audit by administrating agencies. These adjustments are accrued on an estimated basis and are adjusted in future periods as final settlements are determined.

The Organization provides care to certain patients under Medicaid and Medicare payment arrangements. Laws and regulations governing the Medicaid and Medicare programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action.

Charity care

The Organization is open to all patients, regardless of their ability to pay. In the ordinary course of business, the Organization renders services to patients who are financially unable to pay for healthcare. The Organization provides care to these patients who meet certain criteria under its sliding fee discount policy without charge or at amounts less than the established rates. Charity care services are computed using a sliding fee scale based on patient income and family size. The Organization maintains records to identify and monitor the level of sliding discount it provides. For uninsured self-pay patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates of services provided or on the basis of discounted rates, if negotiated or provided by policy. On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. Based on the cost of patient services, charity care approximated $342,000 and $664,000 for the years ended June 30, 2020 and 2019, respectively.

Donated services

Donated services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no donated services during the years ended June 30, 2020 and 2019.

Cost settlement

The Organization is subject to cost settlement procedures prescribed by various state agencies. As of June 30, 2020 and 2019, management has recorded a cost settlement payable of $584,147 and $728,039, respectively, which is included within accounts payable and other in the accompanying statements of financial position.

Deferred financing costs

Deferred financing costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the debt to which such costs relate. Amortization of deferred financing costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Endowment and spending policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Board of Directors approves annual appropriations for distribution. When deciding the appropriation amount, the Board of Directors considers the long-term expected return on its endowment in order to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

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.

Functional expenses

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. The expenses that are allocated include rent and occupancy, rental and maintenance of equipment, insurance, allocated occupancy, and depreciation, which are allocated on a square footage basis. The Organization allocates salaries and wages, program expenses, license fees, conferences and training, and office and medical supplies based on actual expenses incurred. Weighted average methodology is used for fringe benefits, utilities, transportation, printing and publications, and miscellaneous.

Reclassification

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through (Report Date), which is the date the financial statements were available to be issued.

Note 2 - Patient service receivables, net

The Organization grants credit without collateral to its patients, most of whom are local residents. Patient services receivable, net, consist of the following as of June 30, 2020 and 2019:

	2020	2019
Medicaid	$ 609,483	$ 584,362
Medicare	471,103	518,631
Self-pay patients	352,928	211,321
Third-party payors	843,655	736,180
	2,277,169	2,050,494
Less allowance for doubtful accounts	(913,615)	(913,615)
	$ 1,363,554	$ 1,136,879

Patient services receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of patient services receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates provided by the Organization's policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

The Organization's allowance for doubtful accounts is 40% and 45% of patient services receivable at June 30, 2020 and 2019, respectively. The Organization has not changed its charity care or uninsured discount policies during 2020 and 2019. The Organization had $691,592 and $687,672 of write-offs during the years ended June 30, 2020 and 2019, respectively.

Note 3 - Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of June 30, 2020 and 2019, the Organization has the following financial assets available to meet annual operating needs for the 2021 and 2020 fiscal years.

	2020	2019
Cash and cash equivalents	$ 5,657,283	$ 2,005,636
Patient services receivable, net	1,363,554	1,136,879
United Way contribution receivable	334,058	331,485
Grants receivable	697,898	698,740
Financial assets available to meet general expenditures over the next twelve months	$ 8,052,793	$ 4,172,740

As part of the Organization's liquidity management, the Organization keeps its financial assets available as its general expenditures liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of $2,000,000 which it could draw upon.

Note 4 - Grants

Grants receivable are evidenced by contracts with a variety of federal and state governmental agencies as well as other agencies and, based on historical experience, management believes these receivables represent negligible credit risk. Accordingly, management has not established an allowance for doubtful accounts. The Organization receives a significant amount of grants from the United States Department of Health and Human Services ("DHHS"), State of Connecticut Department of Children and Families ("DCF") and the Department of Public Health ("DPH"). As with all government funding, these grants are subject to reduction or termination in future years. For the year ended June 30, 2020, grants from DHHS, DCF and DPH consist of 19%, 57% and 5%, respectively, of the total grants from governmental and other agencies. For the year ended June 30, 2019, grants from DHHS, DCF and DPH consist of 14%, 66% and 6%, respectively, of the total grants from governmental and other agencies.

Note 5 - Investments/fair value measurements

The Organization values its financial assets and liabilities based on the price 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets 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: 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 with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counterparty credit risk in its assessment of fair value. There were no changes in valuation techniques during fiscal years 2020 and 2019.

Financial assets carried at fair value at June 30, 2020 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Money market funds	$ -	$ 1,031,566	$ -	$ 1,031,566
Fixed income				
Corporate bonds	-	1,159,664	-	1,159,664
Municipal bonds	-	1,063,938	-	1,063,938
Foreign corporate bonds	-	65,420	-	65,420
Mutual funds and exchange-traded funds				
Income	48,690	-	-	48,690
Fixed income	14,747	-	-	14,747
Large growth	148,560	-	-	148,560
Large blend	31,177	-	-	31,177
Large-cap	2,860	-	-	2,860
Mid-cap blend	144,624	-	-	144,624
Mid-cap value	22,198	-	-	22,198
Small-cap	46,630	-	-	46,630
Foreign large blend	10,712	-	-	10,712
Health	27,338	-	-	27,338
Real estate	58,898	-	-	58,898
Diversified	25,106	-	-	25,106
Common stocks - foreign				
Technology	110,225	-	-	110,225
Common stocks - domestic				
American Depository Receipts	45,280	-	-	45,280
Basic Materials	149,944	-	-	149,944
Communication	19,490	-	-	19,490
Consumer Goods	690,807	-	-	690,807
Financial	643,656	-	-	643,656
Healthcare	844,627	-	-	844,627
Industrial Goods	423,219			423,219
Services	85,951	-	-	85,951
Technology	1,118,882	-	-	1,118,882
Utilities	300,728	-	-	300,728
Beneficial interest in perpetual trust	-	-	2,907,498	2,907,498
	$ 5,014,349	$ 3,320,588	$ 2,907,498	$ 11,242,435

Financial assets carried at fair value at June 30, 2019 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Money market funds	$ -	$ 823,590	$ -	$ 823,590
Fixed income				
Corporate bonds	-	1,108,928	-	1,108,928
Municipal bonds	-	1,101,315	-	1,101,315
Foreign corporate bonds	-	139,929	-	139,929
Mutual funds and exchange-traded funds				
Income	55,800	-	-	55,800
Fixed income	13,927	-	-	13,927
Large growth	112,044	-	-	112,044
Large blend	29,607	-	-	29,607
Large-cap	2,694	-	-	2,694
Mid-cap blend	153,671	-	-	153,671
Mid-cap value	27,379	-	-	27,379
Small-cap	50,131	-	-	50,131
Foreign large blend	11,473	-	-	11,473
Health	21,820	-	-	21,820
Real estate	26,220	-	-	26,220
Diversified	26,946	-	-	26,946
Common stocks - foreign				
Technology	104,933	-	-	104,933
Common stocks - domestic				
American depository receipts	92,434	-	-	92,434
Basic materials	412,263	-	-	412,263
Technology	922,608	-	-	922,608
Healthcare	811,295	-	-	811,295
Industrial goods	475,717	-	-	475,717
Consumer goods	605,315	-	-	605,315
Communication	21,140			21,140
Financial	784,676	-	-	784,676
Utilities	334,351	-	-	334,351
Services	80,377	-	-	80,377
Beneficial interest in perpetual trust	-	-	2,923,420	2,923,420
	$ 5,176,821	$ 3,173,762	$ 2,923,420	$ 11,274,003

Changes in assets measured at fair value using Level 3 inputs for the year ended June 30, 2020 are as follows:

	Balance as of June 30, 2019	Contributions transfers, purchases, sales and settlements	Net unrealized losses related to assets held at the end of the year	Balance as of June 30, 2020
Beneficial interest in perpetual trust	$ 2,923,420	$ -	$ (15,922)	$ 2,907,498

Changes in assets measured at fair value using Level 3 inputs for the year ended June 30, 2019 are as follows:

	Balance as of June 30, 2018	Contributions transfers, purchases, sales and settlements	Net unrealized losses related to assets held at the end of the year	Balance as of June 30, 2019
Beneficial interest in perpetual trust	$ 2,930,659	$ -	$ (7,239)	$ 2,923,420

There were no unfunded commitments at June 30, 2020 and 2019.

The following table represents the Organization's Level 3 financial instrument, the valuation techniques used to measure the fair value of the financial instrument and the significant unobservable inputs and the ranges of values for those inputs:

	2020 fair value	2019 fair value	Principal valuation technique	Unobservable inputs	Significant input values	Weighted average
Beneficial interest in perpetual trust	$ 2,907,498	$ 2,923,420	Valuation of underlying assets as provided by trustee	Base price	N/A	N/A

Common stocks, mutual funds and exchange-traded funds are valued using market prices on active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. The values of mutual funds represent the net asset value of shares held by the Organization at year end. Fixed income securities and money market funds are designated as Level 2 instruments. Fixed income securities are valued based on inputs which include benchmark yields, broker/dealer quotes, recently executed transactions of the issuer or comparable issuers and/or bond spreads which incorporate credit risk. Money market funds are valued at the net asset value of shares held by the Organization at year end.

The Organization's perpetual trust is valued using Level 3 inputs and is stated at the fair value of the Organization's share of the trust based on the values of the underlying investments in the trust. These values are established by the trustee using market values for identical assets in an active market for similar assets. The trustee provides the Organization with investment statements and valuations of its portion of the trust at year end. These are evaluated annually by the Organization.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization's policy is to recognize transfers in and out of various levels as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers during the years ended June 30, 2020 and 2019.

The following summarizes the relationship between the cost and fair values of investments as of June 30, 2020:

	Cost	Fair value	Unrealized gain (loss)
Money market funds	$ 1,031,566	$ 1,031,566	$ -
Common stocks - domestic	2,235,299	4,322,584	2,087,285
Common stocks - foreign	67,729	110,225	42,496
Mutual funds and exchange-traded funds	525,034	581,540	56,506
Corporate bonds	1,057,215	1,159,664	102,449
Municipal bonds	1,022,528	1,063,938	41,410
Foreign corporate bonds	99,750	65,420	(34,330)
Total	$ 6,039,121	$ 8,334,937	$ 2,295,816

The following summarizes the relationship between the cost and fair values of investments as of June 30, 2019:

	Cost	Fair value	Unrealized gain (loss)
Money market funds	$ 823,590	$ 823,590	$ -
Common stocks - domestic	2,539,691	4,540,176	2,000,485
Common stocks - foreign	67,729	104,933	37,204
Mutual funds and exchange-traded funds	470,688	531,712	61,024
Corporate bonds	1,042,443	1,108,928	66,485
Municipal bonds	1,047,653	1,101,315	53,662
Foreign corporate bonds	150,876	139,929	(10,947)
Total	$ 6,142,670	$ 8,350,583	$ 2,207,913

Investments are reported in the statements of financial position as follows as of June 30, 2020 and 2019:

	2020	2019
Current assets - Board designated for capital	$ 672,634	$ 621,114
Other assets - in perpetuity	1,213,263	1,213,263
Other assets - restricted for time/purpose	794,397	762,204
Other assets - functioning as an endowment	5,654,643	5,754,002
	$ 8,334,937	$ 8,350,583

Investments of $1,168,790 are pledged as collateral on the secured commercial loans with Dime Savings Bank. A segregated investment account must have a balance sufficient to cover the loan balances, which totaled $609,699 and $671,700 as of June 30, 2020 and 2019, respectively.

Note 6 - Line of credit

The Organization has a line of credit with Dime Bank for $2,000,000 that expires in February 2021. The line of credit can be withdrawn by Dime Bank at any time. This line is secured by all business assets of the Organization. Interest is calculated at the prime rate (effective rate – 3.25% at June 30, 2020). There were no outstanding balances as of June 30, 2020 and 2019. The line of credit includes certain nonfinancial covenants.

The Organization has a line of credit agreement with Dime Bank to finance the purchase of a new electronic health record system. Based on the terms of the line of credit agreement, the Organization can draw up to $600,000 during the advance period which ends on October 31, 2020. At that point in time, the outstanding amount is converted to a note which will mature on October 1, 2025 and bear interest of 3.5%. There were no outstanding balances as of June 30, 2020 and 2019.

Note 7 - Notes payable

Notes payable consist of the following:

	2020	2019
Note payable with interest rate of 3.6%. The note matures on September 1, 2032. The Organization's commercial property is pledged as collateral.	$ 853,426	$ 1,001,156
Note payable with interest rate equal to the Bank of Boston's five-year regular amortizing advance rate for a twenty-year advance plus 100 basis points (effective rate - 3.19% at June 30, 2020), until December 2028. Certain investments are pledged as collateral.	609,699	671,700
Note payable with a 3.6% fixed interest rate in monthly installments of $23,836, including interest, until April 2032. The Organization's commercial property is pledged as collateral. The unamortized debt issuance costs were $13,588 and $14,743 as of June 30, 2020 and 2019, respectively and are being amortized using an imputed interest rate that approximates the fixed rate of the note.	2,729,669	2,912,196
	4,192,794	4,585,052
Less unamortized debt issuance costs	(13,588)	(14,743)
Less current portion	(317,630)	(276,590)
Long-term portion	$ 3,861,576	$ 4,293,719

Aggregate annual maturities of the notes payable are as follows:

2021	$	317,630
2022		329,016
2023		340,810
2024		352,959
2025		365,746
Thereafter		2,486,633
	$	4,192,794

In addition, the Organization must meet certain financial covenants.

Total interest charged to operations, including interest charged on the line of credit, during fiscal years 2020 and 2019 amounted to $164,940 and $176,015, respectively.

Note 8 - Leases

The Organization leases space in several locations for various programs under noncancelable leases, which expire at various times through June 2023. Total rent expense for building operating leases amounted to $250,267 and $239,875 for the years ended June 30, 2020 and 2019, respectively. The Organization leases office equipment under noncancelable leases, which expire at various times through November 2024. Total rent expense for equipment amounts to $86,163 and $39,824 for the years ended June 30, 2020 and 2019, respectively.

At June 30, 2020, aggregate future minimum rental payments due under noncancelable operating leases in each of the years subsequent to June 30, 2020 and thereafter, consist of the following:

2021	$	308,285
2022		246,248
2023		38,533
2024		8,340
2025		3,475
	$	604,881

Note 9 - Employee benefits

The Organization sponsors a 401(k) plan. The Organization contributes a percentage of eligible employees' compensation. The plan allows employees to make voluntary pretax contributions up to applicable Internal Revenue Service limits. Eligibility for the plan is based on completing one year of service, which includes at least 1,000 hours of service, and participants must be at least 21 years of age. The Organization contributed 8.5% of eligible employees' compensation during the years ended June 30, 2020 and 2019. The Organization's contributions to the plan for the fiscal years ended June 30, 2020 and 2019 were $1,730,461 and $1,533,712, respectively.

Note 10 - Endowment

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions - in perpetuity: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restriction in perpetuity is classified as net assets with donor restrictions for time/purpose until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

In accordance with CTUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation (depreciation) of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	Without donor restriction	With donor restriction - time/purpose	With donor restriction - in perpetuity	Total
Donor-restricted endowment funds	$ -	$ 656,922	$ 1,213,263	$ 1,870,185
Board-designated endowment funds	5,654,643	-	-	5,654,643
Total funds	$ 5,654,643	$ 656,922	$ 1,213,263	$ 7,524,828

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without donor restriction	With donor restriction - time/purpose	With donor restriction - in perpetuity	Total
Endowment net assets, beginning	$ 5,754,002	$ 621,771	$ 1,213,263	$ 7,589,036
Investment income, net	161,176	30,983	-	192,159
Net realized and unrealized appreciation	21,497	4,168	-	25,665
Redesignation	(32,032)	-	-	(32,032)
Amounts appropriated for expenditure	(250,000)	-	-	(250,000)
Endowment net assets, end	$ 5,654,643	$ 656,922	$ 1,213,263	$ 7,524,828

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	Without donor restriction	With donor restriction - time/purpose	With donor restriction - in perpetuity	Total
Donor-restricted endowment funds	$ -	$ 621,771	$ 1,213,263	$ 1,835,034
Board-designated endowment funds	5,754,002	-	-	5,754,002
Total funds	$ 5,754,002	$ 621,771	$ 1,213,263	$ 7,589,036

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	Without donor restriction	With donor restriction - time/purpose	With donor restriction - in perpetuity	Total
Endowment net assets, beginning	$ 5,386,298	$ 531,304	$ 1,213,263	$ 7,130,865
Investment income, net	158,197	30,104	-	188,301
Net realized and unrealized appreciation	317,209	60,363	-	377,572
Redesignation	(13,851)	-	-	(13,851)
Amounts appropriated for expenditure	(93,851)	-	-	(93,851)
Endowment net assets, end	$ 5,754,002	$ 621,771	$ 1,213,263	$ 7,589,036

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or applicable law requires the Organization to retain as a fund of perpetual duration. There were no deficiencies as of June 30, 2020 and 2019.

Note 11 - Net assets with donor restrictions - in perpetuity

Net assets with donor restrictions - in perpetuity consist of the following at June 30, 2020 and 2019:

	2020	2019
Cash	$ 10,000	$ 10,000
Property restricted for use in Organization operations	168,735	168,735
Investments	1,213,263	1,213,263
Beneficial interest in perpetual trust	2,907,498	2,923,420
	$ 4,299,496	$ 4,315,418

Note 12 - Net assets with donor restrictions - time/purpose

Net assets with donor restrictions - time/purpose are made up of contributions restricted by donors for funding a variety of programs as well as a pledge of contributions for future fiscal year program costs and earnings on perpetual endowment funds in accordance with CTUPMIFA. The contributions restricted by donors are segregated into separate cash accounts by the Organization.

Net assets with donor restrictions - time/purpose are available for the following purposes as of June 30, 2020 and 2019:

	2020	2019
Contributions subject to purpose and time restrictions		
To fund certain programs and assist the poor and needy	$ 198,319	$ 202,456
To fund future fiscal year program costs	335,189	333,167
Time restricted	-	126,388
Earnings on perpetual endowment funds in accordance with CTUPMIFA	656,922	621,771
	$ 1,190,430	$ 1,283,782

Note 13 - Patient service revenue (net of contractual allowances)

The Organization recognizes patient service revenue associated with services provided to patients who have Medicaid, Medicare, third-party payor and managed care plans coverage on the basis of contractual rates for services rendered.

For the years ended June 30, 2020 and 2019, patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the period from these major payor sources is as follows:

	2020	2019
Medicaid	$ 14,562,489	$ 15,852,884
Medicare	1,917,587	2,419,557
Third-party payors and other	3,476,094	3,557,248
Self-pay patients	808,728	1,160,574
	$ 20,764,898	$ 22,990,263

Medicaid and Medicare revenue is reimbursed to the Organization at the net reimbursement rates determined by each program. Reimbursement rates are subject to revisions under the provision of reimbursement regulations. Adjustments for such revisions are recognized in the fiscal year incurred.

Note 14 - Rental income

The Organization leases space to several organizations which expire at various times through November 2022. Rental income for the years ended June 30, 2020 and 2019 was $226,416 and $172,363, respectively. The future minimum lease payments to be received in the years subsequent to June 30, 2020 are as follows:

2021	$ 180,336
2022	73,580
2023	10,940
	$ 264,856

Note 15 - Bonding liens

The Organization has received bond funding from various State of Connecticut agencies. The providers of the bond funds place a ten-year lien on the property when the project is complete. If the property is not utilized by the Organization, the bond funds will have to be repaid. The repayment would be in an amount equal to the amount of the bond less 10% for each full year of the ten-year period that the property was utilized. The amortization period begins when the assets are placed into service. The amount of the unexpired liens was $4,857,307 and $5,696,561 as of June 30, 2020 and 2019, respectively, and expire at various times through fiscal year 2031. The Organization did not recognize any bonding revenue for the years ended June 30, 2020 and 2019.

Note 16 - Refundable advance

On April 14, 2020, the Organization received a loan for $6,339,100 from Dime Bank through the Small Business Administration's Paycheck Protection Program to cover eligible payroll and utility costs. The outstanding balance on the loan is $6,339,100 as of June 30, 2020. The loan bears interest at 1% and will be paid in 18 monthly installments beginning on November 14, 2020. However, per the loan agreement, the loan will be forgiven if the funds are used to cover eligible payroll and utility costs, which the Organization fully anticipates. The proceeds of the loan are recognized as a refundable advance, based on Accounting Standards Codification 958-605, and are included in current liabilities on the Organization's statements of financial position.

Note 17 - Contingencies

The Organization is insured with respect to professional liability on a claims-made basis. Insurance coverage under the policy has limits of $1,000,000 per claim and $4,000,000 in the aggregate. Effective June 3, 2016, the Organization received medical malpractice insurance under the Federal Tort Claims Act (the "FTCA"). The FTCA provides malpractice coverage to eligible Public Health Service supported programs and applies to the Organization and its employees while providing services within the scope of employment included under grant-related activities. The Attorney General, through the U.S. Department of Justice, has the responsibility for the defense of the individual and/or grantee for malpractice cases approved for FTCA coverage. The Organization maintains claims-made gap insurance with coverage of $1,000,000 per claim and $4,000,000 in the aggregate for claims that are not covered by FTCA.

The Organization has contracted with various funding agencies to perform certain healthcare services, and receives Medicaid and Medicare revenue from federal, state and local governments. Reimbursements received under these contracts and payments from Medicaid and Medicare are subject to audit by federal, state and local governments and other agencies. Upon audit, if discrepancies are discovered, the Organization could be held responsible for refunding the amounts in question.

The healthcare industry is subject to voluminous and complex laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral laws and false claims prohibitions. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of reimbursement, false claims, anti-kickback and anti-referral statutes and regulations by healthcare providers. The Organization believes that it is in material compliance with all applicable laws and regulations, and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

The Organization is involved in claims and legal actions in the ordinary course of business. Management is of the opinion that the ultimate outcome of these matters will not have a material adverse impact on the financial position, results of operations or cash flows of the Organization.

In December 2019 and early 2020, the coronavirus that causes COVID-19 was reported to have surfaced in China. The spread of this virus globally in early 2020 has caused business disruption domestically in the United States, the area in which the Organization primarily operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Organization understands this matter may negatively impact the Organization's financial condition, results of operations, or cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time.