

***NEW YORK STATE ASSOCIATION OF
COUNTY HEALTH OFFICIALS, INC.
("NYSACHO")***

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NEW YORK STATE ASSOCIATION OF COUNTY HEALTH OFFICIALS, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
New York State Association of
County Health Officials, Inc.
Albany, New York

Opinion

We have audited the accompanying financial statements of New York State Association of County Health Officials, Inc. (a nonprofit organization) (the "Association"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York State Association of County Health Officials, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud

is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion, on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental financial information on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records, used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 7, 2022

NEW YORK STATE ASSOCIATION OF COUNTY HEALTH OFFICIALS, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash	\$ 83,353	\$ 247,590
Grants Receivable	249,250	103,765
Prepaid Expenses	<u>984</u>	<u>713</u>
Total Current Assets	<u>333,587</u>	<u>352,068</u>
Other Assets:		
Investments	247,926	207,371
Office Equipment, Net	186	478
Right-of-Use Asset	<u>159,523</u>	<u>152,826</u>
Total Other Assets	<u>407,635</u>	<u>360,675</u>
 Total Assets	 <u>\$ 741,222</u>	 <u>\$ 712,743</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Current Portion of Lease Payable	\$ 34,833	\$ 32,200
SBA Loan Payable	-	43,897
Accounts Payable	10,385	17,923
Accrued Payroll	47,289	39,624
Unearned Revenue	<u>51,791</u>	<u>57,996</u>
Total Current Liabilities	144,298	191,640
 Lease Payable, Net of Current Portion	 124,690	 120,626
 Net Assets Without Donor Restrictions	 <u>472,234</u>	 <u>400,477</u>
 Total Liabilities and Net Assets	 <u>\$ 741,222</u>	 <u>\$ 712,743</u>

NEW YORK STATE ASSOCIATION OF COUNTY HEALTH OFFICIALS, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Revenue:		
Membership Dues	\$ 221,278	\$ 221,278
Grant Income	701,109	909,590
PPP Loan Forgiveness	-	58,103
Investment Returns, Net	40,973	30,571
Other Income	19,636	21,544
Total Revenue	<u>982,996</u>	<u>1,241,086</u>
Expenses:		
Program	814,983	1,074,970
Management and General	96,256	93,787
Total Expenses	<u>911,239</u>	<u>1,168,757</u>
Increase in Net Assets		
Without Donor Restrictions	71,757	72,329
Net Assets, Beginning of Year	<u>400,477</u>	<u>328,148</u>
Net Assets, End of Year	<u>\$ 472,234</u>	<u>\$ 400,477</u>

NEW YORK STATE ASSOCIATION OF COUNTY HEALTH OFFICIALS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 71,757	\$ 72,329
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	292	426
Unrealized Gain on Investments	(22,967)	(23,472)
Changes in:		
Grants Receivable	(145,485)	4,401
Prepaid Expenses	(271)	3,936
Accounts Payable	(7,538)	1,010
Accrued Payroll	7,665	26,452
Unearned Revenue	<u>(6,205)</u>	<u>(23,311)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(102,752)</u>	<u>61,771</u>
Cash Flows from Investing Activities:		
Purchase of Investments	<u>(17,588)</u>	<u>(6,974)</u>
Cash Flows from Financing Activities:		
Proceeds (Payments) from SBA Loan	<u>(43,897)</u>	<u>43,897</u>
Net Change in Cash	(164,237)	98,694
Cash, Beginning of Year	<u>247,590</u>	<u>148,896</u>
Cash, End of Year	<u><u>\$ 83,353</u></u>	<u><u>\$ 247,590</u></u>

NEW YORK STATE ASSOCIATION OF COUNTY HEALTH OFFICIALS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>December 31, 2021</u>			<u>December 31, 2020</u>		
	Management and			Management and		
	<u>Program</u>	<u>General</u>	<u>Total</u>	<u>Program</u>	<u>General</u>	<u>Total</u>
Salaries	\$ 395,851	\$ 55,477	\$ 451,328	\$ 413,831	\$ 57,277	\$ 471,108
Payroll Taxes and Benefits	132,664	18,589	151,253	135,538	18,764	154,302
Grants to Health Departments	-	-	-	240,000	-	240,000
Meetings, Conferences and Trainings	89,383	-	89,383	87,648	-	87,648
Consultants and Subcontractors	83,467	11,695	95,162	90,355	7,005	97,360
Lobby Expense	24,000	-	24,000	24,000	-	24,000
Communications	15,679	2,197	17,876	17,210	2,383	19,593
Rent	28,243	3,957	32,200	28,284	3,916	32,200
Travel	14,719	-	14,719	6,021	-	6,021
Office Expense	26,412	3,701	30,113	28,624	3,963	32,587
Insurance	3,224	452	3,676	2,860	396	3,256
Depreciation	256	36	292	374	52	426
Miscellaneous	1,085	152	1,237	225	31	256
Total	<u>\$ 814,983</u>	<u>\$ 96,256</u>	<u>\$ 911,239</u>	<u>\$ 1,074,970</u>	<u>\$ 93,787</u>	<u>\$ 1,168,757</u>

1. NATURE OF ACTIVITY

The New York State Association of County Health Officials, Inc. (the “Association”) is a not-for-profit membership association organized for the purpose of improving policies and practices in the field of public health. The members of NYSACHO are primarily representatives of county health departments in the State of New York.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Reporting

The financial statements of the Association have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. The basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Equipment and Depreciation

Equipment is stated at cost less accumulated depreciation. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in income. Depreciation is computed using the straight line method over the estimated useful lives of the assets ranging from 3 to 7 years.

Recognition of Income

Revenue from contracts with customers is recognized in accordance with a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligation(s) in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when earned or as performance obligation(s) are satisfied

The Association recognizes membership dues as revenue on a calendar year basis. Dues received in advance for the following year are reflected as unearned revenue. Revenues generated by grants are recognized in the period in which the related expenses are incurred. Revenues generated by conferences and meetings are recognized in the period the events occur.

Contract Assets

Amounts related to services provided to customers which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets for the years ended December 31, 2021 and 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Income (Continued)

Contract Liabilities

Contract liabilities represent revenue that has been deferred for the funds advanced by third party payors for the Association's contracts received related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding and other sources for the Association's contracts for services not yet performed that are expected to be performed within the next fiscal year. Contract liabilities were \$51,791 and \$57,996 for the years ended December 31, 2021 and 2020, respectively.

Allowance for Uncollectibles

The Association utilizes the allowance method to determine the allowance for doubtful accounts. At December 31, 2021 and 2020, management determined no allowance was necessary based upon their review of the specific receivables and prior history.

Taxes

The Association is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, the Association may be liable for income taxes on unrelated business income.

Estimates

The preparation of financial statements in accordance 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. Actual results may differ from these estimates.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to program and administration. Directly identifiable expenses are charged to program and administration. Expenses that are not directly identifiable require allocation on a reasonable basis that is consistently applied. Salaries and benefits when requiring allocation are based on estimates of time and effort. Other expenses not directly identifiable all allocated using acceptable methods.

Fair Value

The Accounting Standards Codification requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that NYSACHO would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets (Level 1 measurements) to measurements involving significant unobservable inputs (Level 3 measurements).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value (Continued)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Cash, grants receivable, prepaid expenses, accounts payable, accrued payroll and unearned revenue - The carrying amounts approximate fair value because of the short maturity of these instruments.

Investments - Valued at fair value using Level 1 measurements.

Accounting for Uncertainty in Income Taxes

The Accounting Standards Codification requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. The Association has not recognized any benefits or liabilities from uncertain tax positions in 2021 and believes it has no uncertain tax positions for which it is reasonably possible that will significantly increase or decrease net assets. Generally, federal and state authorities may examine the Association's tax returns for three years from the date of filing; consequently, tax-exempt income tax returns for years prior to 2018 are no longer subject to examination by tax authorities.

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through April 7, 2022, the date the financial statements were available to be issued. No such events or transactions were identified.

3. INVESTMENTS

Investments consist of the following mutual funds and are valued at fair value, determined using quoted prices in active markets for identical assets (Level 1).

	2021		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds, Equity Based	\$ 123,799	\$ 178,994	\$ 55,195
Mutual Funds, Bond Based	70,881	68,932	(1,949)
Total	<u>\$ 194,680</u>	<u>\$ 247,926</u>	<u>\$ 53,246</u>

	2020		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds, Equity Based	\$ 107,770	\$ 139,918	\$ 32,148
Mutual Funds, Bond Based	69,322	67,453	(1,869)
Total	<u>\$ 177,092</u>	<u>\$ 207,371</u>	<u>\$ 30,279</u>

3. INVESTMENTS (CONTINUED)

Investment returns, net are as follows:

	<u>2021</u>	<u>2020</u>
Dividend and Interest Income	\$ 18,006	\$ 7,099
Unrealized Gain on Investments	22,967	23,472
	<u>\$ 40,973</u>	<u>\$ 30,571</u>

4. SBA LOAN PAYABLE

As part of the CARES Act, the Paycheck Protection Program (PPP) provides 100% federally guaranteed loans to small businesses, designed to help small businesses keep workers employed amid the pandemic and economic shutdown. The loan may be forgiven if the borrower is qualified and maintains their payroll during the crisis or restores their payroll afterwards and uses the funds to cover payroll, certain payroll related costs, rent, and utilities during a twenty-four week period receiving the loan, as outlined in the PPP. The Association applied for a PPP loan and received \$102,000. Any loan amounts not forgiven are subject to repayment over twenty-four months with interest at 1%. The Association determined that \$58,103 was eligible for forgiveness and recognized that amount as revenue, leaving a note payable of \$43,897 at December 31, 2020, which was repaid in 2021.

5. LEASES

The Association adopted Accounting Standards Update No. 2016-02, Leases ("ASU 2016-02"). ASU 2016-02 requires the recognition of lease assets and lease liabilities by the lessee for those leases classified as operating leases.

The Association has entered into one lease for its administrative office. The five year lease terminates on March 31, 2027, with fixed monthly payments of \$34,833 for 2022, \$31,822 for 2023 and \$32,591 for 2024, \$32,878 for 2025, \$33,233 for 2026 and \$8,340 for 2027.

As of December 31, 2021, the weighted-average remaining lease term of operating leases was 5 years.

As the rate implicit in the leases is not known, an incremental borrowing rate of 3.25% was used as the discount rate, at December 31, 2021 and 2020.

Amounts recognized as right-of-use assets and leases payable are included in the statement of financial position as follows:

	<u>2021</u>	<u>2020</u>
Right-of-Use Asset	<u>\$ 159,523</u>	<u>\$ 152,826</u>
Current Portion of Lease Payable	34,833	32,200
Long-Term Portion of Lease Payable	124,690	120,626
Total Lease Payable	<u>\$ 159,523</u>	<u>\$ 152,826</u>

Rent expense relating to operating rents was \$32,200 for each of the years ended December 31, 2021 and 2020.

6. LINE OF CREDIT

The Association has an \$80,000 revolving line of credit with a financial institution. The line bears interest at 5% and is unsecured. There were no outstanding advances under the line at December 31, 2021 or 2020.

7. RETIREMENT PLAN

The Association established a 401(k) plan covering substantially all employees. Employees are eligible once they have met certain age and years of service requirements. The employer contribution is voluntary and was equal to 3% of each employee’s gross salary for 2021 and 2020. The cost to the Association was \$10,431 and \$7,481 for the years ended December 31, 2021 and 2020, respectively.

8. CONCENTRATIONS

The Association receives a substantial portion of its grant revenue from the New York State Department of Health and Health Research, Inc. For the years ended December 31, 2021 and 2020, grant revenue from those entities represented approximately 67% and 50% of total revenue, respectively. Expenses incurred related to these grants include salaries, benefits and other costs associated with providing educational and training services.

9. GRANT AGREEMENTS

The Association is subject to audits and reviews of reimbursable costs by its various governmental agencies and other funding sources. The outcome of these audits and reviews may have the effect of retroactively increasing or decreasing revenue. In the event that a subsequent audit or review determines that an adjustment is required, the amount will be recognized in the period in which it becomes fixed and determinable. Management does not expect that such adjustments, if any, will be significant.

10. LIQUIDITY

The Association’s liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Association has a line of credit in the amount of \$80,000 which it could draw upon. Additionally, the Association has unrestricted investments of \$247,926 at December 31, 2021 which it could utilize.

The Association has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, liabilities and other obligations of:

	<u>2021</u>
Cash	\$ 83,353
Receivables	<u>247,250</u>
Financial Assets Available to Meet Cash Needs within One Year	<u>\$ 332,603</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

11. UNCERTAINTY

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Association and its future financial position and results of operations is not presently determinable.

SUPPLEMENTAL INFORMATION

NEW YORK STATE ASSOCIATION OF COUNTY HEALTH OFFICIALS, INC.

SCHEDULE OF GRANT REVENUES AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Immunization Activities C033860	Education and Training C030489	Vaccine Equality C037071	Columbia	HRI 1662	HRI Climate Change	Total Grants
Revenue:							
Grant Income	\$ 279,605	\$ 177,687	\$ 91,588	\$ 40,876	\$ 69,558	\$ 36,055	\$ 695,369
Expenses:							
Salaries	122,589	90,696	53,544	28,842	39,406	21,714	356,791
Payroll Taxes and Benefits	42,543	33,160	18,710	7,409	12,925	6,566	121,313
Meetings, Conferences and Trainings	68,361	16,580	1,404	-	1	142	86,488
Consultants and Subcontractors	18,240	17,268	7,811	750	6,495	3,377	53,941
Communications	5,975	4,568	2,117	214	1,492	-	14,366
Rent	9,982	8,372	4,186	-	-	-	22,540
Travel	1,117	8	-	-	3	-	1,128
Office Expense	9,658	6,196	3,222	633	1,351	-	21,060
Insurance	1,140	839	594	-	230	-	2,803
Administrative Allocation	-	-	-	3,028	7,655	4,256	14,939
Total Expenses	<u>279,605</u>	<u>177,687</u>	<u>91,588</u>	<u>40,876</u>	<u>69,558</u>	<u>36,055</u>	<u>695,369</u>
Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>