

# LCH Health and Community Services

Financial Statements  
Years Ended June 30, 2021 and 2020



1835 Market Street, 3rd Floor  
Philadelphia, PA 19103

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**D/B/A LCH HEALTH AND COMMUNITY SERVICES**

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## INDEPENDENT AUDITOR'S REPORT

### **Board of Directors LCH Health and Community Services**

We have audited the accompanying financial statements of LCH Health and Community Services (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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. 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 LCH Health and Community Services as of June 30, 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.

*BBD, LLP*

**Philadelphia, Pennsylvania**  
**October 28, 2021**

# LCH HEALTH AND COMMUNITY SERVICES

## STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$4,027,006	\$3,724,204
Accounts receivable		
Patient services, net of an allowance for uncollectible accounts of \$45,000 and \$55,274 as of June 30, 2021 and June 30, 2020	461,514	198,877
Government and other grants	224,638	665,902
Contributions receivable	79,250	236,280
Prepaid expenses and other	243,924	201,017
<b>Total current assets</b>	<u>5,036,332</u>	<u>5,026,280</u>
<b>OTHER ASSETS</b>		
Property and equipment, net	3,370,975	3,283,351
Beneficial interest in assets held by community foundation	149,743	120,328
<b>Total other assets</b>	<u>3,520,718</u>	<u>3,403,679</u>
<b>Total assets</b>	<u>\$8,557,050</u>	<u>\$8,429,959</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of note payable	\$ -	\$ 80,159
Accounts payable and accrued expenses	669,642	596,607
Refundable advances	91,024	-
<b>Total current liabilities</b>	<u>760,666</u>	<u>676,766</u>
<b>NONCURRENT LIABILITIES</b>		
Note payable, net of current portion	-	904,141
<b>Total liabilities</b>	<u>760,666</u>	<u>1,580,907</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Operations	4,360,079	3,203,975
Real estate	2,794,770	2,827,815
	7,154,849	6,031,790
With donor restrictions	641,535	817,262
<b>Total net assets</b>	<u>7,796,384</u>	<u>6,849,052</u>
<b>Total liabilities and net assets</b>	<u>\$8,557,050</u>	<u>\$8,429,959</u>

See accompanying notes

# LCH HEALTH AND COMMUNITY SERVICES

## STATEMENTS OF ACTIVITIES

Years ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Government and other grants	\$4,772,943	\$ -	\$4,772,943	\$3,931,387	\$ -	\$3,931,387
Contributions	1,368,661	605,335	1,973,996	1,286,105	621,773	1,907,878
Net patient service revenue (net of contractual and other allowances of \$2,800,040 in 2021 and \$1,811,222 in 2020)	2,930,594	-	2,930,594	2,610,655	-	2,610,655
Interest income	3,615	-	3,615	11,255	-	11,255
Other income	22,274	-	22,274	24,787	-	24,787
Net assets released from restrictions	810,477	(810,477)	-	596,726	(596,726)	-
<b>Total revenue and support</b>	<u>9,908,564</u>	<u>(205,142)</u>	<u>9,703,422</u>	<u>8,460,915</u>	<u>25,047</u>	<u>8,485,962</u>
<b>EXPENSES</b>						
<b>Program services</b>						
Health center	7,408,674	-	7,408,674	6,578,088	-	6,578,088
Enabling services	614,465	-	614,465	533,674	-	533,674
Community services	380,220	-	380,220	303,322	-	303,322
<b>Total program services</b>	<u>8,403,359</u>	<u>-</u>	<u>8,403,359</u>	<u>7,415,084</u>	<u>-</u>	<u>7,415,084</u>
<b>Supporting services</b>						
Management and general	1,219,814	-	1,219,814	934,824	-	934,824
Fundraising	146,632	-	146,632	166,106	-	166,106
<b>Total supporting services</b>	<u>1,366,446</u>	<u>-</u>	<u>1,366,446</u>	<u>1,100,930</u>	<u>-</u>	<u>1,100,930</u>
<b>Total expenses</b>	<u>9,769,805</u>	<u>-</u>	<u>9,769,805</u>	<u>8,516,014</u>	<u>-</u>	<u>8,516,014</u>
<b>Changes in net assets before other changes</b>	<u>138,759</u>	<u>(205,142)</u>	<u>(66,383)</u>	<u>(55,099)</u>	<u>25,047</u>	<u>(30,052)</u>
<b>OTHER CHANGES</b>						
Change in value of beneficial interest in assets held by community foundation	-	29,415	29,415	-	359	359
Forgiveness of debt	984,300	-	984,300	-	-	-
<b>Total other changes</b>	<u>984,300</u>	<u>29,415</u>	<u>1,013,715</u>	<u>-</u>	<u>359</u>	<u>359</u>
<b>CHANGE IN NET ASSETS</b>	<u>1,123,059</u>	<u>(175,727)</u>	<u>947,332</u>	<u>(55,099)</u>	<u>25,406</u>	<u>(29,693)</u>
<b>NET ASSETS</b>						
Beginning of year	<u>6,031,790</u>	<u>817,262</u>	<u>6,849,052</u>	<u>6,086,889</u>	<u>791,856</u>	<u>6,878,745</u>
<b>End of year</b>	<u>\$7,154,849</u>	<u>\$ 641,535</u>	<u>\$7,796,384</u>	<u>\$6,031,790</u>	<u>\$ 817,262</u>	<u>\$6,849,052</u>

See accompanying notes

# LCH HEALTH AND COMMUNITY SERVICES

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2021 with comparative totals for 2020

	Program Services			Supporting Services		Totals	
	Health Center	Enabling Services	Community Services	Management and General	Fundraising	2021	2020
Personnel	\$4,642,692	\$413,935	\$167,356	\$ 923,131	\$112,038	\$6,259,152	\$5,499,844
Bad debt expense	226,112	-	-	-	-	226,112	147,000
Client assistance costs	-	24,710	-	-	-	24,710	14,898
Communication costs	383,430	21,548	9,080	68,029	5,960	488,047	328,543
Depreciation	117,813	39,439	3,556	17,915	1,408	180,131	169,204
Dispensary expenses	294,685	-	-	-	-	294,685	343,942
Equipment costs	78,456	8,023	2,862	12,043	9,705	111,089	115,399
Interest	-	-	-	-	-	-	1,886
Occupancy	509,716	37,239	9,767	96,076	4,326	657,124	452,907
Office expense	152,292	6,210	173,223	76,808	10,571	419,104	257,518
Professional services	563,534	29,859	4,216	21,268	2,624	621,501	271,431
Supplies	424,985	32,125	9,354	226	-	466,690	887,145
Transportation expense	14,959	1,377	806	4,318	-	21,460	26,297
<b>Total expenses</b>	<b>\$7,408,674</b>	<b>\$614,465</b>	<b>\$380,220</b>	<b>\$1,219,814</b>	<b>\$146,632</b>	<b>\$9,769,805</b>	<b>\$8,516,014</b>

See accompanying notes

# LCH HEALTH AND COMMUNITY SERVICES

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020

	Program Services			Supporting Services		Total
	Health Center	Enabling Services	Community Services	Management and General	Fundraising	
Personnel	\$4,115,075	\$380,945	\$191,766	\$693,072	\$118,986	\$5,499,844
Bad debt expense	147,000	-	-	-	-	147,000
Client assistance costs	3,298	11,600	-	-	-	14,898
Communication costs	264,579	16,621	8,514	33,396	5,433	328,543
Depreciation	105,929	38,830	3,444	19,606	1,395	169,204
Dispensary expenses	343,942	-	-	-	-	343,942
Equipment costs	92,011	4,923	2,245	7,562	8,658	115,399
Interest	-	-	-	1,886	-	1,886
Occupancy	328,256	37,651	11,482	70,318	5,200	452,907
Office expense	99,734	6,799	68,820	69,461	12,704	257,518
Professional services	205,512	31,963	8,082	22,084	3,790	271,431
Supplies	859,385	11	7,393	12,107	8,249	887,145
Transportation expense	13,367	4,331	1,576	5,332	1,691	26,297
<b>Total expenses</b>	<b>\$6,578,088</b>	<b>\$533,674</b>	<b>\$303,322</b>	<b>\$934,824</b>	<b>\$166,106</b>	<b>\$8,516,014</b>

See accompanying notes



# LCH HEALTH AND COMMUNITY SERVICES

## STATEMENTS OF CASH FLOWS

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 947,332	\$ (29,693)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Bad debt expense	226,112	147,000
Depreciation	180,131	169,204
Forgiveness of debt	(984,300)	-
Change in value of beneficial interest in assets held by community foundation	(29,415)	(359)
(Increase) decrease in assets		
Accounts receivable	(47,485)	(593,142)
Contributions receivable	157,030	40,990
Prepaid expenses and other	(42,907)	(8,305)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	73,035	87,110
Refundable advances	91,024	(15,000)
<b>Net cash provided by (used for) operating activities</b>	<u>570,557</u>	<u>(202,195)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(267,755)</u>	<u>(144,304)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of note payable	<u>-</u>	<u>984,300</u>
<b>Net change in cash</b>	302,802	637,801
<b>CASH</b>		
Beginning of year	<u>3,724,204</u>	<u>3,086,403</u>
<b>End of year</b>	<u>\$4,027,006</u>	<u>\$3,724,204</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ -</u>	<u>\$ 1,886</u>

See accompanying notes

# LCH HEALTH AND COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

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### (1) NATURE OF OPERATIONS

LCH Health and Community Services ("**LCH**") is a nonprofit organization based in Kennett Square, Pennsylvania, with the mission of changing lives by serving southern Chester County as the leading provider of integrated health and community services.

LCH served approximately 8,000 unduplicated individuals each year in fiscal years 2020 and 2021, keeping patient numbers fairly steady despite the onset of the COVID-19 pandemic in fiscal 2020. LCH's health centers offer primary care, dental care, acute care, prenatal services, pediatric care, preventive screenings, mental health care and chronic disease management. LCH's social services provide information and referral, translation services, health insurance and other benefits enrollment assistance and legal advice. In addition, LCH offers our patients support with education and job seeking, providing GED classes, citizenship classes and a high school program called Escalera at Avon Grove High School, as well as personalized job seeking services. All of LCH's services are coordinated seamlessly using an integrated data system, making it easy for patients to receive multiple services that help them gain stability and self-sufficiency.

The COVID-19 pandemic has created a working environment of continual change, from the mandatory closures at the pandemic's outset, to reopening with COVID-19 testing and a wide range of safety protocols, to the vaccination of both LCH patients and our larger community. As the pandemic continues, LCH will need to continue to respond to changing community health needs (including booster shots), while also working to sustain the routine health care services that help our community stay healthy and strong.

Effective June 2020, LCH changed its name from La Comunidad Hispana, Inc. to LCH Health and Community Services.

### (2) SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

#### **Basis of Presentation**

LCH reports information regarding its financial position and activities according to the following classes of net assets:

##### ***Without donor restrictions***

Net assets that are not subject to donor-imposed restrictions.

##### ***With donor restrictions***

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of LCH and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as "**net assets released from restrictions**". Contributions and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

This category also includes net assets that are subject to donor-imposed restrictions that neither expire by passage of time nor can be satisfied by actions of LCH.

# LCH HEALTH AND COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

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### **Accounting Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America ("**GAAP**"), management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

### **Fair Value Measurements of Assets and Liabilities**

GAAP defines fair value as 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. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of LCH. Unobservable inputs reflect LCH's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that LCH has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

**Level 2** – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3** – Valuations based on inputs that are unobservable, that is, inputs that reflect LCH's own assumptions.

### **Concentrations of Credit Risk**

Financial instruments which potentially subject LCH to concentrations of credit risk are cash, accounts receivable and contributions receivable. LCH maintains its cash at one financial institution. At times, such deposits may exceed federally-insured limits. LCH has not experienced any losses on its deposits.

Accounts receivable for patient services are more fully described in Note 7. Accounts receivable due from government and other agencies are expected to be collected in 2022. Contributions receivable are also expected to be collected in 2022.

### **Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. LCH does not charge interest on outstanding balances.

# LCH HEALTH AND COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

The changes in the valuation allowance for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 55,274	\$ 54,588
Bad debt expense	226,112	147,000
Write off of uncollectible accounts	<u>(236,386)</u>	<u>(146,314)</u>
Balance, end of year	<u>\$ 45,000</u>	<u>\$ 55,274</u>

### Property and Equipment

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from three years to 40 years.

### Beneficial Interest in Assets Held by Community Foundation

The beneficial interest in assets held by community foundation is reported at the fair value of the assets maintained in the endowment fund (**See Note 4**).

### Government and Other Grants and Contributions

Government and other grants and contributions received are recorded as with donor restrictions or without donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted government and other grants and contributions whose restrictions are satisfied in the same period are reported as without donor restrictions.

Unconditional government and other grants and contributions are recognized as revenue when the related promise to give is received. Conditional government and other grants and contributions received in cash prior to the satisfaction of the conditions are reported as refundable advances and reclassified to revenue when the conditions are satisfied.

LCH recognized revenue of \$4,061,939 in 2021 and \$3,234,479 in 2020 from a single grant from the U.S. Department of Health and Human Services.

### Donated Services

LCH recognizes revenue for donated services received when they require specialized skills which would need to be purchased if they were not donated. Donated services are recorded as both revenue and expenses in the accompanying statements of activities and functional expenses at their estimated value at the date of receipt. LCH received donated professional services and supplies of \$147,165 in 2021 and \$674,686 in 2020 for its program and supporting services as follows:

	<u>2021</u>	<u>2020</u>
Health care	\$147,165	\$673,669
Enabling services	-	208
Community services	<u>-</u>	<u>809</u>
	<u>\$147,165</u>	<u>\$674,686</u>

### Net Patient Service Revenues

Net patient service revenues and related receivables are reported at their estimated net realizable amounts from patients, third-party payors and others at the time the services are rendered.

# LCH HEALTH AND COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

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### Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated, based on estimates of time and effort.

### Advertising Costs

LCH expenses advertising costs as incurred. Advertising expense was \$219,683 for 2021 and \$72,745 for 2020.

### Income Taxes

LCH qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and no provision or liability for income taxes is included in the accompanying financial statements.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. LCH believes that it had no uncertain tax positions as defined in GAAP.

## (3) PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 720,000	\$ 720,000
Building and improvements	2,863,143	2,824,716
Leasehold improvements	232,389	79,728
Furniture and fixtures	1,015,496	949,229
Vehicles	38,194	38,194
Improvements in progress	<u>10,400</u>	<u>-</u>
	4,879,622	4,611,867
Less accumulated depreciation	<u>(1,508,647)</u>	<u>(1,328,516)</u>
	<u>\$ 3,370,975</u>	<u>\$ 3,283,351</u>

## (4) BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

In January 2014, LCH received a contribution of \$100,000 that was restricted by the donor to establish an endowment fund (the "**fund**") with the Chester County Community Foundation (the "**Foundation**") to support the operating, program and capital needs of LCH. The fund has both an endowed component and a quasi-endowed component.

As is standard with community foundation agreements, LCH has irrevocably relinquished its right to the amounts transferred to the Foundation in exchange for future distributions of the fund's earnings. On an annual basis, LCH may request distributions up to 5% of the prior year end asset value of the endowed component of the fund and up to 20% of the prior year end asset value of the quasi-endowed component of the fund. However, the Foundation retains sole discretion regarding distributions.

The value of the endowed component of the fund was \$149,743 at June 30, 2021 and \$120,328 at June 30, 2020 and there was no quasi-endowed component of the fund. LCH did not request or receive any distributions from the Foundation in 2021 or 2020.

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# LCH HEALTH AND COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

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### (5) LINE OF CREDIT

LCH has a \$350,000 bank line of credit that is renewable annually. Advances under the line of credit bear interest at the prime rate plus .25% with a floor rate of 3.50%, and are secured by LCH's real estate. There were no advances outstanding under the line of credit at June 30, 2021 and 2020.

### (6) PAYCHECK PROTECTION PROGRAM

In April 2020, LCH received a loan of \$984,300 under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. In December 2020 the loan was forgiven and the loan proceeds of \$984,300 have been reported as forgiveness of debt in the accompanying 2021 statement of activities.

### (7) NET PATIENT SERVICE REVENUE

Net patient service revenue consisted of the following for 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Gross patient service revenue	\$ 5,730,634	\$ 4,421,877
Contractual and other allowances	<u>(2,800,040)</u>	<u>(1,811,222)</u>
Net patient service revenue	<u>\$ 2,930,594</u>	<u>\$ 2,610,655</u>

Net patient service revenue was attributable to the following payors for 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Self pay	\$ 562,696	\$ 544,895
Insurance companies	430,778	296,585
Medicare	186,462	147,698
Medicaid	1,289,617	1,078,310
340(b) drug program	<u>461,041</u>	<u>543,167</u>
	<u>\$2,930,594</u>	<u>\$2,610,655</u>

Patient accounts receivable were due from the following payors at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Self pay	\$ 36,490	\$ 82,105
Insurance companies	142,117	53,038
Medicare	53,381	24,731
Medicaid	228,164	63,612
Other	<u>46,362</u>	<u>30,665</u>
	506,514	254,151
Less: Allowance for uncollectible accounts	<u>(45,000)</u>	<u>(55,274)</u>
	<u>\$461,514</u>	<u>\$198,877</u>

# LCH HEALTH AND COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### (8) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020 consisted of contributions restricted for the following purposes or periods:

	<b>Balance July 1, 2020</b>	<b>Additions</b>	<b>Releases</b>	<b>Balance June 30, 2021</b>
<b>Purpose restrictions</b>				
Health center	\$484,972	\$334,900	\$506,511	\$313,361
Community services	113,662	89,790	155,241	48,211
Special projects	<u>80,000</u>	<u>44,000</u>	<u>103,780</u>	<u>20,220</u>
	678,634	468,690	765,532	381,792
<b>Time restrictions</b>				
Operations	18,300	136,645	44,945	110,000
<b>To be held in perpetuity</b>				
Beneficial interest in assets held by Community foundation	<u>120,328</u>	<u>29,415</u>	<u>-</u>	<u>149,743</u>
	<u>\$817,262</u>	<u>\$634,750</u>	<u>\$810,477</u>	<u>\$641,535</u>
	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Releases</b>	<b>Balance June 30, 2020</b>
<b>Purpose restrictions</b>				
Health center	\$283,614	\$465,985	\$264,627	\$484,972
Community services	117,964	108,220	112,522	113,662
Special projects	<u>82,368</u>	<u>-</u>	<u>2,368</u>	<u>80,000</u>
	483,946	574,205	379,517	678,634
<b>Time restrictions</b>				
Operations	187,941	47,568	217,209	18,300
<b>To be held in perpetuity</b>				
Beneficial interest in assets held by Community foundation	<u>119,969</u>	<u>359</u>	<u>-</u>	<u>120,328</u>
	<u>\$791,856</u>	<u>\$622,132</u>	<u>\$596,726</u>	<u>\$817,262</u>

### (9) OPERATING LEASES

LCH has entered into lease agreements for three satellite offices, two of which are located in Jennersville, Pennsylvania, and one of which is located in Oxford, Pennsylvania. The leases for the offices in Jennersville, Pennsylvania expire January 2024 and March 2025, respectively. The lease for the office in Oxford, Pennsylvania expires October 2027. Rent for the satellite offices, including common area maintenance charges, was \$372,476 for 2021 and \$283,191 for 2020.

The future minimum lease commitments are \$290,914 for 2022, \$297,272 for 2023, \$238,719 for 2024, \$142,866 for 2025, \$115,903 for 2026 and \$158,711 thereafter.

### (10) EMPLOYEE BENEFIT PLAN

LCH has established a SIMPLE plan for the benefit of eligible employees. Under the provisions of the plan, employees may make salary reduction contributions to the plan and LCH must make matching contributions equal to the employees' salary reduction contributions up to a maximum of 3% of employees' compensation. LCH's contributions to the plan were \$98,114 for 2021 and \$93,213 for 2020.

# LCH HEALTH AND COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### (11) ASSETS MEASURED AT FAIR VALUE

The following table presents information about LCH's assets that are measured at fair value and the valuation inputs used to value them:

<u>Description</u>	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>June 30, 2021</b>				
Contributions receivable	\$ 79,250	\$ -	\$ 79,250	\$ -
Beneficial interest in assets held by community foundation	<u>149,743</u>	<u>-</u>	<u>-</u>	<u>149,743</u>
	<u>\$228,993</u>	<u>\$ -</u>	<u>\$ 79,250</u>	<u>\$149,743</u>

<u>Description</u>	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>June 30, 2020</b>				
Contributions receivable	\$236,280	\$ -	\$236,280	\$ -
Beneficial interest in assets held by community foundation	<u>120,328</u>	<u>-</u>	<u>-</u>	<u>120,328</u>
	<u>\$356,608</u>	<u>\$ -</u>	<u>\$236,280</u>	<u>\$120,328</u>

The following table presents the change in level 3 assets for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Beginning of year	\$120,328	\$119,969
Change in value	<u>29,415</u>	<u>359</u>
End of year	<u>\$149,743</u>	<u>\$120,328</u>

### (12) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects LCH's financial assets as of June 30, 2021 and the amounts available within one year.

	<u>2021</u>	<u>2020</u>
Cash	\$4,027,006	\$3,724,204
Accounts receivable	686,152	864,779
Contributions receivable	<u>79,250</u>	<u>236,280</u>
Total financial assets	4,792,408	4,825,263
Less amounts with donor restrictions	<u>(381,792)</u>	<u>(678,634)</u>
Financial assets available within one year	<u>\$4,410,616</u>	<u>\$4,146,629</u>



# **LCH HEALTH AND COMMUNITY SERVICES**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021 and 2020**

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As part of LCH's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. LCH invests cash in excess of its requirements in a money market fund. In order to manage any liquidity deficiencies or unanticipated liquidity needs, LCH has a \$350,000 line of credit.

### **(13) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 28, 2021, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in the financial statements.