



DAY SECKLER

GOOD COUNSEL, INC.

**CONSOLIDATED FINANCIAL
STATEMENTS**

DECEMBER 31, 2021

GOOD COUNSEL, INC.
Consolidated Financial Statements

December 31, 2021

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Independent Auditors' Report

To the Board of Directors
Good Counsel, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Good Counsel, Inc. (a not-for-profit organization), which comprise the statement of consolidated financial position as of December 31, 2021 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Good Counsel, Inc. as of December 31, 2021 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of Good Counsel, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Good Counsel's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 Good Counsel, Inc.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Good Counsel, Inc.'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.

A handwritten signature in black ink that reads "Day Seckler LLP". The signature is written in a cursive, flowing style.

Fishkill, NY
October 4, 2022

GOOD COUNSEL, INC.

Consolidated Statement of Financial Position December 31, 2021

A S S E T S

Current Assets

Cash and Cash Equivalents	\$ 2,748,572
Contribution Receivable	654,790
Other Receivables	230,000
Prepaid Expenses	<u>9,706</u>

Total Current Assets **3,643,068**

Property and Equipment

Leasehold Improvements	1,864,334
Furniture and Equipment	703,484
Vehicles	<u>250,896</u>
	2,818,714
Accumulated Depreciation	<u>1,701,899</u>

Net Property and Equipment **1,116,815**

Other Assets

Investments	92,486
Security Deposits	75,069
Other	<u>286,993</u>

Total Other Assets **454,548**

Total Assets **\$ 5,214,431**

See notes to financial statements.

GOOD COUNSEL, INC.

**Consolidated Statement of Financial Position
December 31, 2021**

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 248,452
Due to Annuitant	<u>64,052</u>

Total Current Liabilities **312,504**

Net Assets

Without Donor Restriction	4,246,766
With Donor Restriction	<u>655,161</u>

Total Net Assets **4,901,927**

Total Liabilities and Net Assets **\$ 5,214,431**

See notes to financial statements.

GOOD COUNSEL, INC.

Consolidated Statement of Activities For the Year Ended December 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
Revenue, support and reclassification			
Public Support	\$ 3,743,772	\$ 540,119	\$ 4,283,891
Program Services	50,928	0	50,928
Special Events	677,102	0	677,102
Less Direct Costs of Special Events	(107,489)	0	(107,489)
Donated Goods and Services	105,995	0	105,995
Grants	326,279	100,000	426,279
Increase in Cash Surrender Value	11,418	0	11,418
Interest and Dividend Income	906	42	948
Net Assets Released from Restrictions	186,641	(186,641)	0
Total revenue, support and reclassification	4,995,552	453,520	5,449,072
Operating Expenses			
Program expenses	3,382,839	0	3,382,839
Management and general	631,917	0	631,917
Fundraising expenses	742,449	0	742,449
Total Operating Expenses	4,757,205	0	4,757,205
Change in Net Assets from Operating Activities	238,347	453,520	691,867
Other Income (Expense)			
Paycheck Protection Program Grant	720,210	0	720,210
Bad Debt	(95,000)	0	(95,000)
Net Realized and Unrealized Gain on Investments	2,556	0	2,556
Total Other Income	627,766	0	627,766
Change in Net Assets	866,113	453,520	1,319,633
Net Assets, Beginning of Year	3,370,416	201,641	3,572,057
Prior Period Adjustment	10,237	0	10,237
Net Assets, Beginning of Year as Adjusted	3,380,653	201,641	3,582,294
Net Assets, End of Year	\$ 4,246,766	\$ 655,161	\$ 4,901,927

See notes to financial statements.

GOOD COUNSEL, INC.

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Costs of Direct Benefit to Donors</u>	<u>Total</u>
Salaries, Payroll Taxes and .					
Employee Benefits	\$ 2,522,856	\$ 519,457	\$ 398,256	\$ 0	\$ 3,440,569
Rent, Utilities and Building Maintenance	207,146	0	24,413	0	231,559
Telephone	33,394	2,439	3,337	0	39,170
Equipment Rental and Maintenance	53,210	3,092	13,924	0	70,226
Insurance	88,872	41,868	14,833	0	145,573
Printing, Publications and Advocacy	14,939	2,288	25,069	0	42,296
Postage and Shipping	23,876	842	129,711	0	154,429
Supplies and Food	43,002	811	2,410	0	46,223
Auto and Travel	23,653	3,752	547	0	27,952
Professional Fees and Consulting	74,610	52,062	52,965	0	179,637
Fund Development Expenses	24,739	0	32,694	107,489	164,922
Credit Card Processing	7,223	0	40,930	0	48,153
Direct Assistance Programs	15,369	0	0	0	15,369
Depreciation and Amortization	132,762	0	0	0	132,762
Other Expense	11,193	5,306	3,360	0	19,859
Donated Goods and Services	105,995	0	0	0	105,995
Total Operating Expenses	3,382,839	631,917	742,449	107,489	4,864,694
Less Direct Fundraising Expense included with Revenues	0	0	0	107,489	107,489
Total Operating Expenses included in the Expense Section of the Statement of Activities	\$ 3,382,839	\$ 631,917	\$ 742,449	\$ 0	\$ 4,757,205

See notes to financial statements.

GOOD COUNSEL, INC.

Consolidated Statement of Cash Flows For the Year Ended December 31, 2021

Cash Flows from Operating Activities:

Change in Net Assets	\$ 1,319,633
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Adjustments to Reconcile Change in Net Assets to Net

Cash Provided by Operating Activities:

Depreciation and Amortization	132,762
Bad Debt Expense	95,000
Paycheck Protection Program Grant	(720,210)
Net realized and unrealized gain on investments	(2,556)

Changes in Operating Assets and Liabilities:

Contributions Receivable	(268,186)
Prepaid Expenses	(9,706)
Security Deposit	(16)
Other Assets	(11,418)
Accounts Payable and Accrued Expenses	22,954
Due to Annuitant	391

Net Cash Provided by Operating Activities	558,648
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Cash Flows from Investing Activities:

Purchase of Property and Equipment	(153,913)
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Net Increase in Cash, Cash Equivalents and Restricted Cash	404,735
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Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	2,343,837
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Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 2,748,572
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See notes to financial statements.

GOOD COUNSEL, INC.
Notes to the Consolidated Financial Statements

December 31, 2021

Note 1 Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Good Counsel, Inc. (the “Organization”) is a not-for-profit organization which provides housing and other assistance to homeless and pregnant mothers, before, during, and after birth, as well as their children. The Organization has homes for mothers and children in the New York communities of Spring Valley, Bronx, Staten Island, and in New Jersey outside the city of Camden in Riverside. Food, clothing, other personal items and most of the babies’ needs, along with counseling are provided to the residents. Additional outreach programs are found in New York and New Jersey.

The Organization maintains administrative offices in Spring Valley and Bronx, New York, and Secaucus, New Jersey.

The Organization derives its revenue primarily from public donations, special events and grants.

Evangelium Vitae Housing Development Fund Corporation, of which the Organization is the sole member, was formed to acquire the property in Bronx, New York in order for the Organization to provide a safe home for pregnant and homeless mothers and babies.

The Organization is exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. Evangelium Vitae Housing Development Fund Corporation is subject to Federal and state income taxes.

Principles of Consolidation

The consolidated financial statement includes Evangelium Vitae Housing Development Fund Corporation, of which the Organization is the sole member. All significant inter-company accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as “Good Counsel, Inc.”

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Cash, Cash Equivalents and Restricted Cash

For the purpose of the statements of cash flows, the Organization considers cash and highly liquid financial instruments with maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature are excluded from this definition.

GOOD COUNSEL, INC.
Notes to the Consolidated Financial Statements

December 31, 2021

Note 1 Nature of Activities and Summary of Significant Accounting Policies – Continued

Contributions Receivable

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. All contributions receivable have been collected subsequent to year end, thus no allowance has been established.

Fair Value of Financial Instruments

The Organization follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable and are used to the extent that observable inputs do not exist.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of the donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment income/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Endowment

The Organization's donor restricted endowment consists of one educational fund. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

GOOD COUNSEL, INC.
Notes to the Consolidated Financial Statements

December 31, 2021

Note 1 Nature of Activities and Summary of Significant Accounting Policies – Continued

Charitable Gift Annuities

Under charitable gift annuities, the Organization receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at the fair value on the date of receipt. The related liability is recorded at fair value using present value techniques and risk adjusted discount rates designated to reflect the net present value of the actuarially expected annuity payments is recorded as a liability. The liability for future payments to the donor is reduced by payments made to the donor during the year and is adjusted to reflect the changes in the fair value of the liability at the end of the year.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization. Property and equipment purchases in excess of \$5,000 with estimated useful lives greater than one year are capitalized. Donations of property and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit donor restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to assets without donor restrictions at that time. Depreciation and amortization are computed on the straight-line basis over the estimated useful life of each asset ranging from three to thirty nine years.

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying value of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2021.

GOOD COUNSEL, INC.
Notes to the Consolidated Financial Statements

December 31, 2021

Note 1 Nature of Activities and Summary of Significant Accounting Policies – Continued

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. The Organization classifies its net assets into the following two categories:

Net Assets without Donor Restrictions - Net assets available for use in general operating activities of the Organization and not subject to donor or certain grantor imposed restrictions and are available for use for the general operating activities.

Net Assets with Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those 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.

Net Assets with Donor Restrictions - continue

Contributions restricted by donors are reported as an increase in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Conditional contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released when received and released from restrictions when the assets are placed in service.

Revenue and Revenue Recognition

Contributions and Grants

In accordance with ASU 2018-08, the Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, those with a measureable performance or other barrier and right of return, are not recognizable until the conditions on which they depend have been met. Contributions are recorded as revenue at the earlier of the receipt of an unconditional pledge or the receipt of cash or other assets. Contributions are considered available for general use unless specifically restricted by the donor. Grants and awards are recorded when awarded.

GOOD COUNSEL, INC.
Notes to the Consolidated Financial Statements

December 31, 2021

Note 1 Nature of Activities and Summary of Significant Accounting Policies – Continued

Revenue and Revenue Recognition - continued

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions received and expended in the same fiscal year are reflected as revenues without donor restrictions.

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participants represent payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenues in the accompanying statement of activities.

In-Kind Contributions

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

Volunteers for fundraising events also provided services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Organization is a not-for-profit organization exempt from Federal and New York State income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and the New York State tax code.

GOOD COUNSEL, INC.
Notes to the Consolidated Financial Statements

December 31, 2021

Note 1 Nature of Activities and Summary of Significant Accounting Policies – Continued

Uncertain Tax Position

Management has evaluated the Organization's tax position and concluded that it has not taken any uncertain tax positions that require adjustments to the consolidated financial statements to comply with the provisions of Consolidated Financial Accounting Standards Board (FASB) ASC 740.

Functional Allocation of Expenses

The cost of supporting the programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Salaries and related expenses have been allocated based on the actual time spent by employees on various activities. Direct costs are allocated to the function that receives the incurred expense. Accordingly, certain costs have been allocated among program, management and general, and fundraising activities.

Use of Estimates

The preparation of consolidated financial statements, in conformity with the accrual basis of accounting, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are based on Management's best knowledge of current events, historical experiences, actions that the Organization may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results could differ from those estimates

Recent Accounting Pronouncements

In September 2020, the FASB issued Accounting Standard Update (ASU) 2020-07, Not-For-Profit Entities (Topic 958) Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonconsolidated Financial Assets. ASU 2020-07 improves consolidated financial reporting by providing new presentation and disclosure requirements about contributed nonconsolidated financial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. Early adoption is permitted. Management is currently assessing the effect that ASU 2020-07 will have on the Organization's consolidated financial statements.

GOOD COUNSEL, INC.
Notes to the Consolidated Financial Statements

December 31, 2021

Note 2 Liquidity and Availability of Consolidated financial Assets

The Organization regularly monitors liquidity to ensure it can meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various liquidity sources available, including cash and cash equivalents.

In addition to the consolidated financial assets available to meet expenditures over the next twelve months, the Organization operates with a balanced budget and Management anticipates collecting sufficient revenue to cover general operating expenses for the period.

The following table shows the consolidated financial assets held by the Organization that could readily be made available within one year of the statement of consolidated financial position date to meet general expenditures as of December 31, 2021 is as follows:

Cash and Cash Equivalents	\$ 2,748,572
Contribution Receivable without Donor Restrictions	654,790
Other Receivables	230,000
Less: Assets with Donor Imposed Restrictions	<u>(655,161)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,978,201</u></u>

Note 3 Other Receivables

In January 2017, the Organization entered into a two-year service agreement with Mary's Shelter, an Alabama not-for-profit corporation. As part of the agreement, Mary's Shelter agreed to compensate the Organization \$25,000 per month for their services. The Organization has agreed to defer payment of these services fees in consideration for an option agreement between the Organization and Mary's Shelter whereby the Organization can purchase a building owned by Mary's Shelter for \$500,000. At the Organization's sole discretion, the Organization may elect to apply the deferred fees as credits toward the purchase price of the property that is subject to the option agreement. The Organization had recorded a receivable of \$525,000 relating to this agreement, along with a reserve of \$200,000, resulting in a net receivable of \$325,000 as of January 1, 2021.

The agreement with Mary's Shelter was terminated in 2018. Since the agreement stated the Organization may apply the fees towards the purchases of the property mentioned above, the receivable from Mary's Shelter has been reduced to the value which management believes is the net realizable value if the property is sold. The Organization previously filed a lawsuit seeking specific performance of an option to purchase this property. The Organization reached a cash settlement agreement for \$230,000 subsequent to December 31, 2021, which resulted in a bad debt expense of \$95,000. The receivable was \$230,000 as of December 31, 2021 and was collected subsequent to December 31, 2021.

GOOD COUNSEL, INC.
Notes to the Consolidated Financial Statements

December 31, 2021

Note 4 Investments

Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

All of the Organization's investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values.

GOOD COUNSEL, INC.
Notes to the Consolidated Financial Statements

December 31, 2021

Note 5 Operating Measurement

The Organization divides its consolidated statements of activities into operating and non-operating activities. The operating activities of the Organization include all income and expenses related to carrying out its mission. Operating revenues include public support, grants, special events, program service revenue, and dividend and interest income. Realized and unrealized investment gains are considered non-operating activities.

Note 6 Operating Leases

The Organization leases its Staten Island, Secaucus, and Yonkers facilities under long term operating arrangements. The Staten Island agreement expired on July 31, 2020 and the Organization renewed the lease for three additional years, expiring July 31, 2023. The Organization also rents office space in Secaucus, New Jersey. This lease is for six years beginning January 15, 2020 and ending January 15, 2026. The lease calls for annual increases of 3% on the anniversary date of the lease. The Yonkers lease, which was set to expire February 28, 2022, was terminated by the Organization because the space was no longer suitable for the Daystar Program. The Organization was not assessed any penalty and does not have any obligation to pay the remaining payments of this lease.

The building in Riverside is owned by the Organization and all other facilities are rented on a month to month basis. Rent expense totaled \$41,923 for 2021. These expenses are included in the amounts for rent, utilities and building maintenance on the statement of functional expenses.

Future annual minimum lease payments at December 31, 2021, required under the operating lease agreements, are payable as follows:

<i>Year ending December 31,</i>		
2022	\$	34,907
2023		32,738
2024		29,394
2025		30,276
2026		2,529
Total	\$	<u>129,844</u>

Note 7 Endowment

In December 2021, the Organization was the recipient of \$98,075 to establish an endowment fund from a donor. The purpose of the endowment fund is to provide educational funding for mothers that the Organization serves over a period of ten to fifteen years. The endowment monies were included in cash as of December 31, 2021.

GOOD COUNSEL, INC.
Notes to the Consolidated Financial Statements

December 31, 2021

Note 7 Endowment - Continued

The Organization's Board of Directors has interpreted the New York State Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary.

At December 31, 2021, the Organization retains the original value of the initial funding since no monies were expended in 2021 for educational purposes. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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 of investments
- Other resources of the Organization
- The investment policies of the Organization

As of December 31, 2021, no appropriations have been made from the endowment funds. Subsequent to December 31, 2021, the Organization has established an investment policy which encompasses the endowment.

Note 8 Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2021 are as follows:

Subject to Expenditures for Specific Purpose:	
South Jersey Program	\$ 507,605
Alfred E Smith Grant	34,481
Renovations	15,000
Total	<u>557,086</u>
Endowment:	
Educational Endowment	<u>98,075</u>
Total Restricted	<u><u>\$ 655,161</u></u>

GOOD COUNSEL, INC.
Notes to the Consolidated Financial Statements

December 31, 2021

Note 8 Net Assets with Donor Restrictions - Continued

Net assets were released from donor restriction by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions during the year end December 31, 2021 are as follows:

South Jersey Program	\$ 186,341
Mary's Shelter	<u> 300</u>
 Total	 <u><u> \$ 186,641</u></u>

Note 9 In-Kind Contributions

The Organization received donated goods in 2021 with an estimated value of \$105,995. The 2021 donated items consisted of \$24,000 of rent free use of homes and offices, \$20,000 for pro bono services from an attorney and other goods including food, baby products, computers, and household items.

The Organization received the donated services of volunteers. These donated services include volunteers who assist in the life skills programs, assisting mothers and children, and conducting special events to raise funds for the Organization. These services are not recognized as contributions in the consolidated financial statements as the recognition under U.S. GAAP has not been met.

Note 10 Concentrations of Credit Risk

The Company maintains its cash balances in TD Bank. At times, cash balances may be in excess of FDIC insurance limits. As of December 31, 2021, Management believes there are no significant concentrations of credit risk.

Note 11 Paycheck Protection Program Grant

In May 2020, the Organization was granted a loan in the amount of \$720,210, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the Coronavirus Aid, Relief and Economic Securities Act ("CARES ACT") which was enacted March 27, 2020. In January 2021, the Organization applied for and received full forgiveness of this loan. As such, the Company has recognized the entire loan amount of \$720,210 as revenue for the year ended December 31, 2021.

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Note 12 Prior Period Adjustment

The Organization became aware that accumulated depreciation was overstated by \$10,237. The Organization has recorded a prior period adjustment and increased the opening balance of retained earnings by \$10,237 due to the overstatement. The Organization has restated the opening balances for the respective accounts in the consolidated financial statements.

Note 13 Risks and Uncertainties

Since March 2020, the local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID -19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramification, and any government actions to mitigate them. Accordingly, while Management cannot quantify the consolidated financial and other impact to the Organization through the date that the consolidated financial statements were available to be issued, Management believes that a material impact on the Organization's consolidated financial position and results of future operations is reasonably possible.

Note 14 Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through October 4, 2022, the date the consolidated financial statements were available to be issued.

Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Organization closely monitors the investment portfolio and its liquidity and are actively working to minimize the impact of these declines. The financial statements do not include adjustments to fair value that have resulted from these declines.

As disclosed in Note 3, the Organization reached a cash settlement agreement from a lawsuit for \$230,000, which resulted in a bad debt expense of \$95,000. The receivable was collected subsequent to December 31, 2021.