



TOWN OF EXETER, NEW HAMPSHIRE
HUMAN SERVICES
FY 2025

Organization's Name: ONE SKY COMMUNITY SERVICES Year Founded: 1983
Address: 755 BANFIELD ROAD, STE 3, PORTSMOUTH, NH 03801
Executive Director/ Board Chair: MATT CORDARO Tax ID Number: 02-0368955
Applicant Contact: BILLIE TOOLEY Email: B.TOOLEY@ONESKYSERVICES.ORG
Address: SAME Phone: 603-770-0347

Organization's Mission Statement and Statement of Grant Purpose (e.g. This grant will be used...):

* See attached

Brief Detailed description of how the money will be specifically utilized for Exeter residents:

* See attached

% of overall services that goes to Exeter residents: 100%
of Exeter residents served: 87

List all geographic area(s) served by organization: _____

* See attached

Total Municipal Contributions in 2024: _____

List each town that contributes and the amount received: _____

* See attached

Organization's total projected budget for FY 2025: \$ _____

Amount Requested: \$ _____

Town Manager's Office

JUL 31 2024

Received

Additional Information Required:

Please supply the following items for a complete application to be considered:

1. Provide a narrative, not to exceed two pages in size 12 font
 - a) Organization's overview
 - b) Program changes and/ or highlights from the past year

2. FY24 funded organizations must submit a brief summary of how those funds were used to support Exeter residents
 - a) If your organization is requesting an increase in funding for FY25, submit justification of increased need

3. Complete financial statements
 - a) Operating budget
 - b) Balance sheet

I certify to the best of my knowledge that the information in this proposal reflects accurate data concerning need and estimates of planned/delivered services. The proposal was considered and approved for submission by the agency Board of Directors on 7/29/24 [Signature] (date).

By signing this application, the undersigned offers and agrees, if the proposal is accepted, to furnish items or services that is quoted. This agreement is subject to final negotiation and acceptance by the Select Board and the Budget Review Committee and subsequent contract award.

Director's (or Designee) Signature: Billie Tooley Date: 7/29/24

Submit no later than July 31, 2024:

Town of Exeter
Town Manager
10 Front Street
Exeter, NH 03833

Responses to Exeter application:

Organization's Mission Statement and Statement of grant purpose:

We assist individuals and families with developmental disabilities and acquired brain disorders, to live as valued and contributing members in their community.

This grant will be used to provide those we serve and who reside in the Town of Exeter with additional financial assistance to pay for those crucial and essential needs and requirements that their allocated budgets can no longer cover, such as dental care, medical supplies, food, clothing, rent, medical repairs and so on. The funds go into the One Sky Readiness Fund, which is used exclusively for those needs.

% of overall services that goes to Exeter residents: 100%

of Exeter residents served: 87

List all geographic areas served by the organization:

Most of Rockingham County – Northwood, Deerfield, Nottingham, Raymond, Epping, Fremont, Brentwood, Exeter, Newfields, Newmarket, Kensington, Hampton Falls, Hampton, Seabrook, North Hampton, Kensington, Rye, New Castle, Stratham, South Hampton, Kingston, East Kingston, Portsmouth, Newington

Total Municipal contributions in 2023: We have received during our fiscal year, (July 1 to June 30) -- \$8905

Exeter	\$1625	Newington	\$180
South Hampton	\$400	Deerfield	\$2000
Fremont	\$2000	Kensington	\$700
New Castle	\$200	Hampton	\$5100
Portsmouth	\$2500	Raymond	\$500

Please note: We continue our efforts to get the other communities we serve to become part of this effort.

Organization's total projected budget for FY2025: \$14,466,000

Amount requested: \$1625

FY2025 Draft Budget	
Revenue	
Medicaid	12,650,000
All Other	1,816,000
Total Revenue	14,466,000
Expense	
Personnel	4,002,000
All Other	10,414,000
Total Expense	14,416,000
Net Operating Result	50,000

PLEASE NOTE:

In the past One Sky would receive tens of millions of dollars which we would then turnaround and issue payment to providers servicing our individuals. Since July 1, 2023, NHDHHS implemented an entire new system for our agencies, where vendors/providers bill the state directly and receive their remittance from the state. One Sky no longer serves as a conduit for these payments between state and provider.



Agency overview:

Incorporated in 1983, One Sky has grown into a comprehensive service agency serving over 1200 individuals and families yearly throughout most of Rockingham County.

One Sky is required to operate under state-mandated rules and regulations and is the primary point of contact for any individual living within our service area, with a Developmental Disability or an Acquired Brain Disorder, requiring support and services. We determine eligibility for available funding, work with eligible individuals and their guardians to identify specific service needs, suggest a variety of possible service providers, help the individual and guardian decide which ones to select, and monitor the quality of care throughout their life.

We continue to establish and strengthen long-term collaborations and partnerships within the communities we serve to help foster better inclusion and heightened awareness to the needs and goals of our clients.

One Sky is the sole resource of Medicaid for those with Developmental Disabilities and acquired brain disorders, our influence on their lives can be impactful not only on the quality of their life, but in terms of the comprehensive level of services and supports provided to them. This in turn alleviates the need for available town services and programs.

The services and supports One Sky delivers are unique and comprehensive for human services. Clients and their families are very supportive and pleased with what we provide. They look to us for solutions and to assist them with emergencies, as well as with crucial and essential needs. One Sky will do whatever it takes to meet their needs through advocating for change at the state level, fundraising, meeting with community leaders, and much more.

Primary programs and services of our organization:

One Sky provides clients with a broad spectrum of services, such as:

- Vocational services, residential supports, day activities, and money management programs for those on the Autism Spectrum and/or with a disability that impacts behavior, we provide them with everything from initial assessment to direct therapies, school consults and parent trainings.
- Resources for children, from birth to three years, and their families that include developmental evaluations, therapeutic interventions, guidance, instruction, referral to community resources, and emotional support.
- Information and support to those families that have a member with a developmental disability living with them, working directly and in partnership with other community organizations to provide the education, information and personalized supports needed.
- For seniors and adults with disabilities who need social and cognitive stimulation and require health monitoring during the day.
- Through their Service Coordinator, individuals and families can manage their own budget,

hire their own workers, and plan daily living needs and social/recreational activities.

- Addressing the needs of families with children, from birth to age 21 years of age, with chronic health conditions, utilizing a family-centered approach.
- Providing early intervention support to families of young children diagnosed with a developmental disability.
- Assist local school districts to provide children with developmental disabilities with in-home supports
- Assisting individuals over the age of 21 with a service plan that meets their needs in a community-based setting working with the State to secure the resources to ensure a successful outcome.
- Connecting individuals with service providers who can help them.
- Assisting individuals and families in coordinating their own self-managed service program.
- Helping individuals find meaningful long-term employment through assessment and skills training.
- Helping to fill in the gap that exists between what is needed by a client and what is available through state and federally funded programs.

Our annual budget allocations from the State and Federal governments (Medicaid) are strictly based on the number, requirements and budgets of our clients and are strictly regulated. There is no wiggle room for additional allocations. Competing public policy and budget priorities have placed the resources available to us at significant risk, requiring us to actively seek private funding sources on many fronts. Clients' budgets are being stretched very thin because of the increasing costs of services and supports and just living every day trying to meet basic human needs such as seeing a dentist, fixing a special van, buying a winter coat, meeting the rent because of illness or family loss, home modifications and repairs, medical supplies and apparatus, food, gas, heat, special housing, short-term housing, and so on.

Program's Impact on Exeter residents:

One Sky is the sole resource of Medicaid for those with Developmental Disabilities and acquired brain disorders, our influence on their lives can be impactful not only on the quality of their life, but in terms of the comprehensive level of services and supports provided to them. This in turn would alleviate need for available town services and programs.

The services and supports One Sky delivers are unique and comprehensive for human services. Clients and their families are very supportive and pleased with what we provide. They look to us for solutions and to assist them with emergencies, as well as with crucial and essential needs; hence the creation of the One Sky Readiness Fund.

Program Changes and/or highlights from the past year:

There have been no changes made to the One Sky Readiness Fund procedures. Since our fiscal year runs from July to June - I can report that over \$29,000 has been approved for 25 clients to date.

Currently, 87 individuals who live in Exeter are supported by One Sky Community Services.

INTERIM AUDITOR'S REPORT



FINANCIAL STATEMENTS

June 30, 2023 and 2022

With Independent Auditor's Report

The accompanying financial statements of One Sky Community Services, Inc. (the "Company") for the periods ended June 30, 2023 and 2022, and the related notes to the financial statements, were audited by the independent auditor of the Company, PricewaterhouseCoopers LLP ("PwC"), a member firm of the PwC network, which is a member of the PwC Global organization. The audit was conducted in accordance with the standards of the Public Company Accounting Oversight Board ("PCAOB"). The independent auditor's report is included in the financial statements for the periods ended June 30, 2023 and 2022.

The financial statements of the Company for the periods ended June 30, 2023 and 2022, and the related notes to the financial statements, were prepared by management of the Company and are the responsibility of management. The independent auditor's report is included in the financial statements for the periods ended June 30, 2023 and 2022.

The financial statements of the Company for the periods ended June 30, 2023 and 2022, and the related notes to the financial statements, were prepared by management of the Company and are the responsibility of management. The independent auditor's report is included in the financial statements for the periods ended June 30, 2023 and 2022.



INDEPENDENT AUDITOR'S REPORT

Board of Directors
One Sky Community Services, Inc.

Opinion

We have audited the accompanying financial statements of One Sky Community Services, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows 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 the Organization as of June 30, 2023 and 2022, and the change in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. GAAS). 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization adopted Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases* during the year ended June 30, 2023. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

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

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

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
March 21, 2024

ONE SKY COMMUNITY SERVICES, INC.

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,363,645	\$ 1,568,018
Client funds held	446,921	485,521
Accounts receivable, net	1,542,424	4,044,640
Prepaid expenses	<u>45,178</u>	<u>25,907</u>
Total current assets	<u>5,398,168</u>	<u>6,124,086</u>
Property and equipment		
Land	489,680	463,680
Buildings	2,055,198	1,981,865
Leasehold improvements	1,054,070	741,261
Vehicles	91,213	91,213
Equipment	<u>806,083</u>	<u>779,466</u>
Less accumulated depreciation	4,496,244	4,057,485
	<u>(2,036,082)</u>	<u>(1,868,388)</u>
Property and equipment, net	<u>2,460,162</u>	<u>2,189,097</u>
Right-of-use (ROU) asset - operating	878,100	-
Other assets	<u>20,876</u>	<u>17,343</u>
Total assets	<u>\$ 8,757,306</u>	<u>\$ 8,330,526</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 4,940,596	\$ 4,251,446
Accrued expenses and other current liabilities	262,889	243,314
Refundable advance	64,954	126,671
Deferred revenue	-	207,273
Client funds held	446,921	485,521
Current portion of lease obligation - operating	213,903	-
Current portion of long-term debt	<u>-</u>	<u>34,046</u>
Total current liabilities	<u>5,929,263</u>	<u>5,348,271</u>
Lease obligation - operating, net	<u>680,529</u>	<u>-</u>
Total liabilities	<u>6,609,792</u>	<u>5,348,271</u>
Net assets		
Without donor restrictions	1,959,268	2,811,679
With donor restrictions	<u>188,246</u>	<u>170,576</u>
Total net assets	<u>2,147,514</u>	<u>2,982,255</u>
Total liabilities and net assets	<u>\$ 8,757,306</u>	<u>\$ 8,330,526</u>

The accompanying notes are an integral part of these financial statements.

ONE SKY COMMUNITY SERVICES, INC.

Statements of Activities

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Changes in net assets without donor restrictions		
Public support and revenue		
Medicaid revenue	\$ 39,773,879	\$ 36,658,905
Bureau of Developmental Services	1,825,391	1,619,701
Interest	75	93
Other revenue	842,633	364,793
Grant income	61,717	2,374,646
Net assets released from restriction	<u>33,154</u>	<u>27,983</u>
Total public support and revenue	<u>42,536,849</u>	<u>41,046,121</u>
Expenses		
Program services		
Service coordination	1,460,804	1,367,422
Combined residential and day services	22,656,035	20,328,782
Participant directed and managed/in-home supports	5,831,914	5,540,638
Early intervention	1,299,730	1,341,194
Family support	363,565	299,839
Respite care	118,627	126,382
Independent living	142,338	161,390
Day services	7,622,257	7,133,814
Clinical supports	<u>441,231</u>	<u>385,530</u>
Total program services	39,936,501	36,684,991
Supporting services		
General management	<u>3,490,909</u>	<u>5,170,655</u>
Total expenses	<u>43,427,410</u>	<u>41,855,646</u>
Change in net assets without donor restrictions	<u>(890,561)</u>	<u>(809,525)</u>
Changes in net assets with donor restrictions		
Contributions	50,824	97,971
Net assets released from restriction	<u>(33,154)</u>	<u>(27,983)</u>
Change in net assets with donor restrictions	<u>17,670</u>	<u>69,988</u>
Change in net assets before cumulative effect of change in accounting principle	(872,891)	(739,537)
Cumulative effect of change in accounting principle	<u>38,150</u>	<u>-</u>
Change in net assets after cumulative effect of change in accounting principle	(834,741)	(739,537)
Net assets, beginning of year	<u>2,982,255</u>	<u>3,721,792</u>
Net assets, end of year	\$ <u>2,147,514</u>	\$ <u>2,982,255</u>

The accompanying notes are an integral part of these financial statements.

ONE SKY COMMUNITY SERVICES, INC.

Statement of Functional Expenses

Year Ended June 30, 2023

	Service Coordination	Combined Residential and Day Services	Participant Directed and Managed/In-Home Supports	Early Intervention	Family Support	Respite Care	Independent Living	Day Services	Clinical Supports	General Management	Total
Personnel costs											
Salary and wages	\$ 993,936	\$ -	\$ 1,314,041	\$ -	\$ 126,331	\$ -	\$ -	\$ -	\$ -	\$ 1,824,337	\$ 4,258,645
Employee benefits	173,059	-	189,763	-	23,383	-	-	-	-	266,673	652,878
Payroll taxes	73,597	-	80,088	-	-	6,871	-	-	-	128,931	289,487
Professional fees and consultants											
Client treatment and services	21,747	219,970	3,355,552	4,839	-	84,752	-	-	441,231	26,471	4,154,562
Accounting and auditing	-	-	-	-	-	-	-	-	-	34,200	34,200
Legal	-	-	-	-	-	-	-	-	-	82,579	82,579
Payroll preparation	-	-	-	-	-	-	-	-	-	44,116	44,116
Other	33,055	-	14,389	-	-	-	-	-	-	508,099	555,543
Conferences and conventions	1,280	-	-	-	-	-	-	-	-	13,725	15,005
Occupancy costs											
Rent	85,513	-	-	-	-	27,004	-	-	-	112,517	225,034
Electricity and other utilities	-	7,074	-	-	-	-	-	-	-	55,599	62,673
Maintenance and repairs	-	67,020	-	-	-	-	1,172	-	-	30,091	98,283
Consumable supplies											
Client consumables	-	-	-	-	-	-	-	-	-	13,049	13,049
Office	2,093	-	-	-	-	-	-	-	-	53,962	56,055
Equipment maintenance	-	3,347	-	-	-	-	-	-	-	6,294	9,641
Advertising	-	-	92	-	-	-	-	-	-	27,460	27,552
Printing	-	-	-	-	1,009	-	-	-	-	171	1,180
Telephone	-	-	-	-	-	-	-	-	-	27,687	27,687
Postage	3	-	-	-	-	-	-	-	-	14,434	14,437
Transportation	39,144	-	78,232	-	-	-	-	21,835	-	4,694	143,905
Assistance to individuals	67	-	17,903	-	212,030	-	-	-	-	26,714	256,714
Insurance	13,853	4,152	-	-	-	-	-	-	-	44,503	62,508
Members' dues	19,007	248,477	-	-	812	-	-	-	-	8,201	8,201
Other expenditures	4,450	22,009,508	781,854	1,294,891	-	-	141,166	7,600,422	-	65,195	333,491
Subcontractor											31,832,291
Total expenses before depreciation	1,460,804	22,559,548	5,831,914	1,299,730	363,565	118,627	142,338	7,622,257	441,231	3,419,702	43,259,716
Depreciation	-	96,487	-	-	-	-	-	-	-	71,207	167,694
Total expenses	\$ 1,460,804	\$ 22,656,035	\$ 5,831,914	\$ 1,299,730	\$ 363,565	\$ 118,627	\$ 142,338	\$ 7,622,257	\$ 441,231	\$ 3,490,909	\$ 43,427,410

The accompanying notes are an integral part of these financial statements.

ONE SKY COMMUNITY SERVICES, INC.

Statement of Functional Expenses

Year Ended June 30, 2022

	Service Coordination	Combined Residential and Day Services	Participant Directed and Managed/In-Home Supports	Early Intervention	Family Support	Respite Care	Independent Living	Day Services	Clinical Supports	General Management	Total
Personnel costs	\$ 901,666	\$ -	\$ 1,266,914	\$ -	\$ 108,043	\$ -	\$ -	\$ -	\$ -	\$ 1,570,945	\$ 3,847,568
Salary and wages	150,657	-	153,241	-	21,155	-	-	-	-	234,603	559,656
Employee benefits	74,951	-	104,987	-	-	5,563	-	-	-	115,629	301,130
Professional fees and consultants	29,313	259,467	3,174,747	11,772	-	83,756	-	-	385,530	206	3,944,791
Client treatment and services	-	-	-	-	-	-	-	-	-	79,614	79,614
Accounting and auditing	-	-	-	-	-	-	-	-	-	40,914	40,914
Legal	-	-	-	-	-	-	-	-	-	40,550	40,550
Payroll preparation	31,177	-	14,898	-	-	-	-	-	-	337,845	383,920
Other	-	-	-	-	150	-	-	-	-	59,727	59,777
Conferences and conventions	-	-	-	-	-	-	-	-	-	-	-
Occupancy costs	85,244	-	-	-	-	26,919	-	-	-	112,163	224,326
Rent	15	4,268	-	-	-	-	-	-	-	45,607	49,890
Electricity and other utilities	-	46,975	-	-	-	-	1,147	-	-	35,239	83,361
Maintenance and repairs	-	-	-	-	-	-	-	-	-	-	-
Consumable supplies	-	9,554	-	-	26	-	-	-	-	13,096	22,676
Client consumables	3,801	2,384	-	-	17	-	-	-	-	76,480	82,682
Office	-	2,100	-	-	-	-	-	-	-	67,863	69,963
Equipment maintenance	-	-	1,109	-	-	-	-	-	-	46,495	47,604
Advertising	-	-	-	-	1,103	-	-	-	-	1,939	3,042
Printing	-	-	-	-	-	-	-	-	-	42,733	42,733
Telephone	-	-	-	-	-	-	-	-	-	14,457	14,466
Postage	-	-	-	-	9	-	-	309	-	2,265	119,231
Transportation	22,089	1,716	92,852	-	-	-	-	-	-	54,115	222,456
Assistance to individuals	-	6,596	4,201	-	153,544	4,000	-	-	-	42,524	59,729
Insurance	13,237	3,968	-	-	-	-	-	-	-	6,280	6,280
Members' dues	-	12,799	-	-	400	-	-	906	-	222,164	236,269
Other expenditures	-	-	-	-	-	-	160,243	7,132,599	-	1,879,491	31,149,139
Subcontractor	5,124	19,914,571	727,689	1,329,422	-	-	-	-	-	-	-
Total expenses before depreciation	1,317,274	20,264,398	5,540,638	1,341,194	284,447	120,238	161,390	7,133,814	385,530	5,142,944	41,691,867
Depreciation	50,148	64,384	-	-	15,392	6,144	-	-	-	27,711	163,779
Total expenses	\$ 1,367,422	\$ 20,328,782	\$ 5,540,638	\$ 1,341,194	\$ 299,839	\$ 126,382	\$ 161,390	\$ 7,133,814	\$ 385,530	\$ 5,170,655	\$ 41,855,646

The accompanying notes are an integral part of these financial statements.

ONE SKY COMMUNITY SERVICES, INC.

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ (834,741)	\$ (739,537)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	167,694	163,779
Change in allowance for uncollectible accounts	(475,000)	475,000
Change in the ROU assets - operating, net of lease obligation - operating	16,332	-
Cumulative effect of change in accounting principle	(38,150)	-
Changes in operating assets and liabilities		
Accounts receivable	2,977,216	(440,461)
Prepaid expenses	(19,271)	38,910
Accounts payable	727,300	1,169,895
Accrued expenses and other current liabilities	19,575	(122,381)
Deferred revenue	(207,273)	(55,353)
Refundable advances	(61,717)	(368,404)
Net cash provided by operating activities	<u>2,271,965</u>	<u>121,448</u>
Cash flows from investing activities		
Purchases of property and equipment	(438,759)	(722,573)
Change in other assets	(3,533)	-
Net cash used by investing activities	<u>(442,292)</u>	<u>(722,573)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(34,046)	(50,321)
Net increase (decrease) in cash and cash equivalents	1,795,627	(651,446)
Cash and cash equivalents, beginning of year	<u>1,568,018</u>	<u>2,219,464</u>
Cash and cash equivalents, end of year	<u>\$ 3,363,645</u>	<u>\$ 1,568,018</u>
Supplementary Information:		
Acquisition of property and equipment with issuance of long-term debt to seller's financing company	<u>\$ -</u>	<u>\$ 167,240</u>

The accompanying notes are an integral part of these financial statements.

ONE SKY COMMUNITY SERVICES, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Nature of Activities

One Sky Community Services, Inc. (the Organization) is a New Hampshire nonprofit corporation providing a wide range of community-based services. It contracts with the New Hampshire Department of Health and Human Services (NH DHHS) to provide community-based services and support for those with developmental disabilities and acquired brain disorders in Rockingham County. The majority of its funding is from federal and state government programs.

1. Summary of Significant Accounting Policies

Newly Adopted Accounting Principle

In 2023, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases* (Topic 842). Topic 842 increases transparency and comparability among organizations by recognizing lease assets and lease obligations in the statement of financial position and disclosing key information about leasing arrangements. The core principle of Topic 842 is that a lessee should recognize the assets and obligations that arise from leases. All leases create an asset and an obligation for the lessee in accordance with FASB Concepts Statement No. 6, *Elements of Financial Statements*, and, therefore, recognition of those lease assets and lease obligations represents an improvement over previous U.S. generally accepted accounting principles (U.S. GAAP), which did not require lease assets and lease obligations to be recognized for operating leases.

The Organization adopted Topic 842 using the modified retrospective approach. The Organization elected the "package of practical expedients," an option which permits it to not reassess prior conclusions about lease identification, lease classification, and initial direct costs under the new standard. Upon adoption of Topic 842, the Organization recognized \$1,091,897 of an ROU asset - operating with an offsetting lease obligation - operating of \$1,053,747 resulting in an increase in net assets of \$1,053,747 which is reported as cumulative effect of change in accounting principle in the statement of activities for the year ended June 30, 2023.

Results for the year ended June 30, 2023 are presented under the new standard, while financial statements as of and for the year ended June 30, 2022 and prior periods have not been changed and continue to reflect the lease accounting standards in effect during those periods.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified as follows based on the existence or absence of donor-imposed restrictions in accordance with FASB ASC Topic 958, *Not-for-Profit Entities*:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

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Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At June 30, 2023 and 2022, net assets with donor restrictions consisted of funds temporary in nature restricted for critical essential client needs.

Contributions

Contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. The Organization records donor-restricted contributions whose restrictions are met in the same reporting period as support without donor restrictions in the year of the gift. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in subsequent years are reported at the present value of their expected future cash flows, using risk-free interest rates applicable to the years in which the promises are to be received.

Contributions of Property and Services

Contributions of donated non-cash assets are recorded at their fair value in the period received. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. 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 net assets without donor restrictions at that time. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity date of less than three months to be cash equivalents.

ONE SKY COMMUNITY SERVICES, INC.

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The Organization maintains its cash, including client funds held, in bank deposit accounts which, at times, may exceed federally insured limits. It has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash and cash equivalents.

Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts by analyzing its past history and identification of trends for all funding sources in the aggregate. Management regularly reviews data about revenue in evaluating the sufficiency of the allowance for doubtful accounts. Amounts not collected after all reasonable collection efforts have been exhausted are applied against the allowance for uncollectible accounts. As of June 30, 2022, an allowance in the amount of \$475,000 was recognized. As of June 30, 2023, management determined an allowance was not necessary. Accounts receivable, net, amounted to \$4,079,179 as of July 1, 2021.

Property, Equipment and Depreciation

Purchased property and equipment are recorded at cost. Expenditures for repairs and maintenance are charged against operations. Renewals and betterments which materially extend the life of the assets are capitalized. Depreciation is provided on the straight-line method in amounts designed to amortize the costs of the assets over their estimated lives as follows:

Buildings and leasehold improvements	10-40 years
Equipment	3-10 years
Vehicles	5 years

Deferred Revenue

The Organization's deferred revenue consists of funds received in advance from the State of New Hampshire for services to be performed at a later date. Deferred revenue amounted to \$262,626 as of July 1, 2021.

Revenue Recognition

Program fee revenue is reported at the estimated net realizable amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing client services. Generally, the Organization bills third-party payors several days after services are provided. Revenue is recognized as performance obligations are satisfied. It is the Organization's expectation that the period between the time the service is provided to a client and the time a third-party payor pays for that service will be one year or less.

Under the Organization's contractual arrangements with NH DHHS, the Organization provides services to clients for an agreed upon fee. The Organization recognizes revenue for client services in accordance with the provisions of FASB ASC Topic 606, *Revenue from Contracts with Customers*.

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Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual services rendered. Generally, performance obligations are satisfied ratably over the life of the contract with the client. The Organization measures the performance obligation from when the Organization begins to provide services to a client to the point when it is no longer required to provide services to that client, which is generally at the time of notification to the Organization.

Each performance obligation is separately identifiable from other promises in the contract with the client and NH DHHS. As the performance obligations are met, revenue is recognized based upon allocated transaction price. The transaction price is allocated to separate performance obligations based upon the relative stand-alone selling price.

Because all of its performance obligations relate to short-term contracts, the Organization has elected to apply the optional exemption provided in FASB ASC Subtopic 606-10-50-14(a), and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Leases

At the inception of an arrangement, the Organization determines if an arrangement is, or contains, a lease based on the unique facts and circumstances present in that arrangement. Lease classification, recognition, and measurement are then determined as of the lease commencement date. For arrangements that contain a lease, the Organization (i) identifies lease and non-lease components, (ii) determines the consideration in the contract, (iii) determines whether the lease is an operating or financing lease, and (iv) recognizes a lease ROU asset and liability. Lease obligations and their corresponding ROU assets are recorded based on the present value of lease payments over the expected lease term. The interest rate implicit in lease contracts is typically not readily determinable, and as such, the Organization uses its incremental borrowing rate based on the information available at the lease commencement date, a rate which represents one that would be incurred to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in a similar economic environment.

Some leases include options to renew and/or terminate the lease, which can impact the lease term. The exercise of these options is at the Organization's discretion and the Organization does not include any of these options within the expected lease term where it is not reasonably certain that these options will be exercised.

Fixed, or in-substance fixed, lease payments on operating leases are recognized over the expected term of the lease on a straight-line basis, while fixed, or in-substance fixed, payments on finance leases are recognized using the effective interest method. Variable lease expenses that are not considered fixed, or in-substance fixed, are recognized as incurred. Fixed and variable lease expense on operating leases is recognized within operating expenses in the statements of activities. Finance lease ROU asset amortization and interest costs are recorded within depreciation and interest, respectively, in the statement of activities. The Organization has elected the short-term lease exemption and, therefore, does not recognize a ROU asset or corresponding liability for lease arrangements with an original term of 12 months or less.

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The operating lease is included in the ROU asset and lease obligation in statement of financial position as of June 30, 2023. The Organization had no finance leases as of June 30, 2023.

Income Taxes

The Organization is a public charity under Section 501(c)(3) of the Internal Revenue Code. As a public charity, the Organization is exempt from state and federal income taxes on income earned in accordance with its tax-exempt purpose. Unrelated business income is subject to state and federal income tax. Management has evaluated the Organization's tax positions and concluded that the Organization has no unrelated business income or uncertain tax positions that require adjustment to the financial statements.

Functional Allocation of Expenses

The costs of providing various programs and activities are summarized on a functional basis in the statements of activities and functional expenses. Accordingly, rent and insurance have been allocated based on time spent between locations and functions among the programs and supporting services benefited.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, management has considered transactions or events occurring through March 21, 2024, which is the date that the financial statements were available to be issued.

Change in Governance Structure

Effective July 1, 2023, the Organization became the sole member of Farmsteads of New England, Inc.'s (FNE), an unrelated not-for-profit in the State of New Hampshire. As a result, the operations of FNE will be included with the Organization's operations starting fiscal year 2024.

2. Availability and Liquidity of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to optimize its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit as disclosed in Note 3.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing operating activities as well as the conduct of services undertaken to support those operating activities.

ONE SKY COMMUNITY SERVICES, INC.

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In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover expenditures not covered by donor-restricted resources or, where appropriate, borrowings. Refer to the statements of cash flows, which identifies the sources and uses of the Organization's cash and cash equivalents.

The following financial assets are expected to be available within one year of the statements of financial position date to meet general expenditures as of June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents available for operations	\$ 3,175,399	\$ 1,397,442
Accounts receivable, net	<u>1,542,424</u>	<u>4,044,640</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,717,823</u>	<u>\$ 5,442,082</u>

Cash and cash equivalents in the statements of financial position includes amounts that are part of net assets with donor restrictions, which are excluded from the above table.

3. Line of Credit

The Organization has a revolving line of credit agreement with a bank amounting to \$1,500,000, collateralized by a security interest in substantially all business assets. Monthly interest payments on any unpaid principal balance are required at a variable rate, which was 7.22% at June 30, 2023. At June 30, 2023 and 2022, there was no outstanding balance on the line of credit.

Effective February 15, 2024, the Organization closed the existing line of credit and opened a new line of credit with Cambridge Trust Company. The new revolving line of credit agreement amounts to \$1,500,000, collateralized by a security interest in substantially all business assets. Monthly interest payments on any unpaid principal balance are required at a variable rate, calculated the greater of the Wall Street Journal Prime Rate or 6.50%.

4. ROU Asset and Lease Obligation

The ROU asset - operating and lease obligation - operating consist of a building lease in Portsmouth, New Hampshire. The lease calls for monthly payments ranging from \$18,660 to \$21,409 through April 2027. Interest has been imputed on the operating lease at 2.88% annually, calculated monthly. The related costs are included in rent expense in the statement of functional expenses and approximate cash paid.

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The future maturities of the lease obligation - operating are as follows:

2024	\$	236,285
2025		243,374
2026		250,675
2027		<u>214,092</u>
		944,426
Less imputed interest expense		<u>(49,994)</u>
Lease obligation - operating	\$	<u><u>894,432</u></u>

5. Conditional Promise to Give

During 2021, the Organization was awarded a grant from the New Hampshire Community Development Finance Authority in the amount of \$427,750 to be used for housing and public facility projects in New Hampshire. Receipt of the grant and recognition of the related revenue is conditional upon incurring qualified expenditures. For the years ended June 30, 2023 and 2022, the Organization did not recognize any revenue related to this grant.

6. Concentration of Revenues and Risk

For the years ended June 30, 2023 and 2022, approximately 93% and 89%, respectively, of the public support and revenue of the Organization was derived from Medicaid. Accounts receivable from Medicaid totaled \$1,475,573 and \$4,510,463 at June 30, 2023 and 2022, respectively. The future existence of the Organization is dependent upon continued support from Medicaid.

Every five years the Organization is reviewed and approved by the New Hampshire Bureau of Developmental Services (BDS), as a designated provider for developmentally disabled individuals in Rockingham County in New Hampshire. In 2019, the Organization underwent its redesignation review by the BDS. As a result of the review, BDS issued a report that identified several programmatic and financial findings that prevented BDS from providing redesignation to the Organization. Effective July 1, 2019, BDS granted a conditional redesignation for 180 days. BDS indicated its intent, through a corrective action plan, is to work with the Organization to demonstrate an acceptable level of confidence to grant permanent redesignation for the next five years. BDS indicated it expects to monitor the Organization until satisfactory outcomes are achieved. Permanent redesignation and licensing were dependent on management addressing the findings and BDS accepting the corrective action plan. The Organization worked with BDS to address the findings identified. As a result, effective November 27, 2019, BDS granted the Organization redesignation, with reservation allowing BDS to undesignate the Organization at any time. The Organization met the corrective actions identified by BDS and had the reservation lifted.

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7. Pandemic Relief Funding

As a response to the COVID-19 outbreak, relief legislation was signed into law on March 27, 2020. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) is a statute to address the economic impact of the COVID-19 outbreak. The CARES Act, among other things, (1) authorized emergency loans to distressed businesses by establishing and providing funding for forgivable bridge loans; (2) provided additional funding for grants and technical assistance; (3) delayed due dates for employer payroll taxes and estimated tax payments for organizations; and (4) revised provisions of the Internal Revenue Code, including those related to losses, charitable deductions, and business interest.

The CARES Act established the Provider Relief Fund (PRF) to support healthcare providers in the battle against the COVID-19 outbreak. The PRF is administered by the U.S. Department of Health and Human Services (HHS). The Organization received PRF in the amount of \$495,075 during the year ended June 30, 2021. These funds were required to be used for qualifying expenses and to cover lost revenue due to COVID-19. The PRF is recognized as income when qualifying expenditures have been incurred, lost revenues have been identified, or incentive payments earned based on HHS criteria. Management believed the Organization met the conditions necessary to recognize \$495,075 of PRF which is included in grant income in the statement of operations for the year ended June 30, 2022. Due to the complexity of the reporting requirements and the continued issuance of clarifying guidance, there is at least a reasonable possibility the amount of income recognized may change by a material amount. Any difference between amounts previously estimated and amounts subsequently determined to be recoverable or payable will be included in income in the year that such amounts become known.

During 2022, the Organization was awarded emergency grant funding under the American Rescue Plan Act of 2021 (ARPA), passed through the State of New Hampshire in the amount of \$2,006,242 for the purpose of recruitment, retention, or training of direct support workers. For the years ended June 30, 2023 and 2022, the Organization recognized \$61,717 and \$1,879,571, respectively, in ARPA funds which are included in grant income in the statements of activities. Unspent funds as of June 30, 2023 and 2022 were \$64,954 and \$126,671, respectively, and are included in refundable advance on the statements of financial position. The Organization has until 2024 to spend the funds.