

**FAMILY SERVICE ASSOCIATION OF  
NORTHEASTERN PENNSYLVANIA**

**YEARS ENDED  
JUNE 30, 2019 AND 2018**

**FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**TABLE OF CONTENTS**

	Page
Independent auditors' report	1 - 2
Financial statements:	
Statements of financial position	3
Statements of activities	4
Statements of cash flows	5
Notes to financial statements	6 - 15
Supplementary information to financial statements:	
Schedule of programs and supporting activities	16 - 17



**Kronick  
Kalada  
Berdy & Co.**  
*A Professional Corporation*

Certified Public Accountants

Officers/Shareholders

William R. Lazor, CPA/PFS, CFE  
Deborah A. Eastwood, CPA  
Kevin R. Foley, CPA  
William Fromel, CPA  
Mario Ercolani, CPA  
Anthony R. Caravaggio, CPA  
Ronald H. Ulitchney, CPA  
Louis E. Marcin, CPA  
Jason C. Williams, CPA

**INDEPENDENT AUDITORS' REPORT**

Donald M. Kronick, CPA  
Joseph J. Kalada, CPA  
Paul Berdy, CPA

Board of Directors  
Family Service Association of  
Northeastern Pennsylvania  
Wilkes-Barre, Pennsylvania

**Report on the Financial Statements**

We have audited the accompanying financial statements of Family Service Association of Northeastern Pennsylvania (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018 and the related statements of activities 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.

***Auditors' 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 auditors' 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Service Association of Northeastern Pennsylvania, as of June 30, 2019 and 2018, 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.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules of programs and supporting activities on pages 16 and 17 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Kronich Kolada Berdy & Co., P.C.*

Kingston, Pennsylvania  
October 22, 2019

**FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2019 AND 2018**

	2019	2018
<b>ASSETS</b>		
Current assets:		
Cash	\$ 587,142	\$ 495,500
Accounts receivable, net of allowance for doubtful accounts of \$10,000, 2019 and 2018	478,871	822,423
Investments	1,043,712	512,496
Prepaid expense	15,189	10,908
Due from related party	-	82
Total current assets	<u>2,124,914</u>	<u>1,841,409</u>
Cash restricted for endowment funds	-	25,000
Long-term investments, restricted for endowment	<u>57,367</u>	<u>25,313</u>
Furniture and equipment, net of accumulated depreciation of \$127,805, 2019; and \$103,410, 2018	<u>50,774</u>	<u>75,169</u>
Total assets	<u>\$ 2,233,055</u>	<u>\$ 1,966,891</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 80,709	\$ 60,554
Accrued retirement plan contribution payable	129,026	87,781
Accrued payroll and vacation	106,228	92,119
Accrued expenses	11,900	11,500
Deferred revenue	37,827	109,343
Due to related party	5,910	5,750
Total current liabilities	<u>371,600</u>	<u>367,047</u>
Net assets:		
Without donor restrictions	1,804,088	1,549,531
With donor restrictions:		
Perpetual in nature	<u>57,367</u>	<u>50,313</u>
Total net assets	<u>1,861,455</u>	<u>1,599,844</u>
Total liabilities and net assets	<u>\$ 2,233,055</u>	<u>\$ 1,966,891</u>

See notes to financial statements

**FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA**

**STATEMENT OF ACTIVITIES**

**YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Changes in net assets without donor restrictions		
Revenues and other support:		
Program revenue and governmental contracts	\$ 3,037,615	\$2,816,698
Grants	211,103	140,437
United Way contributions	66,143	147,543
Other contributions	17,226	17,242
Special events, net of costs of direct benefits to donors of \$47,588 and \$38,937, respectively	122,023	122,789
Other revenue	22,228	13,082
Investment return, net	33,049	21,824
Total revenues without donor restrictions	<u>3,509,387</u>	<u>3,279,615</u>
Net assets released from restrictions, total return distribution of income	<u>630</u>	<u>129</u>
Total revenues and other support without donor restrictions	<u>3,510,017</u>	<u>3,279,744</u>
Expenses:		
Program services	2,653,591	2,309,316
Management and general	601,869	550,880
Total expenses	<u>3,255,460</u>	<u>2,860,196</u>
Increase in net assets without donor restrictions	<u>254,557</u>	<u>419,548</u>
Changes in net assets with donor restrictions:		
Revenues and other support:		
Contributions	5,920	8,333
Investment return, net	1,764	729
Total revenues with donor restrictions	7,684	9,062
Net assets released from restriction, total return distribution of income	<u>(630)</u>	<u>(129)</u>
Increase in net assets with donor restrictions	<u>7,054</u>	<u>8,933</u>
Increase in net assets	261,611	428,481
Net assets, beginning of year	<u>1,599,844</u>	<u>1,171,363</u>
Net assets, end of year	<u>\$ 1,861,455</u>	<u>\$ 1,599,844</u>

See notes to financial statements

**FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA**

**STATEMENT OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ 261,611	\$ 428,481
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	24,395	15,832
Unrealized (gain) loss on investments	(2,918)	786
Contributions restricted for long-term purposes	(5,920)	(8,333)
Changes in operating assets and liabilities:		
Accounts receivable	343,552	(149,559)
Prepaid expenses	(4,281)	(1,659)
Due from related party	82	5,058
Accounts payable	40,171	23,193
Accrued retirement plan contribution payable	41,245	(48,457)
Accrued payroll and vacation	14,109	12,658
Accrued expenses	400	(4,000)
Deferred revenue	(71,516)	23,574
Due to related party	160	(4,250)
<b>Net cash provided by operating activities</b>	<u>641,090</u>	<u>293,324</u>
Cash flows from investing activities:		
Proceeds from the sale of investments	1,121	600
Purchase of investments	(561,473)	(23,719)
Purchase of furniture and equipment	(20,016)	(10,007)
<b>Net cash used in investing activities</b>	<u>(580,368)</u>	<u>(33,126)</u>
Cash flows provided by financing activities, collection of contributions restricted for long-term purposes	<u>5,920</u>	<u>8,333</u>
<b>Net increase in cash and restricted cash</b>	66,642	268,531
Cash and restricted cash, beginning of year	<u>520,500</u>	<u>251,969</u>
<b>Cash and restricted cash, end of year</b>	<u>\$ 587,142</u>	<u>\$ 520,500</u>
Supplemental disclosure of cash flow information:		
Interest paid during the year	<u>\$ 41</u>	<u>\$ 227</u>
Non-cash item:		
Purchase of equipment included in accounts payable	<u>\$ -</u>	<u>\$ 20,016</u>

See notes to financial statements

# FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED JUNE 30, 2019 AND 2018

#### NOTE 1 Organization and summary of significant accounting policies

##### Nature of operations

Family Service Association of Northeastern Pennsylvania (the Association) provides casework and clinical social work services to residents of Wyoming, Susquehanna, and Luzerne Counties, Pennsylvania. In addition, the Association operates the PA 2-1-1 Northeast Help Line Program.

PA 2-1-1 Northeast Help Line Program is principally funded with resources from Luzerne County through a contract with the Commonwealth of Pennsylvania, Office of Human Services and must obtain contributions from other sources to cover the remainder of expenditures. This program provides a twenty-four hour information referral service to residents of 17 counties in Northeast Pennsylvania.

##### Basis of accounting

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

##### Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or grantor) restrictions.

*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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

##### Revenue recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

##### Accounts receivable

Accounts receivable represent outstanding balances owed for program services provided by the Association. Management has based the allowance for doubtful accounts based on expected collection during the next fiscal year based on historical experience.

##### Cash restricted for endowment funds

Cash restricted for endowment funds at June 30, 2018 was restricted by donors and was not available for operating purposes. There was no cash restricted for endowment funds at June 30, 2019.



# FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

### Investments

Investments in money market funds are stated at fair value as determined by principal value. Common stocks are stated at market value, based upon quoted market prices and other significant observable inputs, and mutual funds are stated at market value based upon published net asset value per unit at the end of the last trading day of the fiscal year, which is the basis for transactions at that date, with unrealized gains and losses included in the statement of activities.

Investment income (including realized gains and losses on investments, unrealized gains and losses on investments, interest, and dividends) is included in the determination of changes in net assets unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

### Furniture and equipment

Furniture and equipment acquisitions are recorded at cost. Normal maintenance and repairs are charged to expense as incurred, major renewals or betterments, which extend the life or increase the value of assets are capitalized. Depreciation is provided using the straight-line method based on lives which, in the opinion of management, are adequate to allocate asset costs over their productive years.

### Deferred revenue

Deferred revenue refers to payments received in advance for services which have not yet been performed. The Association recognizes revenue when it has been earned. Deferred revenue represents the portion of revenue not yet earned and recognized.

### Contributed services

No amounts have been reflected in the financial statement for donated services. The Association generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association, but these services do not meet the criteria for recognition as contributed services.

### Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

### Advertising

Advertising costs of \$31,336 and \$26,025 for the years ended June 30, 2019 and 2018, respectively, were charged to expense as incurred.

# FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

### Functional expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses directly related to either the programs or supporting services are assigned to the programs or applicable supporting service. Other expenses have been allocated between program services and supporting services based on an analysis of personnel time and space utilized for the related activities.

### Tax exempt status

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than private foundation. The Association is consolidated with Trustee for Family Service Association of Wyoming Valley (the Trustee) for tax purposes. The Association recognizes the benefits of uncertain tax positions only where the position is more likely than not to be sustained assuming examination by tax authorities.

Management has analyzed the Association's tax positions and has concluded that no liability should be recorded related to uncertain tax positions taken on returns filed for open tax years 2016 through 2018, or expected to be taken in the Association's 2019 tax returns.

The Association is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### New accounting pronouncement

In 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The Association adopted the provisions of this new standard during the year ended June 30, 2019. In additions to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources and related functional allocation of expenses.

### Recent accounting pronouncement

The FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2020. The Association is evaluating the impact the pronouncement may have on the financial statements.

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Topic 606:*

## FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

#### YEARS ENDED JUNE 30, 2019 AND 2018

*Deferral of Effective Date.* This standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2018. The Association is evaluating the impact the pronouncement may have on the financial statements.

The FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in ASU No. 2018-08 provide guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction, determining whether a contribution is conditional, and modifies the simultaneous release option currently in GAAP, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. This election may now be made for all restricted contributions that were initially classified as conditional without having to elect it for all other restricted contributions and investment returns. The amendments are effective for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of this standard on the Association's financial statements.

#### Reclassifications

Certain amounts reporting in the 2018 financial statements have been reclassified to conform to the 2019 financial statement presentation.

#### Subsequent events

Subsequent events were evaluated through October 22, 2019, which is the date the financial statements were available to be issued.

#### NOTE 2      Net assets with donor restrictions

Net assets with donor restrictions consist of endowment funds which have been restricted by donors to be maintained in perpetuity as interpreted by the legal designation of endowment in Pennsylvania.

As provided by Pennsylvania law an annual amount of net assets with donor restrictions available for spending is determined and transferred to net assets without donor restrictions (total return distribution). In addition, if the net assets in this category become a negative amount due to investment losses, the negative balance is transferred to net assets without donor restrictions in accordance with the provisions of the accounting standards governing investments held by not-for-profit organizations (reclassification of endowment earnings). These amounts will be reclassified to net assets without donor restrictions when available.

The composition of endowment assets as of June 30, 2019 and 2018 is as follows:

**FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2019 AND 2018**

	Net assets with donor restrictions
Balance, July 1, 2017	\$ 41,380
Contributions	8,333
Investment income	886
Unrealized loss on investments	(157)
Amount appropriated for expenditure	(129)
Balance, June 30, 2018	50,313
Contributions	5,920
Investment income	1,124
Unrealized gain on investments	640
Amount appropriated for expenditure	(630)
Balance, June 30, 2019	\$ 57,367

**NOTE 3**      Investments and fair value measurements

The fair value of investments totaled \$1,043,712 and \$512,496 at June 30, 2019 and 2018, respectively. The fair value of investments restricted for endowment totaled \$57,367 and \$25,313 at June 30, 2019 and 2018, respectively.

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2019:

	Without donor restrictions	With donor restrictions	Total
Interest and dividend income	\$ 31,057	1,123	\$ 32,180
Net unrealized gains	1,992	641	2,633
Total investment return, net	\$ 33,049	\$ 1,764	\$ 34,813

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2018:

	Without donor restrictions	With donor restrictions	Total
Interest and dividend income	\$ 22,453	886	\$ 23,339
Net unrealized losses	(629)	(157)	(786)
Total investment return, net	\$ 21,824	\$ 729	\$ 22,553

## FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

#### YEARS ENDED JUNE 30, 2019 AND 2018

FASB ASC 820 *Fair Value Measurements* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Financial instruments, other than those with quoted market prices included in Level 1, for which all significant inputs are observable, either directly or indirectly. These instruments are valued at quoted prices in markets that are not active, broker dealer quotations or other methods by which all significant inputs are observable, either directly or indirectly.
- Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value.

*Money market:* Valued at the quoted net asset value (NAV) of shares held by the Association at year end.

*Certificate of deposits:* Valued at principal value

*U.S. government and agency securities:* Valued using pricing models maximizing the use of observable inputs for similar securities.

*Common stocks:* Valued at the closing price reported on the active markets on which the individual securities are traded.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. The funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Association are deemed to be actively traded.

The fair value measurements and levels within the fair value hierarchy of these measurements for the assets reported at fair value on a recurring basis at June 30 are as follows:

**FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Level 1 - Quoted prices:		
Money market funds	\$ 124,300	\$ 79,472
Certificate of deposits	300,012	-
Government and agency securities	199,707	-
Common stock	2,731	2,224
Mutual funds	<u>474,329</u>	<u>456,113</u>
Total level 1	1,101,079	537,809
Level 2 - Other significant observable inputs	-	-
Level 3 - Significant unobservable inputs	<u>-</u>	<u>-</u>
Total	<u>\$ 1,101,079</u>	<u>\$ 537,809</u>

**NOTE 4**      Line of credit

The Association has a line of credit with a local bank with a maximum borrowing amount of \$500,000. The line is due April 1, 2020 and bears interest at a rate of the prime rate plus 1%, payable monthly, secured by substantially all assets of the Association and the building owned by the Trustee. The line of credit is guaranteed by the Trustee. At June 30, 2019 and 2018, there were no borrowings outstanding.

**NOTE 5**      Retirement plan

The Association has a defined contribution retirement plan covering substantially all full time employees. The expense for the year ended June 30, 2019 and 2018 amounted to \$148,137 and \$133,623, respectively.

**NOTE 6**      Related party transactions

The Association and the Trustee are related parties in that they share common employees, facilities, etc. The Trustee charges the Association for office space and equipment rental under an informal month-to-month operating lease. Related party rental expense was \$120,000 for the year ended June 30, 2019 and 2018, respectively.

The Association charged the Trustee a management fee of \$12,000 for years ended June 30, 2019 and 2018. Included in accounts receivable at June 30, 2019 and 2018 is \$2,165 and \$17,140, respectively, due from the Trustee primarily for management fees due at June 30, 2019 and 2018.

These related parties also advance funds to and from one another. These advances do not bear interest and contain no specific repayment terms. The Association owed the Trustee \$5,910 and \$5,750 at June 30, 2019 and 2018, respectively.

**NOTE 7**      Lease commitments

In addition to the rental of office space and equipment from the Trustee, the Association leases

**FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2019 AND 2018**

premises in Montrose, Pennsylvania under an operating lease. The lease terminates in June 2021, with the option to extend for an additional three year period. Also, the Association rents additional space in Pittston, Pennsylvania under an operating lease. The lease terminates in August 2021.

Rent expense incurred in 2019 and 2018 under non-related party leases was \$32,340 and \$21,210, respectively.

The following are future minimum rental payments for the years ended June 30:

2020	30,233
2021	<u>20,853</u>
	<u>\$ 51,086</u>

**NOTE 8**      Concentrations

The Association maintains its cash accounts in commercial banks, which are insured by the Federal Deposit Insurance Corporation up to statutory limits. Throughout the year, the balances at this institution may exceed the federally insured limits. Management does not anticipate any losses on the uninsured portions of these balances.

For the years ended June 30, 2019 and 2018, approximately 60% and 62%, respectively, of the Association's total revenues and other support is received from Luzerne County Children and Youth Services.

**NOTE 9**      Liquidity and funds available

The Association monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. It meets these operating needs and contractual commitments through grants and program revenue and structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Association's financial assets available within one year of June 30 for general expenditure consists of the following:

	2019	2018
Cash and cash equivalents	\$ 587,142	\$ 495,500
Accounts receivable	478,871	822,423
Investments	<u>1,043,712</u>	<u>512,496</u>
 Total financial assets	 <u>\$ 2,109,725</u>	 <u>\$ 1,830,419</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of June 30, 2019. In addition to the above amounts, the Association has a line of credit from a local bank.

**FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 10 Functional expenses

Functional expenses for the year ended June 30, 2019 are comprised of the following:

	Program services										Grand total
	Counseling	Help Line	Comm. Education/ Outreach	Guardianship	Children's Advocacy Ctr.	Resource Devel./Vol. Services	Children and Youth Casework Service	Total programs	Management and general		
Advertising	\$ -	\$ 17,387	\$ -	\$ -	\$ 1,605	\$ 441	\$ -	\$ -	\$ 19,433	\$ 11,903	\$ 31,336
Bank charges	-	-	-	-	-	-	-	-	-	2,755	2,755
Bank interest	-	-	-	-	-	-	-	-	-	41	41
Conferences and conventions	1,131	-	-	55	1,313	780	512	3,791	5,933	18,462	3,791
Depreciation	-	5,933	-	-	-	-	-	934	934	-	24,395
Disaster recovery	-	934	-	-	-	-	-	-	-	-	934
Dues	160	5,803	-	2,760	2,729	220	190	11,862	11,862	10,261	22,123
Insurance	-	-	-	-	-	-	-	-	-	21,229	21,229
Miscellaneous	260	-	-	2,728	-	700	-	3,688	3,688	474	4,162
Office equipment	-	11,090	-	-	1,893	182	-	24,846	24,846	20,873	45,519
Personnel	158,371	588,419	70,429	115,847	192,950	115,762	1,021,633	2,263,411	2,263,411	354,333	2,617,744
Postage	61	126	146	28	109	487	7,525	8,482	8,482	3,316	11,798
Printing	21	1,350	-	26	39	-	21	1,457	1,457	1,937	3,394
Professional fees	14,405	6,389	150	666	18,770	5,077	62,274	107,731	107,731	35,407	143,138
Rent	-	9,380	-	-	21,100	-	41,500	71,980	71,980	80,360	152,340
Supplies	1,251	4,044	1,423	382	5,215	2,413	9,746	24,454	24,454	8,987	33,441
Telephone	21	11,832	-	264	1,695	-	10,859	24,671	24,671	2,670	27,341
Travel	1,012	11,093	2,993	6,948	5,287	884	50,039	78,256	78,256	14,939	93,195
Utilities	-	2,596	-	-	66	-	-	2,662	2,662	14,122	16,784
<b>Total expenses</b>	<b>\$ 176,693</b>	<b>\$ 676,376</b>	<b>\$ 75,141</b>	<b>\$ 129,664</b>	<b>\$ 252,771</b>	<b>\$ 128,946</b>	<b>\$ 1,215,980</b>	<b>\$ 2,653,591</b>	<b>\$ 601,869</b>	<b>\$ 3,255,460</b>	



FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

Functional expenses for the year ended June 30, 2018 are comprised of the following:

	Program services										Management and general	Grand total
	Counseling	Help Line	Comm. Education/ Outreach	Guardianship	Children's Advocacy Ctr.	Resource Devel./Vol. Services	Children and Youth Casework Service	Total programs				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Advertising	-	17,720	-	-	1,779	1,536	-	21,035	4,990	26,025		
Bank charges	-	-	-	-	-	-	-	-	2,515	2,515		
Bank interest	-	-	-	-	-	-	-	-	227	227		
Conferences and conventions	696	203	-	-	715	565	1,221	3,400	13,147	16,547		
Depreciation	-	1,583	-	-	-	-	-	1,583	14,249	15,832		
Disaster recovery	-	1,340	-	-	-	-	-	1,340	-	1,340		
Dues	-	6,201	-	180	4,530	130	314	11,355	7,589	18,944		
Insurance	-	-	-	-	-	-	-	-	20,041	20,041		
Miscellaneous	-	-	-	116	-	431	-	547	3,317	3,864		
Office equipment	598	2,808	36	36	1,585	1,179	7,058	13,300	13,804	27,104		
Personnel	135,468	545,123	64,153	88,300	173,309	104,098	871,022	1,981,473	318,068	2,299,541		
Postage	240	240	140	-	548	604	4,230	6,002	2,830	8,832		
Printing	48	21	-	-	151	-	63	283	30	313		
Professional fees	14,203	22,560	-	-	6,214	-	42,855	85,832	20,386	106,218		
Rent	-	-	-	-	17,490	-	35,000	52,490	88,720	141,210		
Supplies	4,073	4,840	1,457	677	5,011	409	12,166	28,633	9,056	37,689		
Telephone	110	8,527	-	329	2,772	-	11,228	22,966	3,308	26,274		
Travel	540	10,872	3,390	6,589	8,178	567	47,032	77,168	11,963	89,131		
Utilities	-	1,371	-	-	538	-	-	1,909	16,640	18,549		
<b>Total expenses</b>	<b>\$ 155,976</b>	<b>\$ 623,409</b>	<b>\$ 69,176</b>	<b>\$ 96,227</b>	<b>\$ 222,820</b>	<b>\$109,519</b>	<b>\$ 1,032,189</b>	<b>\$ 2,309,316</b>	<b>\$ 550,880</b>	<b>\$ 2,860,196</b>		

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

SCHEDULE OF PROGRAMS AND SUPPORTING ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Counseling	Help Line	Comm. Education/ Outreach	Guardianship	Children's Advocacy Ctr.	Resource Devel./Vol. Services	Children and Youth Casework Service	Total programs	Management and general	Grand total
Revenues and other support:										
Program revenue and governmental contracts	\$ 170,427	\$ 439,241	\$ -	\$ 61,917	\$ 260,636	\$ -	\$ 2,105,394	\$ 3,037,615	\$ -	\$ 3,037,615
Grants	-	194,778	12,000	3,825	500	-	-	211,103	-	211,103
United Way contributions	-	61,868	-	-	4,275	-	-	66,143	-	66,143
Other contributions	-	2,274	-	500	11,129	2,502	-	16,405	6,741	23,146
Special events, net of costs of direct benefits to donors of \$47,588	-	-	-	-	24,963	98,146	-	123,109	(1,086)	122,023
Other revenue	580	3,077	-	2,414	2,601	-	-	8,672	13,556	22,228
Investment return	-	-	-	-	-	(285)	-	(285)	35,098	34,813
Total revenues and other support	171,007	701,238	12,000	68,656	304,104	100,363	2,105,394	3,462,762	54,309	3,517,071
Expenses:										
Advertising	-	17,387	-	-	1,605	441	-	19,433	11,903	31,336
Bank charges	-	-	-	-	-	-	-	-	2,755	2,755
Bank interest	-	-	-	-	-	-	-	-	41	41
Conferences and conventions	1,131	-	-	55	1,313	780	512	3,791	-	3,791
Depreciation	-	5,933	-	-	-	-	-	5,933	-	5,933
Disaster recovery	-	934	-	-	-	-	-	934	-	934
Dues	160	5,803	-	2,760	2,729	220	190	11,862	-	11,862
Insurance	-	-	-	-	-	-	-	-	10,261	10,261
Miscellaneous	260	-	-	2,728	-	700	-	3,688	474	21,229
Office equipment	-	11,090	-	-	1,893	182	-	24,846	20,673	4,162
Personnel	158,371	588,419	70,429	115,847	192,950	115,762	1,021,633	2,263,411	354,333	45,519
Postage	61	126	146	28	109	487	7,525	8,482	3,316	2,617,744
Printing	21	1,350	-	26	39	-	21	1,457	1,937	11,798
Professional fees	14,405	6,369	150	666	18,770	5,077	62,274	107,731	3,394	3,394
Rent	-	9,360	-	-	21,100	-	41,500	71,980	35,407	143,138
Supplies	1,251	4,044	1,423	362	5,215	2,413	9,746	24,454	80,360	152,340
Telephone	21	11,832	-	264	1,695	-	10,859	24,671	8,987	33,441
Travel	1,012	11,093	2,993	6,948	5,287	884	50,039	78,256	2,670	27,341
Utilities	-	2,596	-	-	66	-	-	2,662	14,939	93,195
Total expenses	176,693	676,376	75,141	129,684	252,771	126,946	1,215,980	2,553,591	601,869	3,255,460
Increase (decrease) in net assets	\$ (5,686)	\$ 24,862	\$ (63,141)	\$ (61,028)	\$ 51,333	\$ (26,583)	\$ 889,414	\$ 809,171	\$ (547,560)	\$ 261,611

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

SCHEDULE OF PROGRAMS AND SUPPORTING ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Counseling	Help Line	Comm. Education/ Outreach	Guardianship	Children's Advocacy Ctr.	Resource Devel/Vol. Services	Children and Youth Casework Service	Total programs	Management and general	Grand total
Program revenue and governmental contracts	\$ 114,725	\$417,398	\$ -	\$ 73,597	\$ 165,131	\$ -	\$ 2,042,960	\$2,813,811	\$ 2,887	\$2,816,698
Grants	-	37,726	65,000	1,825	35,886	-	-	140,437	-	140,437
United Way contributions	-	146,618	-	-	925	-	-	147,543	-	147,543
Other contributions	-	3,397	-	500	7,709	2,253	-	13,859	11,716	25,575
Special events, net of costs of direct benefits to donors of \$38,937	-	(27)	-	-	10,449	114,223	-	124,645	(1,856)	122,789
Other revenue	473	-	-	-	209	-	-	682	12,400	13,082
Investment return	-	156	-	-	-	-	-	158	22,395	22,553
Total revenues and other support	115,198	605,270	65,000	75,922	220,309	116,476	2,042,960	3,241,135	47,542	3,288,677
Expenses:										
Advertising	-	17,720	-	-	1,779	1,536	-	21,035	4,990	26,025
Bank charges	-	-	-	-	-	-	-	-	2,515	2,515
Bank interest	-	-	-	-	-	-	-	-	227	227
Conferences and conventions	696	203	-	-	715	565	1,221	3,400	13,147	16,547
Depreciation	-	1,583	-	-	-	-	-	1,583	14,249	15,832
Disaster recovery	-	1,340	-	-	-	-	-	1,340	-	1,340
Dues	-	6,201	-	180	4,530	130	314	11,355	7,589	18,944
Insurance	-	-	-	-	-	-	-	-	20,041	20,041
Miscellaneous	-	-	-	116	-	431	-	547	3,317	3,864
Office equipment	598	2,808	36	36	1,585	1,179	7,058	13,300	13,804	27,104
Personnel	135,468	545,123	64,153	88,300	173,309	104,098	871,022	1,981,473	318,058	2,299,541
Postage	240	240	140	-	548	604	4,230	6,002	2,830	8,832
Printing	48	21	-	-	151	-	63	283	30	313
Professional fees	14,203	22,560	-	-	6,214	-	42,855	85,832	20,386	106,218
Rent	-	-	-	-	17,490	-	35,000	52,490	88,720	141,210
Supplies	4,073	4,840	1,457	677	5,011	409	12,166	28,633	9,056	37,689
Telephone	110	8,527	-	329	2,772	-	11,228	22,966	3,308	26,274
Travel	540	10,872	3,390	6,589	8,178	567	47,032	77,168	11,963	89,131
Utilities	-	1,371	-	-	558	-	-	1,909	16,640	18,549
Total expenses	155,976	623,409	69,176	96,227	222,820	109,519	1,032,189	2,309,316	550,880	2,860,196
Increase (decrease) in net assets	\$ (40,778)	\$ (18,139)	\$ (4,176)	\$ (20,305)	\$ (2,511)	\$ 6,957	\$ 1,010,771	\$ 931,819	\$ (503,338)	\$ 428,481