

**FAMILY SERVICE ASSOCIATION OF
NORTHEASTERN PENNSYLVANIA**

**YEARS ENDED
JUNE 30, 2022 AND 2021**

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

YEARS ENDED JUNE 30, 2022 AND 2021

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

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Family Service Association of Northeastern Pennsylvania (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of Family Service Association of Northeastern Pennsylvania as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 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 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 Family Service Association of Northeastern Pennsylvania'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 Family Service Association of Northeastern Pennsylvania'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.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 17-18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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.

Kronick Kalada Berdy & Co., P.C.

Kingston, Pennsylvania
December 2, 2022

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current assets:		
Cash	\$ 2,744,207	\$ 2,194,940
Accounts receivable, net of allowance for doubtful accounts of \$10,000, 2022 and 2021	660,361	710,909
Investments	1,112,533	1,172,420
Prepaid expense	19,048	12,589
Due from related party	-	3,750
	4,536,149	4,094,608
Total current assets		
Long-term investments, restricted for endowment	64,733	67,376
Furniture and equipment, net of accumulated depreciation of \$169,760, 2022; and \$166,418, 2021	8,819	12,160
	\$ 4,609,701	\$ 4,174,144
Total assets		
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 29,394	\$ 68,981
Accrued retirement plan contribution payable	35,448	46,648
Accrued payroll and vacation	62,019	224,447
Accrued expenses	21,921	14,236
Deferred revenue	438,176	195,055
Refundable advance	-	523,400
Due to related party	3,750	30,000
	590,708	1,102,767
Total current liabilities		
Net assets:		
Without donor restrictions:		
Undesignated	2,954,260	2,004,001
Designated by the Board for future development activities	1,000,000	1,000,000
With donor restrictions:		
Perpetual in nature	64,733	67,376
	4,018,993	3,071,377
Total net assets		
Total liabilities and net assets	\$ 4,609,701	\$ 4,174,144

See notes to financial statements

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Changes in net assets without donor restrictions:		
Revenues, gains (losses) and other support:		
Program revenue and governmental contracts	\$ 2,971,714	\$ 3,276,752
Paycheck Protection Program ("PPP") grant	523,400	-
Grants	414,373	366,358
United Way contributions	138,991	236,386
Other contributions	11,146	19,192
Special events, net of costs of direct benefits to donors of \$35,801 and \$20,510, respectively	113,433	251,076
Other revenue	56,575	199,647
Investment return, net	(58,872)	111,392
Total revenues, gains (losses) and other support without donor restrictions	4,170,760	4,460,803
Net assets released from restrictions, total return distribution of income	-	760
Total revenues, gains and other support without donor restrictions	4,170,760	4,461,563
Expenses:		
Program services	2,661,852	2,820,131
Management and general	558,649	572,961
Total expenses	3,220,501	3,393,092
Increase in net assets without donor restrictions	950,259	1,068,471
Changes in net assets with donor restrictions:		
Revenues, gains (losses) and other support:		
Contributions	5,310	-
Investment return, net	(7,953)	8,915
Total revenues, gains (losses) and other support with donor restrictions	(2,643)	8,915
Net assets released from restriction, total return distribution of income	-	(760)
Increase (decrease) in net assets with donor restrictions	(2,643)	8,155
Increase in net assets	947,616	1,076,626
Net assets, beginning of year	3,071,377	1,994,751
Net assets, end of year	\$ 4,018,993	\$ 3,071,377

See notes to financial statements

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Increase in net assets	\$ 947,616	\$ 1,076,626
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	3,341	14,859
Unrealized (gain) loss on investments	117,310	(97,856)
Gain on extinguishment of debt, Paycheck Protection Program Grant	(523,400)	-
Changes in operating assets and liabilities:		
Accounts receivable	50,548	(144,484)
Prepaid expenses	(6,459)	954
Due from related party	3,750	(3,750)
Accounts payable	(39,587)	20,020
Accrued retirement plan contribution payable	(11,200)	(42,163)
Accrued payroll and vacation	(162,428)	43,615
Accrued expenses	7,685	1,936
Deferred revenue	243,121	(145,073)
Due to related party	(26,250)	10,000
Net cash provided by operating activities	604,047	734,684
Cash flows from investing activities:		
Proceeds from the sale of investments	8,112	-
Purchase of investments	(62,892)	(22,130)
Net cash used in investing activities	(54,780)	(22,130)
Net increase in cash	549,267	712,554
Cash, beginning of year	2,194,940	1,482,386
Cash, end of year	\$ 2,744,207	\$ 2,194,940
Supplemental disclosure of cash flow information:		
Interest paid during the year	\$ 28	\$ 29

See notes to financial statements

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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 and revenue recognition

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, that is, those with a measurable performance or other barrier, and right of return, are not recognized until the conditions on which they depend have been substantially met. We recognize revenue from programs, government contracts and grants when the performance obligations of providing the services are met. Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. All services are transferred at a point in time.

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

A portion of our revenue is derived from program revenue and government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. We received program revenue and government contracts and grants of \$438,176 and \$195,055, respectively, that have not been recognized at June 30, 2022 and 2021 because qualifying expenditures have not yet been incurred.

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 an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2022 and 2021, the allowance was \$10,000. Accounts receivable, net amounted to \$660,361 and \$710,909 at June 30, 2022 and 2021, respectively. The accounts receivable balance at July 1, 2020, the beginning of the comparative two year period, was \$566,425.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statements of financial position. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. 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 statements of activities.

Investment income (including realized gains and losses on investments, unrealized gains and losses on investments, interest, and dividends, less external and direct internal investment expenses) 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.

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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.

Paycheck Protection Program Refundable Advance

In April, 2020, the Association obtained a \$523,400 loan from a bank pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The PPP loan was accounted for in accordance with FASB ASC-958-605 as a conditional contribution. Under this model, the timing of recognition for a contribution received depends on whether the contribution is conditional or not. If conditional, the contribution is not recognized until the conditions are substantially met or explicitly waived. The Association initially recorded the cash inflow from the PPP loan as a refundable advance and in cash flows from operating activities. The Association applied for and received forgiveness of the loan in August 2021, at which time the Association recognized the revenue and reduced the refundable advance.

Contributed services and in-kind contributions

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. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received, if any. No significant contributions of such goods or services were received during the years ended June 30, 2022 and 2021, respectively.

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.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Advertising

Advertising costs of \$31,936 and \$87,940 for the years ended June 30, 2022 and 2021, respectively, were charged to expense as incurred.

Functional expenses

The costs of providing various program and supporting services have been summarized on a

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

functional basis in Note 13. The functional expenses present the natural classification of expense by function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Expenses directly related to either the programs or supporting services are assigned to the programs or other applicable services. Expenses that are allocated are done on the basis of estimates of time and effort. The expenses that are allocated included occupancy, which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional fees, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

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 as of June 30, 2022 and 2021.

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.

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, 2021. The Association is evaluating the impact the pronouncement may have on the financial statements.

Subsequent events

Subsequent events were evaluated through December 2, 2022, which is the date the financial statements were available to be issued.

NOTE 2 Net assets with donor restrictions and endowment

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.

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

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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. There were no underwater endowments at June 30, 2022 and 2021.

The composition of endowment assets as of June 30, 2022 and 2021 is as follows:

	Net assets with donor restrictions
Balance, June 30, 2020	\$ 59,221
Interest and dividend income	926
Unrealized gain on investments, net	7,989
Amount appropriated for expenditure, pursuant to spending rate policy	(760)
Balance, June 30, 2021	67,376
Interest and dividend income	4,082
Unrealized loss on investments, net	(12,035)
Contributions	5,310
Balance, June 30, 2022	\$ 64,733

NOTE 3 Investments and fair value measurements

The fair value of investments totaled \$1,112,533 and \$1,172,420 at June 30, 2022 and 2021, respectively. The fair value of investments restricted for endowment totaled \$64,733 and \$67,376 at June 30, 2022 and 2021, respectively.

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2022:

	Without donor restrictions	With donor restrictions	Total
Interest and dividend income	\$ 46,403	\$ 4,082	\$ 50,485
Net unrealized losses	(105,275)	(12,035)	(117,310)
Total investment return, net	\$ (58,872)	\$ (7,953)	\$ (66,825)

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2021:

	Without donor restrictions	With donor restrictions	Total
Interest and dividend income	\$ 21,525	\$ 926	\$ 22,451
Net unrealized gains	89,867	7,989	97,856
Total investment return, net	<u>\$ 111,392</u>	<u>\$ 8,915</u>	<u>\$ 120,307</u>

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 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Trustee has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

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

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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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.

Fixed income securities: Debt securities include mainly government bonds and certificates of deposit with a wide range of maturities. These investments are valued using an evaluated pricing approach that varies by asset class and reflects observable market information such as the most recent exchange price or quoted bid for similar securities. Market-based standard inputs typically include benchmark yields, reported trades, broker/dealer quotes and issuer spreads or the most recent quotes for similar securities which are a Level 2 measure.

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:

	<u>2021</u>	<u>2020</u>
Level 1 - Quoted prices:		
Money market funds	\$ 174,551	\$ 675,778
Common stock	42,286	3,336
Mutual funds	<u>521,687</u>	<u>560,682</u>
Total level 1	738,524	1,239,796
Level 2 - Other significant observable inputs, fixed income securities	438,742	-
Level 3 - Significant unobservable inputs	<u>-</u>	<u>-</u>
Total	<u>\$1,177,266</u>	<u>\$ 1,239,796</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, 2023 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, 2022 and 2021, 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, 2022 and 2021 amounted to \$70,496 and \$80,091, respectively.

NOTE 6 Related party transactions

The Association and the Trustee are related parties in that they share common employees, facilities, etc.

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

The Trustee charges the Association for office space and equipment rental an operating lease terminating June 30, 2023, at which time it may, with the written agreement of both parties, be changed or extended. Related party rental expense was \$120,000 for the years ended June 30, 2022 and 2021. The minimum rental payments for this lease for the year ended June 30, 2023 are \$120,000.

The Association charged the Trustee a management fee of \$12,000 for years ended June 30, 2022 and 2021.

Included in accounts receivable at June 30, 2021 is \$3,000, due from the Trustee.

Due to related party represents amounts owed to the Trustee in the amount of \$3,750 and \$30,000, at June 30, 2022 and 2021, respectively.

Due from related party at June 30, 2021 represents amounts due to the Association in the amount of \$3,750.

These receivables and payables are unsecured, do not bear interest and contain no specific repayment terms.

NOTE 7 Lease commitments

In addition to the rental of office space and equipment from the Trustee (Note 6), the Association leases premises in Montrose, Pennsylvania and Pittston, Pennsylvania under month-to-month operating leases.

Rent expense incurred in 2022 and 2021 under non-related party leases was \$24,110 and \$31,681, respectively.

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, 2022 and 2021, approximately 48% and 52%, respectively, of the Association's total revenues and other support is received from Luzerne County Children and Youth Services.

NOTE 9 Liquidity and availability

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

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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available within one year of June 30 for general expenditure consists of the following:

	2022	2021
Cash	\$ 2,744,207	\$ 2,194,940
Accounts receivable	660,361	710,909
Investments	1,112,533	1,172,420
Total financial assets available for general expenditure within one year	\$ 4,517,101	\$ 4,078,269

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, 2022 and 2021, respectively. In addition to the above amounts, the Association has a line of credit from a local bank.

NOTE 10 Deferred revenue

The following table provides information about significant changes in deferred revenue for the years ended June 30, 2022 and 2021:

	2022	2021
Deferred revenue, beginning of year	\$ 195,055	\$ 340,128
Revenue recognized that was included in deferred revenue at the beginning of year	(195,055)	(340,128)
Increases in deferred revenue due to cash received during the year	438,176	195,055
Deferred revenue, end of year	\$ 438,176	\$ 195,055

NOTE 11 Risks and uncertainties

Management continues to evaluate the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Association's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 12 Board designated net assets

The Board of Directors have designated net assets in the amount of \$1,000,000 for future development activities at June 30, 2022 and 2021.

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 13 Functional expenses

Functional expenses for the year ended June 30, 2022 are comprised of the following:

	Program services							Management and general	Cost of Direct Benefits to Donors	Grand total	
	Counseling	Help Line	Comm. Education/ Outreach	Guardianship	Children's Advocacy Ctr.	Resource Devel/Vol. Services	Children and Youth Casework Service				
Expenses:											
Advertising	\$ -	\$ 27,964	\$ -	\$ -	\$ -	\$ -	\$ -	27,964	\$ 3,972	\$ -	\$ 31,936
Bank charges	-	-	-	-	-	-	-	-	2,377	-	2,377
Bank interest	-	-	-	-	-	-	-	-	28	-	28
Conferences and conventions	25	-	-	75	455	25	592	1,172	3,073	-	4,245
Depreciation	-	-	-	-	-	-	-	-	3,341	-	3,341
Disaster recovery	-	42	-	-	-	-	-	42	-	-	42
Dues	-	6,178	-	754	6,005	3,965	-	16,902	8,848	-	25,750
Insurance	-	-	-	-	-	-	-	-	25,429	-	25,429
Meals and entertainment	-	-	-	-	-	-	-	-	-	35,801	35,801
Miscellaneous	116	-	-	468	-	-	21	605	3,167	-	3,772
Office supplies	249	5,091	-	793	4,853	886	9,649	21,521	16,757	-	38,278
Personnel	98,304	559,016	60	135,690	154,770	66,733	1,313,305	2,327,878	347,540	-	2,675,418
Postage	150	352	550	250	108	571	4,200	6,181	2,359	-	8,540
Printing	-	282	-	-	-	58	160	500	659	-	1,159
Professional fees	11,382	33,009	-	566	2,895	-	36,366	84,218	48,535	-	132,753
Rent	-	12,110	-	-	12,000	-	54,800	78,910	65,200	-	144,110
Supplies	394	1,646	-	361	1,705	1,811	6,822	12,739	5,786	-	18,525
Telephone	-	10,486	-	333	2,074	-	28,275	41,168	7,507	-	48,675
Travel	-	776	-	6,629	514	246	32,040	40,205	684	-	40,889
Utilities	-	1,847	-	-	-	-	-	1,847	13,387	-	15,234
Total expenses by function	110,620	658,799	610	145,919	185,379	74,295	1,486,230	2,661,852	558,649	35,801	3,256,302
Less expenses included with revenues on the statement of activities:											
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	(35,801)	(35,801)
Total expenses included on the statement of activities	\$ 110,620	\$ 658,799	\$ 610	\$ 145,919	\$ 185,379	\$ 74,295	\$ 1,486,230	\$ 2,661,852	\$ 558,649	\$ -	\$ 3,220,501

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

Functional expenses for the year ended June 30, 2021 are comprised of the following:

	Program services							Total programs	Management and general	Cost of Direct Benefits to Donors	Grand total
	Counseling	Help Line	Comm. Education/ Outreach	Guardianship	Children's Advocacy Ctr.	Resource Devel/Vol. Services	Children and Youth Casework Service				
Advertising	\$ 90	\$ 82,036	\$ -	\$ -	\$ 397	\$ 33	\$ -	82,556	\$ 5,384	\$ -	\$ 87,940
Bank charges	-	-	-	-	-	-	-	-	2,315	-	2,315
Bank interest	-	-	-	-	-	-	-	-	29	-	29
Conferences and conventions	-	-	-	180	1,068	-	-	1,248	715	-	1,963
Depreciation	-	-	-	-	-	-	-	-	14,859	-	14,859
Dues	-	5,922	-	246	955	4,773	490	12,386	7,583	-	19,969
Insurance	-	-	-	-	-	-	-	-	25,722	-	25,722
Meals and entertainment	-	-	-	-	-	-	-	-	-	20,510	20,510
Miscellaneous	90	-	-	400	-	89	-	579	2,706	-	3,285
Office supplies	93	6,665	-	510	1,332	338	10,210	19,148	13,279	-	32,427
Personnel	105,062	589,944	59,043	127,382	148,677	64,612	1,338,818	2,433,538	356,138	-	2,789,676
Postage	438	525	545	345	212	880	4,697	7,642	3,216	-	10,858
Printing	113	56	-	56	-	1,162	90	1,477	488	-	1,965
Professional fees	11,520	24,154	-	432	6,589	-	28,645	71,340	39,704	-	111,044
Rent	-	11,406	-	-	20,000	-	54,800	86,206	65,475	-	151,681
Supplies	2,700	9,829	905	1,202	6,044	47	10,451	31,178	16,349	-	47,527
Telephone	-	3,321	-	305	1,717	-	26,207	31,550	7,482	-	39,032
Travel	-	410	1,053	3,970	1,097	245	32,448	39,223	923	-	40,146
Utilities	-	2,060	-	-	-	-	-	2,060	10,594	-	12,654
Total expenses by function	120,106	736,328	61,546	135,028	188,088	72,179	1,506,856	2,820,131	572,961	20,510	3,413,602
Less expenses included with revenues on the statement of activities:											
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	(20,510)	(20,510)
Total expenses included on the statement of activities	\$ 120,106	\$ 736,328	\$ 61,546	\$ 135,028	\$ 188,088	\$ 72,179	\$ 1,506,856	\$ 2,820,131	\$ 572,961	\$ -	\$ 3,393,092

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

SCHEDULE OF PROGRAMS AND SUPPORTING ACTIVITIES

YEAR ENDED JUNE 30, 2022

	<u>Counseling</u>	<u>Help Line</u>	<u>Comm. Education/ Outreach</u>	<u>Guardianship</u>	<u>Children's Advocacy Ctr.</u>	<u>Resource Devel./Vol. Services</u>	<u>Children and Youth Casework Service</u>	<u>Total programs</u>	<u>Management and general</u>	<u>Grand total</u>
Revenues and other support:										
Program revenue and governmental contracts	\$ 88,808	\$ 555,013	\$ -	\$ 147,927	\$ 193,564	\$ -	\$ 1,986,402	\$ 2,971,714	\$ -	\$ 2,971,714
Paycheck Protection Program ("PPP") grant	-	-	-	-	-	-	-	-	523,400	523,400
Grants	14,250	306,284	-	39,675	25,375	-	-	385,584	28,789	414,373
United Way contributions	-	129,591	-	-	9,400	-	-	138,991	-	138,991
Other contributions	2,850	3,757	-	700	-	-	-	7,307	9,149	16,456
Special events, net of costs of direct benefits to donors of \$35,801	-	-	-	-	17,929	97,771	-	115,700	(2,267)	113,433
Other revenue	1,120	38,250	-	-	4,346	-	334	44,050	12,525	56,575
Investment return, net	-	-	-	-	-	-	-	-	(66,825)	(66,825)
Total revenues and other support	107,028	1,032,895	-	188,302	250,614	97,771	1,986,736	3,663,346	504,771	4,168,117
Expenses:										
Advertising	-	27,964	-	-	-	-	-	27,964	3,972	31,936
Bank charges	-	-	-	-	-	-	-	-	2,377	2,377
Bank interest	-	-	-	-	-	-	-	-	28	28
Conferences and conventions	25	-	-	75	455	25	592	1,172	3,073	4,245
Depreciation	-	-	-	-	-	-	-	-	3,341	3,341
Disaster recovery	-	42	-	-	-	-	-	42	-	42
Dues	-	6,178	-	754	6,005	3,965	-	16,902	8,848	25,750
Insurance	-	-	-	-	-	-	-	-	25,429	25,429
Miscellaneous	116	-	-	468	-	-	21	605	3,167	3,772
Office supplies	249	5,091	-	793	4,853	886	9,649	21,521	16,757	38,278
Personnel	98,304	559,016	60	135,690	154,770	66,733	1,313,305	2,327,878	347,540	2,675,418
Postage	150	352	550	250	108	571	4,200	6,181	2,359	8,540
Printing	-	282	-	-	-	58	160	500	659	1,159
Professional fees	11,382	33,009	-	566	2,895	-	36,366	84,218	48,535	132,753
Rent	-	12,110	-	-	12,000	-	54,800	78,910	65,200	144,110
Supplies	394	1,646	-	361	1,705	1,811	6,822	12,739	5,786	18,525
Telephone	-	10,486	-	333	2,074	-	28,275	41,168	7,507	48,675
Travel	-	776	-	6,629	514	246	32,040	40,205	684	40,889
Utilities	-	1,847	-	-	-	-	-	1,847	13,387	15,234
Total expenses	110,620	658,799	610	145,919	185,379	74,295	1,486,230	2,661,852	558,649	3,220,501
Increase (decrease) in net assets	\$ (3,592)	\$ 374,096	\$ (610)	\$ 42,383	\$ 65,235	\$ 23,476	\$ 500,506	\$ 1,001,494	\$ (53,878)	\$ 947,616

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

SCHEDULE OF PROGRAMS AND SUPPORTING ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Counseling	Help Line	Comm. Education /Outreach	Guardianship	Children's Advocacy Ctr.	Resource Devol/Vol. Services	Children and Youth Casework Service	Total programs	Management and general	Grand total
Program revenue and governmental contracts	\$ 97,981	\$ 542,403	-	\$ 115,262	\$ 205,270	-	\$ 2,315,836	\$3,276,752	-	\$3,276,752
Grants	8,500	313,765	7,800	11,462	22,850	-	-	364,377	1,981	366,358
United Way contributions	-	183,886	42,500	-	10,000	-	-	236,386	-	236,386
Other contributions	-	1,497	500	500	2,240	-	2,100	6,837	12,355	19,192
Special events, net of costs of direct benefits to donors of \$20,510	-	-	-	-	11,872	243,779	-	255,651	(4,575)	251,076
Other revenue	5,660	177,346	-	-	-	550	1,225	184,781	14,866	199,647
Investment return, net	-	-	-	-	-	-	-	-	120,307	120,307
Total revenues and other support	112,141	1,218,897	50,800	127,224	252,232	244,329	2,319,161	4,324,784	144,934	4,469,718
Expenses:										
Advertising	90	82,036	-	-	397	33	-	82,556	5,384	87,940
Bank charges	-	-	-	-	-	-	-	-	2,315	2,315
Bank interest	-	-	-	-	-	-	-	-	29	29
Conferences and conventions	-	-	-	180	1,068	-	-	1,248	715	1,963
Depreciation	-	-	-	-	-	-	-	-	14,859	14,859
Disaster recovery	-	-	-	-	-	-	-	-	-	-
Dues	-	5,922	-	246	955	4,773	490	12,386	7,583	19,969
Insurance	-	-	-	-	-	-	-	-	25,722	25,722
Miscellaneous	90	-	-	400	-	89	-	579	2,706	3,285
Office supplies	93	6,665	-	510	1,332	338	10,210	19,148	13,279	32,427
Personnel	105,062	589,944	59,043	127,382	148,677	64,612	1,338,818	2,433,538	356,138	2,789,676
Postage	438	525	545	345	212	880	4,697	7,642	3,216	10,858
Printing	113	56	-	56	-	1,162	90	1,477	488	1,965
Professional fees	11,520	24,154	-	432	6,589	-	28,645	71,340	39,704	111,044
Rent	-	11,406	-	-	20,000	-	54,800	86,206	65,475	151,681
Supplies	2,700	9,829	905	1,202	6,044	47	10,451	31,178	16,349	47,527
Telephone	-	3,321	-	305	1,717	-	26,207	31,550	7,482	39,032
Travel	-	410	1,053	3,970	1,097	245	32,448	39,223	923	40,146
Utilities	-	2,060	-	-	-	-	-	2,060	10,594	12,654
Total expenses	120,106	736,328	61,546	135,028	188,088	72,179	1,506,856	2,820,131	572,961	3,393,092
Increase (decrease) in net assets	\$ (7,965)	\$ 482,569	\$ (10,746)	\$ (7,804)	\$ 64,144	\$172,150	\$ 812,305	\$1,504,653	\$ (428,027)	\$1,076,626