

**FAMILY SERVICE ASSOCIATION OF
NORTHEASTERN PENNSYLVANIA**

**YEARS ENDED
JUNE 30, 2024 AND 2023**

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

YEARS ENDED JUNE 30, 2024 AND 2023

TABLE OF CONTENTS

	Page
Independent auditors' report	1 - 3
Financial statements:	
Statements of financial position	4
Statements of activities	5
Statements of cash flows	6
Notes to financial statements	7 - 19
Supplementary information to financial statements:	
Schedule of programs and supporting activities	20 - 21



**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, 2024 and 2023, and the related statements of activities 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, 2024 and 2023, 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.

Emphasis of Matters- Change in Accounting Principles

As described in Notes 1, 6, and 7 to the financial statements, in the year ended June 30, 2023, Family Services Association of Northeastern Pennsylvania changed its method of accounting for leases with the adoption of FASB ASU 2016-02 (ASC 842, *Leases*) and related ASU's. Our opinion is not modified with respect to this matter.

As described in Note 1 to the financial statements, in the year ended June 30, 2024, the Family Service Association of Northeastern Pennsylvania changed its method of accounting for credit losses with the adoption of FASB ASU 2016-13 (ASC 326, *Financial Instruments – Credit Losses*) and related ASU's. Our opinion is not modified with respect to this matter.

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 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 Matter

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 20-21 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
September 24, 2024

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current assets:		
Cash	\$ 2,639,013	\$ 2,913,485
Accounts receivable, net of allowance for doubtful accounts of \$10,000, 2024 and 2023	618,766	523,147
Investments	1,274,976	1,172,142
Prepaid expense	12,244	40,389
Due from related party	-	145
	4,544,999	4,649,308
Total current assets		
Security deposits	1,000	1,667
Long-term investments, restricted for endowment	90,202	78,719
Furniture and equipment, net of accumulated depreciation of \$32,340, 2024; and \$173,104, 2023	14,515	5,475
	\$ 4,650,716	\$ 4,735,169
Total assets		
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 16,217	\$ 50,456
Accrued retirement plan contribution payable	-	13,659
Accrued payroll and vacation	66,463	155,419
Accrued expenses	14,300	15,129
Deferred revenue	-	14,432
	96,980	249,095
Total current liabilities		
Net assets:		
Without donor restrictions:		
Undesignated	3,463,534	3,407,355
Designated by the Board for future development activities	1,000,000	1,000,000
With donor restrictions:		
Perpetual in nature	90,202	78,719
	4,553,736	4,486,074
Total net assets		
Total liabilities and net assets	\$ 4,650,716	\$ 4,735,169

See notes to financial statements

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Changes in net assets without donor restrictions:		
Revenues, gains and other support:		
Program revenue and governmental contracts	\$ 2,621,118	\$ 2,830,409
Grants	66,293	665,193
United Way contributions	397,764	244,767
Other contributions	12,830	5,361
Special events, net of costs of direct benefits to donors of \$46,963 and \$62,916, respectively	77,733	119,686
Other revenue	132,328	19,452
Investment return, net	159,990	60,057
Total revenues, gains and other support without donor restrictions	3,468,056	3,944,925
Net assets released from restrictions, total return distribution of income per spending rate policy	-	2,012
Total revenues, gains and other support without donor restrictions	3,468,056	3,946,937
Expenses:		
Program services	2,733,942	2,842,007
Management and general	677,935	651,835
Total expenses	3,411,877	3,493,842
Increase in net assets without donor restrictions	56,179	453,095
Changes in net assets with donor restrictions:		
Revenues, gains and other support:		
Contributions	5,444	11,500
Investment return, net	6,039	4,498
Total revenues, gains and other support with donor restrictions	11,483	15,998
Net assets released from restriction, total return distribution of income per spending rate policy	-	(2,012)
Increase in net assets with donor restrictions	11,483	13,986
Increase in net assets	67,662	467,081
Net assets, beginning of year	4,486,074	4,018,993
Net assets, end of year	\$ 4,553,736	\$ 4,486,074

See notes to financial statements

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Increase in net assets	\$ 67,662	\$ 467,081
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	4,401	3,344
Unrealized gain on investments	(55,216)	(18,856)
Bad debt expense	10,076	32,275
Changes in operating assets and liabilities:		
Accounts receivable	(105,695)	104,939
Prepaid expenses	28,145	(21,341)
Due from related party	145	(145)
Security deposits	667	-
Accounts payable	(34,239)	21,062
Accrued retirement plan contribution payable	(13,659)	(21,789)
Accrued payroll and vacation	(88,956)	93,400
Accrued expenses	(829)	(6,792)
Deferred revenue	(14,432)	(423,744)
Due to related party	-	(3,750)
Net cash provided by (used in) operating activities	(201,930)	225,684
Cash flows from investing activities:		
Proceeds from the sale of investments	-	2,011
Purchase of investments	(59,101)	(56,750)
Purchase of furniture and equipment	(13,441)	-
Net cash used in investing activities	(72,542)	(54,739)
Net increase (decrease) in cash	(274,472)	170,945
Cash, beginning of year	2,913,485	2,742,540
Cash, end of year	\$ 2,639,013	\$ 2,913,485
Supplemental disclosure of cash flow information:		
Interest paid during the year	\$ -	\$ 18

See notes to financial statements

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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, 2024 AND 2023

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 \$14,432, that were not recognized at June 30, 2023 because qualifying expenditures not yet incurred.

Accounts receivable

Accounts receivable represent outstanding balances owed for program services provided by the Association. Management provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance for credit losses based on its assessment of the current conditions, reasonable and supportable forecasts regarding future events, the financial stability of its customers, and other factors deemed relevant by the Association. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to allowance for credit losses and a credit to accounts receivable. At June 30, 2024 and 2023, the allowance was \$10,000. Accounts receivable, net amounted to \$618,766 and \$523,147 at June 30, 2024 and 2023, respectively. The accounts receivable balance at July 1, 2023, the beginning of the comparative two year period, was \$660,361.

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, 2024 AND 2023

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 the estimated useful lives of the assets.

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, if any. 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, 2024 and 2023, 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.

Certain leasing arrangements with entities under common control

The Association has adopted the accounting alternative offered to private companies in FASB ASC 810-10 for certain leasing arrangements with entities under common control. In accordance with this alternative, the Association does not evaluate entities that meet the requirements in the variable interest entities subsections of FASB ASC 810-10. Instead, the Association discloses leasing arrangement as required by the accounting alternative. See Note 6.

Advertising

Advertising costs of \$17,310 and \$30,361 for the years ended June 30, 2024 and 2023, respectively, were charged to expense as incurred.

Functional expenses

The costs of providing various program and supporting services have been summarized on a functional basis in Note 12. 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

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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 and square footage. 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, 2024 and 2023. The Association is not aware of any tax positions for which it is reasonably possible that the total amounts 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

Leases

Effective January 1, 2022, the Association adopted FASB ASU 2016-02 (ASC 842, Leases) and related ASU's using the effective date method modified retrospective transition approach, which allows the Association to initially apply the new lease standard at the adoption date. The Association determines if an arrangement contains a lease at inception based on whether The Association has the right to control the asset during the contract period and other facts and circumstances. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statements of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into increase in net assets on a straight-line basis over the lease term. ASU 2016-02 requires lessors to classify leases as sales-type, direct financing, or operating. A lease will be treated as a sales-type lease if it transfers all of the risks and rewards, as well control of the asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as a direct financing lease. If the lessor does not convey risks and rewards or control, the lease is considered an operating lease. ASU 2016-02 and related ASU's also requires specific quantitative and qualitative disclosures about leasing

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

arrangements to enable financial statement users to assess the amount, timing, and uncertainty of cash flows arising from the leases. The Association elected the package of practical expedients permitted under the transition guidance within the new lease standard. This package includes the following relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from the reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Association elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on the straight-line basis. The Association elected the practical expedient to not separate lease and non-leases component for building and equipment leases. The adoption of this accounting pronouncement did not have a material effect on the Association's financial statements.

Effective January 1, 2023, The Association adopted Financial Accounting Standards Board (FASB), ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, using the modified retrospective basis. The FASB guidance (FASB ASC 326) which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Association that are subject to the guidance in FASB ASC 326 were accounts receivable. The impact of the adoption was not considered material to the financial statements.

Subsequent events

Subsequent events were evaluated through September 24, 2024, 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. The board can approve an annual transfer to be made from the endowments based on the annual income of the endowments to the without donor restriction net assets of the Association.

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, 2024 and 2023.

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

The composition of endowment assets as of June 30, 2024 and 2023 is as follows:

	Net assets with donor restrictions
Balance, June 30, 2022	\$ 64,733
Interest and dividend income	2,144
Unrealized gain on investments, net	2,354
Amount appropriated for expenditure, pursuant to spending rate policy	(2,012)
Contributions	11,500
 Balance, June 30, 2023	 78,719
Interest and dividend income	1,441
Unrealized gain on investments, net	4,598
Contributions	5,444
 Balance, June 30, 2024	 \$ <u>90,202</u>

NOTE 3 Investments and fair value measurements

The fair value of unrestricted investments totaled \$1,274,976 and \$1,172,142 at June 30, 2024 and 2023, respectively. The fair value of investments restricted for endowment totaled \$90,202 and \$78,719 at June 30, 2024 and 2023, respectively.

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2024:

	Without donor restrictions	With donor restrictions	Total
Interest and dividend income	\$ 108,477	\$ 1,441	\$ 109,918
Net unrealized gains, net	51,513	4,598	56,111
Total investment return, net	\$ 159,990	\$ 6,039	\$ 166,029

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2023:

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

	Without donor restrictions	With donor restrictions	Total
Interest and dividend income	\$ 43,555	\$ 2,144	\$ 45,699
Net unrealized losses, net	16,502	2,354	18,856
Total investment return, net	\$ 60,057	\$ 4,498	\$ 64,555

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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

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

YEARS ENDED JUNE 30, 2024 AND 2023

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:

	2024	2023
Level 1 - Quoted prices:		
Money market funds	\$ 69,345	\$ 136,883
Common stock	51,489	57,905
Mutual funds	674,623	556,521
Total level 1	795,457	751,309
Level 2 - Other significant observable inputs, fixed income securities	569,721	499,552
Level 3 - Significant unobservable inputs	-	-
Total	\$ 1,365,178	\$ 1,250,861

The Association's policy is to recognize transfers of investments into or out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the years ended June 30, 2024 and 2023, there were no transfers of investments into or out of Level 3. There are no assets requiring the use of Level 3 assets for the years presented.

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, 2025 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, 2024 and 2023, 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 years ended June 30, 2024 and 2023 amounted to \$51,391 and \$83,010, respectively.

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 6 Related party transactions

The Association and the Trustee for Family Service Association of Wyoming Valley (the Trustee) are related parties in that they share common employees, facilities, etc.

The Trustee charges the Association a fixed \$10,000 a month for office space and equipment rental an operating lease terminating June 30, 2025, 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, 2024 and 2023. The minimum rental payments for this lease for the year ended June 30, 2025 are \$120,000.

The related party lessor does not have any debt and management is not aware of any circumstances that would expose the Association to providing any financial support to the related party lessor.

The Association charged the Trustee a management fee of \$12,000 for years ended June 30, 2024 and 2023.

Due from related party at June 30, 2024 and 2023 represents amounts due from the Trustee in the amount of \$0 and \$145, respectively.

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

NOTE 7 Leasing activities

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 and elect not to recognize the assets and liabilities for the lease. Lease payments and the short-term lease is recognized on a straight-line basis. All the Association's leases are short-term.

The components of lease expenses are included in rent expense in program services and management and general in the statements of activities for the years ended June 30, 2024 and 2023 were as follows:

	<u>2023</u>	<u>2022</u>
Short-term lease cost	\$ 129,052	\$ 142,233
Total lease cost	<u>\$ 129,052</u>	<u>\$ 142,233</u>

Rent expense incurred in 2024 and 2023 under non-related party leases was \$9,052 and \$22,233, respectively.

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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, 2024 and 2023, approximately 47% and 48%, 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 available within one year of June 30 for general expenditure consists of the following:

	2024	2023
Cash	\$ 2,639,013	\$ 2,913,485
Accounts receivable, net	618,766	523,147
Investments	1,274,976	1,172,142
 Financial assets at year end	 \$ 4,532,755	 \$ 4,608,774
Less amounts not available to be used within one year, due to Board designated net assets	1,000,000	1,000,000
 Financial assets available to meet general expenditures within one year	 \$ 3,532,755	 \$ 3,608,774

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, 2024 and 2023, respectively. The net assets without donor restrictions designated by the Board of Directors for future development activities could be made available if necessary. 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, 2024 and 2023:

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Deferred revenue, beginning of year	\$ 14,432	\$ 438,176
Revenue recognized that was included in deferred revenue at the beginning of year	(14,432)	(438,176)
Increases in deferred revenue due to cash received during the year	-	14,432
Deferred revenue, end of year	<u>\$ -</u>	<u>\$ 14,432</u>

NOTE 11 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, 2024 and 2023.

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 12 Functional expenses

Functional expenses for the year ended June 30, 2024 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				
Expenses:											
Advertising	\$ -	\$ 13,167	\$ -	\$ -	\$ -	\$ 255	\$ -	\$ 13,422	\$ 3,888	\$ -	\$ 17,310
Bad debt	4,706	5,195	-	-	-	-	-	9,901	175	-	10,076
Bank charges	-	-	-	-	-	-	-	-	778	-	778
Conferences and conventions	-	421	-	-	18,516	999	4,372	24,308	7,047	-	31,355
Depreciation	-	-	-	-	-	-	-	-	4,401	-	4,401
Dues	-	15,526	-	300	1,429	5,970	-	23,225	8,290	-	31,515
Insurance	13	810	-	188	62	85	1,178	2,336	26,384	-	28,720
Meals and entertainment	-	-	-	-	-	-	-	-	-	49,570	49,570
Miscellaneous	-	-	-	250	4,225	-	42	4,517	2,187	-	6,704
Office supplies	121	6,395	-	739	40,328	-	17,783	65,366	29,203	-	94,569
Personnel	10,224	811,107	-	225,087	106,124	43,342	1,120,266	2,316,150	419,321	-	2,735,471
Postage	-	10	100	163	-	264	1,652	2,189	6,735	-	8,924
Printing	-	-	-	37	27	-	35	99	1,552	-	1,651
Professional fees	8,513	156	-	2,651	5,620	1,000	40,164	58,104	99,861	-	157,965
Rent	-	10,233	-	-	13,500	-	58,182	81,915	47,137	-	129,052
Supplies	17	936	4,337	1,256	6,905	269	10,136	23,856	448	-	24,304
Telephone	40	25,923	-	962	1,902	-	24,731	53,558	3,502	-	57,060
Travel	-	1,471	-	16,061	1,879	666	30,173	50,250	1,605	-	51,855
Utilities	-	2,413	-	-	2,333	-	-	4,746	15,421	-	20,167
Total expenses by function	23,634	893,763	4,437	247,694	202,850	52,850	1,308,714	2,733,942	677,935	49,570	3,461,447
Less expenses included with revenues on the statement of activities:											
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	(49,570)	(49,570)
Total expenses included on the statement of activities	\$ 23,634	\$ 893,763	\$ 4,437	\$ 247,694	\$ 202,850	\$ 52,850	\$ 1,308,714	\$ 2,733,942	\$ 677,935	\$ -	\$ 3,411,877

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Functional expenses for the year ended June 30, 2023 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				Total programs
Advertising	\$ -	\$ 20,308	\$ -	\$ -	\$ 2,350	\$ -	\$ -	\$ 22,658	\$ 7,703	\$ -	\$ 30,361
Bad debt	6,969	10,236	-	-	6,500	-	-	23,705	8,570	-	32,275
Bank charges	-	-	-	-	-	-	-	-	1,582	-	1,582
Bank interest	-	-	-	-	-	-	-	-	18	-	18
Conferences and conventions	775	2,375	-	558	1,364	1,262	19,501	25,835	981	-	26,816
Depreciation	-	-	-	-	-	-	-	-	3,344	-	3,344
Dues	190	6,101	-	260	4,328	5,531	95	16,505	5,240	-	21,745
Insurance	-	-	-	-	-	-	-	-	30,816	-	30,816
Meals and entertainment	-	-	-	-	-	-	-	-	-	61,273	61,273
Miscellaneous	535	10	60	11,138	578	-	-	12,321	5,179	-	17,500
Office supplies	291	9,409	-	2,484	4,986	421	9,330	26,921	18,510	-	45,431
Personnel	85,535	708,809	-	155,758	148,075	89,724	1,274,343	2,462,244	434,228	-	2,896,472
Postage	350	339	200	600	100	343	5,850	7,782	2,227	-	10,009
Printing	-	659	-	365	1,908	-	203	3,135	1,808	-	4,943
Professional fees	12,066	180	-	770	796	-	35,676	49,488	44,909	-	94,397
Rent	-	10,233	-	-	12,000	-	53,200	75,433	66,800	-	142,233
Supplies	673	3,937	187	303	4,930	476	6,216	16,722	7,147	-	23,869
Telephone	-	12,865	-	329	2,683	-	32,020	47,917	(2,467)	-	45,450
Travel	-	4,536	-	8,987	852	1,883	32,931	49,189	372	-	49,561
Utilities	-	2,152	-	-	-	-	-	2,152	14,868	-	17,020
Total expenses by function	107,384	792,169	447	181,552	191,450	99,640	1,469,365	2,842,007	651,835	61,273	3,555,115
Less expenses included with revenues on the statement of activities:											
Cost of direct benefit to donors	-	-	-	-	-	-	-	-	-	(61,273)	(61,273)
Total expenses included on the statement of activities	\$ 107,384	\$ 792,169	\$ 447	\$ 181,552	\$ 191,450	\$ 99,640	\$ 1,469,365	\$ 2,842,007	\$ 651,835	\$ -	\$ 3,493,842

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

SCHEDULE OF PROGRAMS AND SUPPORTING ACTIVITIES

YEAR ENDED JUNE 30, 2024

	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	\$ 25,793	\$ 486,170	\$ -	\$ 269,871	\$ 186,910	\$ -	\$ 1,652,374	\$ 2,621,118	\$ -	\$ 2,621,118
Grants	590	36,806	-	-	28,897	-	-	66,293	-	66,293
United Way contributions	-	390,764	-	-	7,000	-	-	397,764	-	397,764
Other contributions	-	937	-	500	100	13,140	-	14,677	3,597	18,274
Special events, net of costs of direct benefits to donors of \$61,273	-	-	-	-	7,055	73,013	-	80,068	(2,335)	77,733
Other revenue	210	-	-	41,230	-	53,142	-	94,582	37,746	132,328
Investment return, net	-	-	-	-	-	-	-	-	166,029	166,029
Total revenues and other support	26,593	914,677	-	311,601	229,962	139,295	1,652,374	3,274,502	205,037	3,479,539
Expenses:										
Advertising	-	13,167	-	-	-	255	-	13,422	3,888	17,310
Bad debt	4,706	5,195	-	-	-	-	-	9,901	175	10,076
Bank charges	-	-	-	-	-	-	-	-	778	778
Conferences and conventions	-	421	-	-	18,516	999	4,372	24,308	7,047	31,355
Depreciation	-	-	-	-	-	-	-	-	4,401	4,401
Dues	-	15,526	-	300	1,429	5,970	-	23,225	8,290	31,515
Insurance	13	810	-	188	62	85	1,178	2,336	26,384	28,720
Miscellaneous	-	-	-	250	4,225	-	42	4,517	2,187	6,704
Office supplies	121	6,395	-	739	40,328	-	17,783	65,366	29,203	94,569
Personnel	10,224	811,107	-	225,087	106,124	43,342	1,120,266	2,316,150	419,321	2,735,471
Postage	-	10	100	163	-	264	1,652	2,189	6,735	8,924
Printing	-	-	-	37	27	-	35	99	1,552	1,651
Professional fees	8,513	156	-	2,651	5,620	1,000	40,164	58,104	99,861	157,965
Rent	-	10,233	-	-	13,500	-	58,182	81,915	47,137	129,052
Supplies	17	936	4,337	1,256	6,905	269	10,136	23,856	448	24,304
Telephone	40	25,923	-	962	1,902	-	24,731	53,558	3,502	57,060
Travel	-	1,471	-	16,061	1,879	666	30,173	50,250	1,605	51,855
Utilities	-	2,413	-	-	2,333	-	-	4,746	15,421	20,167
Total expenses	23,634	893,763	4,437	247,694	202,850	52,850	1,308,714	2,733,942	677,935	3,411,877
Increase (decrease) in net assets	\$ 2,959	\$ 20,914	\$ (4,437)	\$ 63,907	\$ 27,112	\$ 86,445	\$ 343,660	\$ 540,560	\$ (472,898)	\$ 67,662

FAMILY SERVICE ASSOCIATION OF NORTHEASTERN PENNSYLVANIA

SCHEDULE OF PROGRAMS AND SUPPORTING ACTIVITIES

YEAR ENDED JUNE 30, 2023

	<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>
Program revenue and governmental contracts	\$ 78,898	\$ 457,636	\$ -	\$ 189,235	\$ 218,970	\$ -	\$ 1,884,855	\$ 2,829,594	\$ 815	\$ 2,830,409
Grants	-	535,330	18,150	36,500	46,224	-	-	636,204	28,989	665,193
United Way contributions	-	239,267	-	-	5,500	-	-	244,767	-	244,767
Other contributions	500	1,159	-	500	1,000	-	-	3,159	13,702	16,861
Special events, net of costs of direct benefits to donors of \$35,801	-	-	-	-	24,205	97,124	-	121,329	(1,643)	119,686
Other revenue	1,844	2,478	-	-	-	-	-	4,322	15,130	19,452
Investment return, net	-	-	-	-	-	-	-	-	64,555	64,555
Total revenues and other support	81,242	1,235,870	18,150	226,235	295,899	97,124	1,884,855	3,839,375	120,733	3,960,923
Expenses:										
Advertising	-	20,308	-	-	2,350	-	-	22,658	7,703	30,361
Bad debt	6,969	10,236	-	-	6,500	-	-	23,705	8,570	32,275
Bank charges	-	-	-	-	-	-	-	-	1,582	1,582
Bank interest	-	-	-	-	-	-	-	-	18	18
Conferences and conventions	775	2,375	-	558	1,364	1,262	19,501	25,835	981	28,816
Depreciation	-	-	-	-	-	-	-	-	3,344	3,344
Dues	190	6,101	-	260	4,328	5,531	95	16,505	5,240	21,745
Insurance	-	-	-	-	-	-	-	-	30,816	30,816
Miscellaneous	535	10	60	11,138	578	-	-	12,321	5,179	17,500
Office supplies	291	9,409	-	2,484	4,986	421	9,330	26,921	18,510	45,431
Personnel	85,535	708,809	-	155,758	148,075	89,724	1,274,343	2,462,244	434,228	2,896,472
Postage	350	339	200	600	100	343	5,850	7,782	2,227	10,009
Printing	-	659	-	365	1,908	-	203	3,135	1,808	4,943
Professional fees	12,066	180	-	770	796	-	35,676	49,488	44,909	94,397
Rent	-	10,233	-	-	12,000	-	53,200	75,433	66,800	142,233
Supplies	673	3,937	187	303	4,930	476	6,216	16,722	7,147	23,869
Telephone	-	12,885	-	329	2,683	-	32,020	47,917	(2,467)	45,450
Travel	-	4,536	-	8,987	852	1,883	32,931	49,189	372	49,561
Utilities	-	2,152	-	-	-	-	-	2,152	14,868	17,020
Total expenses	107,384	792,169	447	181,552	191,450	99,640	1,469,365	2,842,007	651,835	3,493,842
Increase (decrease) in net assets	\$ (26,142)	\$ 443,701	\$ 17,703	\$ 44,683	\$ 104,449	\$ (2,516)	\$ 415,490	\$ 997,368	\$ (531,102)	\$ 467,081