

FAMILY SERVICES OF WARREN COUNTY, INC.

FINANCIAL STATEMENTS

December 31, 2020 and 2019

**HAINES & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

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# HAINES & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS OF AMERICAN AND  
PENNSYLVANIA INSTITUTES OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Family Services of Warren County, Inc.  
Warren, Pennsylvania

We have audited the accompanying financial statements of Family Services of Warren County, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Services of Warren County, Inc. as of December 31, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Prior Period Financial Statements**

The 2019 financial statements were reviewed by other accountants, and their report thereon, dated November 19, 2020, stated they were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

A handwritten signature in cursive script that reads "Harris Company".

Certified Public Accountants  
Warren, Pennsylvania  
May 19, 2021

FAMILY SERVICES OF WARREN COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION  
December 31, 2020 and 2019

|  | 2020<br><u>(Audited)</u> | 2019<br><u>(Reviewed)</u> |
|--|--------------------------|---------------------------|
| ASSETS   |                          |                           |
| CURRENT ASSETS   |                          |                           |
| Cash   | \$ 115,283               | \$ 21,173                 |
| Accounts receivable, net                                   | 22,510                   | 38,661                    |
| Accrued income   | 885                      | 909                       |
| Prepaid expenses   | <u>11,252</u>            | <u>10,321</u>             |
| TOTAL CURRENT ASSETS                                       | 149,930                  | 71,064                    |
| INVESTMENTS  | 1,150,795                | 1,020,266                 |
| PROPERTY AND EQUIPMENT, net of<br>accumulated depreciation | <u>19,908</u>            | <u>23,423</u>             |
| TOTAL ASSETS   | <u>\$ 1,320,633</u>      | <u>\$ 1,114,753</u>       |
| LIABILITIES AND NET ASSETS                                 |                          |                           |
| CURRENT LIABILITIES  |                          |                           |
| Accounts payable   | \$ 2,286                 | \$ 12,950                 |
| Accrued payroll and withholdings                           | 17,124                   | 8,840                     |
| Payable to Community Care Behavioral Health<br>PPP loan    | 16,026                   | -                         |
|  | <u>111,559</u>           | <u>-</u>                  |
| TOTAL CURRENT LIABILITIES                                  | <u>146,995</u>           | <u>21,790</u>             |
| NET ASSETS   |                          |                           |
| Without donor restrictions                                 | 1,173,638                | 1,090,838                 |
| With donor restrictions                                    | <u>-</u>                 | <u>2,125</u>              |
| TOTAL NET ASSETS   | <u>1,173,638</u>         | <u>1,092,963</u>          |
| TOTAL LIABILITIES AND NET ASSETS                           | <u>\$ 1,320,633</u>      | <u>\$ 1,114,753</u>       |

See accompanying notes to financial statements.

FAMILY SERVICES OF WARREN COUNTY, INC.

STATEMENTS OF ACTIVITIES  
 Years ended December 31, 2020 and 2019

|   | 2020<br>(Audited)                     |                                    |                       |
|---|---------------------------------------|------------------------------------|-----------------------|
|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total<br/>2020</u> |
| <b>REVENUE</b>                                |                                       |                                    |                       |
| Interest and dividends                        | \$ 18,600                             | \$ -                               | \$ 18,600             |
| Realized gains on investments                 | 17,411                                | -                                  | 17,411                |
| Net appreciation in fair value of investments | <u>103,537</u>                        | <u>-</u>                           | <u>103,537</u>        |
| Investment income                             | 139,548                               | -                                  | 139,548               |
| Less investment expenses                      | <u>9,039</u>                          | <u>-</u>                           | <u>9,039</u>          |
| Net investment income                         | 130,509                               | -                                  | 130,509               |
| Fees for services                             | 466,394                               | -                                  | 466,394               |
| United fund                                   | -                                     | 44,900                             | 44,900                |
| Contributions                                 | 31,951                                | 5,000                              | 36,951                |
| Special events                                | -                                     | -                                  | -                     |
| Bequests and memorials                        | 8,634                                 | -                                  | 8,634                 |
| Miscellaneous income                          | 135                                   | -                                  | 135                   |
| Net assets released from restrictions         | <u>52,025</u>                         | <u>(52,025)</u>                    | <u>-</u>              |
| <b>TOTAL REVENUE</b>                          | <u>689,648</u>                        | <u>(2,125)</u>                     | <u>687,523</u>        |
| <b>EXPENSES</b>                               |                                       |                                    |                       |
| Program services                              | 512,355                               | -                                  | 512,355               |
| Support services:                             |                                       |                                    |                       |
| Management and general                        | 67,348                                | -                                  | 67,348                |
| Fundraising                                   | <u>27,145</u>                         | <u>-</u>                           | <u>27,145</u>         |
| <b>TOTAL EXPENSES</b>                         | <u>606,848</u>                        | <u>-</u>                           | <u>606,848</u>        |
| <b>CHANGE IN NET ASSETS</b>                   | 82,800                                | (2,125)                            | 80,675                |
| <b>NET ASSETS - BEGINNING OF YEAR</b>         | <u>1,090,838</u>                      | <u>2,125</u>                       | <u>1,092,963</u>      |
| <b>NET ASSETS - END OF YEAR</b>               | <u>\$ 1,173,638</u>                   | <u>\$ -</u>                        | <u>\$ 1,173,638</u>   |

See accompanying notes to financial statements.

| 2019<br>(Reviewed)                    |                                    |                       |
|---------------------------------------|------------------------------------|-----------------------|
| <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total<br/>2019</u> |
| \$ 21,996                             | \$ -                               | \$ 21,996             |
| 59,637                                | -                                  | 59,637                |
| <u>107,779</u>                        | <u>-</u>                           | <u>107,779</u>        |
| 189,412                               | -                                  | 189,412               |
| <u>8,923</u>                          | <u>-</u>                           | <u>8,923</u>          |
| 180,489                               | -                                  | 180,489               |
| 533,070                               | -                                  | 533,070               |
| -                                     | 44,900                             | 44,900                |
| 30,006                                | 2,125                              | 32,131                |
| 6,899                                 | -                                  | 6,899                 |
| 7,042                                 | -                                  | 7,042                 |
| 128                                   | -                                  | 128                   |
| <u>44,900</u>                         | <u>(44,900)</u>                    | <u>-</u>              |
| <u>802,534</u>                        | <u>2,125</u>                       | <u>804,659</u>        |
| 574,918                               | -                                  | 574,918               |
| 99,762                                | -                                  | 99,762                |
| <u>22,195</u>                         | <u>-</u>                           | <u>22,195</u>         |
| <u>696,875</u>                        | <u>-</u>                           | <u>696,875</u>        |
| 105,659                               | 2,125                              | 107,784               |
| <u>985,179</u>                        | <u>-</u>                           | <u>985,179</u>        |
| <u>\$ 1,090,838</u>                   | <u>\$ 2,125</u>                    | <u>\$ 1,092,963</u>   |



FAMILY SERVICES OF WARREN COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31, 2020 and 2019

|                                  | 2020<br>(Audited)           |                                   |                      |                       |
|----------------------------------|-----------------------------|-----------------------------------|----------------------|-----------------------|
|                                  | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u>   | <u>Total<br/>2020</u> |
| Salaries and wages               | \$ 342,092                  | \$ 39,233                         | \$ 21,460            | \$ 402,785            |
| Payroll taxes                    | 27,340                      | 3,063                             | 1,601                | 32,004                |
| Employee benefits:               |                             |                                   |                      |                       |
| Health insurance                 | 40,920                      | 938                               | 548                  | 42,406                |
| Retirement                       | 6,081                       | 163                               | 45                   | 6,289                 |
| Workers' compensation            | <u>2,576</u>                | <u>17</u>                         | <u>9</u>             | <u>2,602</u>          |
| Total wages and related expenses | 419,009                     | 43,414                            | 23,663               | 486,086               |
| Contracted services              | 15,073                      | 16,274                            | 158                  | 31,505                |
| Utilities                        | 25,529                      | 172                               | 94                   | 25,795                |
| Supplies                         | 13,245                      | 79                                | 2,483                | 15,807                |
| Depreciation                     | 9,142                       | 61                                | 34                   | 9,237                 |
| Accounting                       | -                           | 7,065                             | -                    | 7,065                 |
| Communications                   | 6,721                       | 37                                | 20                   | 6,778                 |
| Professional development         | 4,605                       | 157                               | -                    | 4,762                 |
| Insurance                        | 4,437                       | 31                                | 17                   | 4,485                 |
| Bad debt                         | 4,034                       | -                                 | -                    | 4,034                 |
| Advertising and promotions       | 2,640                       | 17                                | 368                  | 3,025                 |
| Maintenance                      | 2,201                       | 15                                | 8                    | 2,224                 |
| Bank charges                     | 1,966                       | 13                                | 21                   | 2,000                 |
| Travel                           | 1,820                       | 1                                 | 16                   | 1,837                 |
| Postage                          | 1,157                       | 8                                 | 37                   | 1,202                 |
| Meals                            | 677                         | 3                                 | 1                    | 681                   |
| Dues and subscriptions           | 99                          | 1                                 | 225                  | 325                   |
| Miscellaneous                    | <u>-</u>                    | <u>-</u>                          | <u>-</u>             | <u>-</u>              |
| <br>Total                        | <br><u>\$ 512,355</u>       | <br><u>\$ 67,348</u>              | <br><u>\$ 27,145</u> | <br><u>\$ 606,848</u> |

See accompanying notes to financial statements.

2019  
(Reviewed)

| <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total<br/>2019</u> |
|-----------------------------|-----------------------------------|--------------------|-----------------------|
| \$ 394,077                  | \$ 67,593                         | \$ 14,371          | \$ 476,041            |
| 32,628                      | 5,501                             | 1,212              | 39,341                |
| 50,174                      | 2,019                             | 554                | 52,747                |
| 7,833                       | 1,505                             | 251                | 9,589                 |
| <u>2,614</u>                | <u>413</u>                        | <u>89</u>          | <u>3,116</u>          |
| 487,326                     | 77,031                            | 16,477             | 580,834               |
| 15,306                      | 1,623                             | 347                | 17,276                |
| 22,228                      | 3,513                             | 752                | 26,493                |
| 11,669                      | 1,490                             | 3,841              | 17,000                |
| 8,176                       | 1,293                             | 276                | 9,745                 |
| -                           | 12,175                            | -                  | 12,175                |
| 4,243                       | 671                               | 143                | 5,057                 |
| 5,528                       | 163                               | 3                  | 5,694                 |
| 4,198                       | 664                               | 142                | 5,004                 |
| 2,493                       | -                                 | -                  | 2,493                 |
| 1,563                       | 378                               | 53                 | 1,994                 |
| 1,191                       | 188                               | 40                 | 1,419                 |
| 2,003                       | 315                               | 67                 | 2,385                 |
| 5,900                       | -                                 | -                  | 5,900                 |
| 946                         | 148                               | 31                 | 1,125                 |
| 1,220                       | 50                                | 11                 | 1,281                 |
| 379                         | 60                                | 12                 | 451                   |
| <u>549</u>                  | <u>-</u>                          | <u>-</u>           | <u>549</u>            |
| <u>\$ 574,918</u>           | <u>\$ 99,762</u>                  | <u>\$ 22,195</u>   | <u>\$ 696,875</u>     |

FAMILY SERVICES OF WARREN COUNTY, INC.

STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2020 and 2019

|  | 2020<br><u>(Audited)</u> | 2019<br><u>(Reviewed)</u> |
|--|--------------------------|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                          |                           |
| Change in net assets   | 80,675                   | 107,784                   |
| Adjustments to reconcile change in net assets to<br>net cash used by operating activities: |                          |                           |
| Depreciation expense   | 9,237                    | 9,745                     |
| Investment income reinvested, net of fees  | (9,585)                  | (12,715)                  |
| Realized gains on investments  | (17,411)                 | (59,637)                  |
| Net appreciation on fair value of investments  | (103,537)                | (107,779)                 |
| Decrease in accounts receivable  | 16,151                   | 5,706                     |
| (Increase) decrease in prepaid expense   | (931)                    | 2,109                     |
| Decrease (increase) in accrued income  | 24                       | (358)                     |
| (Decrease) increase in accounts payable  | (10,664)                 | 7,609                     |
| Increase in accrued payroll taxes and withholdings   | 8,284                    | 2,230                     |
| Increase in payable to Community Care Behavioral Health                                    | 16,026                   | -                         |
| <b>NET CASH USED BY OPERATING ACTIVITIES</b>   | <u>(11,731)</u>          | <u>(45,306)</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                          |                           |
| Purchase of property and equipment   | (5,722)                  | (4,658)                   |
| Withdrawals from investments   | 4                        | 40,825                    |
| <b>NET CASH (USED) PROVIDED BY INVESTING<br/>    ACTIVITIES</b>                            | <u>(5,718)</u>           | <u>36,167</u>             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                          |                           |
| Proceeds from PPP loan   | 111,559                  | -                         |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>   | <u>111,559</u>           | <u>-</u>                  |
| <b>NET INCREASE (DECREASE) IN CASH</b>   | 94,110                   | (9,139)                   |
| <b>CASH AT BEGINNING OF YEAR</b>   | <u>21,173</u>            | <u>30,312</u>             |
| <b>CASH AT END OF YEAR</b>   | <u>\$ 115,283</u>        | <u>\$ 21,173</u>          |

See accompanying notes to financial statements.

FAMILY SERVICES OF WARREN COUNTY, INC.

STATEMENTS OF CASH FLOWS  
Years ended December 31, 2020 and 2019

Supplemental Schedule of noncash investing activities:

Family Services' investments are held and managed by one bank. Interest and dividends are accumulated within the portfolios of investments and investment management fees are paid from these funds. The net investment income is reinvested. Accordingly, these activities are excluded from operating cash flows as follows:

|                                  | <u>2020</u><br><u>(Audited)</u> | <u>2019</u><br><u>(Reviewed)</u> |
|----------------------------------|---------------------------------|----------------------------------|
| Interest and dividends collected | \$ 18,624                       | \$ 21,638                        |
| Investment management fees paid  | <u>(9,039)</u>                  | <u>(8,923)</u>                   |
| Reinvested investment income     | <u>\$ 9,585</u>                 | <u>\$ 12,715</u>                 |

# FAMILY SERVICES OF WARREN COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

### NOTE A - SUMMARY OF ACCOUNTING POLICIES

#### Nature of Organization

Family Services of Warren County, Inc. (the Organization), is an organization whose mission is to promote healthy families, living in a healthy community, by serving, preventing, and advocating. The Organization helps others with care and support through counseling, education, consultation, community initiatives, and increased public awareness.

The major source of revenue for the Organization is fees for counseling services provided to individuals and families in Warren County. Other sources of support include annual grants from a local church, the United Fund of Warren County, and various government grants providing community service programming.

#### Major Programs

The Organization's major programs are as follows:

**Counseling and Group Therapy Services** - The Organization provides individual, family, couples, and group therapy to those in need in Warren County and surrounding areas. The Organization also provides educational support groups to help meet the needs of the community. These support groups include an Anger Management Group, a Healthy Relationships Program, and a DUI Intervention Program.

**Substance Abuse Services** - The Organization provides Outpatient and Intensive Outpatient therapy services to individuals with substance use disorders. The Organization is licensed by the Department of Drug and Alcohol Programs, Pennsylvania Department of Health. In addition to providing substance use disorder treatment, the Organization also provides educational group services such as a recovery group held at the Warren County Jail and the DUI Intervention Program. Finally, staff provides treatment to individuals that struggle with non-substance-based addictions.

**Community Outreach Services** - The Organization is a partner with the 21st Century program and provides quarterly parent involvement presentations for the Warren County School District.

#### Basis of Accounting

The Organization maintains its financial records on the accrual basis of accounting whereby revenues are recorded when earned and expenses when the obligation is incurred.

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Presentation

Resources are classified for accounting and reporting purposes into two classes of net assets. The two classes of net assets are as follows:

*Net assets without donor restrictions:* Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

*Net assets with donor restrictions:* Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made. The Organization's information returns are open to Internal Revenue Service examination for the 2017 tax year and all subsequent years.

Cash

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable is recorded at the net realizable value for services or goods provided. The Organization does not charge a finance charge on receivables and therefore does not have a policy for recognition of past due receivables. Receivables are generally charged off after collection efforts are exhausted.

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Both realized and unrealized gains and losses are included in the statement of activity.

Fair Value Measurements

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's judgments about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs, as follows:

Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments are not applied to level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations are based on quoted prices in markets that are not active, or for which all inputs are observable, directly or indirectly.

Level 3 - Valuations are based on inputs that are not observable and are significant to the overall fair value measurement.

Property, Equipment and Depreciation

Property and equipment are stated at cost. Maintenance and repairs are expensed as incurred and expenditures in excess of \$500 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES (Continued)

Property, Equipment and Depreciation (continued)

|                                   |               |
|-----------------------------------|---------------|
| Building and improvements         | 15 – 30 years |
| Equipment, furniture and fixtures | 5 – 10 years  |

Compensated Absences

The Organization permits employees to carry over paid time off, which is carried in a sick bank. Employees are required to use four days of paid, or unpaid, time off before they can use their sick bank time. The paid time off will carry over in the sick bank, however, it will not be paid in cash. Accordingly, no liability has been recorded in the accompanying financial statements.

Support

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions.

Revenues

The Organization has a sliding fee arrangement that provides for fee adjustments based upon the client's ability to pay. Fee revenue is recognized net of these adjustments.

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2020 and 2019 were \$3,025 and \$1,994, respectively.

Bad Debt

An allowance for bad debt is recorded, based upon management's judgement. Management considers historical loss experience, economic conditions, third-party liability, and the financial condition of the debtor. Receivables are reviewed quarterly and are considered past due when all third-party liability is established and paid, and the private pay portion has been outstanding more than 30 days from the date of service.



FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Expenses by function have been allocated among program services, management and general, or fundraising by specific identification, on the basis of salaries and wages, or occupancy expenditures, based on management's estimate.

Donated Services

No amounts are reflected for services contributed, because no objective basis is available to measure the value of such services; however, volunteers and board members assist in fundraising projects.

Donated Property

The Organization recognizes assets received as a donation at the fair market value of the property on the date of the gift.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Risk

The Organization maintains its cash balances in financial institutions. The Federal Deposit Insurance Corporation insures the balances at financial institutions up to \$250,000. At December 31, 2020 and 2019 cash balances were fully insured.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE B – ACCOUNTS RECEIVABLE

Accounts receivable from the provision of services are as follows at December 31:

|                                      | 2020<br><u>(Audited)</u> | 2019<br><u>(Reviewed)</u> |
|--------------------------------------|--------------------------|---------------------------|
| Accounts receivable - client charges | \$ 27,309                | \$ 43,460                 |
| Allowance for doubtful accounts      | <u>(4,799)</u>           | <u>(4,799)</u>            |
| Net accounts receivable              | <u>\$ 22,510</u>         | <u>\$ 38,661</u>          |

Approximately \$4,589 of client charges are ninety days or more past due as of December 31, 2020. This amount includes third-party insurance reimbursements. Many of the long-term accounts receivable are client charges involving the Warren County Probation Department collections system. Those on probation make weekly or monthly payments to cover restitution, fines and costs, and treatment. These payments generally consist of small installments over long periods.

NOTE C – PAYABLE TO COMMUNITY CARE BEHAVIORAL HEALTH

Family Services is a contract provider for Community Care Behavioral Health (CCBH). During 2020, Family Services participated in CCBH's Alternative Payment Arrangements (APA) Program that provided funding to providers during the 2020 COVID-19 pandemic. Family Services received a total of \$55,750 during 2020. These payments were based off of historic payments received from CCBH and intended to reach 100% of that historic baseline. A final reconciliation was performed by CCBH, which resulted in Family Services receiving \$16,026 more APA payments than the historic baseline. The payable to CCBH will be remitted back to CCBH in May 2021.

NOTE D - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of:

|                                   | 2020<br><u>(Audited)</u> | 2019<br><u>(Reviewed)</u> |
|-----------------------------------|--------------------------|---------------------------|
| Leasehold improvements            | \$ 44,415                | \$ 44,415                 |
| Equipment and furniture           | <u>80,856</u>            | <u>166,890</u>            |
|                                   | 125,271                  | 211,305                   |
| Accumulated depreciation          | <u>(105,363)</u>         | <u>(187,882)</u>          |
| Total property and equipment, net | <u>\$ 19,908</u>         | <u>\$ 23,423</u>          |

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE D - PROPERTY AND EQUIPMENT (Continued)

Depreciation expense for the years ended December 31, 2020 and 2019 was \$9,237 and \$9,745, respectively.

NOTE E – INVESTMENTS

The following tables set forth by level, within their fair value hierarchy, the Organization's investment assets at fair value as of December 31, 2020 and 2019.

Assets at Fair Value as of December 31, 2020  
(Audited)

|                             | Level 1             | Level 2     | Level 3     | Total               |
|-----------------------------|---------------------|-------------|-------------|---------------------|
| Cash and equivalents        | \$ 34,946           | \$ -        | \$ -        | \$ 34,946           |
| Mutual funds - fixed income | 308,016             | -           | -           | 308,016             |
| Mutual funds - equities     | 757,068             | -           | -           | 757,068             |
| Other investments           | 50,765              | -           | -           | 50,765              |
|                             | <u>\$ 1,150,795</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,150,795</u> |

Assets at Fair Value as of December 31, 2019  
(Reviewed)

|                             | Level 1             | Level 2     | Level 3     | Total               |
|-----------------------------|---------------------|-------------|-------------|---------------------|
| Cash and equivalents        | \$ 35,872           | \$ -        | \$ -        | \$ 35,872           |
| Mutual funds - fixed income | 279,796             | -           | -           | 279,796             |
| Mutual funds - equities     | 657,582             | -           | -           | 657,582             |
| Other investments           | 47,016              | -           | -           | 47,016              |
|                             | <u>\$ 1,020,266</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,020,266</u> |

The following table disclose the cost, fair value and unrealized gain (loss) by investment type as of December 31, 2020.

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE E – INVESTMENTS (Continued)

| Description                 | December 31, 2020<br>(Audited) |                           |                    |
|-----------------------------|--------------------------------|---------------------------|--------------------|
|                             | Cost                           | Unrealized<br>Gain (Loss) | Fair Value         |
| Cash and cash equivalents   | \$ 34,946                      | \$ -                      | \$ 34,946          |
| Mutual funds - fixed income | 296,890                        | 11,126                    | 308,016            |
| Mutual funds - equities     | 599,927                        | 157,141                   | 757,068            |
| Other investments           | <u>50,384</u>                  | <u>381</u>                | <u>50,765</u>      |
| Net marketable securities   | <u>\$ 982,147</u>              | <u>\$ 168,648</u>         | <u>\$1,150,795</u> |

  

| Description                 | December 31, 2019<br>(Reviewed) |                           |                    |
|-----------------------------|---------------------------------|---------------------------|--------------------|
|                             | Cost                            | Unrealized<br>Gain (Loss) | Fair Value         |
| Cash and cash equivalents   | \$ 35,872                       | \$ -                      | \$ 35,872          |
| Mutual funds - fixed income | 280,072                         | (276)                     | 279,796            |
| Mutual funds - equities     | 593,120                         | 64,462                    | 657,582            |
| Other investments           | <u>46,091</u>                   | <u>925</u>                | <u>47,016</u>      |
| Net marketable securities   | <u>\$ 955,155</u>               | <u>\$ 65,111</u>          | <u>\$1,020,266</u> |

Investments are stated at fair market value as of December 31, 2020 and 2019. Investment return includes interest, dividends, and other investment income; realized and unrealized gains and losses on investments, and investment management fees. Total investment return is reflected on the statement of operations and changes in net assets and is comprised of the following for the years ended December 31, 2020 and 2019:

|                            | 2020<br>(Audited) | 2019<br>(Reviewed) |
|----------------------------|-------------------|--------------------|
| Interest and dividends     | \$ 18,600         | \$ 21,996          |
| Investment management fees | (9,039)           | (8,923)            |
| Realized gains             | 17,411            | 59,637             |
| Appreciation of investment | <u>103,537</u>    | <u>107,779</u>     |
| Total investment gain      | <u>\$ 130,509</u> | <u>\$ 180,489</u>  |

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisting of cash were comprised of the following at December 31:

|   | 2020<br><u>(Audited)</u> | 2019<br><u>(Reviewed)</u> |
|---|--------------------------|---------------------------|
| Subject to expenditure for specific purpose:      |                          |                           |
| Staff development                                 | \$ -                     | \$ 1,725                  |
| Furniture refurbishing                            | <u>-</u>                 | <u>400</u>                |
| Total subject to expenditure for specific purpose | <u>\$ -</u>              | <u>\$ 2,125</u>           |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the expiration of periods of time during which the assets were to be used as specified by donors.

|   | 2020<br><u>(Audited)</u> | 2019<br><u>(Reviewed)</u> |
|---|--------------------------|---------------------------|
| Operating support                           | \$ 44,900                | \$ 44,900                 |
| Staff development                           | 1,725                    | -                         |
| Furniture refurbishing                      | 400                      |                           |
| Computer equipment                          | <u>5,000</u>             | <u>-</u>                  |
| Total net assets released from restrictions | <u>\$ 52,025</u>         | <u>\$ 44,900</u>          |

NOTE G – LEASES

The Organization leases office space from the Pennsylvania Department of Public Welfare at the Warren State Hospital complex. The lease term is for one year, with automatic renewals, and may be canceled by either party with 30 days' notice prior to the expiration of the current term. The annual rent is \$1, and the Organization is responsible for a monthly utility charge to the Warren State Hospital. The monthly utility charge is adjusted every July 1st. The current monthly charge is \$1,882. Utility charges for December 31, 2020 and 2019 were \$25,795 and \$26,493, respectively. The Organization is responsible for minor repairs and routine maintenance. Warren State Hospital is responsible for all major repairs.

NOTE H – PENSION PLAN

The Organization maintains a SIMPLE plan for all eligible employees. Under the Plan, employees may contribute part of their compensation to the Plan. The Organization matches the employee contribution up to 3% of annual compensation. The cost for December 31, 2020 and 2019 was \$6,289 and \$9,589.

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE I – CONCENTRATIONS

The Organization received \$44,900 in 2020 and 2019 in public support from the United Fund of Warren County, Inc. Loss of this support would severely impact the Organization's operations.

Invested assets which potentially expose the Organization to concentrations of market risk include cash and cash equivalents and investments. As a matter of policy, the Organization maintains invested assets with a financial institution. Concentration of credit risk for investments is mitigated by the allocation of funds among different investment types.

The Organization grants credit for fees for services to its clients, substantially all of whom live in Warren County. Consequently, the Organization's ability to collect amounts due from clients is affected by the local economy. The amount of accounting loss that would occur if these clients failed to pay their accounts would be \$22,510 and \$38,661 for December 31, 2020 and 2019, respectively. The Organization does not require collateral to support its accounts receivable.

NOTE J – LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of December 31, 2020 and 2019 that are available to meet general expenditures within one year of the Statement of Financial Position date; that is, amounts that are without donor restriction or board designations limiting their use.

|  | 2020<br><u>(Audited)</u> | 2019<br><u>(Reviewed)</u> |
|--|--------------------------|---------------------------|
| Cash   | \$ 115,283               | \$ 21,173                 |
| Accounts receivable  | 22,510                   | 38,661                    |
| Accrued investment income  | 885                      | 909                       |
| Investments  | <u>1,150,795</u>         | <u>1,020,266</u>          |
| Financial assets at year-end   | 1,289,473                | 1,081,009                 |
| Contractual or donor-imposed restrictions:   |                          |                           |
| Cash restricted for specific uses  | <u>-</u>                 | <u>(2,125)</u>            |
| Financial assets available to meet cash needs for<br>general expenditure within one year | <u>\$ 1,289,473</u>      | <u>\$ 1,078,884</u>       |

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE J – LIQUIDITY AND AVAILABILITY (Continued)

There is no written policy in place for the Organization to access funds in the cash or investments account. If needed, the board is made aware of a need for funds for general operations, typically payroll related needs. The board votes to approve a request made by management.

NOTE K – PPP LOAN

The Organization entered into a Paycheck Protection Program loan on May 5, 2020. The purpose of the loan is to keep employees on the payroll during the COVID-19 pandemic. The loan was written for \$111,559. The loan was forgiven in February 2021, accordingly, the loan is classified as a current liability at December 31, 2020.

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued.

In February 2021, the Organization received loan proceeds in the amount of \$109,849 under a second round of the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest, are forgivable either after eight weeks or twenty four weeks (forgiveness period) as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, and mortgage interest (loans originated before February 15, 2020), and maintains its payroll levels or reestablishes its payroll level by December 31, 2021. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the forgiveness period or fails to reestablish its payroll level by December 31, 2021.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1 percent, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, no assurances can be provided.