

FAMILY SERVICES OF WARREN COUNTY, INC.

FINANCIAL STATEMENTS

December 31, 2021 and 2020

HAINES & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Services of Warren County, Inc. as of December 31, 2021 and 2020, 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 conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Services of Warren County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

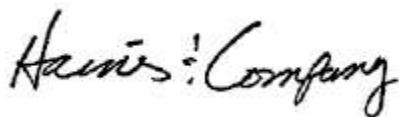
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Services of Warren County, Inc.'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 Services of Warren County, Inc.'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.



Certified Public Accountants
Warren, Pennsylvania
April 26, 2022

FAMILY SERVICES OF WARREN COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 158,375	\$ 115,283
Accounts receivable, net	56,521	22,510
Accrued income	857	885
Prepaid expenses	<u>13,127</u>	<u>11,252</u>
TOTAL CURRENT ASSETS	228,880	149,930
INVESTMENTS	1,280,710	1,150,795
PROPERTY AND EQUIPMENT, net of accumulated depreciation	<u>43,797</u>	<u>19,908</u>
TOTAL ASSETS	<u>\$ 1,553,387</u>	<u>\$ 1,320,633</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,508	\$ 2,286
Accrued payroll and withholdings	17,100	17,124
Payable to Community Care Behavioral Health	-	16,026
PPP loan	<u>109,849</u>	<u>111,559</u>
TOTAL CURRENT LIABILITIES	<u>129,457</u>	<u>146,995</u>
NET ASSETS		
Without donor restrictions	<u>1,423,930</u>	<u>1,173,638</u>
TOTAL NET ASSETS	<u>1,423,930</u>	<u>1,173,638</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,553,387</u>	<u>\$ 1,320,633</u>

See accompanying notes to financial statements.

FAMILY SERVICES OF WARREN COUNTY, INC.

STATEMENTS OF ACTIVITIES
Years ended December 31, 2021 and 2020

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Interest and dividends	\$ 19,053	\$ -	\$ 19,053
Realized gains on investments	137,288	-	137,288
Net (depreciation) appreciation in fair value of investments	<u>(15,665)</u>	<u>-</u>	<u>(15,665)</u>
Investment income	140,676	-	140,676
Less investment expenses	<u>10,789</u>	<u>-</u>	<u>10,789</u>
Net investment income	129,887	-	129,887
Fees for services	517,713	-	517,713
United fund	-	44,900	44,900
Contributions	35,058	1,557	36,615
Bequests and memorials	14,797	-	14,797
Miscellaneous income	6,151	-	6,151
PPP loan forgiveness	111,559	-	111,559
Net assets released from restrictions	<u>46,457</u>	<u>(46,457)</u>	<u>-</u>
TOTAL REVENUE	<u>861,622</u>	<u>-</u>	<u>861,622</u>
EXPENSES			
Program services	494,864	-	494,864
Support services:			
Management and general	86,815	-	86,815
Fundraising	<u>29,651</u>	<u>-</u>	<u>29,651</u>
TOTAL EXPENSES	<u>611,330</u>	<u>-</u>	<u>611,330</u>
CHANGE IN NET ASSETS	250,292	-	250,292
NET ASSETS - BEGINNING OF YEAR	<u>1,173,638</u>	<u>-</u>	<u>1,173,638</u>
NET ASSETS - END OF YEAR	<u>\$ 1,423,930</u>	<u>\$ -</u>	<u>\$ 1,423,930</u>

See accompanying notes to financial statements.

2020		
<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 18,600	\$ -	\$ 18,600
17,411	-	17,411
<u>103,537</u>	<u>-</u>	<u>103,537</u>
139,548	-	139,548
<u>9,039</u>	<u>-</u>	<u>9,039</u>
130,509	-	130,509
466,394	-	466,394
-	44,900	44,900
31,951	5,000	36,951
8,634	-	8,634
135	-	135
-	-	-
<u>52,025</u>	<u>(52,025)</u>	<u>-</u>
<u>689,648</u>	<u>(2,125)</u>	<u>687,523</u>
512,355	-	512,355
67,348	-	67,348
<u>27,145</u>	<u>-</u>	<u>27,145</u>
<u>606,848</u>	<u>-</u>	<u>606,848</u>
82,800	(2,125)	80,675
<u>1,090,838</u>	<u>2,125</u>	<u>1,092,963</u>
<u>\$ 1,173,638</u>	<u>\$ -</u>	<u>\$ 1,173,638</u>

FAMILY SERVICES OF WARREN COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31, 2021 and 2020

	2021			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 321,485	\$ 54,985	\$ 22,325	\$ 398,795
Payroll taxes	23,718	4,135	1,617	29,470
Employee benefits:				
Health insurance	45,649	2,918	726	49,293
Retirement	4,752	1,589	664	7,005
Workers' compensation	2,104	15	6	2,125
Total wages and related expenses	397,708	63,642	25,338	486,688
Professional services	23,041	15,766	39	38,846
Utilities	23,553	165	67	23,785
Supplies	10,964	51	2,702	13,717
Depreciation	7,696	54	22	7,772
Communications	7,037	36	15	7,088
Professional development	7,056	6	3	7,065
Accounting	-	7,000	-	7,000
Insurance	5,397	36	15	5,448
Advertising and promotions	1,562	9	919	2,490
Bad debt	2,475	-	-	2,475
Bank charges	2,361	17	29	2,407
Maintenance	1,840	13	5	1,858
Meals	1,652	10	4	1,666
Postage	1,043	5	356	1,404
Dues and subscriptions	705	5	137	847
Travel	773	-	-	773
Miscellaneous	1	-	-	1
Total	<u>\$ 494,864</u>	<u>\$ 86,815</u>	<u>\$ 29,651</u>	<u>\$ 611,330</u>

See accompanying notes to financial statements.

2020

<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ 342,092	\$ 39,233	\$ 21,460	\$ 402,785
27,340	3,063	1,601	32,004
40,920	938	548	42,406
6,081	163	45	6,289
<u>2,576</u>	<u>17</u>	<u>9</u>	<u>2,602</u>
419,009	43,414	23,663	486,086
15,073	16,274	158	31,505
25,529	172	94	25,795
13,245	79	2,483	15,807
9,142	61	34	9,237
6,721	37	20	6,778
4,605	157	-	4,762
-	7,065	-	7,065
4,437	31	17	4,485
2,640	17	368	3,025
4,034	-	-	4,034
1,966	13	21	2,000
2,201	15	8	2,224
677	3	1	681
1,157	8	37	1,202
99	1	225	325
1,820	1	16	1,837
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 512,355</u>	<u>\$ 67,348</u>	<u>\$ 27,145</u>	<u>\$ 606,848</u>

FAMILY SERVICES OF WARREN COUNTY, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	250,292	80,675
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation expense	7,772	9,237
PPP loan forgiveness	(111,559)	-
Investment income reinvested, net of fees	(8,292)	(9,585)
Realized gains on investments	(137,288)	(17,411)
Net depreciation (appreciation) in fair value of investments	15,665	(103,537)
(Increase) decrease in:		
Accounts receivable	(34,011)	16,151
Accrued income	28	24
Prepaid expenses	(1,875)	(931)
Increase (decrease) in:		
Accounts payable	222	(10,664)
Accrued payroll taxes and withholdings	(24)	8,284
Payable to Community Care Behavioral Health	<u>(16,026)</u>	<u>16,026</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(35,096)</u>	<u>(11,731)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(31,661)	(5,722)
Withdrawals from investments	<u>-</u>	<u>4</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(31,661)</u>	<u>(5,718)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	<u>109,849</u>	<u>111,559</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>109,849</u>	<u>111,559</u>
NET INCREASE IN CASH	43,092	94,110
CASH AT BEGINNING OF YEAR	<u>115,283</u>	<u>21,173</u>
CASH AT END OF YEAR	<u>\$ 158,375</u>	<u>\$ 115,283</u>

See accompanying notes to financial statements.

FAMILY SERVICES OF WARREN COUNTY, INC.

STATEMENTS OF CASH FLOWS
Years ended December 31, 2021 and 2020

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>2021</u>	<u>2020</u>
Interest and dividends collected	\$ 19,081	\$ 18,624
Investment management fees paid	<u>(10,789)</u>	<u>(9,039)</u>
Reinvested investment income	<u>\$ 8,292</u>	<u>\$ 9,585</u>

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE A - SUMMARY OF ACCOUNTING POLICIES

Nature of Organization

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

The major source of revenue for Family Services 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 major programs of Family Services are as follows:

Counseling and Group Therapy Services - Family Services provides individual, family, couples, and group therapy to those in need in Warren County and surrounding areas. Family Services 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 - Family Services provides Outpatient and Intensive Outpatient therapy services to individuals with substance use disorders. Family Services is licensed by the Department of Drug and Alcohol Programs, Pennsylvania Department of Health. In addition to providing substance use disorder treatment, Family Services 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 - Family Services is a partner with the 21st Century program and provides quarterly parent involvement presentations for the Warren County School District.

Basis of Accounting

Family Services 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, 2021 and 2020

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

Family Services 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. Family Services' information returns are open to Internal Revenue Service examination for the 2018 tax year and all subsequent years.

Cash

For purposes of the statement of cash flows, Family Services 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. Family Services 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, 2021 and 2020

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 Family Services. Unobservable inputs are inputs that reflect Family Services 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 Family Services 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, 2021 and 2020

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

Family Services 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 Family Services 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

Family Services recognizes revenue from exchange transactions when the earning process is complete and services are performed. Family Services 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, 2021 and 2020 were \$2,490 and \$3,025, 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, 2021 and 2020

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

Family Services 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

Family Services 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, 2021 and 2020 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, 2021 and 2020

NOTE A - SUMMARY OF ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

Effective January 1, 2019, Family Services adopted two revenue recognition standards. The two standards were adopted at the same time because adopting one Update without the other would leave the accounting for some grants and contracts unresolved. The first, Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. The second, Accounting Standards Update (ASU) No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions.

NOTE B – ACCOUNTS RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
Accounts receivable - client charges	\$ 59,071	\$ 27,309
Allowance for doubtful accounts	<u>(2,550)</u>	<u>(4,799)</u>
Net accounts receivable	<u>\$ 56,521</u>	<u>\$ 22,510</u>

NOTE C – PAYABLE TO COMMUNITY CARE BEHAVIORAL HEALTH

Family Services is a contract provider for Community Care Behavioral Health (CCBH). During 2021 and 2020, Family Services participated in CCBH's Alternative Payment Arrangements (APA) Program that provided funding to providers during the COVID-19 pandemic. Family Services received a total of \$31,111 and \$55,750 during 2021 and 2020, respectively. 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 for both years, which resulted in Family Services receiving \$16,026 more APA payments than the historic baseline in 2020. The payable to CCBH was remitted back to CCBH in June 2021. The program was discontinued in July 2021.

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE D - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 68,670	\$ 44,415
Equipment and furniture	<u>88,262</u>	<u>80,856</u>
	156,932	125,271
Accumulated depreciation	<u>(113,135)</u>	<u>(105,363)</u>
Total property and equipment, net	<u>\$ 43,797</u>	<u>\$ 19,908</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$7,772 and \$9,237, respectively.

NOTE E – INVESTMENTS

The following tables set forth by level, within their fair value hierarchy, Family Services' investment assets at fair value as of December 31, 2021 and 2020.

	<u>Assets at Fair Value as of December 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and equivalents	\$ 88,545	\$ -	\$ -	\$ 88,545
Mutual funds - fixed income	352,730	-	-	352,730
Equities	779,370	-	-	779,370
Other investments	<u>60,065</u>	<u>-</u>	<u>-</u>	<u>60,065</u>
	<u>\$ 1,280,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,280,710</u>

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE E – INVESTMENTS (Continued)

	<u>Assets at Fair Value as of December 31, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and equivalents	\$ 34,946	\$ -	\$ -	\$ 34,946
Mutual funds - fixed income	308,016	-	-	308,016
Equities	757,068	-	-	757,068
Other investments	<u>50,765</u>	<u>-</u>	<u>-</u>	<u>50,765</u>
	<u>\$ 1,150,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150,795</u>

The following tables disclose the cost, fair value and unrealized gain (loss) by investment type as of December 31, 2021 and 2020.

	<u>December 31, 2021</u>		
<u>Description</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 88,545	\$ -	\$ 88,545
Mutual funds - fixed income	349,861	2,869	352,730
Equities	629,752	149,618	779,370
Other investments	<u>59,569</u>	<u>496</u>	<u>60,065</u>
Net marketable securities	<u>\$ 1,127,727</u>	<u>\$ 152,983</u>	<u>\$ 1,280,710</u>

	<u>December 31, 2020</u>		
<u>Description</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>
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>

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE E – INVESTMENTS (Continued)

Investments are stated at fair market value as of December 31, 2021 and 2020. 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 19,053	\$ 18,600
Investment management fees	(10,789)	(9,039)
Realized gains	137,288	17,411
(Depreciation) appreciation of investment	<u>(15,665)</u>	<u>103,537</u>
Total investment gain	<u>\$ 129,887</u>	<u>\$ 130,509</u>

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

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.

	<u>2021</u>	<u>2020</u>
Operating support	\$ 44,900	\$ 44,900
Warren County CARES Act	1,557	-
Computer equipment	-	5,000
Staff development	-	1,725
Furniture refurbishing	<u>-</u>	<u>400</u>
Total net assets released from restrictions	<u>\$ 46,457</u>	<u>\$ 52,025</u>

NOTE G – LEASES

Family Services 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 Family Services is responsible for a monthly utility charge to the Warren State Hospital. The monthly utility charge is adjusted every July 1st. The

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE G – LEASES (Continued)

current monthly charge is \$1,598. Utility charges for December 31, 2021 and 2020 were \$23,785 and \$25,795, respectively. Family Services is responsible for minor repairs and routine maintenance. Warren State Hospital is responsible for all major repairs.

NOTE H – PENSION PLAN

Family Services maintains a SIMPLE plan for all eligible employees. Under the Plan, employees may contribute part of their compensation to the Plan. Family Services matches the employee contribution up to 3% of annual compensation. The cost for December 31, 2021 and 2020 was \$7,005 and \$6,289.

NOTE I – CONCENTRATIONS

Family Services received \$44,900 in 2021 and 2020 in public support from the United Fund of Warren County, Inc. The loss of this support would severely impact Family Services operations.

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

Family Services grants credit for fees for services to its clients, substantially all of whom live in Warren County. Consequently, Family Services ability to collect amounts due from clients is affected by the local economy.

NOTE J – PPP LOAN

Family Services entered into a Paycheck Protection Program loan on May 5, 2020. The purpose of the loan was 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 was classified as a current liability at December 31, 2020 and revenue in 2021.

Family Services received a second Paycheck Protection Program loan on February 2, 2021. The purpose of the loan was to keep employees on the payroll during the COVID-19 pandemic. The loan was written for \$109,849. Family Services applied for loan forgiveness in October 2021 and expects for the loan to be fully forgiven in 2022, accordingly, the loan is classified as a current liability at December 31, 2021.

FAMILY SERVICES OF WARREN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE K – LIQUIDITY AND AVAILABILITY

The following represents Family Services' financial assets as of December 31, 2021 and 2020 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.

	<u>2021</u>	<u>2020</u>
Cash	\$ 158,375	\$ 115,283
Accounts receivable	56,521	22,510
Accrued investment income	857	885
Investments	<u>1,280,710</u>	<u>1,150,795</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,496,463</u>	<u>\$ 1,289,473</u>

There is no written policy in place for Family Services 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 L – SUBSEQUENT EVENTS

At the date the financial statements were available to be issued, April 26, 2022, the coronavirus pandemic continued to effect the operations of Family Services. The effect of the pandemic on the Family Services' operations cannot be predicted.