

**CHILDREN'S AID SOCIETY
IN CLEARFIELD COUNTY**

**INDEPENDENT AUDITOR'S REPORTS
AND
FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Children's Aid Society
in Clearfield County
Clearfield, PA 16830

Report on Financial Statements

I have audited the accompanying financial statements of Children's Aid Society in Clearfield County (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, I 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Aid Society in Clearfield County as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated February 20, 2021 on my consideration of Children's Aid Society in Clearfield County's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children's Aid Society in Clearfield County's internal control over financial reporting and compliance



DuBois, Pennsylvania
February 20, 2021

CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

| | 2020 | 2019 |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash | \$ 318,654 | \$ 237,707 |
| Accounts receivable | 92,931 | 123,090 |
| Grants receivable | 15,834 | 26,922 |
| Deposits on fixed assets | - | 20,781 |
| Assets designated by the board: | | |
| Cash | 54,509 | 78,979 |
| Long-term investments | 1,003,680 | 864,609 |
| Investment restricted for endowment | 59,102 | 52,601 |
| Property and equipment, net | 551,766 | 524,250 |
| TOTAL ASSETS | \$ 2,096,476 | \$ 1,928,939 |
| LIABILITIES | | |
| Accounts payable | \$ 21,087 | \$ 20,885 |
| Accrued payroll and taxes | 4,901 | 4,016 |
| Refundable advances | 30,172 | 36,176 |
| TOTAL LIABILITIES | 56,160 | 61,077 |
| NET ASSETS | | |
| Without donor restrictions | 1,966,021 | 1,789,419 |
| With donor restrictions | 74,295 | 78,443 |
| TOTAL NET ASSETS | 2,040,316 | 1,867,862 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 2,096,476 | \$ 1,928,939 |

The accompanying notes are an integral part of this statement.

CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY
STATEMENTS OF ACTIVITIES
Year Ended December 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|------------------|
| OPERATING ACTIVITIES | | | |
| Revenues, gains and other support | | | |
| Federal, state, and county grants | \$ 932,643 | - | 932,643 |
| Cares Act funding | 203,714 | - | 203,714 |
| Other grants | 27,000 | - | 27,000 |
| Contributions | | | |
| Beneficiary distribution - Kurtz Community Fund | 14,642 | - | 14,642 |
| Beneficiary distribution - Ann H. Soult Memorial Fund | 7,702 | - | 7,702 |
| Beneficiary distribution - CCCF | - | 1,233 | 1,233 |
| Educational Improvement Tax Credit Program | 2,000 | - | 2,000 |
| Other | 42,026 | - | 42,026 |
| In-kind donations | 7,964 | - | 7,964 |
| Special fund raising events | 22,121 | - | 22,121 |
| United Way allocations | 7,151 | - | 7,151 |
| Board membership fees | 360 | - | 360 |
| Other support | 9,257 | - | 9,257 |
| Program service fees | 1,165,938 | - | 1,165,938 |
| Interest | 5,044 | 118 | 5,162 |
| Other revenues | 1,034 | - | 1,034 |
| Net assets released from restrictions | 12,000 | (12,000) | - |
| Total Revenues and Other Support | 2,460,596 | (10,649) | 2,449,947 |
| EXPENSES | | | |
| Program services | 2,119,174 | - | 2,119,174 |
| Supporting services | 174,309 | - | 174,309 |
| Total Expenses | 2,293,483 | - | 2,293,483 |
| Change In Net Assets From Operations | 167,113 | (10,649) | 156,464 |
| NONOPERATING ACTIVITIES | | | |
| Investment return, net | 9,489 | 6,501 | 15,990 |
| Total Nonoperating Activities | 9,489 | 6,501 | 15,990 |
| Changes in Net Assets | 176,602 | (4,148) | 172,454 |
| NET ASSETS AT BEGINNING OF YEAR | 1,789,419 | 78,443 | 1,867,862 |
| NET ASSETS AT END OF YEAR | \$ 1,966,021 | 74,295 | 2,040,316 |

The accompanying notes are an integral part of this statement.

CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY
STATEMENTS OF ACTIVITIES
Year Ended December 31, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|------------------|
| OPERATING ACTIVITIES | | | |
| Revenues, gains and other support | | | |
| Federal, state, and county grants | \$ 943,905 | - | 943,905 |
| Other grants | 20,775 | - | 20,775 |
| Contributions | | | |
| Beneficiary distribution - Kurtz Community Fund | 11,774 | - | 11,774 |
| Beneficiary distribution - Ann H. Soult Memorial Fund | 6,028 | - | 6,028 |
| Beneficiary distribution - Other | 34,015 | 12,000 | 46,015 |
| In-kind donations | 12,969 | | 12,969 |
| Special fund raising events | 33,942 | - | 33,942 |
| United Way allocations | 8,756 | - | 8,756 |
| Board membership fees | 530 | - | 530 |
| Other support | 11,391 | - | 11,391 |
| Program service fees | 1,443,477 | - | 1,443,477 |
| Interest and dividends | 4,310 | 1,324 | 5,634 |
| Other revenues | 7 | - | 7 |
| Total Revenues and Other Support | 2,531,879 | 13,324 | 2,545,203 |
| EXPENSES | | | |
| Program services | 2,332,633 | | 2,332,633 |
| Supporting services | 87,120 | | 87,120 |
| Total Expenses | 2,419,753 | - | 2,419,753 |
| Change In Net Assets From Operations | 112,126 | 13,324 | 125,450 |
| NONOPERATING ACTIVITIES | | | |
| Investment return, net | 148,201 | 8,976 | 157,177 |
| Total Nonoperating activities | 148,201 | 8,976 | 157,177 |
| Other changes in net assets | | | |
| Income Distribution | 958 | (958) | - |
| Change In Net Assets | 261,285 | 21,342 | 282,627 |
| NET ASSETS AT BEGINNING OF YEAR | 1,528,134 | 57,101 | 1,585,235 |
| NET ASSETS AT END OF YEAR | \$ 1,789,419 | 78,443 | 1,867,862 |

The accompanying notes are an integral part of this statement.

CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

| | Program | | | | | | |
|------------------------------------|--------------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| | Adoption | Foster Care | Youth Mentoring | Child Care | Off-Site | Pre-K Counts | Real Relationships |
| Compensation and related expenses: | | | | | | | |
| Compensation | \$ 220,491 | 122,225 | 32,427 | 268,286 | 13,435 | 143,972 | 179,201 |
| Employee benefits | 36,508 | 20,084 | 5,443 | 12,823 | 2,878 | 18,350 | 22,964 |
| Payroll taxes | 19,362 | 10,744 | 3,372 | 25,862 | 1,383 | 12,794 | 14,631 |
| | <u>276,361</u> | <u>153,053</u> | <u>41,242</u> | <u>306,971</u> | <u>17,696</u> | <u>175,116</u> | <u>216,796</u> |
| Small equipment | 2,513 | 939 | - | 2,114 | 19 | 3,492 | 211 |
| Professional fees | 974 | 542 | 227 | 812 | 24 | 800 | 30,800 |
| Insurance | 8,429 | 4,717 | 854 | 7,805 | 702 | 2,357 | 3,946 |
| IT fees | 932 | 514 | 126 | 1,138 | 89 | 559 | 269 |
| Staff recruitment | 469 | 863 | 1 | 1,217 | 1 | 524 | 331 |
| Utilities | 1,741 | 1,000 | 480 | 9,789 | 750 | 4,995 | 2,247 |
| Maintenance expense | 1,057 | 578 | 179 | 8,413 | 696 | 5,180 | 1,807 |
| Housekeeping supplies | 354 | 179 | 43 | 3,524 | 178 | 1,204 | 771 |
| Telephone/internet | 1,466 | 1,987 | 537 | 2,103 | 169 | 732 | 2,620 |
| Postage | 1,739 | 679 | 316 | 316 | 36 | 97 | 2,231 |
| Office supplies | 1,489 | 452 | 87 | 1,168 | 41 | 1,399 | 5,251 |
| Program expense | 2,372 | 550 | 789 | 2,347 | 13 | 18,031 | 4,040 |
| Office equipment costs | 2,234 | 587 | 233 | 1,261 | 86 | 862 | 969 |
| Foster Care & Respite payments | | 192,629 | | | | | |
| Membership dues | 1,733 | 1,179 | | 84 | 84 | 60 | 55 |
| Subscriptions/Resource materials | | | 900 | 566 | ... | 280 | 3,086 |
| Travel | 14,924 | 5,098 | 119 | 210 | 6 | 319 | 9,900 |
| Professional development/ travel | 1,060 | 552 | | 1,080 | | 3,973 | 6,171 |
| Marketing expense | 6,286 | 3,834 | 3,140 | 1,668 | 104 | 1,268 | 43,986 |
| Fundraising expense | | | 6,716 | | | | |
| Food | 145 | 191 | 198 | 18,558 | 1 | 309 | 30,383 |
| Events/recognition | 119 | 20 | 12 | 390 | | 401 | |
| Transportation | | 822 | | | | 310 | |
| Inhouse printing | 707 | 99 | 95 | 174 | 9 | 193 | 153 |
| Stipends | | | | | | | 23,834 |
| Software | 3 | 112 | 1 | 282 | 35 | 1,195 | 600 |
| Occupancy costs | | | | | | | 3,823 |
| In-kind goods and services | | | 949 | | | | |
| Interest expense & bank fees | | | 3 | 818.00 | | | |
| Cares Act expenses | 641 | 830 | 43 | 10,174 | 493 | 8,734 | 277 |
| Total expenses before depreciation | <u>327,748</u> | <u>372,006</u> | <u>57,290</u> | <u>382,982</u> | <u>21,232</u> | <u>232,390</u> | <u>394,557</u> |
| Depreciation expense | <u>1,247</u> | <u>475</u> | <u>701</u> | <u>21,327</u> | <u>287</u> | <u>1,914</u> | <u>1,979</u> |
| TOTAL EXPENSES | <u>\$ 328,995</u> | <u>372,481</u> | <u>57,991</u> | <u>404,309</u> | <u>21,519</u> | <u>234,304</u> | <u>396,536</u> |

| Services | | | | | | Supporting Services | |
|-------------------------|--------------------------------|--|----------------------------|-------------------------|-------------------------------|-------------------------------|-------------------------|
| <u>Together Project</u> | <u>Family Support Services</u> | <u>Positive Parenting - Centre Co.</u> | <u>Parents as Teachers</u> | <u>In Home Services</u> | <u>Total Program Services</u> | <u>Management and General</u> | <u>Total</u> |
| 36,024 | 46,380 | 45,788 | 35,386 | | 1,143,615 | 19,976 | 1,163,591 |
| 7,764 | 9,952 | 6,153 | 5,596 | | 148,515 | 4,425 | 152,940 |
| 4,335 | 4,663 | 4,001 | 3,158 | | 104,305 | 19,782 | 124,087 |
| <u>48,123</u> | <u>60,995</u> | <u>55,942</u> | <u>44,140</u> | <u>-</u> | <u>1,396,435</u> | <u>44,183</u> | <u>1,440,618</u> |
| 18,609 | 1,888 | | | | 29,785 | 3,074 | 32,859 |
| 2,500 | 2,562 | 150 | | | 39,391 | 1,468 | 40,859 |
| 703 | 2,538 | 637 | | | 32,688 | 9,780 | 42,468 |
| 672 | 485 | 3 | | | 4,787 | 73 | 4,860 |
| 342 | 26 | 1 | 462 | | 4,237 | 464 | 4,701 |
| 416 | 1,153 | 444 | | | 23,015 | 212 | 23,227 |
| 179 | 488 | 189 | | | 18,766 | 500 | 19,266 |
| 88 | 102 | 116 | | | 6,559 | 34 | 6,593 |
| 594 | 2,385 | 414 | | | 13,007 | 158 | 13,165 |
| 238 | 41 | 267 | 191 | | 6,151 | - | 6,151 |
| 893 | 145 | 255 | 78 | | 11,258 | 161 | 11,419 |
| 15 | 293 | 4,960 | 5,243 | | 38,653 | 95 | 38,748 |
| 228 | 407 | 260 | 65 | | 7,192 | 93 | 7,285 |
| | | | | | 192,629 | | 192,629 |
| | | | | | 3,195 | 940 | 4,135 |
| 3,341 | | | | | 8,173 | 399 | 8,572 |
| 17 | 2,905 | 2,673 | 561 | | 36,732 | | 36,732 |
| 3,291 | | 5,235 | 1,853 | | 23,215 | 182 | 23,397 |
| 1,016 | 966 | 2,261 | 4,125 | | 68,654 | 732 | 69,386 |
| | 1,241 | | | | 7,957 | 1,312 | 9,269 |
| | 1 | | 52 | | 49,838 | 541 | 50,379 |
| | 175 | | | | 1,117 | 4,984 | 6,101 |
| | | | | | 1,132 | 5,285 | 6,417 |
| 78 | 31 | 33 | 29 | | 1,601 | 14 | 1,615 |
| | | | | | 23,834 | 1,292 | 25,126 |
| 209 | 1 | 236 | 363 | | 3,037 | 46 | 3,083 |
| | | | 7,015 | | 3,823 | 3,000 | 6,823 |
| | | | | | 7,964 | | 7,964 |
| | | | | | 821 | 35 | 856 |
| <u>205</u> | <u>175</u> | <u>1,305</u> | <u>898</u> | <u>-</u> | <u>23,775</u> | <u>77,638</u> | <u>101,413</u> |
| <u>81,757</u> | <u>79,003</u> | <u>75,381</u> | <u>65,075</u> | <u>-</u> | <u>2,089,421</u> | <u>156,695</u> | <u>2,246,116</u> |
| <u>851</u> | <u>294</u> | <u>339</u> | <u>339</u> | <u>-</u> | <u>29,753</u> | <u>17,614</u> | <u>47,367</u> |
| <u>82,608</u> | <u>79,297</u> | <u>75,720</u> | <u>65,414</u> | <u>-</u> | <u>2,119,174</u> | <u>174,309</u> | <u>2,293,483</u> |

CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

| | Program | | | | | | |
|------------------------------------|--------------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| | Adoption | Foster Care | Youth Mentoring | Child Care | Off-Site | Pre-K Counts | Real Relationships |
| Compensation and related expenses: | | | | | | | |
| Compensation | \$ 206,283 | 118,167 | 48,565 | 330,926 | 21,033 | 115,210 | 233,234 |
| Employee benefits | 37,064 | 21,464 | 7,639 | 19,549 | 2,943 | 16,906 | 37,942 |
| Payroll taxes | 16,882 | 9,740 | 4,049 | 27,920 | 1,679 | 9,391 | 19,121 |
| | <u>260,229</u> | <u>149,371</u> | <u>60,253</u> | <u>378,395</u> | <u>25,655</u> | <u>141,507</u> | <u>290,297</u> |
| Small equipment | 1,240 | 1,390 | 23 | 2,920 | 51 | 822 | 1,295 |
| Professional fees | 9,567 | 428 | 225 | 953 | 21 | 500 | 49,100 |
| Insurance | 8,088 | 4,735 | 993 | 7,649 | 596 | 1,798 | 4,541 |
| IT fees | 741 | 609 | 82 | 855 | 66 | 456 | 578 |
| Staff recruitment | 41 | 454 | 282 | 98 | 5 | 17 | 490 |
| Utilities | 2,084 | 1,099 | 597 | 10,841 | 816 | 4,485 | 3,278 |
| Maintenance expense | 1,815 | 1,105 | 396 | 8,060 | 651 | 2,777 | 2,971 |
| Housekeeping supplies | 268 | 142 | 69 | 6,086 | 251 | 725 | 702 |
| Telephone/internet | 1,523 | 1,514 | 510 | 2,226 | 164 | 552 | 3,375 |
| Postage | 1,658 | 700 | 479 | 358 | 19 | 184 | 306 |
| Office supplies | 1,788 | 999 | 215 | 1,533 | 60 | 1,185 | 3,346 |
| Program expense | 1,797 | 498 | 440 | 4,119 | 9 | 4,801 | 3,352 |
| Office equipment costs | 1,769 | 730 | 265 | 1,455 | 85 | 621 | 1,670 |
| Foster Care & Respite payments | | 221,139 | | | | | |
| Membership dues | 1,840 | 557 | 75 | 120 | 108 | | 75 |
| Subscriptions/Resource materials | 79 | 108 | | 812 | | 181 | 22,410 |
| Travel | 17,122 | 11,921 | 675 | 455 | 9 | 107 | 18,215 |
| Professional development/travel | 1,724 | 1,001 | | 1,822 | | 2,143 | 9,243 |
| Marketing expense | 8,082 | 2,565 | 605 | 3,698 | 147 | 1,535 | 41,866 |
| Fundraising expense | | | 8,996 | | | | |
| Food | 711 | 244 | 161 | 23,367 | 3 | 221 | 44,391 |
| Events/recognition | | | 180 | 206 | | 583 | |
| Transportation | | 2,737 | | 11 | | 645 | |
| Inhouse printing | 488 | 118 | 153 | 29 | 1 | 11 | 283 |
| Stipends | | | | | | | 53,560 |
| Software | 323 | 180 | 509 | 801 | 45 | 180 | 514 |
| Occupancy costs | | | | | | | 5,450 |
| In-kind goods and services | | | | | | | |
| Interest expense & bank fees | | | | 40.00 | | | |
| Total expenses before depreciation | <u>322,977</u> | <u>404,344</u> | <u>76,183</u> | <u>456,909</u> | <u>28,762</u> | <u>166,036</u> | <u>561,308</u> |
| Depreciation expense | <u>1,500</u> | <u>616</u> | <u>836</u> | <u>19,794</u> | <u>433</u> | <u>433</u> | <u>1,972</u> |
| TOTAL EXPENSES | <u>\$ 324,477</u> | <u>404,960</u> | <u>77,019</u> | <u>476,703</u> | <u>29,195</u> | <u>166,469</u> | <u>563,280</u> |

| Services | | | | | | | Supporting Services | |
|-------------------------|----------------------------|------------------------------------|-----------------------------------|----------------------|----------------------|-------------------------|------------------------|-------------------------|
| Family Support Services | Childrens Trust Fund - PPP | Positive Parenting - Jefferson Co. | Positive Parenting- Centre County | Parents as Teachers | In Home Services | Total Program Services | Management and General | Total |
| 29,449 | 33,321 | 21,356 | 13,229 | 9,448 | 55,620 | 1,235,841 | 32,870 | 1,268,711 |
| 3,458 | 4,970 | 3,514 | 2,742 | 2,252 | 10,237 | 170,680 | 5,793 | 176,473 |
| 2,298 | 2,714 | 1,793 | 1,142 | 808 | 4,767 | 102,304 | 2,664 | 104,968 |
| <u>35,205</u> | <u>41,005</u> | <u>26,663</u> | <u>17,113</u> | <u>12,508</u> | <u>70,624</u> | <u>1,508,825</u> | <u>41,327</u> | <u>1,550,152</u> |
| 532 | 3 | 4 | | | 32 | 8,312 | 1,494 | 9,806 |
| 3,886 | 180 | 150 | | | 82 | 65,092 | 1,217 | 66,309 |
| 582 | 549 | 393 | 338 | | 1,249 | 31,511 | 4,924 | 36,435 |
| 174 | | 7 | | | 125 | 3,693 | 147 | 3,840 |
| 1 | 7 | 9 | | | 13 | 1,417 | 6 | 1,423 |
| 283 | 228 | 205 | 204 | | 666 | 24,786 | 274 | 25,060 |
| 235 | 207 | 208 | 129 | | 564 | 19,118 | 1,029 | 20,147 |
| 38 | 25 | 25 | 19 | | 73 | 8,423 | 65 | 8,488 |
| 449 | 142 | 248 | 307 | | 1,764 | 12,774 | 278 | 13,052 |
| 98 | 133 | 243 | 22 | 14 | 46 | 4,260 | 564 | 4,824 |
| 149 | 638 | 118 | 36 | 27 | 167 | 10,261 | 106 | 10,367 |
| 3,702 | 3,551 | 6,223 | 3,960 | 777 | 221 | 33,450 | 5,025 | 38,475 |
| 128 | 149 | 107 | 63 | 43 | 262 | 7,347 | - | 7,347 |
| | | | | | | 221,139 | - | 221,139 |
| 325 | | | | | | 3,100 | 800 | 3,900 |
| | | 108 | | | | 23,698 | 399 | 24,097 |
| 2,501 | 1,607 | 2,428 | 1,388 | 302 | 3,061 | 59,791 | 46 | 59,837 |
| 2,961 | 7,756 | 9,185 | 2,465 | 15 | | 38,315 | 405 | 38,720 |
| 546 | 632 | (380) | 671 | 96 | 342 | 60,405 | 606 | 61,011 |
| 376 | | | | | | 9,372 | 1,342 | 10,714 |
| 202 | | | | | 7 | 69,307 | 56 | 69,363 |
| | | | | | | 969 | 399 | 1,368 |
| | | | | | | 3,393 | 9,892 | 13,285 |
| 5 | 136 | 2 | 1 | | 4 | 1,231 | 2 | 1,233 |
| | | | | | | 53,560 | 49 | 53,609 |
| 119 | | | | | 94 | 2,765 | 45 | 2,810 |
| | | | | | | 5,450 | 105 | 5,555 |
| | 12,500 | | | 469 | | 12,969 | - | 12,969 |
| | | | | | | 40 | 97 | 137 |
| <u>52,497</u> | <u>69,448</u> | <u>45,946</u> | <u>26,716</u> | <u>14,251</u> | <u>79,396</u> | <u>2,304,773</u> | <u>70,699</u> | <u>2,375,472</u> |
| <u>441</u> | <u>896</u> | <u>506</u> | <u>-</u> | <u>-</u> | <u>433</u> | <u>27,860</u> | <u>16,421</u> | <u>44,281</u> |
| <u>52,938</u> | <u>70,344</u> | <u>46,452</u> | <u>26,716</u> | <u>14,251</u> | <u>79,829</u> | <u>2,332,633</u> | <u>87,120</u> | <u>2,419,753</u> |

CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

| | 2020 | 2019 |
|---|--|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 156,464 | 282,627 |
| Adjustments to reconcile change in net assets to net cash provided by operations: | | |
| Depreciation | 47,367 | 44,281 |
| Unrealized on quasi endowment | 17,703 | (127,084) |
| Unrealized gain loss on permanent restrictions | (6,501) | (8,976) |
| (Increase) decrease in operating assets: | | |
| Grants receivable | 11,088 | (11,048) |
| Accounts receivable | 30,159 | (65,283) |
| Equipment deposits | 20,781 | 503 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 202 | 5,800 |
| Accrued payroll and taxes | 885 | 110 |
| Deferred revenue | - | - |
| Refundable advances | (6,004) | 13,826 |
| | 272,144 | 134,756 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investments, net | (140,784) | (37,202) |
| Purchase of property and equipment | (74,883) | (57,126) |
| | (215,667) | (94,328) |
| | NET CASH (USED) BY INVESTING ACTIVITIES | |
| | 56,477 | 40,428 |
| | NET INCREASE (DECREASE) IN CASH | |
| BEGINNING CASH | 316,686 | 276,258 |
| ENDING CASH | \$ 373,163 | 316,686 |

The accompanying notes are an integral part of this statement.

CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1 – Description of the Organization

Children's Aid Society in Clearfield County provides support, screening and educational preparation to families seeking adoption through the adoption referral network and foster care services. The Society also provides Child care services for pre-school and elementary school-age children, a Youth Mentoring program, the Positive Parenting Program that provides parents with useful strategies to assist them in managing their children's behavior, prevent future problems and build strong and healthy relationships, the Real Relationships Project offering comprehensive marriage and relationship education and skills training to residents of Clearfield County in addition to the eight adjacent counties, the Together Project that offers improved healthy relationship and marriage skills and improved parenting and co-parenting skills to residents of Clearfield County and eight surrounding counties, and Family Support Services for parents and children.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The financial statements of Children's Aid Society in Clearfield County have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations – The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable Children's Aid Society in Clearfield County's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents – The Organization's cash consists of cash on hand and on deposit with banks. Cash equivalents, when held, represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Concentration of credit risk – Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. These accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Note 2 – Summary of Significant Accounting Policies (continued)

Accounts receivable – Management believes that accounts receivable at December 31, 2020 are primarily collectible and, therefore, provides no allowance for uncollectible accounts. The direct write-off method of recording uncollectible accounts is used.

Property and equipment – Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The useful lives range from five to forty years. The Organization's policy is to capitalize renewals or betterments acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred.

Investments – Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statement of activities.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date.

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In-kind donations – The Organization received donated professional services of \$4,373 for the year ended December 2020. Such amounts are based upon information provided by the third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statements of activities and functional expenses.

Several volunteers have made significant contributions of their time in furtherance of the Organization's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Functional expenses - The cost of providing program and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

Use of estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Note 2 – Summary of Significant Accounting Policies (continued)

Income taxes – The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Note 3 – Availability and Liquidity – The following represents Children’s Aid Society in Clearfield County’s financial assets at December 31, 2020 and 2019:

| | | |
|---|-------------------|-------------------|
| Financial assets at year end: | <u>2020</u> | <u>2019</u> |
| Cash and cash equivalents | \$ 373,163 | \$ 316,686 |
| Accounts and grants receivable | 108,765 | 150,012 |
| Prepaid equipment payments | - | 20,781 |
| Investments | <u>1,062,782</u> | <u>917,210</u> |
| Total financial assets | 1,544,710 | 1,404,689 |
| Less amounts not available to be used within one year: | | |
| Net assets with donor restrictions | 74,295 | 57,101 |
| Quasi endowment established by the board | <u>1,003,680</u> | <u>864,609</u> |
| | <u>1,077,975</u> | <u>921,710</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 466,735</u> | <u>\$ 482,979</u> |

The Organization has a \$200,000 line of credit available to meet cash flow needs.

Note 4 - Investments

The following is a summary of investments at December 31, 2020 and 2019:

| | | |
|---|---------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| Stocks | \$ 139,762 | \$ 215,063 |
| Clearfield County Charitable Foundation – Trust Account | 59,102 | 52,601 |
| County National Bank – Trust Account | <u>863,918</u> | <u>649,547</u> |
| | <u>\$ 1,062,782</u> | <u>\$ 914,211</u> |

Note 5 – Property and Equipment

Property and equipment, net consisted of the following at December 31, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> | <u>Change</u> |
|---|-------------------|-------------------|------------------|
| Child Care building and improvements | \$ 771,272 | \$ 717,944 | \$ 53,328 |
| Virginia Street building and improvements | 155,445 | 155,445 | - |
| Administrative building and improvements | 192,688 | 192,688 | - |
| Landscaping & paving | 28,120 | 28,120 | - |
| Playground improvements | 42,196 | 29,636 | 12,560 |
| Vehicles | 69,739 | 69,739 | - |
| Furniture and fixtures | 61,735 | 61,735 | - |
| Office equipment | <u>196,554</u> | <u>187,559</u> | <u>8,995</u> |
| Total | 1,517,750 | 1,442,866 | 74,883 |
| Accumulated depreciation | <u>(965,983)</u> | <u>(918,616)</u> | <u>(47,367)</u> |
| Property and Equipment | <u>\$ 551,766</u> | <u>\$ 524,250</u> | <u>\$ 27,516</u> |

Note 6 – Net Assets

Net assets with donor restrictions were as follows for the years ended December 31, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|----------------------|------------------|------------------|
| Specific Purpose: | | |
| Capital projects | \$ - | \$ 12,000 |
| Adoption/Foster Care | 13,961 | 13,842 |
| Endowment | <u>60,334</u> | <u>52,601</u> |
| Total | <u>\$ 74,295</u> | <u>\$ 78,443</u> |

Net assets without donor restrictions for the years ended December 21, 2020 and 2019 are as follows:

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Designated by the board for capital projects | \$ 65,000 | \$ 19,120 |
| Undesignated | 834,449 | 826,711 |
| Quasi endowment | <u>1,066,572</u> | <u>943,588</u> |
| Total | <u>\$ 1,966,021</u> | <u>\$ 1,789,419</u> |

Note 7 – Program Service Fees

Service fees from programs are detailed as follows:

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|---------------------|---------------------|
| Child Care | \$ 331,091 | \$ 384,424 |
| Adoption | 330,725 | 418,091 |
| Foster Care | 437,651 | 507,466 |
| Off-Site | 3,104 | 16,496 |
| Positive Parenting Program | - | 3,224 |
| Family Support Services/Nurturing | <u>63,367</u> | <u>113,776</u> |
| Total Program Service Fees | <u>\$ 1,165,938</u> | <u>\$ 1,443,477</u> |

Note 8 – Grants

During the last two years, the Organization received several program related grants that are detailed as follows:

| <u>Federal, State, and Local Grants</u> | <u>2020</u> | <u>2019</u> |
|--|-----------------------|-----------------------|
| <u>Child Care – On Site and Off Site</u> | | |
| Pennsylvania Department of Education - Child and <i>Adult Care Food Program</i> | \$ 27,643 | \$ 35,338 |
| PA Office of Child Development and Early Learning through Northwest Regional Key, Northwest Institute of Research – <i>Keystone Stars Quality Improvement Grants</i> | 15,905 | 11,300 |
| <u>Real Relationships</u> | | |
| US Department of Health and Human Services, Office of Family Assistance, Healthy Marriage Demonstration Grant | 408,912 | 577,462 |
| <u>Together Project</u> | | |
| US Department of Health and Human Services, Office of Family Assistance, Healthy Marriage Promotion and Responsible Fatherhood Grant | 85,726 | - |
| <u>Positive Parenting Program</u> | | |
| Pennsylvania Department of Public Welfare Pennsylvania Children’s Trust Fund | - | 50,204 |
| Pennsylvania Commission on Crime & Delinquency Jefferson County | - | 47,044 |
| Pennsylvania Commission on Crime & Delinquency Centre County | 76,245 | 28,038 |
| <u>Parents as Teachers Program</u> | | |
| Pennsylvania Children’s Trust Fund | 58,714 | 12,087 |
| <u>Pre-K Counts</u> | | |
| PA Office of Child Development and Early Learning | <u>259,498</u> | <u>182,432</u> |
| Total Government Grants | <u>\$ 932,643</u> | <u>\$ 943,905</u> |
| <u>Other Grants</u> | | |
| Walmart Foundation – VAP program | \$ 1,000 | |
| Walmart Foundation – Pandemic expenses | 1,000 | |
| Palumbo Trust – Youth Mentoring | 5,000 | |
| Rite Aid Foundation – KidCents | <u>20,000</u> | |
| | <u>\$ 27,000</u> | |

The Society was awarded multi-year, cost-reimbursement grants that are included in the Federal, State, and Local Grants above and detailed as follows:

1. Pennsylvania Departments of Education and Public Welfare, Office of Child Development and Early Learning – Pre-K Counts Program – To defray costs incurred in providing tuition-free pre-kindergarten opportunities for eligible students from July 30, 2019 to June 30, 2020. The award is an estimated amount of \$245,000 and may be renewed for additional years at the sole option of the Department. Any unexpended funds remaining at the end of the grant period must be returned to the Department. During 2020, the program was renewed for the twelfth year. The Society earned \$259,498 for eligible reimbursement costs during 2020.

Note 8 – Grants (continued)

2. Pennsylvania Commission on Crime & Delinquency – State Violence Prevention Program – To meet the need for additional individualized parenting programs in Centre County focusing on the Philipsburg Osceola Area and Bald Eagle Area School Districts. The Positive Parenting Program will provide parents with useful family management and positive behavior support strategies. The award is for \$150,000 and begins July 1, 2019 to June 30, 2021 with approved budgets of \$75,796 for year one and \$74,204 for year two. During 2020, the Society earned \$76,245 for eligible reimbursable costs.
3. U.S. Department of Health and Human Services, Office of Family Assistance – Real Relationships Project – To promote comprehensive marriage and relationship education and skills training to residents of Clearfield County in addition to the eight adjacent counties. The program will address participation barriers, parenting concerns, and economic and employment needs of participants through intensive case management. The project period begins September 30, 2015 and ends September 29, 2020 and the contract totals \$2,885,000 with approved budgets of \$577,000 each year. During 2020, the Society earned \$408,912 for eligible reimbursable costs.
4. Pennsylvania Children’s Trust Fund – Parents as Teachers Program – To provide primary and secondary child abuse and neglect prevention for families in Clearfield and Jefferson counties by incorporating the Parents as Teachers model into the foundation of our home visiting services. The award is for \$150,000 and begins July 1, 2019 to June 30, 2022 with approved budgets of \$50,000 each year. During 2020, the Society earned \$58,714 for eligible reimbursable costs.
5. U.S. Department of Health and Human Services, Office of Family Assistance–Together Project – Provide improved healthy relationship and marriage skills, improved parenting and co-parenting skills, and improved decision making and contributing to progress toward economic stability to residents of Clearfield County in addition to the eight surrounding counties. The project begins September 30, 2020 and ends September 29, 2025 with the contract totaling \$2,885,000 and approved budgets of \$577,000 each year. During 2020, the Society earned \$85,726 for eligible reimbursable costs.

There were no instances of noncompliance with grant provisions found during the audit.

Note 9 - Contributions

During 2018, the Organization received donations from the Clearfield County Charitable Foundation (CCCF). Children’s Aid Society in Clearfield County was named as beneficiary of the CCCF Kurtz Community Fund, which was established by Robert M. Kurtz, Jr. to benefit Clearfield County and its environs through grants made to deserving and qualified non-profit corporations. The Kurtz Community Fund was established with CCCF and held by CBT Bank. Children’s Aid Society in Clearfield County was named as a beneficiary to receive 20% of the income distribution annually and for 2020 the amount was \$14,642. The support will continue as long as the Society remains charitable, necessary and their mission possible to accomplish. The fair market value of the Kurtz Community Fund at December 31, 2020 was \$4,064,715.

Children’s Aid Society in Clearfield County was also named as a beneficiary of the CCCF Ann H. Soult Memorial Donor Advised Fund established by John G. Soult in memory of Ann H. Soult. The Fund was established with CCCF and held by CBT Bank. Children’s Aid Society in Clearfield County is to receive 50% of the income distribution annually and for 2020 the amount was \$7,702. The support will continue as long as their purpose remains charitable, necessary and possible to accomplish. The fair market value of the Ann H. Soult Memorial Donor Advised Fund at December 31, 2020 was \$732,258.

Note 10 – Special Fund Raising Evets

Various fund raising events were conducted during 2020 to support the Organization's programs and are detailed as follows:

| | <u>Gross Revenue</u> | <u>Direct Expenses</u> |
|-----------------|--------------------------|----------------------------|
| Administrative | \$ 1,627 | \$1,627 |
| Child Care | 45 | - |
| Youth Mentoring | 18,750 | 6,716 |
| Family Support | <u>1,699</u> | <u>1,242</u> |
| | <u>\$ 22,121</u> | <u>\$ 9,585</u> |

Note 11 – Subsequent Events

The Society has evaluated subsequent through February 20, 2021, the date the financial statements were available to be issued, and found no instances that would require modification of the statements at December 31, 2020.

NOTE 12 – PENSION PLAN

During 2017, the Society provided all employees with a pension plan by adopting the Keystone Benefits Group, Inc. Multiple Employer 401(k) plan. The plan is a defined contribution plan covering all employees who have one year of service, or if earlier, 6 consecutive calendar months of employment with at least 83.33 hours of service each month, and are at least 21 years of age.

The Society may choose to make matching contributions that are not required but within its discretion. During 2020, the Society made matching contributions of \$22,132 on behalf of eligible participants.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Children's Aid Society
in Clearfield County
Clearfield, PA 16830

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Children's Aid Society in Clearfield County, which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements, and have issued my report thereon dated February 25, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Children's Aid Society in Clearfield County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Children's Aid Society in Clearfield County's internal control. Accordingly, I do not express an opinion on the effectiveness of Children's Aid Society in Clearfield County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Children's Aid Society in Clearfield County's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DuBois, Pennsylvania
February 20, 2021