

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

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

Years Ended December 31, 2021 and 2020

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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, 2021 and 2020, 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 18, 2022

CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	\$ 486,814	\$ 318,654
Accounts receivable	168,821	92,931
Grants receivable	100,981	15,834
Assets designated by the board:		
Cash	41,252	54,509
Long-term investments	1,146,505	1,003,680
Investment restricted for endowment	82,471	59,102
Property and equipment, net	572,695	551,766
TOTAL ASSETS	\$ 2,599,539	\$ 2,096,476
LIABILITIES		
Accounts payable	\$ 32,353	\$ 21,087
Accrued payroll and taxes	5,823	4,901
Refundable advances	14,140	30,172
TOTAL LIABILITIES	52,316	56,160
NET ASSETS		
Without donor restrictions	2,464,752	1,966,021
With donor restrictions	82,471	74,295
TOTAL NET ASSETS	2,547,223	2,040,316
TOTAL LIABILITIES AND NET ASSETS	\$ 2,599,539	\$ 2,096,476

The accompanying notes are an integral part of this statement.

CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY
STATEMENTS OF ACTIVITIES
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Revenues, gains and other support			
Federal, state, and county grants	\$ 965,123	\$ -	\$ 965,123
Other grants	27,370	-	27,370
Contributions			
Beneficiary distribution - Kurtz Community Fund	16,199	-	16,199
Beneficiary distribution - Ann H. Soutl Memorial Fund	5,825	-	5,825
Beneficiary distribution - CCCF	931	-	931
Other	23,351	98	23,449
In-kind donations	11,207	-	11,207
Special fund raising events	54,073	-	54,073
United Way allocations	5,842	-	5,842
Board membership fees	540	-	540
Other support	10,960	-	10,960
Program service fees	1,568,584	-	1,568,584
Interest and dividends	195	-	195
Other revenues	2,104	-	2,104
Total Revenues and Other Support	2,692,304	98	2,692,402
EXPENSES			
Program services	2,499,757	-	2,499,757
Supporting services	98,986	-	98,986
Total Expenses	2,598,743	-	2,598,743
Change In Net Assets From Operations	93,561	98	93,659
NONOPERATING ACTIVITIES			
Investment return, net	144,270	8,078	152,348
Covid related grants	260,900	-	260,900
Total Nonoperating activities	405,170	8,078	413,248
Change In Net Assets	498,731	8,176	506,907
NET ASSETS AT BEGINNING OF YEAR	1,966,021	74,295	2,040,316
NET ASSETS AT END OF YEAR	\$ 2,464,752	\$ 82,471	\$ 2,547,223

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
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	2,256,882	(10,649)	2,246,233
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	(36,601)	(10,649)	(47,250)
NONOPERATING ACTIVITIES			
Investment return, net	9,489	6,501	15,990
Covid related grants	203,714	-	203,714
Total Nonoperating Activities	213,203	6,501	219,704
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 FUNCTIONAL EXPENSES
Year Ended December 31, 2021

Expenses	Program Services											Supporting Services	Total
	Adoption	Foster Care	Youth Mentoring	Child Care	Off-Site	Pre-K Counts	Together Project	Family Support Services	Positive Parenting-Centre County	Parents as Teachers	Total Program Services	Management and General	
Compensation and related expenses:													
Compensation	\$270,031	\$ 157,072	\$ 44,512	\$ 328,439	\$ 8,630	\$ 159,343	\$ 253,306	\$ 90,446	\$ 26,504	\$ 41,421	\$ 1,379,704	\$ 32,339	\$ 1,412,043
Employee benefits	48,255	26,366	6,873	23,125	1,709	26,219	39,058	15,631	4,510	7,091	198,837	6,654	205,491
Payroll taxes	24,129	13,889	3,880	31,480	968	14,317	23,057	7,992	2,439	3,944	126,095	3,219	129,314
	<u>342,415</u>	<u>197,327</u>	<u>55,265</u>	<u>383,044</u>	<u>11,307</u>	<u>199,879</u>	<u>315,421</u>	<u>114,069</u>	<u>33,453</u>	<u>52,456</u>	<u>1,704,636</u>	<u>42,212</u>	<u>1,746,848</u>
Small equipment	1,256	2,183	108	661	75	1,742	4,076	983	693	638	12,415	6,675	19,090
Professional fees	889	782	165	1,410	24	800	70,957	2,267	147	2,072	79,513	1,827	81,340
Insurance	9,079	5,002	790	9,278	441	3,064	5,314	2,870	492		36,330	10,729	47,059
IT fees	588	338	70	763	9	344	637	599			3,348	58	3,406
Utilities	2,112	1,127	281	9,836	488	5,501	2,834	1,563	340		24,082	252	24,334
Maintenance expense	2,609	1,357	344	7,015	358	3,451	2,438	1,374	278		19,224	561	19,785
Housekeeping supplies	375	201	52	3,748	120	1,342	477	250	124	1	6,690	73	6,763
Telephone/internet	4,026	3,159	679	2,548	86	864	5,011	3,029	520		19,922	203	20,125
Postage	1,669	690	36	283	78	93	1,307	72	117	27	4,372	528	4,900
Office supplies	1,454	738	111	1,375	15	1,154	4,790	221	500	340	10,698	82	10,780
Program expense	2,695	579	1,839	2,236	3	5,932	6,003	755	4,180	3,925	28,147	248	28,395
Office equipment costs	2,108	648	191	1,391	42	617	1,324	419	157	187	7,084	91	7,175
Foster Care & Respite payments	-	253,552	-	-	-	-	-	-	-	-	253,552	-	253,552
Membership dues	2,027	986		120	108			451			3,692	940	4,632
Subscriptions/Resource materials	69	38	911	681		1,263	5,401	53		400	8,816	38	8,854
Travel	16,231	3,347	205	57	1	14	5,793	7,900	847	1,539	35,934	28	35,962
Professional development/travel	1,338	349		335		4,188	7,581	12,018	650	4,155	30,614	99	30,713
Marketing expense	6,108	5,901	2,239	1,184	32	1,459	64,779	1,607	730	2,471	86,510	76	86,586
Fundraising expense			6,517								6,517	2,660	9,177
Food	716	2	273	19,530		274	11,454	19		207	32,475		32,475
Events/recognition	618	611	125	270	25	406					2,055	5,259	7,314
Transportation		1,120									1,120	7,513	8,633
Inhouse printing	875	183	73	251	4	213	948	159	68	144	2,918	17	2,935
Stipends							18,912				18,912		18,912
Software	251	138	30	390	25	285	1,133	96	192		2,540	32	2,572
Occupancy costs	234	983	750				10,824				12,791	750	13,541
In-kind goods and services			2,794							8,413	11,207		11,207
Interest expense & bank fees			39	1,534.00							1,573	150	1,723
Total expenses before depreciation	399,742	481,341	73,887	447,940	13,241	232,885	547,414	150,774	43,488	76,975	2,467,687	81,101	2,548,788
Depreciation expense	1,146	373	599	22,890	185	3,581	-	2,820	238	238	32,070	17,885	49,955
TOTAL EXPENSES	\$400,888	\$ 481,714	\$ 74,486	\$470,830	\$ 13,426	\$236,466	\$ 547,414	\$ 153,594	\$ 43,726	\$ 77,213	\$ 2,499,757	\$ 98,986	\$ 2,598,743

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

Expenses	Program Services											Supporting Services	Total	
	Adoption	Foster Care	Youth Mentoring	Child Care	Off-Site	Pre-K Counts	Real Relationships	Together Project	Family Support Services	Positive Parenting - Centre Co.	Parents as Teachers	Total Program Services		Management and General
Compensation and related expenses:														
Compensation	\$ 220,491	\$ 122,225	\$ 32,427	\$ 268,286	\$ 13,435	\$ 143,972	\$ 179,201	\$ 36,024	\$ 46,380	\$ 45,788	\$ 35,386	\$ 1,143,615	\$ 19,976	\$ 1,163,591
Employee benefits	36,508	20,084	5,443	12,823	2,878	18,350	22,964	7,764	9,952	6,153	5,596	148,515	4,425	152,940
Payroll taxes	19,362	10,744	3,372	25,862	1,383	12,794	14,631	4,335	4,663	4,001	3,158	104,305	19,782	124,087
	<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>	<u>48,123</u>	<u>60,995</u>	<u>55,942</u>	<u>44,140</u>	<u>1,396,435</u>	<u>44,183</u>	<u>1,440,618</u>
Small equipment	2,513	939	-	2,114	19	3,492	211	18,609	1,888			29,785	3,074	32,859
Professional fees	974	542	227	812	24	800	30,800	2,500	2,562	150		39,391	1,468	40,859
Insurance	8,429	4,717	854	7,805	702	2,357	3,946	703	2,538	637		32,688	9,780	42,468
IT fees	932	514	126	1,138	89	559	269	672	485	3		4,787	73	4,860
Staff recruitment	469	863	1	1,217	1	524	331	342	26	1	462	4,237	464	4,701
Utilities	1,741	1,000	480	9,789	750	4,995	2,247	416	1,153	444		23,015	212	23,227
Maintenance expense	1,057	578	179	8,413	696	5,180	1,807	179	488	189		18,766	500	19,266
Housekeeping supplies	354	179	43	3,524	178	1,204	771	88	102	116		6,559	34	6,593
Telephone/internet	1,466	1,987	537	2,103	169	732	2,620	594	2,385	414		13,007	158	13,165
Postage	1,739	679	316	316	36	97	2,231	238	41	267	191	6,151	-	6,151
Office supplies	1,489	452	87	1,168	41	1,399	5,251	893	145	255	78	11,258	161	11,419
Program expense	2,372	550	789	2,347	13	18,031	4,040	15	293	4,960	5,243	38,653	95	38,748
Office equipment costs	2,234	587	233	1,261	86	862	969	228	407	260		7,192	93	7,285
Foster Care & Respite payments		192,629										192,629		192,629
Membership dues	1,733	1,179		84	84	60	55					3,195	940	4,135
Subscriptions/Resource materials			900	566		280	3,086	3,341				8,173	399	8,572
Travel	14,924	5,098	119	210	6	319	9,900	17	2,905	2,673	561	36,732		36,732
Professional development/ travel	1,060	552		1,080		3,973	6,171	3,291		5,235	1,853	23,215	182	23,397
Marketing expense	6,286	3,834	3,140	1,668	104	1,268	43,986	1,016		2,261	4,125	68,654	732	69,386
Fundraising expense			6,716						1,241			7,957	1,312	9,269
Food	145	191	198	18,558	1	309	30,383		1		52	49,838	541	50,379
Events/recognition	119	20	12	390		401			175			1,117	4,984	6,101
Transportation			822			310						1,132	5,285	6,417
Inhouse printing	707	99	95	174	9	193	153	78	31	33	29	1,601	14	1,615
Stipends							23,834					23,834	1,292	25,126
Software	3	112	1	282	35	1,195	600	209	1	236	363	3,037	46	3,083
Occupancy costs							3,823					3,823	3,000	6,823
In-kind goods and services			949								7,015	7,964		7,964
Interest expense & bank fees			3	818.00								821	35	856
Cares Act expenses	641	830	43	10,174	493	8,734	277	205	175	1,305	898	23,775	77,638	101,413
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>	<u>81,757</u>	<u>79,003</u>	<u>75,381</u>	<u>65,075</u>	<u>2,089,421</u>	<u>156,695</u>	<u>2,246,116</u>
Depreciation expense	1,247	475	701	21,327	287	1,914	1,979	851	294	339	339	29,753	17,614	47,367
TOTAL EXPENSES	\$ 328,995	\$ 372,481	\$ 57,991	\$ 404,309	\$ 21,519	\$ 234,304	\$ 396,536	\$ 82,608	\$ 79,297	\$ 75,720	\$ 65,414	\$ 2,119,174	\$ 174,309	\$ 2,293,483

The accompanying notes are an integral part of this statement

CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 506,907	\$ 156,464
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	49,955	47,367
Unrealized (gain) loss on quasi endowment	(100,904)	17,703
Unrealized (gain) loss on permanent restrictions	(10,242)	(6,501)
(Increase) decrease in operating assets:		
Grants receivable	(85,147)	11,088
Accounts receivable	(75,890)	30,159
Equipment deposits	-	20,781
Increase (decrease) in operating liabilities:		
Accounts payable	11,266	202
Accrued payroll and taxes	922	885
Refundable advances	(16,032)	(6,004)
	280,835	272,144
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments, net	(55,049)	(140,784)
Purchase of property and equipment	(70,883)	(74,883)
	(125,932)	(215,667)
	NET CASH (USED) BY INVESTING ACTIVITIES	
	154,903	56,477
	NET INCREASE (DECREASE) IN CASH	
BEGINNING CASH	373,163	316,686
ENDING CASH	\$ 528,066	\$ 373,163

The accompanying notes are an integral part of this statement.

CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 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 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, 2021 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 \$11,207 for the year ended December 2021. 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.

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 528,066	\$ 373,163
Accounts and grants receivable	269,802	108,765
Investments	<u>1,228,976</u>	<u>1,062,782</u>
Total financial assets	2,026,844	1,544,710
Less amounts not available to be used within one year:		
Net assets designated by the board for capital assets	100,000	65,000
Net assets with donor restrictions	82,471	74,295
Quasi endowment established by the board	<u>1,187,757</u>	<u>1,003,680</u>
	<u>1,370,228</u>	<u>1,077,975</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 656,616</u>	<u>\$ 466,735</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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Stocks	\$ 178,684	\$ 139,762
Clearfield County Charitable Foundation – Trust Account	68,484	59,102
County National Bank – Trust Account	<u>967,821</u>	<u>863,918</u>
	<u>\$ 1,214,989</u>	<u>\$ 1,062,782</u>

Note 5 – Property and Equipment

Property and equipment, net consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Child Care building and improvements	\$ 772,882	\$ 771,272	\$ 1,610
Virginia Street building and improvements	155,445	155,445	-
Administrative building and improvements	195,488	192,688	2,800
Landscaping & paving	28,120	28,120	-
Playground improvements	105,017	42,196	62,821
Vehicles	69,739	69,739	-
Furniture and fixtures	61,735	61,735	-
Office equipment	<u>200,206</u>	<u>196,554</u>	<u>3,652</u>
Total	1,588,632	1,517,750	70,882
Accumulated depreciation	<u>(1,015,937)</u>	<u>(965,983)</u>	<u>(49,954)</u>
Property and Equipment	<u>\$ 572,695</u>	<u>\$ 551,766</u>	<u>\$ 20,929</u>

Note 6 – Net Assets

Net assets with donor restrictions were as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Specific Purpose:		
Adoption/Foster Care	13,987	13,961
Endowment	<u>68,484</u>	<u>60,334</u>
Total	<u>\$ 82,471</u>	<u>\$ 74,295</u>

Net assets without donor restrictions for the years ended December 21, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Designated by the board for capital projects	\$ 100,000	\$ 65,000
Undesignated	1,176,995	834,449
Quasi endowment	<u>1,187,757</u>	<u>1,066,572</u>
Total	<u>\$ 2,464,752</u>	<u>\$ 1,966,021</u>

Note 7 – Program Service Fees

Service fees from programs are detailed as follows:

	<u>2021</u>	<u>2020</u>
Child Care	\$ 313,172	\$ 331,091
Adoption	493,950	330,725
Foster Care	641,328	437,651
Off-Site	756	3,104
Family Support Services	52,103	10,293
Family Support Services-In Home Services	<u>67,275</u>	<u>53,074</u>
Total Program Service Fees	<u>\$ 1,568,584</u>	<u>\$ 1,165,938</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>2021</u>	<u>2020</u>
<u>Child Care – On Site and Off Site</u>		
Pennsylvania Department of Education - Child and <i>Adult Care Food Program</i>	\$ 27,526	\$ 27,643
PA Office of Child Development and Early Learning through Northwest Regional Key, Northwest Institute of Research – <i>Keystone Stars Quality Improvement Grants</i>	8,400	15,905
<u>Real Relationships</u>		
US Department of Health and Human Services, Office of Family Assistance, Healthy Marriage Demonstration Grant	-	408,912
<u>Together Project</u>		
US Department of Health and Human Services, Office of Family Assistance, Healthy Marriage Promotion and Responsible Fatherhood Grant	579,335	85,726
<u>Positive Parenting Program</u>		
Pennsylvania Commission on Crime & Delinquency Centre County	29,883	76,245
<u>Parents as Teachers Program</u>		
<u>Pennsylvania Children's Trust Fund</u>	63,147	58,714
<u>Pre-K Counts</u>		
PA Office of Child Development and Early Learning	<u>256,832</u>	<u>259,498</u>
Total Government Grants	<u>\$ 965,123</u>	<u>\$ 932,643</u>
<u>Other Grants</u>		
DIAKON – Swan mini-grant – Adoption	1,275	
DIAKON – Foster Care	1,095	
Palumbo Trust – Youth Mentoring	5,000	
Mengle Foundation – Playground project	10,000	
Rite Aid Foundation – Family Support Services	<u>10,000</u>	
	<u>\$ 27,370</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 1, 2021 to June 30, 2022. 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. The program began July 1, 2007 and during 2021 was renewed for the fifteenth year. The Society earned \$256,832 for eligible reimbursement costs during 2021.

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 2021, the Society earned \$29,883 for eligible reimbursable costs. The program ended June 30, 2021.
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. The program ended September 29, 2020.
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 2021, the Society earned \$63,147 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 2021, the Society earned \$579,335 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 2021 the amount was \$16,199. 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, 2021 was \$6,452,033.

Children’s Aid Society in Clearfield County was also named as a beneficiary of the CCCF Ann H. Sout Memorial Donor Advised Fund established by John G. Sout in memory of Ann H. Sout. 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 2021 the amount was \$5,825. The support will continue as long as their purpose remains charitable, necessary and possible to accomplish. The fair market value of the Ann H. Sout Memorial Donor Advised Fund at December 31, 2021 was \$845,549.

Note 10 – Special Fund Raising Evets

Various fund raising events were conducted during 2021 to support the Organization's programs and are detailed as follows:

	<u>Gross Revenue</u>	<u>Direct Expenses</u>
Administrative	\$ 2,667	\$ 2,660
Youth Mentoring	<u>51,406</u>	<u>6,517</u>
	<u>\$ 54,073</u>	<u>\$ 9,177</u>

Note 11 – Subsequent Events

The Society has evaluated subsequent through March 10, 2022, the date the financial statements were available to be issued, and found no instances that would require modification of the statements at December 31, 2021.

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 2021, the Society made matching contributions of \$38,404 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, 2021 and 2021, 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 18, 2022.

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.

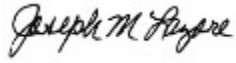
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify 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 18, 2022