

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

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

**Years Ended December 31, 2022 and 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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, 2022 and 2021, 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 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, 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*

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Children's Aid Society in Clearfield County and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### *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 Children's Aid Society in Clearfield County'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*

My 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 my 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 and *Government 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 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 and *Government Auditing Standards*, I:

- 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 Children's Aid Society in Clearfield County'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Children's Aid Society in Clearfield County's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued our report dated March 15, 2023, 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 solely 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 the effectiveness of Children's Aid Society in Clearfield County's 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  
March 15, 2023

**CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2022 and 2021**

|   | <b>2022</b>         | <b>2021</b>         |
|---|---------------------|---------------------|
| <b>ASSETS</b>                           |                     |                     |
| Cash                                    | \$ 350,142          | \$ 486,814          |
| Accounts receivable                     | 270,993             | 168,821             |
| Grants receivable                       | -                   | 100,981             |
| Assets designated by the board:         |                     |                     |
| Cash                                    | 9,776               | 41,252              |
| Long-term investments                   | 1,075,214           | 1,146,505           |
| Investment restricted for endowment     | 664394<br>69,875    | 82,471              |
| Property and equipment, net             | 572695<br>714,348   | 572,695             |
| <b>TOTAL ASSETS</b>                     | <b>\$ 2,490,348</b> | <b>\$ 2,599,539</b> |
| <b>LIABILITIES</b>                      |                     |                     |
| Accounts payable                        | \$ 30,013           | \$ 32,353           |
| Accrued payroll and taxes               | 3,487               | 5,823               |
| Refundable advances                     | 122640<br>41,316    | 14,140              |
| <b>TOTAL LIABILITIES</b>                | <b>74,816</b>       | <b>52,316</b>       |
| <b>NET ASSETS</b>                       |                     |                     |
| Without donor restrictions              | 2,345,657           | 2,464,752           |
| With donor restrictions                 | 69,875              | 82,471              |
| <b>TOTAL NET ASSETS</b>                 | <b>2,415,532</b>    | <b>2,547,223</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$ 2,490,348</b> | <b>\$ 2,599,539</b> |

The accompanying notes are an integral part of this statement.

**CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY**  
**STATEMENTS OF ACTIVITIES**  
Year Ended December 31, 2022

|   | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
|---|---------------------------------------|------------------------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>                           |                                       |                                    |                     |
| Revenues, gains and other support                     |                                       |                                    |                     |
| Federal, state, and county grants                     | \$ 902,009                            | \$ -                               | \$ 902,009          |
| Other grants  | 19,169                                | -                                  | 19,169              |
| Contributions   |                                       |                                    |                     |
| Beneficiary distribution - Kurtz Community Fund       | 25,727                                | -                                  | 25,727              |
| Beneficiary distribution - Ann H. Soutl Memorial Fund | 6,926                                 | -                                  | 6,926               |
| Beneficiary distribution - CCCF                       | 1,117                                 | -                                  | 1,117               |
| Other   | 24,957                                | -                                  | 24,957              |
| In-kind donations                                     | 8,840                                 | -                                  | 8,840               |
| Special fund raising events                           | 50,465                                | -                                  | 50,465              |
| United Way allocations                                | 10,699                                | -                                  | 10,699              |
| Board membership fees                                 | 640                                   | -                                  | 640                 |
| Other support   | 13,338                                | -                                  | 13,338              |
| Program service fees                                  | 1,555,479                             | -                                  | 1,555,479           |
| Interest and dividends                                | 778                                   | -                                  | 778                 |
| Other revenues  | 1,928                                 | -                                  | 1,928               |
| <b>Total Revenues and Other Support</b>               | <b>2,622,072</b>                      | <b>-</b>                           | <b>2,622,072</b>    |
| <b>EXPENSES</b>                                       |                                       |                                    |                     |
| Program services                                      | 2,448,568                             | -                                  | 2,448,568           |
| Supporting services                                   | 120,901                               | -                                  | 120,901             |
| <b>Total Expenses</b>                                 | <b>2,569,469</b>                      | <b>-</b>                           | <b>2,569,469</b>    |
| <b>Change In Net Assets From Operations</b>           | <b>52,603</b>                         | <b>-</b>                           | <b>52,603</b>       |
| <b>NONOPERATING ACTIVITIES</b>                        |                                       |                                    |                     |
| Investment return, net                                | (171,698)                             | (12,596)                           | (184,294)           |
| Total Nonoperating activities                         | (171,698)                             | (12,596)                           | (184,294)           |
| <b>Change In Net Assets</b>                           | <b>(119,095)</b>                      | <b>(12,596)</b>                    | <b>(131,691)</b>    |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>                | <b>2,464,752</b>                      | <b>82,471</b>                      | <b>2,547,223</b>    |
| <b>NET ASSETS AT END OF YEAR</b>                      | <b>\$ 2,345,657</b>                   | <b>\$ 69,875</b>                   | <b>\$ 2,415,532</b> |

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

|   | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
|---|---------------------------------------|------------------------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>                           |                                       |                                    |                     |
| 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. Soult 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  | 195                                   |                                    | 195                 |
| Other revenues  | 2,104                                 |                                    | 2,104               |
|   | <b>2,692,304</b>                      | <b>98</b>                          | <b>2,692,402</b>    |
| <b>EXPENSES</b>                                       |                                       |                                    |                     |
| Program services                                      | 2,499,757                             | -                                  | 2,499,757           |
| Supporting services                                   | 98,986                                | -                                  | 98,986              |
|   | <b>2,598,743</b>                      | <b>-</b>                           | <b>2,598,743</b>    |
| <b>Total Revenues and Other Support</b>               |                                       |                                    |                     |
|   | <b>2,692,304</b>                      | <b>98</b>                          | <b>2,692,402</b>    |
| <b>Change In Net Assets From Operations</b>           | <b>93,561</b>                         | <b>98</b>                          | <b>93,659</b>       |
| <b>NONOPERATING ACTIVITIES</b>                        |                                       |                                    |                     |
| Investment return, net                                | 144,270                               | 8,078                              | 152,348             |
| Covid related grants                                  | 260,900                               | -                                  | 260,900             |
| Total Nonoperating Activities                         | <b>405,170</b>                        | <b>8,078</b>                       | <b>413,248</b>      |
| <b>Changes in Net Assets</b>                          | <b>498,731</b>                        | <b>8,176</b>                       | <b>506,907</b>      |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>                | <b>1,966,021</b>                      | <b>74,295</b>                      | <b>2,040,316</b>    |
| <b>NET ASSETS AT END OF YEAR</b>                      | <b>\$ 2,464,752</b>                   | <b>\$ 82,471</b>                   | <b>\$ 2,547,223</b> |

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, 2022

| Expenses                                  | Program Services  |                   |                  |                   |                   |                   |                         |                     |                        |                        | Supporting Services | Total |
|---|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------------|---------------------|------------------------|------------------------|---------------------|-------|
|   | Adoption          | Foster 40823      | Youth Mentoring  | Child Care        | Pre-K Counts      | Together Project  | Family Support Services | Parents as Teachers | Total Program Services | Management and General |                     |       |
| <b>Compensation and related expenses:</b> |                   |                   |                  |                   |                   |                   |                         |                     |                        |                        |                     |       |
| Compensation                              | \$ 231,229        | \$ 158,983        | \$ 43,203        | \$ 345,148        | \$ 153,841        | \$ 249,096        | \$ 146,430              | \$ 19,855           | \$ 1,347,585           | \$ 45,209              | \$ 1,392,794        |       |
| Employee benefits                         | 38,914            | 21,042            | 6,228            | 29,121            | 19,410            | 31,034            | 21,602                  | 2,744               | 170,092                | 5,868                  | 175,960             |       |
| Payroll taxes                             | 19,028            | 12,942            | 3,601            | 29,340            | 12,687            | 20,579            | 12,385                  | 1,674               | 112,238                | 3,663                  | 115,901             |       |
|   | 289,171           | 192,967           | 53,030           | 403,809           | 185,738           | 300,708           | 180,417                 | 24,273              | 1,629,913              | 54,740                 | 1,684,653           |       |
| Small equipment                           |                   |                   |                  |                   |                   |                   |                         |                     |                        |                        |                     |       |
| Professional fees                         | 1,219             | 768               | 163              | 1,585             | 950               | 57,988            | 147                     | 55                  | 62,873                 | 608                    | 64,808              |       |
| Insurance                                 | 11,165            | 6,564             | 1,216            | 10,980            | 3,578             | 6,305             | 5,022                   | -                   | 44,830                 | 12,961                 | 57,791              |       |
| IT fees/supplies                          | 846               | 904               | 155              | 1,493             | 1,200             | 542               | 590                     | -                   | 5,730                  | 413                    | 6,143               |       |
| Staff recruitment                         | 1,623             | 880               | 22               | 2,414             | 155               | 268               | 90                      | -                   | 5,452                  | 621                    | 6,073               |       |
| Utilities                                 | 2,688             | 1,508             | 458              | 9,805             | 6,049             | 3,498             | 3,905                   | -                   | 27,912                 | 372                    | 28,284              |       |
| Maintenance expense                       | 1,957             | 1,140             | 335              | 10,372            | 5,392             | 1,270             | 947                     | -                   | 21,413                 | 2,087                  | 23,500              |       |
| Housekeeping supplies                     | 323               | 166               | 50               | 3,002             | 1,803             | 777               | 199                     | -                   | 6,320                  | 69                     | 6,389               |       |
| Telephone/internet                        | 2,814             | 2,287             | 518              | 2,634             | 1,277             | 4,973             | 2,769                   | -                   | 17,272                 | 189                    | 17,461              |       |
| Postage                                   | 2,396             | 508               | 200              | 394               | 179               | 2,811             | 139                     | -                   | 6,628                  | -                      | 6,628               |       |
| Office supplies                           | 699               | 488               | 112              | 1,006             | 1,150             | 3,463             | 393                     | 115                 | 7,426                  | 440                    | 7,866               |       |
| Program expense                           | 1,968             | 2,063             | 2,684            | 2,055             | 2,859             | 20,228            | 545                     | 1,904               | 34,406                 | 4,957                  | 39,283              |       |
| Office equipment costs                    | 1,394             | 497               | 255              | 1,140             | 1,109             | 730               | 603                     | 73                  | 5,801                  | 91                     | 5,892               |       |
| Foster Care & Respite payments            | -                 | 237,833           | -                | -                 | -                 | -                 | -                       | -                   | 237,833                | -                      | 237,833             |       |
| Membership dues                           | 3,091             | 1,882             | -                | 120               | 3,997             | 55                | -                       | -                   | 9,145                  | 894                    | 10,039              |       |
| Subscriptions/Resource materials          | 30                | 17                | -                | 667               | -                 | 29,809            | 3,385                   | -                   | 34,793                 | 403                    | 35,196              |       |
| Travel                                    | 17,775            | 5,923             | 579              | 31                | 75                | 7,433             | 7,927                   | 912                 | 40,655                 | 114                    | 40,769              |       |
| Professional development                  | 539               | 826               | -                | 611               | 2,372             | 1,173             | 15,207                  | -                   | 20,528                 | 738                    | 21,266              |       |
| Marketing expense                         | 4,209             | 8,497             | 3,993            | 1,173             | 3,454             | 57,091            | 3,544                   | 1,020               | 82,961                 | 74                     | 83,055              |       |
| Fundraising expense                       | -                 | -                 | 10,883           | -                 | -                 | -                 | -                       | -                   | 10,893                 | 10                     | 10,903              |       |
| Food                                      | -                 | -                 | -                | 23,817            | -                 | -                 | -                       | -                   | 23,817                 | -                      | 23,817              |       |
| Events/recognition                        | 2,232             | 1,049             | 381              | 938               | 913               | 16,382            | 549                     | 319                 | 22,763                 | 1,270                  | 24,033              |       |
| Transportation                            | -                 | 2,359             | -                | -                 | 231               | -                 | -                       | -                   | 2,590                  | 10,023                 | 12,613              |       |
| Inhouse printing                          | 776               | 151               | 211              | 222               | 405               | 688               | 415                     | 53                  | 2,921                  | 48                     | 2,969               |       |
| Stipends                                  | -                 | -                 | -                | 1,625             | -                 | 17,425            | 8,334                   | -                   | 27,384                 | 5,820                  | 33,204              |       |
| Software                                  | 1,128             | 693               | 186              | -                 | 720               | 1,624             | 903                     | 88                  | 5,342                  | 221                    | 5,563               |       |
| Occupancy costs                           | -                 | 1,500             | -                | -                 | -                 | 5,420             | 13                      | -                   | 6,933                  | 2,012                  | 8,945               |       |
| In-kind goods and services                | -                 | -                 | 2,274            | -                 | -                 | -                 | -                       | 6,567               | 8,841                  | -                      | 8,841               |       |
| Interest expense & bank fees              | -                 | -                 | 36               | 1,030             | -                 | -                 | -                       | -                   | 1,119                  | -                      | 1,119               |       |
| Real estate taxes:                        | -                 | 30                | -                | -                 | -                 | -                 | -                       | -                   | 75                     | -                      | 75                  |       |
| Total expenses before depreciation        | 348,043           | 471,302           | 78,656           | 480,523           | 223,706           | 541,067           | 235,616                 | 35,379              | 2,414,291              | 101,108                | 2,515,399           |       |
| Depreciation expense                      | 1,273             | 1,363             | 276              | 24,844            | 4,442             | 1,371             | 539                     | 169                 | 34,277                 | 19,793                 | 54,070              |       |
| <b>TOTAL EXPENSES</b>                     | <b>\$ 349,316</b> | <b>\$ 472,665</b> | <b>\$ 78,932</b> | <b>\$ 505,367</b> | <b>\$ 228,148</b> | <b>\$ 542,438</b> | <b>\$ 236,155</b>       | <b>\$ 35,548</b>    | <b>\$ 2,448,568</b>    | <b>\$ 120,901</b>      | <b>\$ 2,569,469</b> |       |

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 |
| 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            | 3,890            | 31,480           | 988              | 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>189,879</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                     | 637                              | -                   | 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                |
| Memberships 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               | -                | 6,517                  |
| Food                               | 716              | 2                 | 273              | 19,530           | -                | 274              | 11,454            | 19                      | -                                | 207                 | 32,475              | 2,660            | 32,475                 |
| Events/recognition                 | 618              | 611               | 125              | 270              | 25               | 406              | -                 | -                       | -                                | -                   | 2,055               | 5,259            | 7,314                  |
| Transportation                     | -                | 1,120             | -                | -                | -                | -                | -                 | -                       | -                                | -                   | 1,120               | -                | 1,120                  |
| Inhouse printing                   | 875              | 183               | 73               | 251              | 4                | 213              | 948               | 159                     | 68                               | 144                 | 2,918               | 7,513            | 8,633                  |
| 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         | -                | -                 | 2,784            | -                | -                | -                | -                 | -                       | -                                | 8,413               | 11,207              | -                | 11,207                 |
| Interest expense & bank fees       | -                | -                 | 39               | 1,534            | -                | -                | -                 | -                       | -                                | -                   | 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                 |
| <b>TOTAL EXPENSES</b>              | <b>\$400,888</b> | <b>\$ 481,714</b> | <b>\$ 74,486</b> | <b>\$470,830</b> | <b>\$ 13,426</b> | <b>\$236,466</b> | <b>\$ 547,414</b> | <b>\$ 153,594</b>       | <b>\$ 43,726</b>                 | <b>\$ 77,213</b>    | <b>\$ 2,499,757</b> | <b>\$ 98,986</b> | <b>\$ 2,598,743</b>    |

The accompanying notes are an integral part of this statement

**CHILDREN'S AID SOCIETY IN CLEARFIELD COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**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, 2022 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.

### **Revenue Recognition**

*Contributions* – The organization reports income from contributions or promises to give in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, which describes a contribution as an unconditional transfer of assets. 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.

*Service Fees and Grants* – The organization recognizes income from service fees and grants in accordance with FASB ASC 606. Service fees are considered to be exchange transactions and income is recorded when the customer is billed. Most grants the organization receives are considered to be exchange transactions and cost reimbursement contracts. Income is recognized when costs are incurred.

*In-kind donations* – The Organization received donated professional services of \$8,840 for the year ended December 2022. 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. Employee wages and related benefits are allocated based upon staffing efforts for each program. Other indirect costs are allocated on square footage percentages and full time equivalents.

## Note 2 – Summary of Significant Accounting Policies (continued)

**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.

**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, 2022 and 2021:

|   |                   |                   |
|---|-------------------|-------------------|
| Financial assets at year-end:   | <u>2022</u>       | <u>2021</u>       |
| Cash and cash equivalents   | \$ 359,588        | \$ 528,066        |
| Accounts and grants receivable  | 270,996           | 269,802           |
| Investments   | <u>1,145,089</u>  | <u>1,228,976</u>  |
| Total financial assets  | 1,775,673         | 2,026,844         |
| Less amounts not available to be used within one year:                              |                   |                   |
| Net assets designated by the board for capital assets                               | 10,000            | 100,000           |
| Net assets with donor restrictions  | 69,875            | 82,471            |
| Quasi endowment established by the board  | <u>1,084,990</u>  | <u>1,187,757</u>  |
|   | <u>1,164,865</u>  | <u>1,370,228</u>  |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 610,808</u> | <u>\$ 656,616</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>2022</u>         | <u>2021</u>         |
| Stocks  | \$ 178,684          | \$ 178,684          |
| Clearfield County Charitable Foundation – Trust Account | 68,484              | 68,484              |
| County National Bank – Trust Account                    | <u>967,821</u>      | <u>967,821</u>      |
|   | <u>\$ 1,214,989</u> | <u>\$ 1,214,989</u> |

### Note 5 – Property and Equipment

Property and equipment, net consisted of the following at December 31, 2022 and 2021:

|   | <u>2022</u>              | <u>2021</u>              | <u>Change</u>            |
|---|--------------------------|--------------------------|--------------------------|
| Child Care building and improvements      | \$ 810,582               | \$ 772,882               | \$ 37,700                |
| Virginia Street building and improvements | 160,440                  | 155,445                  | 4,995                    |
| Administrative building and improvements  | 203,853                  | 195,488                  | 8,365                    |
| 1002 S. 2 <sup>ND</sup> Street property   | 85,000                   | -                        | 85,000                   |
| Landscaping & paving                      | 59,642                   | 28,120                   | 31,522                   |
| Playground improvements                   | 105,017                  | 105,017                  | -                        |
| Vehicles                                  | 96,184                   | 69,739                   | 26,445                   |
| Furniture and fixtures                    | 61,735                   | 61,735                   | -                        |
| Office equipment                          | <u>201,902</u>           | <u>200,206</u>           | <u>1,696</u>             |
| <b>Total</b>                              | <b>1,757,910</b>         | <b>1,588,632</b>         | <b>195,723</b>           |
| Accumulated depreciation                  | <u>(1,070,007)</u>       | <u>(1,015,937)</u>       | <u>(54,070)</u>          |
| <b>Property and Equipment</b>             | <b><u>\$ 714,348</u></b> | <b><u>\$ 572,695</u></b> | <b><u>\$ 141,653</u></b> |

### Note 6 – Net Assets

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

|                      | <u>2022</u>             | <u>2021</u>             |
|----------------------|-------------------------|-------------------------|
| Specific Purpose:    |                         |                         |
| Adoption/Foster Care | 14,053                  | 13,987                  |
| Endowment            | <u>55,822</u>           | <u>64,484</u>           |
| <b>Total</b>         | <b><u>\$ 69,875</u></b> | <b><u>\$ 82,471</u></b> |

Net assets without donor restrictions for the years ended December 21, 2022 and 2021 are as follows:

|  | <u>2022</u>                | <u>2021</u>                |
|--|----------------------------|----------------------------|
| Designated by the board for capital projects | \$ 10,000                  | \$ 100,000                 |
| Undesignated                                 | 1,344,898                  | 1,176,995                  |
| Quasi endowment                              | <u>1,084,990</u>           | <u>1,187,757</u>           |
| <b>Total</b>                                 | <b><u>\$ 2,439,888</u></b> | <b><u>\$ 2,464,752</u></b> |

### Note 7 – Program Service Fees

Service fees from programs are detailed as follows:

|  | <u>2022</u>                | <u>2021</u>                |
|--|----------------------------|----------------------------|
| Child Care                               | \$ 305,335                 | \$ 256,205                 |
| Adoption                                 | 480,195                    | 493,950                    |
| Foster Care                              | 559,460                    | 641,328                    |
| Off-Site                                 | -                          | 756                        |
| Family Support Services                  | 151,052                    | 52,103                     |
| Family Support Services-In Home Services | <u>59,437</u>              | <u>67,275</u>              |
| <b>Total Program Service Fees</b>        | <b><u>\$ 1,555,479</u></b> | <b><u>\$ 1,568,584</u></b> |

**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>2022</u>       | <u>2021</u>       |
|---|-------------------|-------------------|
| <u>Child Care – On Site and Off Site</u>  |                   |                   |
| Pennsylvania Department of Education - Child and Adult Care Food Program  | \$ 31,079         | \$ 27,526         |
| PA Office of Child Development and Early Learning through Northwest Regional Key, Northwest Institute of Research – Keystone Stars Quality Improvement Grants | -                 | 8,400             |
| Pennsylvania Early Learning Resource Center through Clearfield County League on Social Services used for Child Care salaries and wages.                       | 36,066            | -                 |
| <u>Together Project</u>   |                   |                   |
| US Department of Health and Human Services, Office of Family Assistance, Healthy Marriage Promotion and Responsible Fatherhood Grant                          | 540,232           | 579,335           |
| <u>Positive Parenting Program</u>   |                   |                   |
| Pennsylvania Commission on Crime & Delinquency Centre County  | -                 | 29,883            |
| <u>Parents as Teachers Program</u>  |                   |                   |
| Pennsylvania Children’s Trust Fund  | 13,660            | 63,147            |
| <u>Pre-K Counts</u>   |                   |                   |
| PA Office of Child Development and Early Learning   | <u>280,972</u>    | <u>256,832</u>    |
| Total Government Grants   | <u>\$ 902,009</u> | <u>\$ 965,123</u> |
| <u>Other Grants</u>   |                   |                   |
| DIAKON – Swan mini-grant – Adoption   | \$ 1,152          |                   |
| DIAKON – Foster Care  | 1,017             |                   |
| Palumbo Trust – Youth Mentoring   | 5,100             |                   |
| Walmart Foundation – Family Support Services  | 2,000             |                   |
| Rite Aid Foundation – Family Support Services   | <u>10,000</u>     |                   |
|   | <u>\$ 19,169</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, 2022 to June 30, 2023. 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 2022 was renewed for the sixteenth year. The Society earned \$280,972 for eligible reimbursement costs during 2022.

**Note 8 – Grants (continued)**

2. 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 2022, the Society earned \$13,660 for eligible reimbursable costs. The program ended June 30, 2022.
3. 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 2022, the Society earned \$564,408 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 2022 the amount was \$25,727. 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, 2022 was \$7,025,899. The Organization will not receive distributions of the assets of the Fund

Children's Aid Society in Clearfield County was also named as a beneficiary of the CCCF Ann H. Soutl Memorial Donor Advised Fund established by John G. Soutl in memory of Ann H. Soutl. 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 \$6,926. The support will continue as long as their purpose remains charitable, necessary and possible to accomplish. The fair market value of the Ann H. Soutl Memorial Donor Advised Fund at December 31, 2022 was \$845,549.

**Note 10 – Special Fund-Raising Events**

Various fund-raising events were conducted during 2022 to support the Organization's programs and are detailed as follows:

|                 | <u>Gross<br/>Revenue</u> | <u>Direct<br/>Expenses</u> |
|-----------------|--------------------------|----------------------------|
| Administrative  | \$ 2,203                 | \$ 10                      |
| Youth Mentoring | <u>48,262</u>            | <u>10,893</u>              |
|                 | <u>\$ 50,465</u>         | <u>\$ 10,903</u>           |

**Note 11 – 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.

**Note 11 – Pension Plan (Continued)**

The Society may choose to make matching contributions that are not required but within its discretion. During 2022, the Society made matching contributions of \$23,192 on behalf of eligible participants.

**Note 13 – Concentration of Credit Risk**

Amounts held in financial institutions are in excess of the Federal Deposit Insurance Corporation limits. The organization deposits its cash with high quality financial institutions, and management believes the organization is not exposed to significant credit risk on those amounts.

The organization receives approximately 35% of its revenues from various federal, state, and local grants to provide five program services

**Note 14 – Subsequent Events**

The Society has evaluated subsequent events through March 15, 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, 2022.



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## INDEPENDENT AUDITOR'S 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 of  
Children's Aid Society in Clearfield County

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 (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued my report thereon dated March 15, 2023.

### Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion 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 or significant deficiencies may exist that were not identified.

### Report on 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 financial statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DuBois, Pennsylvania  
March 15, 2023