

**PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)**

**Financial Statements and
Independent Auditor's Report and
Supplementary Information
For the Year Ended June 30, 2020**

**Schedule of Expenditures of Federal Awards and
Independent Auditor's Report in Accordance
With Government Auditing Standards
And the Uniform Guidance**

For the Year Ended June 30, 2020

**PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pinebrook Family Answers
Allentown, PA

Report on the Financial Statements

We have audited the accompanying financial statements of Pinebrook Family Answers (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pinebrook Family Answers as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Pinebrook Family Answers' 2019 financial statements, and our report dated November 27, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of revenues and expenses – Compeer and schedule of revenues and expenses – High Fidelity Wrap Around on pages 24 and 25, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Additionally, the accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2020, on our consideration of Pinebrook Family Answers' internal control over financial reporting and on our 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 our 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 Pinebrook Family Answers' internal control over financial reporting and compliance.

Congbell, Rappold & Yasaita LLP

November 24, 2020

PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
STATEMENT OF FINANCIAL POSITION
June 30, 2020
With Summarized Totals as of June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,835,084	\$ 383,498	\$ 2,218,582	\$ 288,177
Grants and Accounts Receivable	726,300	-	726,300	1,128,967
Promises to Give	-	-	-	50,000
Prepaid Expenses and Other Assets	106,837	-	106,837	81,464
Investments (Note 3)	107,734	-	107,734	100,982
Property and Equipment, Net (Note 5)	<u>1,375,304</u>	<u>-</u>	<u>1,375,304</u>	<u>1,446,681</u>
TOTAL ASSETS	<u>\$ 4,151,259</u>	<u>\$ 383,498</u>	<u>\$ 4,534,757</u>	<u>\$ 3,096,271</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts Payable	\$ 86,959	\$ -	\$ 86,959	\$ 151,402
Accrued Payroll and Payroll Tax Liabilities	335,921	-	335,921	261,952
Compensated Absences	147,637	-	147,637	79,610
Long-Term Debt (Note 6)	<u>1,455,614</u>	<u>-</u>	<u>1,455,614</u>	<u>165,902</u>
TOTAL LIABILITIES	<u>2,026,131</u>	<u>-</u>	<u>2,026,131</u>	<u>658,866</u>
Net Assets				
Without Donor Restrictions:				
Undesignated	797,471	-	797,471	907,614
Net Investment in Property and Equipment	<u>1,327,657</u>	<u>-</u>	<u>1,327,657</u>	<u>1,280,779</u>
Total Net Assets Without Donor Restriction	2,125,128	-	2,125,128	2,188,393
With Donor Restrictions:				
Purpose Restrictions (Note 10)	<u>-</u>	<u>383,498</u>	<u>383,498</u>	<u>249,012</u>
TOTAL NET ASSETS	<u>2,125,128</u>	<u>383,498</u>	<u>2,508,626</u>	<u>2,437,405</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,151,259</u>	<u>\$ 383,498</u>	<u>\$ 4,534,757</u>	<u>\$ 3,096,271</u>

See independent auditor's report and notes to financial statements.

PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020
With Summarized Totals for the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Operating Revenues and Support				
Contract Revenues and Service Fees	\$ 8,121,378	\$ -	\$ 8,121,378	\$ 8,117,307
Contributions	1,237,739	221,671	1,459,410	1,050,968
Special Events				
Gross Special Events Revenue	19,934	-	19,934	23,350
Special Events Expense	(13,483)	-	(13,483)	(6,985)
Net Special Events Revenue	6,451	-	6,451	16,365
Other	5,407	-	5,407	5,837
Interest and Dividend Income	10,981	-	10,981	8,415
Net Assets Released from Restrictions	87,185	(87,185)	-	-
Total Operating Revenues and Support	9,469,141	134,486	9,603,627	9,198,892
Operating Expenses				
Program Services				
Outpatient Services	2,330,410	-	2,330,410	2,297,392
Other Behavioral Services	1,381,056	-	1,381,056	1,120,682
Permanency Services	1,762,525	-	1,762,525	1,712,860
Diversionary Services	1,746,005	-	1,746,005	1,781,198
Home Care	479,897	-	479,897	467,437
Forensics	700,145	-	700,145	662,990
Total Program Services Expense	8,400,038	-	8,400,038	8,042,559
Support Services				
Management and General	892,581	-	892,581	806,893
Fund Raising	240,472	-	240,472	216,998
Total Operating Expenses	9,533,091	-	9,533,091	9,066,450
Change in Net Assets from Operations	(63,950)	134,486	70,536	132,442
Other Changes in Net Assets				
In-Kind Contributed Property	-	-	-	40,000
Unrealized Gain on Investments	685	-	685	3,192
Total Other Changes	685	-	685	43,192
Increase (Decrease) in Net Assets	(63,265)	134,486	71,221	175,634
Net Assets at Beginning of Year	2,188,393	249,012	2,437,405	2,261,771
Net Assets at End of Year	\$ 2,125,128	\$ 383,498	\$ 2,508,626	\$ 2,437,405

See independent auditor's report and notes to financial statements.

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PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020
With Comparative Totals for the Year Ended June 30, 2019

	PROGRAM SERVICES							SUPPORT SERVICES		Totals	
	Outpatient Services	Other Behavioral Services	Permanency Services	Diversionsary Services	Home Care	Forensics	Total	Management and General	Fund Raising	2020	2019
Salaries	\$ 1,331,818	\$ 991,845	\$ 880,744	\$ 1,228,819	\$ 397,835	\$ 501,908	\$ 5,332,969	\$ 680,292	\$ 140,916	\$ 6,154,177	\$ 5,797,782
Payroll taxes	104,255	78,251	70,041	96,613	32,252	40,144	421,556	35,775	10,380	467,711	465,944
Health insurance	185,456	123,407	82,692	141,922	7,522	51,475	592,474	57,846	11,032	661,352	615,260
Pension contribution	12,578	8,185	13,995	13,302	2,725	3,446	54,231	10,467	1,075	65,773	58,113
Workers Comp. insurance	6,903	3,867	5,868	6,374	1,244	1,189	25,445	-	1,827	27,272	33,506
Subtotals	1,641,010	1,205,555	1,053,340	1,487,030	441,578	598,162	6,426,675	784,380	165,230	7,376,285	6,970,605
Foster parent payments	-	-	497,861	-	-	-	497,861	-	-	497,861	422,693
Travel	496	28,303	60,275	42,089	2,151	5,821	139,135	6,433	5	145,573	169,002
Program activities	476	6,970	1,138	2,817	542	5,658	17,601	1,078	-	18,679	32,634
Physician services	391,561	5,198	-	-	-	-	396,759	-	-	396,759	425,985
Training	145	8,950	589	90	-	1,557	11,331	2,983	-	14,314	34,044
Staff recruitment	81	-	-	-	85	-	166	8,160	-	8,326	11,696
Maintenance agreements	16,501	4,115	6,463	5,783	1,346	26,220	60,428	6,286	1,855	68,569	72,140
Space rent	69,484	-	-	6,000	-	-	75,484	3,145	-	78,629	72,629
Utilities	10,096	5,744	15,079	12,977	2,975	11,766	58,637	-	4,411	63,048	67,472
Repairs and maintenance	150	-	-	-	-	-	150	4,837	-	4,987	3,634
Building maintenance	10	-	-	-	-	-	226	4,959	-	5,185	3,738
Insurance	43,607	24,432	37,079	40,264	7,856	7,512	160,750	70	11,543	172,363	93,330
Legal, payroll, and audit fees	9,778	5,479	8,314	9,029	1,762	1,685	36,047	35,311	2,588	73,946	74,466
Telecommunications	12,721	15,699	10,140	23,833	4,168	5,405	71,966	2,846	603	75,415	73,388
Postage	1,916	1,127	1,629	1,773	345	330	7,120	-	507	7,627	8,337
Office supplies	5,153	2,693	4,086	4,979	1,898	202	19,011	477	1,272	20,760	23,040
Computer maintenance	39,878	13,855	17,981	27,522	3,521	10,552	113,309	10,162	2,248	125,719	115,947
Equipment rental	9,599	3,663	5,558	6,037	1,178	1,126	27,161	159	1,731	29,051	26,785
Dues and memberships	6,793	3,806	5,776	6,341	1,469	1,170	25,355	-	1,798	27,153	22,400
Bank fees	-	-	-	-	-	-	-	4,070	-	4,070	6,080
Advertising / Public relations	627	1,136	584	4,151	615	143	7,256	600	20,538	28,394	31,877
Board of Directors meetings	184	104	157	170	33	32	680	1,160	49	1,889	1,732
Depreciation	30,654	17,173	26,673	28,303	5,523	4,669	112,995	-	8,114	121,109	139,183
Clearances	617	427	472	229	1,675	75	3,495	924	-	4,419	4,865
Recognition/Staff incentives	1,534	2,379	704	1,617	865	296	7,395	3,432	43	10,870	8,970
Interest expense	1,438	806	1,222	1,328	259	248	5,301	720	381	6,402	11,204
Non-office supplies	-	-	-	-	-	1,590	1,590	5,968	9,503	17,061	13,857
Development expense	-	-	-	-	-	-	-	-	7,367	7,367	7,864
Temporary help	9,780	-	-	-	-	-	9,780	436	-	10,216	16,578
Contracted services	-	17,200	-	23,084	-	15,619	55,903	-	-	55,903	23,732
City fees	-	-	-	-	-	40	40	1,180	-	1,220	9,283
Electronic health records	19,825	6,078	7,153	10,286	-	-	43,342	2,805	608	46,755	50,708
Accreditation	296	164	252	273	53	51	1,089	-	78	1,167	16,552
Quality performance measures	6,000	-	-	-	-	-	6,000	-	-	6,000	-
Totals 2020	\$ 2,330,410	\$ 1,381,056	\$ 1,762,525	\$ 1,746,005	\$ 479,897	\$ 700,145	\$ 8,400,038	\$ 892,581	\$ 240,472	\$ 9,533,091	\$ 9,066,450
Totals 2019	\$ 2,297,392	\$ 1,120,682	\$ 1,712,860	\$ 1,781,198	\$ 467,437	\$ 662,990	\$ 8,042,559	\$ 806,893	\$ 216,998	\$ 9,066,450	

See independent auditor's report and notes to financial statements.

**PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019**

	PROGRAM SERVICES						SUPPORT SERVICES		Totals 2019	
	Outpatient Services	Other Behavioral Services	Permanency Services	Diversionsary Services	Home Care	Forensics	Total	Management and General		Fund Raising
Salaries	\$ 1,300,357	\$ 809,991	\$ 855,547	\$ 1,304,209	\$ 373,983	\$ 448,775	\$ 5,092,862	\$ 576,089	\$ 128,831	\$ 5,797,782
Payroll taxes	104,030	65,370	68,547	104,134	30,760	36,419	409,260	47,116	9,568	465,944
Health insurance	142,340	87,975	99,404	146,028	10,472	48,700	534,919	62,012	18,329	615,260
Pension contribution	11,744	7,845	11,945	10,557	2,975	1,680	46,746	10,619	748	58,113
Workers Comp. insurance	9,332	5,149	8,819	6,260	1,752	1,594	32,906	-	600	33,506
Subtotals	1,567,803	976,330	1,044,262	1,571,188	419,942	537,168	6,116,693	695,836	158,076	6,970,605
Foster parent payments	-	-	422,593	100	-	-	422,693	-	-	422,693
Travel	1,602	32,880	64,589	52,125	3,305	8,389	162,890	5,963	149	169,002
Program activities	727	7,435	13,062	3,047	445	7,727	32,443	42	149	32,634
Physician services	424,624	1,361	-	-	-	-	425,985	-	-	425,985
Training	983	4,424	1,397	6,175	707	13,297	26,983	6,817	244	34,044
Staff recruitment	882	1,327	712	1,033	1,099	45	5,098	6,598	-	11,696
Maintenance agreements	14,906	5,237	11,979	8,500	2,382	21,151	64,155	7,170	815	72,140
Space rent	69,746	-	-	-	-	-	69,746	2,883	-	72,629
Utilities	11,415	7,438	17,398	12,343	3,459	14,236	66,289	-	1,183	67,472
Repairs and maintenance	-	-	-	-	-	356	356	3,278	-	3,634
Building maintenance	-	-	-	-	-	-	-	3,738	-	3,738
Insurance	25,992	14,344	24,565	17,434	4,881	4,443	91,659	-	1,671	93,330
Legal, payroll, and audit fees	11,290	6,230	10,669	7,573	2,120	1,930	39,812	33,928	726	74,466
Telecommunications	18,325	13,072	8,869	23,453	3,472	4,297	71,488	1,386	514	73,388
Postage	2,315	1,276	2,189	1,552	435	396	8,163	25	149	8,337
Office supplies	6,028	3,171	5,170	3,804	3,671	549	22,393	260	387	23,040
Computer maintenance	47,660	6,443	17,579	18,492	4,129	11,307	105,610	8,497	1,840	115,947
Equipment rental	8,200	3,946	6,757	4,856	1,343	1,223	26,325	-	460	26,785
Dues and memberships	6,196	3,845	5,383	3,821	1,270	974	21,489	-	911	22,400
Bank fees	-	-	-	-	-	-	-	6,067	13	6,080
Advertising / Public relations	1,155	1,099	2,242	2,717	980	143	8,336	263	23,278	31,877
Board of Directors meetings	483	266	455	324	91	82	1,701	-	31	1,732
Depreciation	37,208	20,534	35,163	24,956	6,987	6,360	131,208	5,584	2,391	139,183
Clearances	442	668	545	344	2,470	226	4,695	141	29	4,865
Recognition/Staff incentives	1,449	963	573	3,084	297	729	7,095	1,777	98	8,970
Interest expense	3,119	1,723	2,948	2,093	586	534	11,003	-	201	11,204
Non-office supplies	-	-	-	-	-	1,821	1,821	4,160	7,876	13,857
Development expense	-	-	-	-	-	-	-	-	7,864	7,864
Temporary help	3,681	-	-	-	-	-	3,681	5,563	7,334	16,578
Contracted services	-	1,600	-	-	2,500	19,632	23,732	-	-	23,732
City fees	-	-	-	-	-	5,188	5,188	4,095	-	9,283
Electronic health records	26,550	2,526	9,405	9,092	-	-	47,573	2,822	313	50,708
Accreditation	4,611	2,544	4,356	3,092	866	787	16,256	-	296	16,552
Quality performance measures	-	-	-	-	-	-	-	-	-	-
Totals 2019	\$ 2,297,392	\$ 1,120,682	\$ 1,712,860	\$ 1,781,198	\$ 467,437	\$ 662,990	\$ 8,042,559	\$ 806,893	\$ 216,998	\$ 9,066,450

See independent auditor's report and notes to financial statements.

**PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019**

	2020	2019
<u><i>Cash Flows from Operating Activities:</i></u>		
CHANGE IN NET ASSETS	\$ 71,221	\$ 175,634
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	121,109	139,183
Unrealized (Gain) on Investments	(685)	(3,192)
In-Kind Contribution of Property	-	(40,000)
(Increase) Decrease in Assets:		
Grants and Accounts Receivable	402,667	(171,082)
Promises to Give	50,000	-
Prepays and Other Assets	(25,373)	6,612
Increase (Decrease) in Liabilities:		
Accounts Payable	(64,443)	69,492
Accrued Payroll and Payroll Tax Liabilities	73,969	(22,692)
Compensated Absences	68,027	(3,947)
Net Cash Provided by Operating Activities	696,492	150,008
<u><i>Cash Flows from Investing Activities:</i></u>		
Purchase of Investments	(6,067)	(6,674)
Purchases of Property and Equipment	(49,732)	(66,302)
Net Cash Used by Investing Activities	(55,799)	(72,976)
<u><i>Cash Flows from Financing Activities:</i></u>		
Principal Payments on Long-Term Debt	(118,255)	(133,590)
Proceeds from Borrowings	1,407,967	-
Net Cash Provided (Used) by Financing Activities	1,289,712	(133,590)
Net Increase (Decrease) in Cash and Cash Equivalents	1,930,405	(56,558)
Cash and Cash Equivalents at Beginning of Year	288,177	344,735
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,218,582	\$ 288,177
<u><i>Supplemental Data</i></u>		
In-Kind Donation of Rent	\$ 13,612	\$ 13,608
In-Kind Supplies and Services	9,503	7,876
Cash paid during the year for interest	5,682	11,204

See independent auditor's report and notes to financial statements.

**PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
NOTES TO FINANCIAL STATEMENTS**

June 30, 2020

With Comparative Information as of June 30, 2019

1. Nature of Activities and Purpose of the Organization

Pinebrook Family Answers (the “Agency”, “PbFA”) is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania. The Agency’s mission is to transform lives across generations by nurturing healthy children and strong families, supporting seniors, empowering individuals and strengthening the greater Lehigh Valley.

Pinebrook Family Answers’ services fall within the following five major program categories:

Behavioral Health Services: Under license by the PA Department of Human Services (DHS), Office of Mental Health and Substance Abuse Services, Pinebrook Family Answers operates four outpatient psychiatric clinics for children and adults. The clinics, which operate in Allentown, Easton, Bethlehem and Wind Gap, provide an array of outpatient psychiatric services to clients from county mental health offices, children in Pinebrook Family Answers’ foster care programs, and privately-referred clients in the Greater Lehigh Valley Region. The Agency is a participating provider of services in the Pennsylvania HealthChoices Initiative, including Magellan Health Services, Community Care Behavioral Health and PerformCare. The Agency also contracts with numerous commercial insurance companies and employee assistance programs. In addition to traditional outpatient services, other behavioral/mental health services include school-based counseling through contracts with Bethlehem Area School District and the United Way of the Greater Lehigh Valley; and Integrated Behavioral Health (IBH), a model of service provision that places behavioral health providers in a team environment with other health care providers. The Agency has partnered with St. Luke’s University Health Network to place mental health professionals in mobile health care vans and HIV care settings. Funding for IBH is in part provided by the United Way of the Greater Lehigh Valley.

Also under license by DHS, the Agency offers Family Based Mental Health services to families with children who are experiencing serious mental health issues and are at risk of out-of-home placement. Lastly, Pinebrook Family Answers offers programs designed to support mental health consumers in the community. Compeer is a volunteer companionship program for adults coping with mental illness; CompeerCorps is the arm of Compeer that provides companionship services for veterans. Warmline is a non-emergency telephone support service for Lehigh County residents. Lastly, PbFA operates the Police Department Mental Health Program in collaboration with Lehigh County police departments. This program serves to assess individuals with mental illness and/or substance abuse problems who come into contact with the police, refer individuals to appropriate services, reduce recidivism, and to promote the Recovery Model.

Permanency (Placement and Adoption) Services: The Agency’s service array includes a five-tier foster care model provided under contract with eight Pennsylvania counties; relative caregiver home studies, case management and placement supervision services offered through a contract with Lehigh County; Placement Transition which is an intensive, family-focused, community-based, case management, family reunification program for Lehigh and Northampton Counties; and the Transportation and Visitation Program, a supervised family visitation program to support family reunification goals for children in foster care and residential settings, including a Visit Coaching model.

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With Comparative Information as of June 30, 2019

1. Nature of Activities and Purpose of the Organization (Continued)

Permanency (Placement and Adoption) Services (continued): The Agency provides for Adoption Services for special-needs children through the StateWide Adoption Network (SWAN). The Agency's Adoption Department also offers limited international adoption services, including home study and post-placement services in collaboration with other accredited adoption agencies.

All of these services are offered under a license issued by the Department of Human Services, Office of Children, Youth and Families.

Diversionary Services: This area of service delivery has seen considerable growth and includes a wide array of in-home services. Services include: Truancy Intervention Services (Making the Grade) which includes family support services for elementary and middle school children. Making the Grade is funded primarily by private foundations and trusts, including the United Way of the Greater Lehigh Valley and through contracts with Lehigh and Northampton Counties.

SHAPE, a family preservation program providing in-home case management and coordination of community services and support funded through Lehigh and Northampton Counties.

High Fidelity Wraparound Initiative works with Lehigh and Northampton County youth and young adults, ages 8 to 21, and their families. This evidence-based practice and team-based collaborative process for helping youth with special mental health needs, is supported through funding from Lehigh County HealthChoices Reinvestment funds and Northampton County Office of Children Youth and Family Services.

Unconditional Child Care, a program that works with young children with challenging behavioral issues to help keep them in their childcare placements.

Home Care Services: Under license by the PA Department of Health, the Agency's Homecare program provides care for seniors, those recovering from accidents, injury, surgery, long- or short-term disabilities, and others who need assistance with daily chores of living. These services include personal care needs, light housekeeping, running errands such as shopping, laundry and respite care.

Forensic Services: The Agency offers Adult Re-entry Services including evidence-based treatment classes offered in the Northampton County Jail through funding provided by Northampton County Department of Corrections. Family services include: 1) evidence-based parenting education classes provided to women incarcerated at Lehigh County Jail; 2) supervised contact visits with their children for incarcerated women at Lehigh County Jail, and 3) evidence-based parenting education classes provided to at-risk youth in the ALPHA program. These services are primarily funded by a contract with the Lehigh County Office of Children and Youth. Additional grants and donations from private foundations and donors also support these services.

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1. Nature of Activities and Purpose of the Organization (Continued)

Forensic Services (continued): During fiscal year 2017-2018, the Agency was awarded a 3-year federal grant from the U.S. Department of Justice. The award is to enhance the Adult Re-entry Services by providing evidence-based, trauma-informed classes to women in Carbon, Lehigh, and Northampton County jails, as well as case management services to the women and their families as they transition back to the community.

Transitional Residence Program is a unique housing program located in Allentown funded by Lehigh County Office of Children and Youth Services that addresses the needs of otherwise homeless women and their children to work towards housing stability. ALPHA program is designed for youth who have either dropped out of school or have been permanently expelled from school and are supervised by the Lehigh County Juvenile Probation Department. The goal of ALPHA is to reduce recidivism among the students it serves by providing them with academic, behavioral, and job readiness services designed to prepare them to enter the workforce and succeed in life. The ALPHA program is primarily funded by a contract with the Lehigh County Juvenile Probation department. Additional grants and donations from private foundations and donors also support the ALPHA program.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America. Revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

**PINEBROOK FAMILY ANSWERS
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June 30, 2020

With Comparative Information as of June 30, 2019

2. Summary of Significant Accounting Policies (Continued)

Nonoperating Activities

Nonoperating activities primarily reflect transactions of a long-term investment or capital nature, including contributions restricted for acquisitions of property and equipment and net realized and unrealized gains and losses on the investments held by the Agency.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Agency considers all highly liquid unrestricted investments with an initial maturity of three months or less to be cash. Cash held for investment purposes is not considered a cash equivalent for the Statements of Cash Flows.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

Contributions

All contributions are considered to be available without donor restrictions unless specifically restricted by the donor. All pledges receivable and amounts received that are donor restricted for future periods or donor restricted for specific purposes are reported as net assets with donor restrictions. The net assets with donor restrictions are reclassified to net assets without donor restriction and are reported in the Statements of Activities as net assets released from restriction when the donor stipulated time restriction ends, or the purpose restriction is accomplished by the Agency. It is the Agency's policy to report contributions whose restricted purpose is met within the year the gift is given as contributions without donor restriction on the Statement of Activities.

Donated Items and Services

The financial statements reflect the fair value amounts for donated services that create or enhance nonfinancial assets or require specialized skills, are performed by people possessing those skills, and would have been purchased by the Agency if they had not been donated. The Agency has recorded donated services and in-kind contributions related to consulting activities and supplies at their estimated fair values of approximately \$9,503 and \$7,876 for the years ended June 30, 2020 and 2019, respectively.

**PINEBROOK FAMILY ANSWERS
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June 30, 2020**

With Comparative Information as of June 30, 2019

2. Summary of Significant Accounting Policies (Continued)

Donated Items and Services (continued)

Volunteers contributed approximately 726 hours and 874 hours of their time to the Agency for the years ended June 30, 2020 and 2019, respectively. The volunteers provided services in several areas of the Agency and performed various activities. These services do not meet the criteria for financial statement recognition and, accordingly, the values of these have not been reported in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Land, property and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the respective assets on a straight line basis. Maintenance and repairs are expensed as incurred; renewals and betterments are capitalized. The Agency typically capitalizes items, individually or in the aggregate, costing or valued at \$500 or more.

	<u>Years</u>
Buildings and Improvements	7 - 39
Furniture and Equipment	3 - 8

Grants and Accounts Receivable

Grants and accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that no valuation allowance was needed in 2020 or 2019.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the year which the contributions are recognized. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Management has determined that all promises to give are collectible, and no valuation allowance was needed in 2020 or 2019. Promises to give at June 30, 2020 and 2019, are each due within one year of respective gift dates.

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2. Summary of Significant Accounting Policies (Continued)

Functional Expenses

The Agency allocates its expenses on a functional basis. Expenses that can be identified with a specific program are allocated directly. The Agency uses revenue as its base for each program divided by total revenue to allocate indirect costs.

Income Taxes

The Agency is a not-for-profit Pennsylvania corporation exempt from federal income tax under Internal Revenue Code 501(c)(3). Accordingly, no provision has been made for federal or state taxes on the excess revenue over expenses.

The Agency accounts for uncertainty in income taxes in accordance with FASB-ASC 740, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the uncertainty occurs if the recognition threshold has been met.

The Agency believes it has appropriate support for all tax positions taken and has concluded that there are no material unrecognized tax liability, benefits or accrued interest or penalties on income taxes that would require recognition in the financial statements. There were no unrecognized tax benefits identified or liabilities recorded for the years ended June 30, 2020 and 2019.

The Agency files Federal Form 990, *Return of Organization Exempt from Tax*, with the United States Internal Revenue Service and form BCO-10 with the Bureau of Charitable Organizations in Pennsylvania. The tax returns are generally open for possible examination by the taxing authorities for a period of three years after the respective filing deadline of those returns.

Concentrations

\$2,915,802 and \$646,406, which represents 36% and 8% of total contract revenues, was received from the County of Lehigh and the County of Northampton, respectively, for the year ended June 30, 2020. \$3,110,100 and \$722,216, which represents 38% and 9% of total contract revenues, was received from the County of Lehigh and the County of Northampton, respectively, for the year ended June 30, 2019. These revenues are for several programs administered by the Agency, each under separate contractual agreements with the Counties. It is always considered reasonable that contractual agreements may be lost in the near term.

Concentrations of Credit Risk

The Agency maintains cash on deposit at a high-quality financial institution which at times may exceed federally insured limits. The Agency historically has not experienced any credit related losses. Deposits at the bank were in excess of federally insured limits by \$2,052,952 as of June 30, 2020.

PINEBROOK FAMILY ANSWERS
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2. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain information from the prior year statement of functional expenses has been reclassified to conform to the current year presentation. There was no effect on net assets or changes in net assets as a result of the reclassifications.

Pending Adoption of New Accounting Standards

Revenue from Contracts with Customers - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flow arising from contracts with customers. The ASU was effective for the Agency for the year ended June 30, 2020. On June 3, 2020, due to implementation delays brought about in part by the effects of the pandemic, the FASB issued ASU 2020-05. The update provides the option to defer implementation of ASU 2014-09 for one year for all entities that had not yet issued financial statements or made financial statements available for issuance as of June 3, 2020. The Agency has elected to defer implementation of the ASU. The impact of the implementation of this ASU to the Agency's financial statement has not been fully assessed at this time.

Leases - In February 2016, the FASB issued amended guidance for the treatment of leases (ASC 842). The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Organization's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance will be effective for fiscal year ending June 30, 2022. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Agency's financial statements.

Accounting for Paycheck Protection Program (PPP)

The Agency was the recipient of the federally issued Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") Paycheck Protection Program (PPP) as a result of the COVID-19 pandemic.

The Agency may account for a PPP loan as a financial liability in accordance with FASB ASC Topic 470, *Debt*, or under other models, if certain conditions are met. If the Agency expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven, the Agency may account for the PPP loan in accordance with ASC Subtopic 958-605 as a conditional contribution. As of June 30, 2020, management has not fully evaluated whether the Agency will meet the eligibility criteria for full forgiveness of the Loan.

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NOTES TO FINANCIAL STATEMENTS
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2. Summary of Significant Accounting Policies (Continued)

Accounting for Paycheck Protection Program (PPP) (Continued)

For this reason, the Agency has elected the debt method. Under this method, the Agency recorded a debt liability on the Statement of Financial Position and will subsequently recognize revenue from the extinguishment of debt once forgiveness has been determined by the Small Business Administration (SBA). On April 16, 2020, the Agency received \$1,407,967 under the Paycheck Protection Program.

3. Investments

Cost and market values of investments at June 30, are as follows:

	2020		2019	
	Cost	Market	Cost	Market
Cash	\$ 1,366	\$ 1,366	\$ 1,365	\$ 1,365
Mutual Funds				
Total Return Fund	7,014	11,803	6,621	10,609
Equity Index Fund	88,315	94,565	82,640	89,008
	\$ 96,695	\$ 107,734	\$ 90,626	\$ 100,982

A summary of return on investments for the years ended June 30, are as follows:

	2020	2019
Interest and Dividends	\$ 10,075	\$ 8,402
Net Unrealized Gain	685	3,192
Total	\$ 10,760	\$ 11,594

In addition there was \$906 and \$13 of interest earned on bank accounts for the years ended June 30, 2020 and 2019, respectively.

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4. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable, are significant to the fair value measurement and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Investments classified within Level 3 whose fair value measurements consider several inputs may include Level 1 and/or Level 2 inputs as components of the overall fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Agency are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Agency are deemed to be actively traded.

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4. Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Agency's assets at fair value as of June 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2020</u>				
Temporary Cash	\$ 1,366	\$ -	\$ -	\$ 1,366
Mutual Funds				
Total Return Funds	11,803	-	-	11,803
Equity Index Funds	<u>94,565</u>	<u>-</u>	<u>-</u>	<u>94,565</u>
Total Assets at Fair Value	<u>\$ 107,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,734</u>
<u>2019</u>				
Temporary Cash	\$ 1,365	\$ -	\$ -	\$ 1,365
Mutual Funds				
Total Return Funds	10,609	-	-	10,609
Equity Index Funds	<u>89,008</u>	<u>-</u>	<u>-</u>	<u>89,008</u>
Total Assets at Fair Value	<u>\$ 100,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,982</u>

There were no transfers between Level 1, Level 2, or Level 3 investments during 2020 or 2019. Transfers are recognized at the end of the reporting period.

5. Property and Equipment

Property and equipment at June 30, consist of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 217,000	\$ 217,000
Building and Improvements	2,195,014	2,160,928
Equipment	<u>581,369</u>	<u>589,463</u>
	2,993,383	2,967,391
Accumulated Depreciation	<u>(1,618,079)</u>	<u>(1,520,710)</u>
	<u>\$ 1,375,304</u>	<u>\$ 1,446,681</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$121,109 and \$139,183 respectively.

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6. Long-Term Debt

	June 30,	
	2020	2019
Loan payable to Bank, due in monthly payments of \$6,942 including interest at 3.87%. Paid in full March, 2020. Secured by Gordon Street property.	\$ -	\$ 61,462
Loan payable to Bank, due in monthly payments of \$4,328, including interest at 4.18%. Due in full March, 2021. Secured by Gordon Street property.	38,274	87,447
Loan payable to Bank, due in monthly payments of \$691, including interest at 4.90%. Due in full September 2021. Secured by equipment .	9,373	16,993
Paycheck Protection Program loan, if not fully forgiven, payable to Bank commencing the date the SBA remits the Agency's loan forgiveness amount to the lender or if the Agency does not apply for loan forgiveness, 10 months after the end of the Agency's loan forgiveness covered period, October 1, 2021.	1,407,967	-
	1,455,614	165,902
Less: Current Portion, exclusive of PPP loan	(46,280)	(118,238)
Long-Term Portion	\$ 1,409,334	\$ 47,664

Long-term debt maturities are as follows:

Year Ending June 30,	
2021	\$ 46,280
2022	1,367
	\$ 47,647

Interest expense was \$6,402 and \$11,204 for the years ended June 30, 2020 and 2019, respectively.

PINEBROOK FAMILY ANSWERS
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6. Long-Term Debt (Continued)

Paycheck Protection Program (PPP) loan, Contingency and Subsequent Event – the above PPP loan, as more fully described in Note 2, is presented in long-term debt with no current portion based on attaining full loan forgiveness in 2021. Loan payments will be deferred for borrowers who apply for loan forgiveness until the time SBA remits the borrower's approved loan forgiveness amount to the lender. If a borrower does not apply for loan forgiveness, payments are deferred 10 months after the end of the covered period for the borrower's loan forgiveness (either 8 weeks or 24 weeks). The Agency received the PPP loan proceeds April 16, 2020. Management believes the Agency will attain full forgiveness of the loan upon application in fiscal year ended June 30, 2021.

7. Line of Credit

The Agency has a \$1,000,000 line of credit with a bank. Interest on outstanding borrowings is payable at the Bank's prime rate plus 2.5%, adjusted monthly, 5.75% as of June 30, 2020. There were no outstanding borrowings at June 30, 2020 or 2019. Borrowings on the line are secured by property at 402 N. Fulton St.

8. Leases

The Agency leases buildings and equipment under short term and long-term lease agreements.

Future minimum lease payments for operating leases with terms extending beyond one year are as follows:

Year ending June 30,	<u>Equipment</u>	<u>Real Estate</u>	<u>Total</u>
2021	\$ 15,265	\$ 14,303	\$ 29,568
2022	3,619	12,217	15,836
2023	1,109	-	1,109
Total Minimum Lease Payments	<u>\$ 19,993</u>	<u>\$ 26,520</u>	<u>\$ 46,513</u>

Total rent expense under all operating leases was \$107,680 and \$99,414 for the years ending June 30, 2020 and 2019, respectively.

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9. Retirement Plan

403(b) Thrift Plan for Pinebrook Family Answers

The Agency sponsors a 403(b) salary reduction retirement plan. The Plan allows for all employees to make contributions upon employment. Contributions are made by the employees through salary reductions up to maximum amounts allowed by the Internal Revenue Code. The Plan provides for employer matching and discretionary base contributions for eligible employees who are at least 21 years of age, with one year of service and at least 1,000 hours worked in that year. The Agency is required to make employer matching contributions to the Plan of 100% of eligible participant's salary reduction contribution up to 2% of participant compensation. The Agency also may make discretionary base contributions to eligible participants who are employed on the last day of the Plan year, allocated to each eligible participant based on their Plan compensation over total Plan compensation. Participants hired prior to October 1, 2014 are fully vested in all employer contributions. Employees hired on or after October 1, 2014 are subject to the following vesting schedule: Less than two years of service, 0%; 2 years, 25%; 3 years, 50%, and 4 years, 100%. The Agency made only matching contributions to the Plan of \$62,499 and \$55,697 in 2020 and 2019, respectively.

10. Net Assets with Donor Restrictions

Net Assets with Donor Restrictions are available for the following purposes:

	June 30,	
	2020	2019
Subject to Expenditure for Specific Purpose:		
Higher Education	\$ 28,921	\$ 30,421
Florence Applebaum Fund	9,517	9,517
Trauma Informed	-	4,005
Technology Grants	-	6,934
Suicide Prevention	41,400	41,400
Transitional Residence - Operations	37,508	46,945
Transitional Residence - Building and Improvements	44,480	72,202
Homecare	-	37,588
Alarm System	5,000	-
Unconditional Child Care	216,672	-
	\$ 383,498	\$ 249,012

PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information as of June 30, 2019

11. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,835,084	\$ 39,165
Grants and Accounts Receivable	726,300	1,128,967
Investments	107,734	100,982
Promises to Give	-	50,000
Total	<u>\$ 2,669,118</u>	<u>\$ 1,319,114</u>

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage with unanticipated liquidity needs, the Agency has a \$1,000,000 line of credit with a bank which it can draw upon.

12. Advertising Costs

Advertising costs are expensed as incurred and were \$28,394 and \$31,877 in 2020 and 2019, respectively.

13. Summarized Totals for the Year Ended June 30, 2019

The financial statements include certain prior year summarized comparative information in total but not by function or net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2019 from which the summarized information was derived.

14. Subsequent Events

Management has considered events subsequent to June 30, 2020 that affect the Agency through November 24, 2020, the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. Specific to the Agency, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the Agency is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events continued subsequent to year-end and are still developing.

SUPPLEMENTARY INFORMATION

PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
Schedule of Revenues and Expenses – Compeer

	<u>Year Ended</u> <u>June 30, 2020</u>
Revenues and Support	
Contract Revenues and Service Fees:	
Northampton County	\$ 16,563
Lehigh County	30,241
PA Compeer Coalition	5,600
Contributions	<u>987</u>
Total Revenues and Support	<u>53,391</u>
 Expenses	
Salaries	49,144
Payroll taxes	4,418
Health insurance	7,784
Pension contribution	512
Workers Comp and Life Insurance	486
Travel	399
Maintenance agreements	436
Utilities	975
Insurance	2,567
Legal, payroll and audit fees	576
Telecommunications	1,292
Postage	166
Office supplies	283
Computer maintenance	1,013
Equipment rental	385
Dues and memberships	400
Advertising / Public relations	258
Board of Directors meetings	11
Depreciation	1,805
Clearances	238
Recognition/Staff Incentives	38
Interest expense	85
Accreditation	17
Total Direct Expenses	<u>73,288</u>
Indirect Administrative Costs	<u>10,099</u>
Total Expenses	<u>83,387</u>
Expenses in excess of revenue	<u><u>\$ (29,996)</u></u>

See independent auditor's report on supplementary information.

PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
Schedule of Revenues and Expenses – High Fidelity Wrap Around

	<u>Year Ended June 30, 2020</u>
Revenues and Support	
Contract Revenues and Service Fees:	
Lehigh County	\$ 365,541
Northampton County	142,450
	<hr/>
Total Revenues and Support	507,991
	<hr/>
Expenses	
Salaries	359,655
Payroll taxes	28,758
Health insurance	27,518
Pension contribution	2,784
Workers Comp and Life Insurance	2,974
Training	-
Travel	14,439
Program activities	251
Staff recruitment	-
Maintenance agreements	1,725
Rent	6,000
Utilities	3,898
Insurance	15,747
Legal, payroll and audit fees	3,531
Telecommunications	7,905
Postage	692
Office supplies	2,106
Computer maintenance	9,427
Equipment rental	2,361
Dues and memberships	2,453
Advertising / Public relations	252
Board of Directors meetings	66
Depreciation	11,070
Clearances	79
Recognition/Staff Incentives	133
Electronic health records	4,161
Interest expense	519
Accreditation	107
Total Direct Expenses	<hr/> 508,611
Indirect Administrative Costs	32,815
Total Expenses	<hr/> 541,426
	<hr/>
Expenses in excess of revenue	<u>\$ (33,435)</u>

See independent auditor's report on supplementary information.

SINGLE AUDIT REPORTS

**PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Source Code	Project/Contract Number	CFDA Number	Grant or Award Amount	Grant Period	Direct Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Health and Human Services</u>							
Foster Care Title IV-E							
<u>Passed through:</u>							
Carbon County	I	N/A	93.658	N/A	7/1/19 - 6/30/20	\$ 16,367	\$ -
Lehigh County	I	19-CY-017	93.658	\$ 790,000	7/1/19 - 6/30/20	247,769	-
Northampton County	I	19-455	93.658	\$ 200,000	7/1/19 - 6/30/20	13,961	-
Schuylkill County	I	CY908	93.658	N/A	7/1/19 - 6/30/20	86,211	-
Total CFDA # 93.658						364,308	-
<u>Passed through Lehigh County</u>							
Temporary Assistance for Needy Families (TANF)	I	19-CY-017	93.558	N/A	7/1/19 - 6/30/20	160,390	-
Temporary Assistance for Needy Families (TANF)	I	19-JPRO-034	93.558	N/A	7/1/19 - 6/30/20	24,215	-
<u>Passed through Carbon County</u>							
Temporary Assistance for Needy Families (TANF)	I	N/A	93.558	N/A	7/1/19 - 6/30/20	3,809	-
Total CFDA # 93.558						188,414	-
Total U.S. Department of Health and Human Services						552,722	-
<u>U.S. Department of Justice</u>							
Leaving Jail - Second Chance Act Re-Entry Initiative	D	2017-CY-BX-0114	16.812	\$ 1,000,000	10/1/17 - 9/30/20	334,291	13,197
<u>Passed through Compeer of Greater Buffalo</u>							
Juvenile Mentoring Program	I	N/A	16.726	\$ 95,000	10/1/18 - 9/30/21	26,615	-
Total U.S. Department of Justice						360,906	13,197
<u>U.S. Department of Education</u>							
<u>Passed through United Way of Greater Lehigh Valley</u>							
Innovative Approaches to Literacy, Full Service Community Schools, and Promise Neighborhoods	I	N/A	84.215	N/A	7/1/19 - 6/30/22	62,500	-
Total U.S. Department of Education						62,500	-
TOTAL FEDERAL AWARDS						\$ 976,128	\$ 13,197

Source Codes:

I - Indirect Funding

D - Direct Funding

See Accompanying Notes for Schedule of Expenditures of Federal Awards

PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pinebrook Family Answers (the “Agency”) under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operation of Pinebrook Family Answers, it is not intended to and does not present the financial position, changes in net assets or cash flows of Pinebrook Family Answers.

NOTE B – BASIS OF ACCOUNTING

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COSTS

The Organization has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE D – NON-CASH AWARDS

The Organization received no non-cash awards during the current year.

NOTE E – SUB-RECIPIENTS

Awards passed through to sub-recipients are reported under expenditures to sub-recipients on the Schedule of Expenditures of Federal Awards.

**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**

Board of Directors
Pinebrook Family Answers
Allentown, PA

We 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 Pinebrook Family Answers (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 24, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pinebrook Family Answers' 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pinebrook Family Answers' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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 Pinebrook Family Answers' financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our 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.

Campbell, Rappold & Yasaita LLP

November 24, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Pinebrook Family Answers
Allentown, PA

Report on Compliance for Each Major Federal Program

We have audited Pinebrook Family Answers' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pinebrook Family Answers' major federal programs for the year ended June 30, 2020. Pinebrook Family Answers' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Pinebrook Family Answers' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pinebrook Family Answers' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Pinebrook Family Answers' compliance.

Opinion on Each Major Federal Program

In our opinion, Pinebrook Family Answers' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of Pinebrook Family Answers is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pinebrook Family Answers' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pinebrook Family Answers' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Campbell, Pappold & Yasuta LLP

November 24, 2020

**PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 201920**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? yes no

Significant deficiency identified that is not considered to be material weakness? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major programs:

Material weakness identified? yes no

Significant deficiencies identified that are not considered to be material weakness? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance. yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.812	Leaving Jail – Second Chance Act Re-Entry Initiative
93.658	Foster Care Title IV-E

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

