

NEPA INCLUSIVE
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NEPA INCLUSIVE
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JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
NEPA Inclusive
Pittston, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of NEPA Inclusive (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, 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. 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.

Zavada & Associates

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NEPA Inclusive as of June 30, 2019, and the results of activities and changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Forty Fort, Pennsylvania
November 1, 2019

A handwritten signature in black ink that reads "Zavada & Associates". The signature is written in a cursive, flowing style with a large, stylized initial 'Z'.

**NEPA INCLUSIVE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 53,906
Accounts receivable	<u>156,268</u>
Total current assets	<u>210,174</u>
Property and equipment, net	-
Other assets	<u>450</u>
Total assets	<u>\$ 210,624</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 32,917
Accrued payroll and taxes	<u>38,387</u>
Total current liabilities	<u>71,304</u>
Total liabilities	<u>71,304</u>
Net Assets:	
Without donor restrictions	<u>139,320</u>
Total net assets	<u>139,320</u>
Total liabilities and net assets	<u>\$ 210,624</u>

See accompanying notes to financial statements.

**NEPA INCLUSIVE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

Without Donor Restrictions:

Operating Activities:

Direct public support	\$ 5,417
Supported Employment	42,817
In-Home and Community Supports	899,905
Vocational Rehabilitation	217,063
OVR stipend reimbursement	43,062
Training income	1,890
All other revenue	<u>8</u>
 Total revenue and support	 <u>1,210,162</u>

Expenses and losses:

Program services:

Supported Employment	31,130
In-Home and Community Supports	591,411
Vocational Rehabilitation	276,099

Supporting services:

Management and general	<u>282,251</u>
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Total expenses	<u>1,180,891</u>
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Change in net assets	29,271
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Net assets, beginning of year	<u>110,049</u>
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Net assets, end of year	<u>\$ 139,320</u>
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See accompanying notes to financial statements.

**NEPA INCLUSIVE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Supported Employment	Program Services			Total Program	Supporting Services		Total Expenses
		In-Home and Community Supports	Vocational Rehabilitation	Management and General				
Client support expenses	\$ 3	\$ 50	\$ -	\$ 53	\$ -	\$ 53		
Health record expense	45	849	-	894	-	894		
Accounting fees	-	-	-	-	-	18,510	18,510	
Behavioral support services	25	470	-	495	-	495		
Legal fees	-	-	-	-	-	30,014	30,014	
OVR stipends	-	-	40,851	40,851	228	41,079		
Equipment maintenance & repairs	-	-	-	-	900	900		
Rent, Parking, Utilities	28	527	-	555	16,435	16,990		
Office expense	-	-	153	153	1,795	1,948		
Dues & Subscriptions	11	208	70	289	1,180	1,469		
Computers & printers	1	20	331	352	5,116	5,468		
Postage & mailing	-	-	8	8	837	845		
Printing & copying	-	-	-	-	3,020	3,020		
Supplies	48	906	247	1,201	9,505	10,706		
Telephone, Telecommunications	6	117	-	123	9,633	9,756		
Bank charges	-	-	30	30	820	850		
Payroll processing	680	12,918	5,287	18,885	3,211	22,096		
Special events	12	225	-	237	96	333		
Advertising	14	258	921	1,193	7,760	8,953		
Outside services	245	4,648	-	4,893	2,254	7,147		
Auto expense	1,305	24,786	11,459	37,550	1,702	39,252		
Background checks	85	1,614	1,341	3,040	220	3,260		
Insurance	-	-	884	884	8,004	8,888		
Training	45	861	9,139	10,045	630	10,675		
Payroll tax expense	2,598	49,355	18,297	70,250	10,819	81,069		
Employee benefits	220	4,184	162	4,566	30,849	35,415		
Salaries & wages: Administrative	5,966	113,357	58,403	177,726	109,132	286,858		
Salaries & wages: Waiver services	19,667	373,670	-	393,337	-	393,337		
Salaries & wages: OVR services	-	-	126,356	126,356	-	126,356		
Salaries & wages: Staff training	26	497	-	523	-	523		
Travel & meetings	92	1,740	318	2,150	5,869	8,019		
Conferences & conventions	2	33	1,842	1,877	3,095	4,972		
Travel	6	118	-	124	15	139		
Interest expense	-	-	-	-	602	602		
	<u>\$ 31,130</u>	<u>\$ 591,411</u>	<u>\$ 276,099</u>	<u>\$ 898,640</u>	<u>\$ 282,251</u>	<u>\$ 1,180,891</u>		

**NEPA INCLUSIVE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ 29,271
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	(5,672)
Other assets	(450)
Increase (decrease) in liabilities:	
Accounts payable	14,459
Accrued payroll and taxes	5,310
Other liabilities	<u>(60)</u>
Net cash provided (used) by operating activities	<u>42,858</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on line of credit	<u>(19,050)</u>
Net cash provided (used) by financing activities	<u>(19,050)</u>
Net increase (decrease) in cash	23,808
Cash at the beginning of the year	<u>30,098</u>
Cash at the end of the year	<u>\$ 53,906</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE:	
Interest paid	<u>\$ 602</u>

See accompanying notes to financial statements.

**NEPA INCLUSIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. NATURE OF OPERATIONS:

NEPA Inclusive (“the Organization”) is a not-for-profit corporation and was formed in December of 2013 to create and support inclusive and sustainable lives for people with disabilities.

The Organization is a provider of services for people with disabilities who have an ‘ID Waiver for Service’ through the Pennsylvania Office of Developmental Programs, Luzerne/Wyoming County Office of Mental Health and Developmental Services and Lackawanna County Office of Behavioral Health/Intellectual Disability/Early Intervention.

The Organization is also a vendor with the Pennsylvania Office of Vocational Rehabilitation for Pre-Employment Transition Services, Job Finding, Job Coaching, and Community Based Work Assessments.

The Organization’s major programs are (1) supported employment which helps people find and keep the jobs they want, at local businesses, making at least the minimum wage and usually the same rate as anyone else in the same job. (2) In-Home and Community Supports which helps people at home and in their community offering companionship services, socialization, and participation in local activities. One on one support is also provided along with supported living either in their family home or their own home or apartment. (3) Vocational rehabilitation which offers job finding, coaching, training, and pre-employment skill assessment and career path identification for adults and high school students ages 14 and older.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of NEPA Inclusive is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective January 1, 2018.

Under provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

**NEPA INCLUSIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

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 Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Basis of Presentation - continued

There were no donor restrictions on any net assets of the Organization at June 30, 2019.

Contributions

Unconditional contributions are recognized when pledged and 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. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

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 the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

**NEPA INCLUSIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services. Such allocations are determined by management based on time and effort.

Cash and Cash Equivalents

The Organization maintains cash accounts in commercial banks. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2019, cash was comprised of a balance in two accounts which did not exceed FDIC limits.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization does not maintain an allowance as management deems it unnecessary based on current collection history.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method as follows:

Computers and Equipment	3 – 10 years
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Additions and betterments are capitalized while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code.

In accordance with the Financial Accounting Standards Board guidance on accounting for uncertainty in income taxes, management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance.

**NEPA INCLUSIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Date of Management Review

Subsequent events were evaluated through November 1, 2019 which is the date the financial statements were available to be issued.

NOTE 3. PROPERTY AND EQUIPMENT:

Property and equipment at June 30 is as follows:

	<u>2019</u>	-
Computers and Equipment	\$ 1,427	
Less: Accumulated depreciation	<u>(1,427)</u>	
Property and equipment, net	\$ _____	

NOTE 4. DEMAND LINE OF CREDIT:

The Organization has a \$70,000 line of credit with Luzerne National Bank, with variable interest rates (6.50% paid at June 30, 2019). There were no outstanding draws at June 30, 2019.

The line is secured by all of the Organization's inventory and equipment and is payable on demand.

NOTE 5. LIQUIDITY:

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 53,906
Accounts receivable	\$ 156,268

As part of the Organization'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 unanticipated liquidity needs, the Organization, Inc. has a committed line of credit in the amount of \$70,000 available for use.