

**NEPA INCLUSIVE
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NEPA INCLUSIVE
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JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
NEPA Inclusive
Pittston, Pennsylvania

Opinion

We have audited the accompanying financial statements of NEPA Inclusive (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NEPA Inclusive and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 NEPA Inclusive'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

Our 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 our 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 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

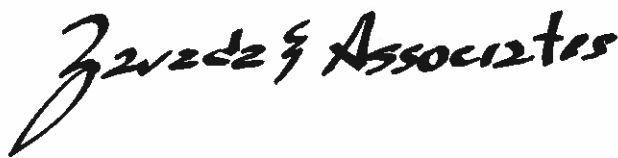
Zavada & Associates

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, we:

- 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 NEPA Inclusive'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NEPA Inclusive's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

A handwritten signature in black ink that reads "Zavada & Associates". The signature is stylized and written in a cursive-like font.

Forty Fort, Pennsylvania
November 15, 2022

**NEPA INCLUSIVE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 494,201
Accounts receivable	268,230
Prepaid expenses	10,761
Other current assets	<u>119,088</u>
Total current assets	<u>892,280</u>
Property and equipment, net	11,359
Other assets	<u>1,950</u>
Total assets	<u>\$ 905,589</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 29,107
Accrued payroll and taxes	56,823
Line of credit	<u>5,963</u>
Total current liabilities	<u>91,893</u>
Total liabilities	<u>91,893</u>
Net Assets:	
Without donor restrictions	769,014
With donor restrictions	<u>44,682</u>
Total net assets	<u>813,696</u>
Total liabilities and net assets	<u>\$ 905,589</u>

See accompanying notes to financial statements.

**NEPA INCLUSIVE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities:			
Direct public support	\$ 33,669	\$ -	\$ 33,669
Supported employment	106,889	-	106,889
In-Home and community supports	2,527,995	-	2,527,995
Vocational rehabilitation	202,981	-	202,981
Housing and tenancy	41,843	-	41,843
OVR stipend reimbursement	16,566	-	16,566
Contributions and grants	115,800	5,707	121,507
Net assets released from restrictions	<u>47,671</u>	<u>(47,671)</u>	<u>-</u>
 Total revenue and support	 <u>3,093,414</u>	 <u>(41,964)</u>	 <u>3,051,450</u>
Expenses and losses:			
Program services:			
Supported employment	90,916	-	90,916
In-Home and community supports	2,000,202	-	2,000,202
Vocational rehabilitation	159,105	-	159,105
Housing and tenancy	22,734	-	22,734
All other program services	45,091	-	45,091
Supporting services:			
Management and general	636,705	-	636,705
Fundraising	<u>14,103</u>	<u>-</u>	<u>14,103</u>
 Total expenses	 <u>2,968,856</u>	 <u>-</u>	 <u>2,968,856</u>
 Change in net assets from Operations	 <u>124,558</u>	 <u>(41,964)</u>	 <u>82,594</u>
Non-operating activities:			
Other non-operating income (expense)	<u>(6,969)</u>	<u>-</u>	<u>(6,969)</u>
 Total non-operating activities	 <u>(6,969)</u>	 <u>-</u>	 <u>(6,969)</u>
 Change in net assets	 <u>117,589</u>	 <u>(41,964)</u>	 <u>75,625</u>
Net assets, beginning of year	<u>651,425</u>	<u>86,646</u>	<u>738,071</u>
Net assets, end of year	<u>\$ 769,014</u>	<u>\$ 44,682</u>	<u>\$ 813,696</u>

See accompanying notes to financial statements.

**NEPA INCLUSIVE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Supported Employment</u>	<u>In-Home and Community Supports</u>	<u>Vocational Rehabilitation</u>	<u>Housing & Tenancy</u>	<u>All Other Programs</u>	<u>Management and General</u>	<u>Total Expenses</u>
Advertising	\$ 305	\$ 6,715	\$ 534	\$ 76	\$ 41	\$ 21,769	\$ 29,440
Auto expense	3,784	83,238	6,621	946	-	4,029	98,618
Background checks	299	6,586	524	75	-	-	7,484
Bank charges	-	2	-	-	-	-	2
BOD expense	-	-	-	-	-	494	494
Client support expenses	488	10,738	854	122	11,534	-	23,736
Computers, printers & software	713	15,691	1,248	178	-	7,049	30,590
Conferences & conventions	122	2,691	214	31	-	-	3,058
Depreciation expense	-	-	-	-	-	1,906	1,906
Dues & subscriptions	138	3,035	241	34	-	10,340	14,103
Employee benefits	2,696	59,314	4,718	674	-	59,908	127,310
Facilities & equipment	81	1,786	142	20	2,480	-	4,509
Health record expense	736	16,200	1,289	184	-	400	18,809
Insurance	14	304	24	3	-	14,496	14,841
Interest expense	-	-	-	-	-	446	446
Legal and professional	-	-	-	-	-	41,257	41,257
Licenses & registrations	-	-	-	-	-	150	150
Office expense	-	-	-	-	-	1,000	1,000
Outside services	238	5,226	416	59	-	2,242	8,181
OVR stipends	1,398	30,761	2,447	350	-	-	34,956
Payroll processing	1,272	27,987	2,226	318	-	8,443	40,246
Payroll tax expense	6,089	133,957	10,656	1,522	1,148	35,225	188,597
Printing & postage	1	31	2	6	174	850	3,084
Recruiting expense	1,693	37,254	2,963	423	-	940	43,273
Rent, parking, utilities	1,540	33,881	2,695	385	7,150	962	46,613
Repairs & maintenance	24	518	41	6	-	94	683
Salaries & wages	67,083	1,475,822	117,395	16,771	10,425	389,746	2,077,242
Special events	-	-	-	-	-	-	-
Supplies	241	5,306	422	60	10,597	5,460	22,086
Telephone & telecommunications	710	15,622	1,243	178	1,250	14,788	33,791
Training	1,163	25,595	2,036	291	292	2,653	32,030
Travel & meetings	88	1,942	154	22	-	12,058	14,264
	<u>\$ 90,916</u>	<u>\$ 2,000,202</u>	<u>\$ 159,105</u>	<u>\$ 22,734</u>	<u>\$ 45,091</u>	<u>\$ 636,705</u>	<u>\$ 2,968,856</u>

**NEPA INCLUSIVE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ 75,625
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	1,906
(Increase) decrease in assets:	
Accounts receivable	(17,686)
Prepaid expenses	(3,114)
Other current assets	259,673
Other assets	(1,500)
Increase (decrease) in liabilities:	
Accounts payable	(2,718)
Accrued payroll and related	(125,465)
Other liabilities	-
PPP loan forgiveness	(115,800)
Deferred revenue	-
Net cash provided (used) by operating activities	<u>70,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property & equipment	<u>(2,828)</u>
Net cash provided (used) by investing activities	<u>(2,828)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from line of credit	-
Principal payments on line of credit	<u>(2,553)</u>
Net cash provided (used) by financing activities	<u>(2,553)</u>
Net increase (decrease) in cash	65,540
Cash at the beginning of the year	<u>428,661</u>
Cash at the end of the year	<u>\$ 494,201</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE:	
Interest paid	<u>\$ 446</u>

See accompanying notes to financial statements.

**NEPA INCLUSIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1. NATURE OF OPERATIONS:

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

The Organization is a provider of Intellectual Disability Waiver Services and Community-Based Services through the Office of Developmental Programs (ODP) and a vendor through the Office of Vocational Rehabilitation (OVR) serving the counties of Berks, Bucks, Carbon, Columbia, Lackawanna, Lehigh, Luzerne, Monroe, Montgomery, Northampton, Pike, Schuylkill, and Wyoming.

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

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. (4) **Smart Technology Drop-In Resource Center** is a place where people with disabilities can learn how SMART Technology can enhance their ability to live inclusively and independently in the community. The Center also serves as a ‘drop in’ location to seek short term socialization and assistance in a multitude of areas of support. (5) **Inclusive Rental Assistance Program (IRAP)** provides rental assistance to people with disabilities to help them choose where and with whom they live and helps break the cycle of poverty by providing safe, affordable housing outside of low income areas.

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, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”).

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:

**NEPA INCLUSIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Basis of Presentation – continued

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.

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.

There were donor restrictions of \$44,682 on net assets of the Organization at June 30, 2022.

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.

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.

**NEPA INCLUSIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:

Cash and Cash Equivalents

The Organization considers all highly liquid savings, deposits and investments with initial maturities of three months or less when purchased to be cash equivalents.

The Organization maintains cash accounts in commercial banks. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000.

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, 2022**

NOTE 3. OTHER CURRENT ASSETS:

On March 27, 2020, in an effort to mitigate the economic impact of the COVID-19 pandemic, the U.S. Congress enacted the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The CARES Act contains provisions for an employee retention credit ("ERC"), a refundable payroll credit for wages and health benefits paid to employees not providing services due to the pandemic. The ERC has been extended twice, first as part of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Relief Act) and second as part of the American Rescue Plan Act (ARPA).

As a result of the CARES Act, at June 30, 2021 the organization claimed \$378,761 under the employee retention credit program. The organization accounted for this as an other current asset on the statement of financial position and as all other revenue on the statement of activities.

As of June 30, 2022, the balance remaining was \$119,588.

Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

NOTE 4. PROPERTY AND EQUIPMENT:

Property and equipment at June 30 is as follows:

	<u>2022</u>
Computers and Equipment	\$ 17,364
Less: Accumulated depreciation	<u>(6,005)</u>
Property and equipment, net	<u>\$ 11,359</u>

NOTE 5. DEMAND LINE OF CREDIT:

The Organization has a \$70,000 line of credit with Luzerne National Bank, with variable interest rates (6% paid at June 30, 2022). Outstanding draws at June 30, 2022 were \$5,963.

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

NOTE 6. 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	\$ 494,201
Accounts receivable	\$ 268,230
Other current assets	\$ 119,088

**NEPA INCLUSIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6. LIQUIDITY – continued:

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.

NOTE 7. REFUNDABLE ADVANCE PAYABLE (PAYCHECK PROTECTION PROGRAM):

On May 4, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), from Northeast Bank (the original “PPP Lender”), for an aggregate principal amount of \$115,800 (the “PPP Loan”). The PPP Loan was acquired by The Loan Source (the new “PPP Lender”). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization applied for forgiveness of the PPP Loan with respect to these covered expenses in March of 2021 and received full forgiveness from the SBA in February 2022. The amount forgiven is shown in the Statement of Activities as Contributions and Grants in accordance with FASB ASC 958-605.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions were available with the following restrictions as of June 30, 2022:

SMART Technology Resource Center (restricted for purpose) \$43,325.

Giving Tuesday – Inclusive Rental Assistance Program (restricted for purpose) \$1,357.

NOTE 9. RESTRICTED CONTRIBUTIONS AND GRANTS:

On March 9, 2020, the Board of Directors of the All One Foundation approved a \$120,000 grant to the Organization. The purpose of the grant is to increase the independence and inclusion of people with autism and other disabilities using smart technology through the establishment of the SMART Technology Resource Center. As of June 30, 2022, \$76,675 was spent in accordance with the conditions of the grant.

On July 1, 2020, the Robert H. Spitz Foundation granted \$10,000 to the Organization. The grant is to be used solely for the purpose of the NEPA Inclusive Accessible Housing Partnership. As of June 30, 2022, all of the funds were spent in accordance with the purpose of the grant.

As part of Giving Tuesday, \$5,707 was contributed by various donors’ for the Organizations Inclusive Rental Assistance Program. As of June 30, 2022, \$4,350 was spent in accordance with the donors’ stipulations.

**NEPA INCLUSIVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10. RISKS AND CONTINGENCIES

Management is currently responding to the existing effects of the global pandemic and planning for the potential future effects that the pandemic may have on the Organization's operations, including the overall health of the economy. At the current time, management is unable to quantify the potential effects of this pandemic on the Organization's future financial statements.

NOTE 11. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 15, 2022 which is the date the financial statements were available to be issued.

The Organization began discussions with Turn To Us, a Pennsylvania not-for-profit corporation, and in July, 2022 a decision was made to add the Organization's Board members to the Turn To Us Board.