

**NEPA INCLUSIVE  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Zavada & Associates**  
**Certified Public Accountants**

**NEPA INCLUSIVE**  
**TABLE OF CONTENTS**  
**JUNE 30, 2021**

	<b><u>PAGE</u></b>
Independent Auditor's Report.....	1-2
Financial Statements:	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows.....	6
Notes to Financial Statements .....	7-12

**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, 2021, 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. 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, 2021, 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.

*Zavada & Associates*

Forty Fort, Pennsylvania  
October 29, 2021

**NEPA INCLUSIVE  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021**

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 428,661
Accounts receivable	250,544
Prepaid expenses	7,647
Other current assets	<u>378,761</u>
Total current assets	<u>1,065,613</u>
Property and equipment, net	10,437
Other assets	<u>450</u>
Total assets	<u>\$ 1,076,500</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 31,825
Accrued payroll and taxes	182,288
Line of credit	8,516
Refundable advance payable	<u>115,800</u>
Total current liabilities	<u>338,429</u>
Total liabilities	<u>338,429</u>
Net Assets:	
Without donor restrictions	651,425
With donor restrictions	<u>86,646</u>
Total net assets	<u>738,071</u>
Total liabilities and net assets	<u>\$ 1,076,500</u>

See accompanying notes to financial statements.

**NEPA INCLUSIVE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Activities:</b>			
Direct public support	\$ 9,625	\$ -	\$ 9,625
Supported employment	61,110	-	61,110
In-Home and community supports	2,054,698	-	2,054,698
Vocational rehabilitation	64,029	-	64,029
OVR stipend reimbursement	2,117	-	2,117
Contributions and grants	316,604	10,000	326,604
Training income	-	-	-
All other revenue	379,569	-	379,569
Net assets released from restrictions	<u>32,471</u>	<u>(32,471)</u>	<u>-</u>
<b>Total revenue and support</b>	<b><u>2,920,223</u></b>	<b><u>(22,471)</u></b>	<b><u>2,897,752</u></b>
<b>Expenses and losses:</b>			
<b>Program services:</b>			
Supported employment	55,863	-	55,863
In-Home and community supports	1,750,291	-	1,750,291
Vocational rehabilitation	55,863	-	55,863
All other program services	44,271	-	44,271
<b>Supporting services:</b>			
Management and general	<u>512,491</u>	<u>-</u>	<u>512,491</u>
<b>Total expenses</b>	<b><u>2,418,779</u></b>	<b><u>-</u></b>	<b><u>2,418,779</u></b>
Change in net assets	501,444	(22,471)	478,973
Net assets, beginning of year	<u>149,981</u>	<u>109,117</u>	<u>259,098</u>
Net assets, end of year	<b><u>\$ 651,425</u></b>	<b><u>\$ 86,646</u></b>	<b><u>\$ 738,071</u></b>

See accompanying notes to financial statements.

**NEPA INCLUSIVE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>				<u>Supporting Services</u>	
	<u>Supported Employment</u>	<u>In-Home and Community Supports</u>	<u>Vocational Rehabilitation</u>	<u>All Other Programs</u>	<u>Management and General</u>	<u>Total Expenses</u>
Client support expenses	\$ 202	-	-	\$ 11,622	-	\$ 18,340
BOD expense	360	11,288	360	-	1,322	1,322
Health record expense	-	-	-	-	-	12,008
Legal and professional	135	4,215	135	-	-	36,322
OVR stipends	10	312	10	-	-	4,485
Facilities & equipment	74	2,327	74	115	-	332
Maintenance & repairs	99	3,111	99	7,800	-	2,590
Rent, parking, utilities	-	-	-	-	22,550	33,659
Office expense	47	1,487	47	-	600	600
Dues & subscriptions	1	24	1	-	3,463	5,044
Licenses & registrations	194	6,081	194	-	150	176
Computers & printers	8	241	8	16	2,858	9,327
Printing & postage	165	5,155	165	6,295	641	914
Supplies	516	16,155	516	1,375	11,409	23,189
Telephone & telecommunications	-	-	-	-	7,386	25,948
Bank charges	769	24,095	769	-	22	22
Payroll processing	3	109	3	-	8,844	34,477
Fundraising	282	8,850	282	-	5,193	5,308
Advertising	903	28,297	903	2,600	4,416	13,830
Outside services	1,708	53,510	1,708	-	5,292	37,995
Auto expense	224	7,006	224	-	2,202	59,128
Background checks	26	809	26	-	1,156	8,610
Insurance	347	10,878	347	498	32,200	33,061
Training	4,202	131,648	4,202	1,470	6,597	18,667
Payroll tax expense	1,569	49,165	1,569	-	28,031	169,553
Employee benefits	42,636	1,335,933	42,636	12,480	27,399	79,702
Salaries & wages	8	235	8	-	294,924	1,728,609
Conferences & conventions	156	4,864	156	-	512	763
Travel & meetings	-	-	-	-	1,823	6,999
Depreciation expense	1,219	38,182	1,219	-	1,873	1,873
Recruiting expense	-	-	-	-	4,743	45,363
Interest expense	-	-	-	-	563	563
	<u>\$ 55,863</u>	<u>\$ 1,750,291</u>	<u>\$ 55,863</u>	<u>\$ 44,271</u>	<u>\$ 512,491</u>	<u>\$ 2,418,772</u>

**NEPA INCLUSIVE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (decrease) in net assets	\$ 478,973
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	1,873
(Increase) decrease in assets:	
Accounts receivable	(63,594)
Prepaid expenses	(7,647)
Other current assets	(378,761)
Increase (decrease) in liabilities:	
Accounts payable	18,020
Accrued payroll and taxes	128,296
Other liabilities	-
Refundable advance payable	-
Deferred revenue	<u>(316,604)</u>
Net cash provided (used) by operating activities	<u>(139,444)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property & equipment	<u>-</u>
Net cash provided (used) by investing activities	<u>-</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from line of credit	-
Principal payments on line of credit	<u>(1,385)</u>
Net cash provided (used) by financing activities	<u>(1,385)</u>
 Net increase (decrease) in cash	(140,829)
 Cash at the beginning of the year	<u>569,490</u>
 Cash at the end of the year	<u>\$ 428,661</u>
 <b>SUPPLEMENTAL CASH FLOW DISCLOSURE:</b>	
Interest paid	<u>\$ 563</u>

See accompanying notes to financial statements.



**NEPA INCLUSIVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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 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:

**NEPA INCLUSIVE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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 \$86,646 on net assets of the Organization at June 30, 2021.

**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**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which, among other things, requires the recognition of lease assets and lease liabilities by lessees, including for those leases classified as operating leases under previous GAAP, along with the disclosure of key information about leasing arrangements. When effective, the ASU will supersede FASB ASC 840, Leases, and

**NEPA INCLUSIVE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:**

**New Accounting Pronouncement - continued**

add Topic 842, Leases, to the FASB ASC. The ASU is effective for most nonprofit organizations for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. In addition to replacing FASB ASC 840 with FASB ASC 842, the ASU amends and supersedes other topics throughout the FASB ASC. Management has not yet evaluated the effects of this standard on the Organization's financial statements.

**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 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.

**NEPA INCLUSIVE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:**

**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.

**Date of Management Review**

Subsequent events were evaluated through October 29, 2021 which is the date the financial statements were available to be issued.

**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.

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>2021</u>
Computers and Equipment	\$ 14,536
Less: Accumulated depreciation	<u>(4,099)</u>
Property and equipment, net	<u>\$ 10,437</u>

**NEPA INCLUSIVE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2020). Outstanding draws at June 30, 2021 were \$8,516.

The line is secured by all of the Organization's inventory and equipment 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	\$ 428,661
Accounts receivable	\$ 250,544
Other current assets	378,761

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. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and principal payments will be required through the maturity date in May 2022. If the Organization receives notification that the loan will be forgiven, the liability will be removed, and the loan proceeds will be recorded as revenue.

**NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions were available with the following restrictions as of June 30, 2021:

SMART Technology Resource Center (restricted for purpose) \$78,762.

Accessible Housing Partnership (restricted for purpose) \$7,884.

**NEPA INCLUSIVE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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. The grant was approved for a period of 24 months ending March 19, 2022. As of June 30, 2021, \$41,238 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. The grant was approved for a year and was extended through June 30, 2022. As of June 30, 2021, \$2,116 was spent in accordance with the purpose of the grant.

**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.