IMPACT, Alcohol & Other Drug Abuse Services, Inc.

Financial Statements and
Supplementary Information

December 31, 2021 and 2020

Table of Contents
December 31, 2021 and 2020

Independent Auditors' Report

To the Board of Directors of
IMPACT, Alcohol & Other Drug Abuse Services, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IMPACT, Alcohol & Other Drug Abuse Services, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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 the Organization'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 the Organization'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2022 on our consideration of the Organization's 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 solely 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 the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Milwaukee, Wisconsin
May 17, 2022

IMPACT, Alcohol & Other Drug Abuse Services, Inc.

Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 1,833,479	$ 1,615,196
Investments	267,437	224,916
Accounts receivable	800	164,922
Grants receivable	392,737	234,896
Pledges receivable	457,596	498,863
Prepaid expenses	21,724	23,013
Total current assets	2,973,773	2,761,806
Property and Equipment, Net	91,898	107,651
Total assets	$ 3,065,671	$ 2,869,457
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 44,537	$ 140,542
Accrued liabilities	395,686	374,082
Current portion of capital lease	2,160	5,282
Refundable grants	296,525	15,425
Current portion of long term debt	-	85,463
Total current liabilities	738,908	620,794
Long-Term Liabilities		
Capital lease	2,480	4,640
Long-term debt	-	598,237
Total liabilities	741,388	1,223,671
Net Assets		
Without donor restrictions	1,871,687	1,146,923
With donor restrictions	452,596	498,863
Total net assets	2,324,283	1,645,786
Total liabilities and net assets	$ 3,065,671	$ 2,869,457

See notes to financial statements

IMPACT, Alcohol & Other Drug Abuse Services, Inc.

Statements of Activities
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support						
Grants	$ 2,849,863	$ -	$ 2,849,863	$ 2,743,374	$ -	$ 2,743,374
Contributions	155,463	-	155,463	495,865	-	495,865
United Way	415,254	452,596	867,850	428,246	448,863	877,109
Forgiveness of debt	683,700	-	683,700	-	-	-
Net assets released from restrictions	498,863	(498,863)	-	441,099	(441,099)	-
Total public support	4,603,143	(46,267)	4,556,876	4,108,584	7,764	4,116,348
Revenue						
Program fees	1,039,223	-	1,039,223	869,213	-	869,213
Subcontracts	1,031,416	-	1,031,416	712,880	-	712,880
Investment income, net	42,716	-	42,716	28,100	-	28,100
Total revenue	2,113,355	-	2,113,355	1,610,193	-	1,610,193
Total public support and revenue	6,716,498	(46,267)	6,670,231	5,718,777	7,764	5,726,541
Expenses						
Program	4,822,987	-	4,822,987	4,252,214	-	4,252,214
Management and general	968,486	-	968,486	878,473	-	878,473
Fundraising	200,261	-	200,261	217,640	-	217,640
Total expenses	5,991,734	-	5,991,734	5,348,327	-	5,348,327
Change in net assets	724,764	(46,267)	678,497	370,450	7,764	378,214
Net Assets, Beginning	1,146,923	498,863	1,645,786	776,473	491,099	1,267,572
Net Assets, Ending	$ 1,871,687	$ 452,596	$ 2,324,283	$ 1,146,923	$ 498,863	$ 1,645,786

See notes to financial statements

IMPACT, Alcohol & Other Drug Abuse Services, Inc.

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	$ 678,497	$ 378,214
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	15,753	17,226
Net gain on investments	(38,403)	(23,336)
Forgiveness of debt	(683,700)	-
Changes in assets and liabilities:		
Accounts and grants receivables	6,281	(166,811)
Pledges receivable	41,267	(15,264)
Prepaid expenses	1,289	(1,734)
Accounts payable	(96,005)	83,085
Accrued liabilities	21,604	130,875
Refundable grants	281,100	(2,985)
Net cash flows from operating activities	227,683	399,270
Cash Flows From Investing Activities		
Purchase of investments	(4,118)	(4,083)
Net cash flows from investing activities	(4,118)	(4,083)
Cash Flows From Financing Activities		
Proceeds from long-term debt	-	683,700
Payments on capital lease	(5,282)	(4,587)
Net cash flows from financing activities	(5,282)	679,113
Net change in cash and cash equivalents	218,283	1,074,300
Cash and Cash Equivalents, Beginning	1,615,196	540,896
Cash and Cash Equivalents, Ending	$ 1,833,479	$ 1,615,196
Supplemental Cash Flow Disclosures		
Cash paid for interest	$ 564	$ 2,017

See notes to financial statements

IMPACT, Alcohol & Other Drug Abuse Services, Inc.

Statement of Functional Expenses
Year Ended December 31, 2021

	AODA Services	211	Planning Council	Coordinated Entry	Shelter	Homeless Prevention Fund	Impact Connect	Total Program	Fundraising	Management and General	Total
Salaries and wages	$ 663,810	$ 1,058,709	$ 223,382	$ 662,780	$ -	$ -	$ 88,037	$ 2,696,718	$ 153,096	$ 570,368	$ 3,420,182
Employee benefits	77,318	123,399	44,533	86,144	-	-	16,592	347,986	16,777	83,366	448,129
Payroll taxes	54,220	86,074	17,955	53,936	-	-	7,069	219,254	13,541	46,286	279,081
Total salaries and related expenses	795,348	1,268,182	285,870	802,860	-	-	111,698	3,263,958	183,414	700,020	4,147,392
Professional fees	57,827	8,187	120	5,051	469,000	305,371	236,136	1,081,692	-	104,108	1,185,800
Supplies	6,471	378	210	1,317	-	-	37	8,413	72	7,375	15,860
Telephone	26,306	62,636	441	28,697	-	-	168	118,248	1,273	12,939	132,460
Postage and shipping	2,676	4,512	836	2,885	-	-	318	11,227	2,497	2,687	16,411
Occupancy	103,187	51,023	13,720	31,740	-	-	2,964	202,634	4,072	70,245	276,951
Bank charges and interest	35,978	-	-	-	-	-	-	35,978	-	5,739	41,717
Rental and maintenance equipment	2,659	1,083	67	716	-	-	23	4,548	44	6,522	11,114
Printing and publications	583	1,250	-	441	-	-	15,462	17,736	4,471	5,224	27,431
Travel	87	158	-	31	-	-	-	276	-	97	373
Conferences, conventions and meetings	361	4,049	375	1,570	-	-	450	6,805	1,395	4,957	13,157
Memberships and dues	976	688	292	272	-	-	-	2,228	-	13,417	15,645
Computer/Internet	15,472	17,119	5,658	15,488	-	-	2,181	55,918	2,492	32,153	90,563
Other	-	-	-	-	-	-	-	-	-	1,107	1,107
Depreciation	5,158	4,605	727	2,561	-	-	275	13,326	531	1,896	15,753
Total expenses	$ 1,053,089	$ 1,423,870	$ 308,316	$ 893,629	$ 469,000	$ 305,371	$ 369,712	$ 4,822,987	$ 200,261	$ 968,486	$ 5,991,734

See notes to financial statements

IMPACT, Alcohol & Other Drug Abuse Services, Inc.

Statement of Functional Expenses
Year Ended December 31, 2020

	AODA Services	211	Planning Council	Coordinated Entry	Shelter	Homeless Prevention Fund	Impact Connect	Total Program	Fundraising	Management and General	Total
Salaries and wages	$ 572,784	$ 1,067,505	$ 232,356	$ 610,014	$ -	$ -	$ 2,134	$ 2,484,793	$ 139,457	$ 552,122	$ 3,176,372
Employee benefits	85,417	127,164	44,499	75,963	-	-	-	333,043	16,172	92,780	441,995
Payroll taxes	43,998	80,434	17,286	45,930	-	-	163	187,811	10,352	42,163	240,326
Total salaries and related expenses	702,199	1,275,103	294,141	731,907	-	-	2,297	3,005,647	165,981	687,065	3,858,693
Professional fees	32,834	18,129	-	10,756	475,900	141,863	78,870	758,352	-	59,460	817,812
Supplies	4,536	951	203	874	-	-	-	6,564	67	6,861	13,492
Telephone	23,275	57,125	220	25,611	-	-	-	106,231	804	9,842	116,877
Postage and shipping	1,874	3,612	717	2,040	-	-	-	8,243	2,415	2,109	12,767
Occupancy	105,559	63,420	13,444	35,544	-	-	-	217,967	3,863	46,855	268,685
Bank charges and interest	22,337	-	-	-	-	-	-	22,337	-	9,287	31,624
Rental and maintenance equipment	4,282	2,335	169	1,086	-	-	-	7,872	103	5,033	13,008
Printing and publications	738	2,238	-	861	-	-	17,161	20,998	40,515	4,470	65,983
Travel	407	345	206	1,433	-	-	-	2,391	130	632	3,153
Conferences, conventions and meetings	380	4,607	-	1,656	-	-	-	6,643	1,476	8,082	16,201
Memberships and dues	750	421	574	139	-	-	-	1,884	-	14,333	16,217
Computer/Internet	8,215	38,050	5,532	20,558	-	-	-	72,355	1,795	22,305	96,455
Other	-	-	-	-	-	-	-	-	-	134	134
Depreciation	5,067	5,914	828	2,921	-	-	-	14,730	491	2,005	17,226
Total expenses	$ 912,453	$ 1,472,250	$ 316,034	$ 835,386	$ 475,900	$ 141,863	$ 98,328	$ 4,252,214	$ 217,640	$ 878,473	$ 5,348,327

1. Summary of Significant Accounting Policies

Nature of Activities

IMPACT, Alcohol & Other Drug Abuse Services, Inc. (the Organization) is committed to changing lives, for good. Our family of services helps restore the health and productivity of individuals, organizations and workplaces leading to an improved quality of life for our entire community. For more than 60 years, the Organization's programs have provided the motivation and means for those looking to take the first step toward regaining stability. Headquartered in Southeastern Wisconsin, the Organization has established a productive collaborative relationship with leading businesses, funders, community stakeholders and other non-profit organizations.

Cash and Cash Equivalents

The Organization defines cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. Cash and cash equivalents held with fund managers are recorded as investments on the statements of financial position.

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). The Organization records the change of ownership of bonds and stocks on the day a trade is made. Investment income or loss and unrealized gains or losses are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Investment income is presented net of investment fees.

Accounts Receivable

The Organization assesses collectibility of amounts due prior to the recognition of revenues. Accounts receivable are recorded at net realizable value when the amounts are due in accordance with contracts with customers. Accounts are written-off through bad debt expense when the Organization has exhausted all collection efforts and determines accounts are impaired based on changes in credit worthiness. No amounts were written-off in 2021 and 2020.

Grants Receivable

Grants receivable represent the outstanding balance of government grants due to the Organization based upon costs incurred. Management determines the need for an allowance for doubtful accounts based on historical collection experience and a review of current receivable balances. No allowance for doubtful accounts is considered necessary at December 31, 2021 and 2020.

Pledges Receivable

Unconditional pledges receivable made to the Organization are recorded in the year the pledge is made. Current pledges receivable are expected to be collected during the next year and are recorded at net realizable value. If a pledge is received that covers multiple years, the pledge is discounted and amortized over the life of the pledge using the rate of applicable U.S. Treasury notes at the time of the pledge. The amortization of this discount is recognized as contribution revenue in future periods. Pledges are reviewed for collectability. An allowance for pledges receivable is determined based on experience. Management deemed no allowance was necessary at December 31, 2021 and 2020.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of $5,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired, or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Donated property and equipment are recorded as increases in net assets without donor restrictions at their estimated fair value as of the date received. Contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service or as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Refundable Grants

Refundable grants consist of advances received on conditional contributions where the condition or barrier has not yet been met. One grantor will provide $500,000 upon request when these funds are depleted, along with an additional $2,000,000 through June 2024.

Net Assets

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

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations. The Organization's Board of Directors (Board) has the ability to designate net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board at any time. The Board has not designated any amounts as of December 31, 2021 and 2020.

Net Assets With Donor Restrictions

Net assets that are subject to donor-imposed stipulations that expire by passage of time, can be fulfilled and removed by actions of the Organization pursuant to those stipulations, or that they be maintained in perpetuity by the Organization.

Tax-Exempt Status

The Organization has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes.

Grants

The Organization receives grants from public government entities in which the Organization is requested to perform services specific for residents of Southeastern Wisconsin impacted by alcohol and other drug abuse. Revenue is recognized in the accounting period when the allowable expenses for the grant are incurred. The Organization submits requests for reimbursement to the funders or receives payments for services performed at an agreed upon rate. Grant agreements are renewed annually and are conditional upon the performance of services in the period of the agreement. Conditional grants receivable were $2,500,000 and $345,000 at December 31, 2021 and 2020, respectively.

Contributions

The Organization recognizes all contributions received, including those received from United Way, as income in the period the unconditional contributions are received. Contributions are considered unconditional when the Organization meets any barriers or conditions communicated in the agreement. Contributed support is reported as without donor restrictions or as with donor restrictions depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Revenue Recognition Policies

Revenue under contracts with customers is recognized when the customer obtains control of the good or service and is recognized to depict the transfer of promised goods or services in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

A performance obligation is a distinct good, service or a bundle of goods and services promised in a contract. The Organization identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to appropriately depict the Organization's performance in transferring control of the promised goods or services to the customer. Contracts with customers do not include a significant financing component.

Program Fees

The Organization principally generates revenue from the intoxicated driver program (IDP) assessment fees. IDP assessment fees are recorded using the portfolio approach since the contracts are uniform. Individuals that are charged with operating while intoxicated offenses are required by the State of Wisconsin to obtain an assessment prior to reinstating the individual’s driver’s license. Assessments are non-refundable and paid in full prior to receiving the assessment. To determine the transaction price, management assesses the costs to provide the program and the Board approves the fixed assessment fee through the budget annually. The performance obligation is satisfied upon the completion of the assessment with a counselor and revenue is recognized at that time.

Subcontracts

The Organization generates revenue from subcontracts for planning and evaluation services; 2-1-1 after hours and Wisconsin Addiction Recovery Hotline; and other subcontracts. The subcontracts are recorded using the portfolio approach since the contracts contain uniform terms and conditions. In all cases the transaction price is fixed and outlined in the contract. Amounts are generally nonrefundable.

Subcontracts, Planning and Evaluation

The Organization enters into contracts with customers that are grantees. The customers purchase evaluation services from the Organization to fulfill the grantee's requirement to have the results of the program evaluated by an independent third party. The performance obligation is for the Organization to provide a bundle of services to the customers. The bundle of services provided on an ongoing basis over the term of the contract include, but are not limited to, serving as external evaluators in conducting the process and outcome evaluation, support the collection of data required by the grantee, provide data analysis and reporting including interim reports and a final program evaluation report. Contracts may be signed on varying terms with contracts ranging from two through six years. Payments are generally due monthly in equal amounts over the term of the contract. As the Organization provides the bundle of services noted above, the Organization recognizes revenue ratably over the course of the contract.

Revenue recognized from planning and evaluation for the years ended 2021 and 2020 was $490,668 and $432,520 respectively.

Subcontracts, 2-1-1 after hours and Wisconsin Addiction Recovery Hotline

Other 2-1-1 operators in Wisconsin are required to stay available all day to receive phone calls. Due to limited resources of the operators, they cannot meet the staffing needs to meet the requirements of the contracts. The services are purchased from the Organization as a subcontractor to be available to answer calls during those hours the operators cannot meet the requirements of the contract. The performance obligation is to be available for a base number of calls during the term of the agreement. An additional performance obligation is satisfied if the agreed base number of calls is exceeded. Payments for the base amount of calls are fixed at the time of the contract and are due monthly. Additional charges for excess phone calls are determined before entering into the contract and applied to the number of calls over base at the end of the contract and are due at that time. The performance obligations are to be available to take calls and fulfill those operator's calls during hours where the operators do not have the infrastructure in place to take the calls. As the performance obligation is satisfied over time, revenue is recognized pro-rata for the agreed upon base volume of calls. If the base volume is exceeded, revenue is recognized at the end of the contract period.

Wisconsin 2-1-1 is required to use the established regional 2-1-1 contact centers for the Wisconsin Addiction Recovery Helpline (WARH). To establish WARH, Wisconsin 2-1-1 purchases services from the Organization as a subcontractor to maintain the WARH database and have staff available for calls on the helpline. Payments are based on the number of hours maintaining the database, the number of calls taken, and an additional amount fixed at the start of the contract for resources to be available to answer phone calls. The hours and number of phone calls taken are satisfied at a point in time and recognized when the services are performed. The fixed amount to be available is satisfied over time and the related revenue is recognized pro-rata over the term of the contract.

Revenue recognized from 2-1-1 after hours and Wisconsin Addiction Recovery Hotline for the years ended 2021 and 2020 was $132,600 and $147,135, respectively. Of this, revenue recognized at a point in time was $55,235 and $46,905 for the years ended December 31, 2021 and 2020, respectively.

Subcontracts, IMPACT Connect

Beginning in 2020, the Organization entered into subcontracts with four (4) health systems in Southeastern Wisconsin to coordinate the provision of a community information exchange. The subscription fees are billed biannually and revenue is recognized over time as services are provided. Revenue recognized in the years ended 2021 and 2020 was $354,267 and $103,333, respectively.

Subcontracts, Other

The Organization enters into other subcontracts with customers to provide services. The contracts generally have terms on a calendar year basis and the revenue is recognized upon completion of the services within the calendar year. Revenue recognized from other subcontracts for the years ended 2021 and 2020 was $53,881 and $29,892, respectively.

Reclassification

For comparability, certain 2020 amounts have been reclassified to conform with classifications adopted in 2021. The reclassifications have no effect on reported amounts of net assets or change in net assets.

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

Liquidity and Funds Available

The following reflects the Organization's financial assets as of December 31, reduced by amounts not available for general use due to contractual or donor-imposed restrictions:

	2021	2020
Total assets at year end	$ 3,065,671	$ 2,869,457
Less non-financial assets:		
Property and equipment, net	(91,898)	(107,651)
Prepaid expenses	(21,724)	(23,013)
Financial assets, at year end	2,952,049	2,738,793
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions	(452,596)	(498,863)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,499,453	$ 2,239,930

As part of the Organization's liquidity management, the Organization signs contracts with various grantors prior to the beginning of each year. The grantors are invoiced for expenses incurred on a monthly basis. Regular payments for services performed on the contracts provide sufficient funds as obligations become due. Additionally, the Organization has a line of credit, as described in Note 4, with availability to draw on as necessary.

Allocation of Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting function. The expenses that are allocated include salaries and related expenses, supplies, computer/internet, telephone, postage and shipping, insurance and rent (occupancy). Certain salaries and related expenses are allocated based upon time studies performed monthly or number of computers in the program. Supplies, computer/internet, postage and shipping, and insurance expenses are allocated based on direct program salaries monthly unless they can be identified and directly charged to the program. Telephone is allocated based on the percentage of use unless they can be identified and directly charged to the program. Rent is allocated based on square footage used.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* that amends the treatment for leases. The new accounting model for leases capitalizes all leases greater than twelve months, both capital and operating, as assets and liabilities on the statement of financial position. The Organization will be required to apply the standard for annual periods beginning after December 15, 2021 (2022). Management is currently evaluating the impact of ASU No. 2016-02 on its financial statements.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (2022). Management is currently assessing the effect that ASU No. 2020-07 will have on its financial statements.

During March 2020, FASB issued ASU No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU No. 2020-04 provides optional expedients and expectations for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. Entities may elect the optional expedients and exceptions included in ASU No. 2020-04 as of March 12, 2020 and through December 31, 2022. The Organization is currently assessing the effect that electing the optional expedients and exceptions included in ASU 2020-04 would have on its financial statements.

Subsequent Events

The Organization has evaluated subsequent events through May 17, 2022 which is the date that the financial statements were approved and available to be issued.

2. Fair Value of Financial Instruments

As defined in authoritative accounting guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various valuation methods including the market, income and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible, the Organization attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy at December 31.

	2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Equity securities	$ 204,214	$ 204,214	$ -	$ -
Fixed income securities	63,223	63,223	-	-
Total	$ 267,437	$ 267,437	$ -	$ -

	2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Equity securities	$ 160,964	$ 160,964	$ -	$ -
Fixed income securities	63,952	63,952	-	-
Total	$ 224,916	$ 224,916	$ -	$ -

The Organization holds investments in equity and fixed income securities that are publicly traded on various exchanges and are therefore classified as Level 1.

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported on the financial statements.

3. Property and Equipment

The major categories of property and equipment at December 31 are summarized as follows:

	Depreciable Lives	**2021**	**2020**
Furniture and fixtures	3-10 yrs.	$ 230,695	$ 245,159
Leasehold improvements	3-10 yrs.	174,100	174,100
Total property and equipment		404,795	419,259
Less accumulated depreciation		(312,897)	(311,608)
Net property and equipment		$ 91,898	$ 107,651

4. Line of Credit

The Organization has a $100,000 line of credit financing agreement with PNC. Interest is payable monthly at 2.75% plus 1 month LIBOR (2.86% at December 31, 2021). The line of credit matures on June 20, 2022 and is secured by substantially all of the Organization's assets. There were no amounts outstanding on the line of credit at December 31, 2021 and 2020.

5. Long-Term Debt - Paycheck Protection Program Loan Payable

On April 14, 2020, the Organization received loan proceeds in the amount of $683,700 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying business in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a “covered period” (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over 2 years if issued before, or 5 years if issued after June 5, 2020 at an interest rate of 1% with payments deferred until the SBA remits the borrowers loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. The Organization may request to repay the loan over five years and request is subject to the approval of the lender. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

The Organization met the PPP’s loan forgiveness requirements, and therefore, applied for forgiveness during May of 2021. Legal release was received during July of 2021, therefore, the Organization recorded forgiveness of debt income of $683,700 within its statement of activities for the year ended December 31, 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

6. Operating Leases

The Organization leases facilities and equipment under lease agreements expiring at various dates through September 2025. Two leases require lease payments plus pro-rata increases on real estate taxes and operating expenses.

Future minimum lease payments for the years ending after December 31, 2021 are as follows:

Years ending December 31:		
2022	$	255,914
2023		247,510
2024		251,310
2025		186,652
Total	$	941,386

Rent expense on the operating leases was $258,122 and $251,127 for the years ended December 31, 2021 and 2020, respectively and is included in occupancy on the statements of functional expenses.

7. Capital Leases

The Organization has entered into capital lease agreements for the use of various equipment. The lease agreements expire through January 2024. The capitalized cost of the leased property at December 31, 2021 and 2020 was $10,295 and $24,759, respectively. Amortization expense on the capital leases is included with depreciation expense. Accumulated amortization was $6,005 and $16,964 as of December 31, 2021 and 2020, respectively. The capital lease obligations are secured by the leased equipment.

The following is a schedule of future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of December 31:

Years ending December 31:	
2022	$ 2,364
2023	2,364
2024	197
Total future minimum lease payments	4,925
Less amount representing interest	(285)
Present value of future minimum lease payments	4,640
Less current portion	(2,160)
Long-term capital lease obligation	$ 2,480

One of the capital lease agreements also includes maintenance costs which will be expensed monthly. The amounts total $1,175 per year.

8. Pension Plan

The Organization has a defined contribution retirement savings plan covering substantially all employees. The Organization makes a 3% contribution based on employees' salaries in addition to a discretionary contribution to the plan. Pension expense was $163,788 and $147,645 for the years ended December 31, 2021 and 2020, respectively.

9. Net Assets

Net assets with donor restrictions at year end are composed of:

	2021	2020
Time restrictions	$ 452,596	$ 498,863

10. Concentrations

The Organization received approximately $2,159,891 and $2,216,682 of its funding from two sources during the years ended December 31, 2021 and 2020, respectively. The receivables from these sources amounted to $549,169 and $584,280 at December 31, 2021 and 2020, respectively.

The Organization maintains a balance in one institution that exceeds the federally insured limit of $250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

11. Commitments and Contingencies

Financial Awards from Grantors

Financial awards from federal, state and local governments in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.