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**FRIENDS ASSOCIATION FOR CARE  
& PROTECTION OF CHILDREN**

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2022 AND 2021**

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FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10
SINGLE AUDIT SUPPLEMENT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	23
Schedule of Expenditures of Federal Awards	26
Notes to Schedule of Expenditures of Federal Awards	27
Schedule of Findings and Recommendations	28



## INDEPENDENT AUDITOR'S REPORT

November 22, 2022

To the Board of Directors  
Friends Association for Care & Protection of Children  
West Chester, Pennsylvania

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Friends Association for Care & Protection of Children (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 accompanying financial statements present fairly, in all material respects, the financial position of the Friends Association for Care & Protection of Children 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 (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the Friends Association for Care & Protection of Children 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.

#### Other Matter

The financial statements of the Friends Association for Care & Protection of Children for the year ended June 30, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on November 23, 2021.

To the Board of Directors  
Friends Association for Care & Protection of Children

### 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 Friends Association for Care & Protection of Children's ability to continue as a going concern for one year after the date that the financial statements are 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 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 Friends Association for Care & Protection of Children'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.

To the Board of Directors  
Friends Association for Care & Protection of Children

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Friends Association for Care & Protection of Children'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.

#### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022 on our consideration of the Friends Association for Care & Protection of Children'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 Friends Association for Care & Protection of Children'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 Friends Association for Care & Protection of Children's internal control over financial reporting and compliance.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP

**FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,374,159	\$ 169,790
Accounts receivable, net of allowance	413,281	1,052,762
Prepaid expenses	38,742	34,177
Total Current Assets	<u>1,826,182</u>	<u>1,256,729</u>
Property and equipment, net	169,023	131,902
Investments	<u>1,311,306</u>	<u>1,529,203</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,306,511</u></u>	<u><u>\$ 2,917,834</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 31,288	\$ 70,201
Deferred revenue	375,304	350,000
Total Current Liabilities	<u>406,592</u>	<u>420,201</u>
<b>TOTAL LIABILITIES</b>	<u>406,592</u>	<u>420,201</u>
 <b>NET ASSETS</b>		
Without donor restrictions:		
Operating	2,068,368	1,788,886
Board-designated operating reserve	44,737	44,737
Board-designated investment fund	22,929	22,929
Board-designated reserve fund	360,000	360,000
Total without donor restrictions	<u>2,496,034</u>	<u>2,216,552</u>
With donor restrictions	<u>403,885</u>	<u>281,081</u>
<b>TOTAL NET ASSETS</b>	<u><u>2,899,919</u></u>	<u><u>2,497,633</u></u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,306,511</u></u>	<u><u>\$ 2,917,834</u></u>

The accompanying notes are an integral part of these financial statements.

**FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>PUBLIC SUPPORT AND REVENUES</b>			
Chester County Department of Community Development	\$ 6,384,802	\$ -	\$ 6,384,802
United Way	-	-	-
Grants	399,040	337,810	736,850
Contributions	433,003	-	433,003
In-kind contributions	388,693	-	388,693
Fundraising events, net of costs of \$63,798	216,552	-	216,552
Net investment income (loss)	(219,095)	-	(219,095)
Other income	34,487	-	34,487
Net assets released from restrictions	215,006	(215,006)	-
	<u>7,852,488</u>	<u>122,804</u>	<u>7,975,292</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>			
<b>EXPENSES</b>			
Program services	6,829,142	-	6,829,142
Administration	563,133	-	563,133
Fundraising	180,731	-	180,731
	<u>7,573,006</u>	<u>-</u>	<u>7,573,006</u>
<b>TOTAL EXPENSES</b>			
CHANGE IN NET ASSETS	279,482	122,804	402,286
NET ASSETS, BEGINNING OF YEAR	<u>2,216,552</u>	<u>281,081</u>	<u>2,497,633</u>
NET ASSETS, END OF YEAR	<u>\$ 2,496,034</u>	<u>\$ 403,885</u>	<u>\$ 2,899,919</u>

The accompanying notes are an integral part of these financial statements.

**FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>PUBLIC SUPPORT AND REVENUES</b>			
Chester County Department of Community Development	\$ 1,454,958	\$ -	\$ 1,454,958
United Way	11,250	-	11,250
Grants	315,675	411,825	727,500
Contributions	352,362	20,226	372,588
In-kind contributions	147,514	-	147,514
Fundraising events, net of costs of \$19,255	133,348	-	133,348
Net investment income (loss)	344,474	-	344,474
Paycheck Protection Program loan forgiveness gain	94,600	-	94,600
Net assets released from restrictions	203,421	(203,421)	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>3,057,602</b>	<b>228,630</b>	<b>3,286,232</b>
<b>EXPENSES</b>			
Program services	2,087,579	-	2,087,579
Administration	173,687	-	173,687
Fundraising	125,464	-	125,464
<b>TOTAL EXPENSES</b>	<b>2,386,730</b>	<b>-</b>	<b>2,386,730</b>
<b>CHANGE IN NET ASSETS</b>	670,872	228,630	899,502
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,545,680	52,451	1,598,131
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,216,552</b>	<b>\$ 281,081</b>	<b>\$ 2,497,633</b>

The accompanying notes are an integral part of these financial statements.



**FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

FUNCTIONAL EXPENSES	Program Services	Support Services		Totals
		Administration	Fundraising	
Salaries	\$ 540,504	\$ 163,821	\$ 130,953	\$ 835,278
Payroll taxes	41,207	17,598	9,868	68,673
Employee benefits	33,589	40,552	5,765	79,906
Total Personnel Expenses	<u>615,300</u>	<u>221,971</u>	<u>146,586</u>	<u>983,857</u>
Advertising	-	3,236	9,650	12,886
Bad debt	-	-	-	-
Bank charges	72	1,745	2,624	4,441
Cleaning	1,600	1,020	-	2,620
Communication costs	11,640	4,979	688	17,307
Housing stabilization	5,680,937	-	-	5,680,937
Information technology	8,331	4,704	3,808	16,843
Insurance	3,924	6,403	-	10,327
Office expenses	15,545	11,796	1,876	29,217
Printing and reproduction	-	2,379	7,690	10,069
Professional services	420,269	296,978	7,809	725,056
Rent expense	28,013	-	-	28,013
Repairs and maintenance	14,380	2,490	-	16,870
Travel	2,617	-	-	2,617
Utilities	20,171	5,432	-	25,603
Subtotal before depreciation	<u>6,822,799</u>	<u>563,133</u>	<u>180,731</u>	<u>7,566,663</u>
Depreciation	<u>6,343</u>	<u>-</u>	<u>-</u>	<u>6,343</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u><b>\$ 6,829,142</b></u>	<u><b>\$ 563,133</b></u>	<u><b>\$ 180,731</b></u>	<u><b>\$ 7,573,006</b></u>

The accompanying notes are an integral part of these financial statements.

**FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

FUNCTIONAL EXPENSES	Program	Support Services		Totals
	Services	Administration	Fundraising	
Salaries	\$ 566,572	\$ 59,668	\$ 64,628	\$ 690,868
Payroll taxes	45,045	5,738	6,301	57,084
Employee benefits	39,747	12,405	11,594	63,746
Total Personnel Expenses	<u>651,364</u>	<u>77,811</u>	<u>82,523</u>	<u>811,698</u>
	-			
Advertising	5,835	2,885	6,320	15,040
Bad debt	30,000	-	-	30,000
Bank charges	2,320	432	1,013	3,765
Cleaning	1,560	1,560	-	3,120
Communication costs	8,564	2,717	1,456	12,737
Housing stabilization	1,119,274	200	-	1,119,474
Information technology	-	-	-	-
Insurance	8,747	2,583	2,948	14,278
Office expenses	39,911	14,421	10,262	64,594
Printing and reproduction	3,224	743	1,507	5,474
Professional services	157,008	66,781	14,951	238,740
Rent expense	8,750	-	-	8,750
Repairs and maintenance	10,199	870	286	11,355
Travel	1,200	-	-	1,200
Utilities	19,524	742	1,747	22,013
Subtotal before depreciation	<u>2,067,480</u>	<u>171,745</u>	<u>123,013</u>	<u>2,362,238</u>
Depreciation	<u>20,099</u>	<u>1,942</u>	<u>2,451</u>	<u>24,492</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u><b>\$ 2,087,579</b></u>	<u><b>\$ 173,687</b></u>	<u><b>\$ 125,464</b></u>	<u><b>\$ 2,386,730</b></u>

The accompanying notes are an integral part of these financial statements.

**FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 402,286	\$ 899,502
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	6,343	24,492
Net realized and unrealized (gain) loss on investments	254,509	(307,976)
Paycheck Protection Program loan forgiveness gain	-	(94,600)
(Increase) decrease in:		
Accounts receivable	639,481	(1,031,308)
Promises to give	-	11,250
Prepaid expenses	(4,565)	(20,423)
Increase (decrease) in:		
Accounts payable	(38,913)	62,107
Accrued expenses	-	(20,112)
Deferred revenue	25,304	350,000
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,284,445</u>	<u>(127,068)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property and equipment	(43,464)	(76,897)
Proceeds from sale of investments	174,786	111,729
Purchase of investments	(211,398)	(185,058)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(80,076)</u>	<u>(150,226)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,204,369	(277,294)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>169,790</u>	<u>447,084</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,374,159</u>	<u>\$ 169,790</u>
 NONCASH FINANCING ACTIVITY:		
Paycheck Protection Program loan forgiveness	<u>\$ -</u>	<u>\$ 94,600</u>
 SUPPLEMENTAL INFORMATION:		
Taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

## FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 NATURE OF ACTIVITIES

Founded in 1822, the Friends Association for Care & Protection of Children (the Association) is a Chester County non-profit organization focused on solutions to family homelessness. Every year, hundreds of families in the wealthiest county in Pennsylvania experience the trauma of homelessness. With a bold vision for change, the Association believes in the power of neighbors coming together to create a more equitable community for all. The Association's innovative programs are focused in four key areas: preventing homelessness, providing emergency shelter, partnering with families to support their stability, and promoting systemic change.

#### Prevent

Homelessness Prevention Programs provide community-based services and eviction prevention for families that balance financial assistance, landlord mediation, and case management for 12-18 months to support economic self-sufficiency and the resiliency of families.

In 2020, the Association added a full-time Prevention Specialist to provide gender-specific, trauma-informed care to women in the Association's prevention programs with mental health and/or substance use disorders. As one of the few resources available in Chester County (the County) for specialized case management, women receive the supportive care they need to break cycles of poverty and housing insecurity while simultaneously developing skill sets to address histories of trauma, support for behavioral health treatment, and the resources for their unique and complex needs. By combining housing support with gender-responsive services, research indicates improved long-term success.

In September 2020, the Association led the community in initiating an Eviction Prevention Court (EPC) Pilot Program that aims to prevent homelessness stemming from COVID-19. The program is the first of its kind in Chester County and the only service to offer free legal representation, financial assistance, and social services support to individuals and families facing eviction day of court. Studies have repeatedly shown community-wide benefits from eviction prevention, some showing \$12+ benefit for every \$1 of investment.

#### Provide

The Emergency Housing (Family Center) houses families, referred through the County's coordinated entry system, in one of six apartment units. Each family lives autonomously in an apartment for 90-120 days as they work with their case manager to secure permanent housing, create a housing stability case plan, increase income, and access mainstream benefits. Pregnant women and families with infants are immediately engaged with the Nurse Family Partnership to provide education, support, and resource connections. Taking a two-generation approach, we coordinate high quality early learning access (Head Start, Early

FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF ACTIVITIES (cont'd)

Head Start) for all children under the age of five. The goal is for all families to achieve long-term housing stability. The Association's Family Center is currently the only low-barrier emergency housing in the county that can house entire family units together through their time of crisis.

Partner

Through the Housing Stability Program, long-term case management is available for families recently moved to permanent housing from any emergency housing in the county. Families receive 6-12 months of case management, which includes a housing stability case plan, linkages to supportive services, Prepared Renters Program, and budgeting. This service aims to support families through the critical first months in long-term housing to ensure success.

NIA House is a diversionary reentry home for women and children in Coatesville, Pennsylvania. For returning citizens, having a safe and secure place to call home upon reunification with children can be the vital key to successful reentry. Access to affordable housing is a barrier to economic stability and self-sufficiency. This program will give women the space they need to re-establish critical bonds with their children and secure long-term stable housing after a period of incarceration.

Promote

The Association believes in the power of change on levels big and small, both within ourselves and in our large systems. The Association empowers, organizes, and mobilizes community members for social change and personal transformation.

In 2021, the Association was asked to partner with Chester County in the distribution of funds through the Emergency Rental Assistance Program (ERAP). Funding for this temporary program has been made available by the U.S. Treasury for all county residents struggling to afford rent and/or utility payments as a result of the COVID-19 pandemic. The Association is working with applicants that are facing eviction and/or have a Landlord/Tenant filing in the county.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Statement Presentation

In accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) regarding financial statements of not-for-profit organizations, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are reported at fair value. Donated securities also are reported at fair value as of the date of receipt. All realized and unrealized gains and losses arising from fluctuations in market values, sales, or other disposition of assets are accounted for in the class of net assets that owns the assets.

*Level 1* – Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

*Level 2* – Financial assets valued using Level 2 inputs are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

*Level 3* – Financial assets valued using Level 3 inputs are determined by valuation methodologies that are unobservable and significant to the fair value measurements.

Accounts Receivable

Accounts receivable are stated at unpaid balances net of an allowance for uncollectible accounts. Receivables are considered impaired if full principal payments are not received in accordance with the payment terms. At June 30, 2022 and 2021, the allowance for uncollectible accounts was \$0 and \$30,000, respectively.

Property and Equipment

The Association capitalizes all expenditures at cost for property and equipment in excess of \$1,000. Depreciation of property and equipment is provided over the estimated useful lives

FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

of the respective assets on the straight-line basis. Maintenance and repairs are charged to operations as incurred.

The estimated useful lives are as follows:

Buildings and building improvements	15 - 39 years
Furniture and equipment	3 - 15 years

Net Assets With Donor Restrictions

Net assets with donor restrictions include funds restricted by funding sources. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, purpose restriction is accomplished, or the donor releases the restriction, 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.

Net Assets Without Donor Restrictions

Net assets without donor restrictions is the part of net assets of the Association that is not subject to donor-imposed restrictions.

Revenue Recognition

The Association's primary source of income is grants from governmental agencies and contributions from the general public. These revenues are accounted for under ASC Subtopic 958-605 (ASC 958-605), *Not-for-Profit Entities: Revenue Recognition*, recognizing revenue at the time of the gift if no donor restriction or barriers to the conditional receipt of the grant have been established in their underlying agreements, or over the course of time as barriers are overcome or donor restrictions have been satisfied if those conditions have been established. Grant funds received in advance of the barrier to the conditional receipt of the grant having been satisfied are reported as deferred revenue in the financial statements.

Contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the support is received and recognized.

FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Taxes

The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Association's tax-exempt purpose may be subject to taxation as unrelated business income.

Advertising

The costs of advertising are expensed as incurred. Advertising expense was \$12,886 and \$15,040 for years ended June 30, 2022 and 2021, respectively.

Use of Estimates in the Preparation of Financial Statements

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.

Allocation of Functional Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program and supporting services. Program costs include utilities, supplies, and rent and shelter expenses to provide a support network and family services. Fundraising expenses are costs related to campaigns, development, grant writing, and other fundraising efforts. Management and general expenses are costs directly related to the overall operation of the Association, which are not associated with program or fundraising services. Certain management and general expenses, such as payroll, employee benefits, and payroll taxes, are allocated to program and fundraising based on the employees' use of their time.

Recent Accounting Pronouncement

During 2022, the Association adopted Financial Accounting Standards Board Accounting Standards Update (FASB ASU) 2020-07, to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. FASB ASU 2020-07 did not change existing recognition and measurement requirements for contributed nonfinancial assets.



FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Reclassifications

Certain reclassifications have been made to the June 30, 2021 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTE 3 CONCENTRATION OF CREDIT RISK

The Association maintains its bank accounts at two financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2022 and 2021, there was \$1,060,566 and \$0, respectively, in uninsured balances held at these financial institutions. The Association has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk.

NOTE 4 INVESTMENTS

Investments in marketable securities stated at fair value consist of the following at June 30, 2022 and 2021:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Bond mutual funds	\$ 234,036	\$ 214,882	\$ 242,210	\$ 248,563
Equity mutual/exchange traded funds	494,104	559,273	445,910	657,270
Balanced mutual funds	477,136	537,151	456,245	623,370
Total	<u>\$ 1,205,276</u>	<u>\$ 1,311,306</u>	<u>\$ 1,144,365</u>	<u>\$ 1,529,203</u>

As of June 30, 2022 and 2021, fair value for the Association's investments were determined using Level 1 inputs.

The following summarizes investment income for the years ended June 30, 2022 and 2021:

	2022	2021
Interest and dividends	\$ 35,414	\$ 36,498
Net realized gains (losses)	53,046	17,319
Net unrealized gains (losses), net of fees	<u>(307,555)</u>	<u>290,657</u>
Net investment income (loss)	<u>\$ (219,095)</u>	<u>\$ 344,474</u>

FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

NOTES TO FINANCIAL STATEMENTS

NOTE 5 LAND, BUILDINGS, AND EQUIPMENT

Property and equipment at June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 38,000	\$ 38,000
Furniture and equipment	81,955	81,955
Buildings and building improvements	<u>1,032,202</u>	<u>988,738</u>
	1,152,157	1,108,693
Accumulated depreciation	<u>(983,134)</u>	<u>(976,791)</u>
Property and equipment, net	<u>\$ 169,023</u>	<u>\$ 131,902</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$6,343 and \$24,492, respectively.

NOTE 6 LINE OF CREDIT

The Association has a line of credit from a local bank for \$125,000. Interest on any outstanding balance is payable monthly at 5.25%. The line of credit is on demand and is renewable annually upon review of the financial statements. As of June 30, 2022 and 2021, there were no outstanding balances and no use of the line of credit in either fiscal year.

NOTE 7 PAYCHECK PROTECTION PROGRAM

The Association was approved for a \$94,600 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan accrued interest at 1%, but payments were not required to begin for six months after the funding of the loan. The Association was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and fully guaranteed by the federal government. During the year ended June 30, 2021, the loan was forgiven by the SBA and has been reported on the statement of activities as Paycheck Protection Program loan forgiveness gain.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30, 2022 and 2021:

FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

NOTES TO FINANCIAL STATEMENTS

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (cont'd)

	<u>2022</u>	<u>2021</u>
Shelter remodel	\$ -	\$ 7,325
Summer enrichment	24,524	-
Eviction prevention program	46,483	83,668
NIA House	<u>332,878</u>	<u>190,088</u>
	<u>\$ 403,885</u>	<u>\$ 281,081</u>

NOTE 9 BOARD DESIGNATED NET ASSETS

*Board Designated Operating Reserve* – On November 19, 2009, the Board of Directors agreed to establish a reserve fund equal to 2% of the annual operating budget to be used for unanticipated expenses and emergencies. The balance of the Operating Reserve Fund as of June 30, 2022 and 2021 is \$44,737. The balance in the operating reserve remains constant year to year as the Association has not needed to use the funds for unanticipated expenses or emergencies.

*Board Designated Reserve Fund* – As of June 30, 2011, the Board of Directors decided to designate funds from the sale of the Church Street building to be set aside to provide for the long-term financial stability of the Association. The balance of the Board Designated Reserve Fund as of June 30, 2022 and 2021 is \$360,000.

*Board Designated Investment Fund* – As of June 30, 2018, the Board of Directors decided to invest certain funds for future use as determined by the Board of Directors. The balance assigned to Board Designated Investment Fund as of June 30, 2022 and 2021 is \$22,929.

NOTE 10 CONCENTRATION OF REVENUE

During the years ended June 30, 2022 and 2021, the Association received approximately 84% and 57%, respectively, of its total revenue from the Pennsylvania Housing Finance Agency and the County.

NOTE 11 DONATED SERVICES AND MATERIALS

The Association receives various types of in-kind support, including services and other tangible assets. It recognizes in-kind support in accordance with the FASB ASC. Services rendered to the Association are recognized if they are provided by individuals with

FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

NOTES TO FINANCIAL STATEMENTS

NOTE 11 DONATED SERVICES AND MATERIALS (cont'd)

specialized skills on a complimentary or discounted basis, and the Association would otherwise have to purchase such services. Donated materials are recognized when their fair market value can be ascertained. In-kind support is recognized in the accompanying financial statements as in-kind contributions revenue and is offset by an expense in an equal amount.

During the years ended June 30, 2022 and 2021, the Association received non-cash donations of services and materials without donor restrictions that have been reflected in the financial statements as follows:

	<u>2022</u>	<u>2021</u>
Professional services	\$ 371,753	\$ 114,120
Program and office supplies	<u>16,940</u>	<u>33,394</u>
	<u>\$ 388,693</u>	<u>\$ 147,514</u>

The professional services consist of legal and consulting services and are based on current rates and hours provided by the law and consulting firms. Program and office supplies are estimated using retail prices of identical or similar products purchased in the region. All donated materials and services received by the Association were used toward strategic program alignment and measuring impact and not monetized.

The Association uses volunteers to assist with the needs of fundraising and program activities. For the years ended June 30, 2022 and 2021, volunteers donated approximately 1,000 hours to the Association. While the value of these volunteer hours is substantial and important in implementing the Association's mission, it does not meet the criteria for recognition as contributed services and is, therefore, not reflected in the financial statements.

NOTE 12 LEASE COMMITMENT

Operating Leases

In December 2016, the Association entered into a 60-month operating lease for a photocopier. The lease required monthly payments of \$450 and expired in November 2021.

In March 2021, the Association entered into a five-year lease agreement expiring February 2026 for residential space to be used with the NIA program. The Association has the option to renew for five additional periods of three years each with a 3% rent increase each renewal term. Required monthly payments under this agreement are \$2,500.

In March 2022, the Association entered into a 60-month operating lease for a photocopier. The lease requires monthly payments of \$380 and expires in February 2027.

FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

NOTES TO FINANCIAL STATEMENTS

NOTE 12 LEASE COMMITMENT (cont'd)

Lease expense for the years ending June 30, 2022 and 2021 for all operating leases was \$33,770 and \$14,150, respectively, and is included in printing and reproduction and rent expense on the statement of functional expenses.

Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	
2023	\$ 34,560
2024	34,560
2025	34,560
2026	24,560
2027	<u>3,040</u>
	<u>\$ 131,280</u>

NOTE 13 EMPLOYEE RETIREMENT PLAN

The Association has a defined contribution (SEP) retirement plan covering all employees with one year of service. The amount of contribution to the plan is determined annually by the Board of Directors and may vary from 0% to 15% of covered compensation. Contributions for the years ended June 30, 2022 and 2021 are \$26,732 and \$20,851, respectively.

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association's financial assets consist of cash and cash equivalents, accounts receivable, and investments.

The following reflects the Association's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside by the Board that could be drawn upon if the governing board decides to approve such action.

	<u>2022</u>	<u>2021</u>
Financial assets, at year end	\$ 3,098,746	\$ 2,751,755
Less unavailable for general expenses		
within one year due to:		
Purpose restrictions	403,885	281,081
Board designations	<u>427,666</u>	<u>427,666</u>
Financial assets available to meet cash needs		
for general expenses within one year	<u>\$ 2,267,195</u>	<u>\$ 2,043,008</u>

FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

NOTES TO FINANCIAL STATEMENTS

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES (cont'd)

The Association maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Association also maintains a line of credit that may be drawn upon as needed during the year to manage cash flows. As of June 30, 2022 and 2021, there was no amount outstanding under this line of credit.

NOTE 15 UNCERTAINTIES

The current inflation rate in the United States of America is the highest it has ever been in over 40 years, which is causing prices to skyrocket and is making it more expensive for the Association to operate. There is no timeframe on when relief is expected from these historic price increases, and the full impact on the Association's operations has yet to be determined.

NOTE 16 SUBSEQUENT EVENTS

The Association has evaluated those events and transactions that occurred November 22, 2022, the date the financial statements were available to be issued, and determined there were no other items to be disclosed.

**FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN**  
**SINGLE AUDIT SUPPLEMENT**



INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

November 22, 2022

To the Board of Directors  
Friends Association for Care & Protection of Children  
West Chester, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Friends Association for Care & Protection of Children (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, and have issued our report thereon dated November 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Friends Association for Care & Protection of Children's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Friends Association for Care & Protection of Children's internal control. Accordingly, we do not express an opinion on the effectiveness of the Friends Association for Care & Protection of Children's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Friends Association for Care & Protection of Children's financial statements will not



To the Board of Directors  
Friends Association for Care & Protection of Children

be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Friends Association for Care & Protection of Children's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Friends Association for Care & Protection of Children's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Friends Association for Care & Protection of Children's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP



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

November 22, 2022

To the Board of Directors  
Friends Association for Care & Protection of Children  
West Chester, Pennsylvania

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the Friends Association for Care & Protection of Children's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Friends Association for Care & Protection of Children's major federal program for the year ended June 30, 2022. The Friends Association for Care & Protection of Children's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the Friends Association for Care & Protection of Children complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

To the Board of Directors  
Friends Association for Care & Protection of Children

We are required to be independent of the Friends Association for Care & Protection of Children and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for its major federal program. Our audit does not provide a legal determination of the Friends Association for Care & Protection of Children's compliance with the compliance requirements referred to above.

#### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Friends Association for Care & Protection of Children's federal programs.

#### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Friends Association for Care & Protection of Children's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Friends Association for Care & Protection of Children's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Friends Association for Care & Protection of Children's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Friends Association for Care & Protection of Children's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Friends Association for Care & Protection of Children's internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Directors  
Friends Association for Care & Protection of Children

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

  
BARBACANE, THORNTON & COMPANY LLP

**FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR/PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<u>U.S. Department of Treasury</u>				
<u>Passed through Chester County</u>				
COVID-19 Emergency Rental Assistance Program (ERAP 1)	I	21.023	\$ 3,404,075	\$ -
COVID-19 Emergency Rental Assistance Program (ERAP 2)	I	21.023	2,741,524	-
Total CFDA 21.023			<u>6,145,599</u>	<u>-</u>
Total U.S. Department of Treasury			<u>6,145,599</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
<u>Passed through Chester County</u>				
Community Development Block Grants/Entitlement Grants (COVID Eviction Prevention Program)	I	14.218	9,388	-
Community Development Block Grants/Entitlement Grants (Shelter Rehabilitation)	I	14.218	30,845	-
Community Development Block Grants/Entitlement Grants (Housing Stability Case Management)	I	14.218	14,386	-
Total CFDA 14.218			<u>54,619</u>	<u>-</u>
Emergency Solutions Grant Program	I	14.231	50,445	-
Total U.S. Department of Housing and Urban Development			<u>105,064</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
<u>Passed through Chester County</u>				
Community Services Block Grant (COVID Eviction Prevention Program)	I	93.569	11,947	-
Community Services Block Grant (Housing Stability Case Management)	I	93.569	36,992	-
Total CFDA #93.569			<u>48,939</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>48,939</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 6,299,602</u>	<u>\$ -</u>

Source Code:

I - Indirect

FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 BASIS OF PRESENTATION

This accompanying schedule of expenditures of federal awards includes the federal award activity of the Friends Association for Care & Protection of Children under programs of the federal government for the year ended June 30, 2022. The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule of expenditures of federal awards presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Association.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATES

The Friends Association for Care & Protection of Children has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**PART A - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major program:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Grants Guidance?

Yes  No

Identification of major program:

CFDA Number

Name of Federal Program or Cluster

21.023

Emergency Rental Assistance Program (ERAP 1 and 2)

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes  No



FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

**PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS**

STATUS OF PRIOR YEAR FINDINGS

2021-01 – CASH MAINTENANCE

Criteria: Per the grant contract, unspent PHARE Funds received from the Pennsylvania Housing Finance Agency should be kept in a separate and special interest-bearing bank account and used only for eligible project purposes.

Condition: We noted that a significant transfer of funds from the separate PHARE bank account to the operating checking account occurred close to year end.

Effect: Unspent PHARE funds were not being held in the separate interest-bearing account until spent.

Cause: The Friends Association for Care & Protection of Children needed funds to cover a deficit in their checking account until receivables were collected.

Recommendation: The prior auditor recommended that the Friends Association for Care & Protection of Children track unspent funds associated with this grant and maintain a cash balance in the appropriate bank account to cover this amount. To cover cash deficits, the Friends Association for Care & Protection of Children should rely on their working capital investments or the line of credit.

Status: The Friends Association for Care & Protection of Children transferred the required funds to the separate special interest-bearing account on November 10, 2021. These funds have been maintained appropriately since that date. This finding is no longer applicable.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

**PART C - FINDINGS RELATED TO FEDERAL AWARDS**

STATUS OF PRIOR YEAR FINDINGS

None.

FRIENDS ASSOCIATION FOR CARE & PROTECTION OF CHILDREN  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.