

ACCESS SERVICES, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



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**ACCESS SERVICES, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

INDEPENDENT AUDITORS' 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



INDEPENDENT AUDITORS' REPORT

Board of Directors
Access Services, Inc.
Fort Washington, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Access Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Access Services, Inc. as of June 30, 2023 and 2022, 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). 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 Access Services, Inc. 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.

Adoption of New Accounting Standard

As described in Note 1 to the financial statements, Access Services, Inc. has adopted Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

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 Access Services, Inc.'s ability to continue as a going concern for one year after the date 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 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, 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 Access Services, Inc.'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 Access Services, Inc.'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.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
December 19, 2023

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ACCESS SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash, Operating	\$ 7,620,956	\$ 6,949,691
Cash, Client Funds	492,462	482,885
Total Cash	8,113,418	7,432,576
Investments	2,020,407	-
Accounts Receivable	4,363,946	5,366,498
Total Current Assets	14,497,771	12,799,074
PROPERTY AND EQUIPMENT	2,934,096	3,150,278
RIGHT-OF-USE ASSETS		
Operating Right-of-Use Assets	2,591,986	-
Financing Right-of-Use Assets	341,495	476,443
Total Right of Use Assets	2,933,481	476,443
OTHER ASSETS		
Deposits	710,332	1,365,251
Total Assets	\$ 21,075,680	\$ 17,791,046
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 721,295	\$ 742,863
Client Funds	492,462	482,885
Accounts Payable	985,839	1,164,764
Accrued Payroll	1,078,660	815,182
Accrued Expenses and Other Liabilities	1,243,682	2,105,341
Current Lease Liability - Operating	1,198,086	-
Current Lease Liability - Financing	161,096	227,009
Total Current Liabilities	5,881,120	5,538,044
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Maturities	666,268	732,961
Long-Term Lease Liability - Operating	1,410,406	-
Long Term Lease Liability - Financing	214,957	300,655
Total Long-Term Liabilities	2,291,631	1,033,616
Total Liabilities	8,172,751	6,571,660
NET ASSETS		
Without Donor Restrictions	12,749,743	10,919,399
With Donor Restrictions	153,186	299,987
Total Net Assets	12,902,929	11,219,386
Total Liabilities and Net Assets	\$ 21,075,680	\$ 17,791,046

See accompanying Notes to Financial Statements.

**ACCESS SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Office of Developmental Programs:			
Waiver Income	\$ 20,244,354	\$ -	\$ 20,244,354
CARES Income	88,073	-	88,073
Fee Schedule Income	940,547	-	940,547
Vendor Service Income	98,175	-	98,175
OBRA Employment Income	117,622	-	117,622
County Funding:			
Base Income	488,431	-	488,431
MH/IDD	11,554,968	-	11,554,968
CYS	2,984,198	-	2,984,198
Access Learning Academy	835,360	-	835,360
Program Fees and Other Funding	407,845	-	407,845
Behavioral Health	5,459,033	-	5,459,033
Room and Board	1,106,082	-	1,106,082
Rent Rebate	112,200	-	112,200
Grants and Contributions	2,015,429	124,720	2,140,149
Rental Income	25,200	-	25,200
Interest Income	109,487	-	109,487
Subtotal	46,587,004	124,720	46,711,724
NET ASSETS RELEASED FROM RESTRICTIONS	271,521	(271,521)	-
Total Support and Revenue	46,858,525	(146,801)	46,711,724
EXPENDITURES			
Program	40,595,088	-	40,595,088
Management and General	4,764,377	-	4,764,377
Fundraising	52,672	-	52,672
Total Expenditures	45,412,137	-	45,412,137
CHANGES IN NET ASSETS BEFORE NONRECURRING AND NONOPERATING INCOME	1,446,388	(146,801)	1,299,587
NONRECURRING AND NONOPERATING INCOME AND EXPENSE			
Miscellaneous Income	383,956	-	383,956
CHANGE IN NET ASSETS	1,830,344	(146,801)	1,683,543
Net Assets - Beginning of Year	10,919,399	299,987	11,219,386
NET ASSETS - END OF YEAR	\$ 12,749,743	\$ 153,186	\$ 12,902,929

See accompanying Notes to Financial Statements.

**ACCESS SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Office of Developmental Programs:			
Waiver Income	\$ 17,726,316	\$ -	\$ 17,726,316
CARES Income	750,000	-	750,000
Fee Schedule Income	706,065	-	706,065
Vendor Service Income	138,728	-	138,728
OBRA Employment Income	90,202	-	90,202
County Funding:			
Base Income	473,852	-	473,852
MH/IDD	10,624,101	-	10,624,101
CYS	3,356,259	-	3,356,259
Program Fees and Other Funding	349,161	-	349,161
Behavioral Health	5,538,405	-	5,538,405
Room and Board	1,018,069	-	1,018,069
Rent Rebate	76,850	-	76,850
Grants and Contributions	115,292	369,796	485,088
Rental Income	25,200	-	25,200
Interest Income	8,427	-	8,427
Subtotal	40,996,927	369,796	41,366,723
NET ASSETS RELEASED FROM RESTRICTIONS	99,175	(99,175)	-
Total Support and Revenue	41,096,102	270,621	41,366,723
EXPENDITURES			
Program	36,723,362	-	36,723,362
Management and General	4,171,715	-	4,171,715
Fundraising	36,870	-	36,870
Total Expenditures	40,931,947	-	40,931,947
CHANGES IN NET ASSETS BEFORE NONRECURRING AND NONOPERATING INCOME	164,155	270,621	434,776
NONRECURRING AND NONOPERATING INCOME AND EXPENSE			
Miscellaneous Income	127,297	-	127,297
CHANGE IN NET ASSETS	291,452	270,621	562,073
Net Assets - Beginning of Year	10,627,947	29,366	10,657,313
NET ASSETS - END OF YEAR	\$ 10,919,399	\$ 299,987	\$ 11,219,386

See accompanying Notes to Financial Statements.

ACCESS SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

EXPENSES	Intellectual Disability & Autism	Children & Family	Behavioral Health	Total Program	Management General	Fundraising	Total
Payroll	\$ 11,013,290	\$ 1,954,465	\$ 9,100,776	\$ 22,068,531	\$ 2,699,746	\$ 21,214	\$ 24,789,491
Employee Benefits and Expenses	2,864,737	525,569	2,413,715	5,804,021	587,893	4,277	6,396,191
Advertising and Recruiting	162,751	33,972	177,714	374,437	21,076	-	395,513
Automobile Expenses	351,539	2,719	49,857	404,115	-	-	404,115
Client Transportation	447,619	-	285	447,904	-	-	447,904
Communications	311,796	99,365	372,618	783,779	172,134	900	956,813
Consulting, Accounting, and Legal	405,486	95,275	245,255	746,016	507,690	5,453	1,259,159
Depreciation and Amortization	292,383	29,282	48,927	370,592	64,639	-	435,231
Minor Equipment and Furnishings	152,632	30,409	268,195	451,236	64,510	568	516,314
Food Costs	115,421	61,352	26,478	203,251	10,468	2,510	216,229
Household Expenses	73,857	4,542	24,711	103,110	6,094	200	109,404
Insurance	14,417	18,059	3,014	35,490	12,809	-	48,299
Interest Expense	72,312	14,837	12,953	100,102	17,357	-	117,459
Other Expenses	60,359	33,819	24,005	118,183	-	-	118,183
Professional Services	4,025,610	1,598,612	464,910	6,089,132	-	-	6,089,132
Rent	524,999	153,805	447,043	1,125,847	375,729	2,150	1,503,726
Repairs and Maintenance	84,713	22,715	14,295	121,723	41,356	-	163,079
Staff Development	129,523	40,518	133,141	303,182	63,442	4,327	370,951
Staff Travel	261,371	94,273	190,978	546,622	34,963	500	582,085
Supplies	38,878	21,667	20,024	80,569	36,580	10,573	127,722
Utilities	195,838	54,326	67,082	317,246	47,891	-	365,137
Total Expenses	<u>\$ 21,599,531</u>	<u>\$ 4,889,581</u>	<u>\$ 14,105,976</u>	<u>\$ 40,595,088</u>	<u>\$ 4,764,377</u>	<u>\$ 52,672</u>	<u>\$ 45,412,137</u>

See accompanying Notes to Financial Statements.

ACCESS SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

EXPENSES	Intellectual Disability & Autism	Children & Family	Behavioral Health	Total Program	Management General	Fundraising	Total
Payroll	\$ 9,967,502	\$ 1,570,332	\$ 7,190,076	\$ 18,727,910	\$ 2,286,983	\$ 14,982	\$ 21,029,875
Employee Benefits and Expenses	2,543,619	417,717	1,932,753	4,894,089	545,055	1,924	5,441,068
Advertising and Recruiting	126,771	25,243	121,311	273,325	28,028	977	302,330
Automobile Expenses	346,163	9,078	50,971	406,212	-	-	406,212
Client Transportation	463,255	-	578	463,833	-	-	463,833
Communications	336,106	81,918	395,330	813,354	201,978	34	1,015,366
Consulting, Accounting, and Legal	352,293	77,037	231,618	660,948	445,491	5,188	1,111,627
Depreciation and Amortization	342,809	29,781	65,794	438,384	48,408	-	486,792
Minor Equipment and Furnishings	46,072	4,939	77,429	128,440	72,999	-	201,439
Food Costs	103,857	51,131	23,802	178,790	10,450	22	189,262
Household Expenses	67,341	5,456	30,984	103,781	4,332	-	108,113
Insurance	13,555	21,865	8,145	43,565	13,454	-	57,019
Interest Expense	65,954	14,840	13,651	94,445	17,841	-	112,286
Other Expenses	28,329	22,340	19,572	70,241	-	-	70,241
Professional Services	4,087,620	1,922,302	1,315,230	7,325,152	-	-	7,325,152
Rent	522,733	43,164	434,707	1,000,604	307,657	-	1,308,261
Repairs and Maintenance	96,497	8,086	11,333	115,916	30,761	-	146,677
Staff Development	108,509	26,309	116,379	251,197	61,337	2,100	314,634
Staff Travel	199,723	80,528	139,620	419,871	26,411	-	446,282
Supplies	41,952	4,355	16,233	62,540	29,958	11,643	104,141
Utilities	169,515	28,698	52,552	250,765	40,572	-	291,337
Total Expenses	\$ 20,030,175	\$ 4,445,119	\$ 12,248,068	\$ 36,723,362	\$ 4,171,715	\$ 36,870	\$ 40,931,947

See accompanying Notes to Financial Statements.

ACCESS SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,683,543	\$ 562,073
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Realized Gains on Investments	(20,407)	-
Depreciation	17,705	228,470
Amortization of Right-of-Use Assets - Finance	208,763	258,321
Effect of Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	1,002,552	(2,285,360)
Deposits	654,919	(383,202)
Client Funds	9,577	(137,032)
Right-of-Use Assets	(2,665,801)	-
Accounts Payable	(178,925)	197,577
Accrued Payroll	263,478	83,022
Accrued Expenses and Other Liabilities	(861,659)	1,099,870
Lease Liability	2,731,641	144,287
Net Cash Provided (Used) by Operating Activities	2,845,386	(231,974)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on Sale of Property	-	3,400
Purchase of Property and Equipment	(10,286)	(252,115)
Purchase of Investments	(2,000,000)	-
Net Cash Used by Investing Activities	(2,010,286)	(248,715)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Finance Lease	(274,760)	(270,116)
Principal Payments on Long-term Debt	(88,261)	(88,394)
Net Cash Used by Financing Activities	(363,021)	(358,510)
NET INCREASE (DECREASE) IN CASH	472,079	(839,199)
Cash - Beginning of Year	7,432,576	8,271,775
CASH - END OF YEAR	\$ 7,904,655	\$ 7,432,576
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 117,459	\$ 112,286
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of Equipment through a Finance Lease Obligation	\$ 73,814	\$ 144,287

See accompanying Notes to Financial Statements.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Since 1976, our primary goal at Access Services Inc. (the Organization) has been to go beyond just offering basic care to those we serve. We continuously explore innovative approaches to elevate the quality of care for all individuals in our communities to help them live rich and fulfilling lives. With three distinct service lines, our teams are well-prepared to address a wide range of needs from early life to adulthood that affect our communities. Each of our programs utilizes integrated assessments and partnerships to gauge an individual's needs and provide a well-rounded selection of cross-collaborative support, advocacy, and access to care to help them meet their needs.

Behavioral Health Services recognize the value of community and relationships in healing and wellness. We feature a variety of programs that support the lifespan – from 18 months through all of adulthood – and meet needs across crisis intervention to long-term support delivered to individuals and families. We believe every person needs to build a life worth living. Our services are, by design, person-centered so that the individuals we serve, and their goals remain the primary focus. We seek to partner with other providers and resources to maximize outcomes for those we collectively serve and to integrate health for the whole person.

Children & Family Services provide safe, nurturing environments for children and families. Our Family support programs work to empower families through family peer specialists who give families a wide “village” of support and valuable connections to resources in the community. Our foster care and adoption programs give children and youth the opportunity to join unique families created through love that provide safe, stable environments in their lives for both short and extended periods of time. Other programs within the Children & Family service line provide services in youth mentoring, advocacy, life skills training, and educational support.

Intellectual Disability & Autism Services believe in empowering an individuals' abilities and unlocking their full potential. Disability does not mean inability. Our various programs facilitate personal growth and help individuals reach their goals. We offer community-based programs, both in-home and off-site, where social skills and exciting activities promote development in life skills. Employment services create individualized plans and a comprehensive approach in services that focus on expanding competitive employment opportunities through employment skills training, job match and on-going job support with employment specialists. Our robust Lifesharing program and Community Living Homes are designed to create a true home living experience focused on support and care for those we serve.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net assets without donor restrictions consist of normal operations and include net assets as designated by the board of directors.

Net assets with donor restrictions represent net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. When the stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Certificates of deposit that have a maturity of 90 days or less are generally considered cash equivalents.

Concentration of Credit Risk

The Organization maintains its cash in several financial institutions, which, at times, may exceed federally insured limits.

Assets Whose Use is Limited – Cash – Client Funds

A custodial fund has been established to account for assets received by the Organization on behalf of certain clients of certain programs. These funds are held for the sole benefit of each individual and are expended at the direction of the program directors, within the framework of the governing regulations. The balance of the cash and related liability was \$492,462 and \$482,885 at June 30, 2023 and 2022, respectively.

Investments

The Organization has recorded Investments at fair value. Fair value measurement is based upon quote prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques. Certificate of Deposits are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's account balances reported in the statements of financial position. Certificates of deposit that have an original maturity of over 90 days are generally considered investments. The Organization's investments consist of certificate of deposits and the current fair value was \$2,020,407 and \$-0- at June 30, 2023 and 2022, respectively.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability (examples include money market funds and certificates of deposit), either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Investments as of June 30, 2023 and 2022 are considered Level 2.

Accounts Receivable

The Organization provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. In addition, an allowance is provided for other accounts when a significant pattern of uncollectability has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance. At June 30, 2023 and 2022, an allowance was not warranted for accounts receivable from the counties. No allowance was warranted for grants and all accounts receivable at June 30, 2023 and 2022.

Property and Equipment and Depreciation

We record property and equipment additions over \$5,000 at cost or of donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over estimated useful lives of the assets ranging from 2 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Contracts

Conditional government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each contract, are made. Funds received but not yet earned are shown as Deferred Revenue. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Contribution Revenue

Contributions are recognized as revenue in the period received or unconditionally promised, whichever is earlier. They are recorded as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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 restrictions.

Program Service Fees

Program Service Fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their program participants. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retrospective revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the participants and third-party payors several days after the services are performed and/or participant is discharged from the program. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

The Organization measures the performance obligation from admission into the program, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that participant, which is generally at the time of discharge or completion of the program.

Leases

The Organization's determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the balance sheet.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Advertising Expense

The Organization follows the policy of charging the costs of advertising to expense when the advertisements are first displayed or aired and consist primarily of newspaper and radio ads for the Organization's programs, mission and fund raisers. Advertising expense for the years ended June 30, 2023 and 2022 was approximately \$197,800 and \$151,200, respectively.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of payroll, units of service and/or square footage. Expenses that are allocated include: insurance benefits which are allocated on the basis of payroll; advertising/recruitment/staff development which are allocated on the basis of departments; purchased personnel which is allocated on the basis of program revenue; and office rent/utilities/supplies and communications/maintenance which are allocated on the space utilized by each. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is a nonprofit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Organization follows the income tax standard for uncertain tax positions. The standard had no impact on the Organization's financial statements. The Organization's income tax returns are subject to review and examination by federal, state, and local authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Estimates – Self-Insured Claims

The Organization is primarily self-insured, up to certain limits, for employee group health claims. The Organization has purchased stop-loss insurance, which will reimburse the Organization for individual claims in excess of \$90,000 annually or aggregate claims exceeding \$2,637,276 annually. Operations are charged with the cost of claims reported and an estimate of claims incurred but not reported. A liability for unpaid claims and the associated claim expenses, including incurred but not reported losses, is actuarially determined and reflected as an offset to the stop-loss insurance within deposits in the statement of financial position. Total expense under the program was \$3,718,315 and \$3,649,987 for the years ended June 30, 2023 and 2022, respectively. The self-insured claims liability includes incurred but not reported losses of \$238,049 and \$222,131 as of June 30, 2023 and 2022, respectively.

The determination of such claims and expenses and the appropriateness of the related liability is continually reviewed and updated. It is reasonably possible that the accrued estimated liability for self-insured claims may need to be revised on a quarterly basis.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

Reclassifications

In preparing these financial statements, the prior year presentation has been reclassified to conform with the current year presentation. These reclassifications have no effect on the previously recorded net assets.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions through December 19, 2023, the date the financial statements were issued. The Organization is not aware of any events or transactions which would require recognition or disclosure in the financial statements.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 LIQUIDITY

The Organization has the following financial assets available within one year as of June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 8,113,418	\$ 7,432,576
Investments	2,020,407	-
Accounts Receivable	4,363,946	5,366,498
Less: Restrictions	(645,648)	(782,872)
Total	<u>\$ 13,852,123</u>	<u>\$ 12,016,202</u>

The Organization has a goal to maintain financial assets, which consist of cash, on hand to meet three months of normal operating expenses, which are, on average, approximately \$11,370,000. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments including certificates of deposits and money market accounts.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable are summarized as follows:

	<u>2023</u>	<u>2022</u>
Accounts Receivable, Counties	\$ 1,966,877	\$ 2,389,576
Accounts Receivable, Office of Developmental Programs	1,999,192	2,296,071
Accounts Receivable, Behavioral Health	341,275	603,697
Accounts Receivable, Other	56,602	77,154
Total Accounts Receivable	<u>\$ 4,363,946</u>	<u>\$ 5,366,498</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 481,526	\$ 481,526
Buildings and Leasehold Improvements	4,021,540	4,021,540
Equipment and Software	376,607	376,607
Vehicles	128,273	117,986
Total	5,007,946	4,997,659
Less: Accumulated Depreciation	(2,073,850)	(1,847,381)
Total Property and Equipment	<u>\$ 2,934,096</u>	<u>\$ 3,150,278</u>

Depreciation expense was \$226,468 and \$228,470 for the years ended June 30, 2023 and 2022, respectively.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 LONG-TERM DEBT

Long-term debt is comprised of the following:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Mortgage note, payable in monthly installments of \$5,166, including interest at 5.00%, collateralized by property in Orwigsburg, Pennsylvania due on May 1, 2023 with refinancing in progress as of June 30, 2023.	\$ 654,602	\$ 678,558
Northampton County Industrial Development Authority Series A revenue note, payable in monthly installments of \$5,754, including interest at 3.61%, collateralized by property located in Bethlehem, Pennsylvania, due on January 11, 2032.	503,179	552,409
Northampton County Industrial Development Authority Series B revenue note, payable in monthly installments of \$1,199, including interest at 3.61%, collateralized by property located in Bethlehem, Pennsylvania, due on January 11, 2032.	104,832	115,089
Mortgage note, payable in monthly installments of \$1,004, including interest at 5.59%, collateralized by property located in Bethlehem, Pennsylvania, due on February 13, 2039.	124,950	129,768
Total Long-Term Debt	1,387,563	1,475,824
Less: Current Maturities	(721,295)	(742,863)
Total Long-Term Debt, Net of Current Maturities	<u>\$ 666,268</u>	<u>\$ 732,961</u>

As of June 30, 2023, maturities of long-term debt over the next five years and thereafter are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 721,295
2025	69,178
2026	71,761
2027	74,447
2028	74,241
Thereafter	376,641
Total	<u>\$ 1,387,563</u>

Interest expense on all debt amounted to \$117,459 and \$112,286 for the years ended June 30, 2023 and 2022, respectively.

In August 2023, the Orwigsburg mortgage note was refinanced in the amount of \$562,500 payable in monthly installments of \$6,270 including an interest rate of 6.00% due on July 1, 2033.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 LEASES

The Organization leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2029 and provide for renewal options ranging from 1 month to 1 year. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following tables provide quantitative information concerning the Organization's leases for the year ended June 30, 2023:

Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 208,763
Interest on Lease Liabilities	49,335
Operating Lease Cost	1,310,723
Total Lease Cost	<u>\$ 1,568,821</u>

Other Information:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 1,294,217
Financing Cash Flows from Finance Leases	274,760
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	73,814
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	3,813,224
Weighted-Average Remaining Lease Term - Finance Leases	3.0 Years
Weighted-Average Remaining Lease Term - Operating Leases	3.2 Years
Weighted-Average Discount Rate - Finance Leases	5.90%
Weighted-Average Discount Rate - Operating Leases	3.07%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

<u>Year Ending December 31,</u>	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2024	\$ 1,332,837	\$ 208,721	\$ 1,541,558
2025	965,218	138,723	1,103,941
2026	324,008	85,001	409,009
2027	251,372	50,819	302,191
2028	206,637	16,696	223,333
Thereafter	122,111	-	122,111
Undiscounted Cash Flows	3,202,183	499,960	3,702,143
(Less) Imputed Interest	(593,691)	(123,907)	(717,598)
Total Present Value	<u>\$ 2,608,492</u>	<u>\$ 376,053</u>	<u>\$ 2,984,545</u>
Short-Term Lease Liabilities	\$ 1,198,086	\$ 161,096	\$ 1,359,182
Long-Term Lease Liabilities	1,410,406	214,957	1,625,363
	<u>\$ 2,608,492</u>	<u>\$ 376,053</u>	<u>\$ 2,984,545</u>

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 LEASES (CONTINUED)

Under Accounting Standards Codification 840, minimum lease payments under operating leases as of June 30, 2022 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 1,370,376
2024	1,205,634
2025	824,695
2026	303,338
2025	147,625
Thereafter	209,142
Total	<u><u>\$ 4,060,810</u></u>

Under Accounting Standards Codification 840, minimum lease payments under financing leases as of June 30, 2022 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 227,009
2024	143,678
2025	72,704
2026	45,362
2027	16,032
Total Minimum Lease Payments	<u>504,785</u>
Less: Amount Representing Interest	<u>(22,879)</u>
Present Value of Minimum Lease Payments	527,664
Less: Current Portion	<u>(227,009)</u>
Total	<u><u>\$ 300,655</u></u>

As of June 30, 2023, the Organization has additional operating and finance leases, primarily copiers and facility rental, that have not yet commenced of \$15,882 and \$421,812, respectively. The operating and finance leases will commence between fiscal year 2024 and fiscal year 2029 with lease terms of 3 year to 5 years.

NOTE 7 EMPLOYEE BENEFIT PLANS

The Organization maintains a defined contribution 401(k) plan covering all full-time employees with at least one year of service. The Organization makes contributions to the plan at the discretion of management and the board of directors. Pension expense for the years ended June 30, 2023 and 2022 was \$210,836 and \$218,138, respectively.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are restricted as to purpose and available for the following:

	2023	2022
Child Development Foundation - Respite Services	\$ -	\$ 11,982
Health Navigator	53,001	-
HealthSpark Grant	4,963	82,533
Emergency Food and Shelter	-	15,000
Intersect Grant	7,500	18,750
Templeton Grant	87,722	171,722
Total Net Assets With Donor Restrictions	\$ 153,186	\$ 299,987

NOTE 9 CONTRACTUAL ADJUSTMENTS

The contracts under which the Organization conducts its programs contain provisions defining costs, which are allowable and reimbursable within the program. Program billings are subject to audit by various governmental funding sources. Audits of these billings may result in adjustments for disallowances. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined to date.

NOTE 10 EMPLOYEE RETENTION CREDITS

Employers, including tax-exempt organizations, are eligible for the credit if they operate a trade or business during calendar year 2020 and 2021 and experience either a full or partial suspension of the operation of their trade or business during any calendar quarter due to a significant decline in gross receipts or because of governmental orders limiting commerce, travel or group meetings due to COVID-19. The credit applies to qualified wages (including certain health plan expenses) paid during this period for any calendar quarter in which eligibility requirements were met.

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended June 30, 2023, the Organization determined it met the compliance requirements and conditions of the ERC program. The Organization recognized grant revenue ERC credits totaling \$1,276,074 for the months January 1 to March 31, 2021.

There is a possibility that upon subsequent review, the Internal Revenue Service could reach a different conclusion regarding the Organization's eligibility to retain the ERC credits received. That could result in repayment of the credits, interest, and potential penalties. The amount of liability, if any, from potential ineligibility cannot be determined with certainty.