

ACCESS SERVICES, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023



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YEARS ENDED JUNE 30, 2024 AND 2023**

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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, 2024 and 2023, 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, 2024 and 2023, 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.

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

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
January 15, 2025

ACCESS SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash - Operating	\$ 8,743,578	\$ 7,620,956
Cash - Client Funds	474,621	492,462
Total Cash	9,218,199	8,113,418
Investments	2,044,467	2,020,407
Accounts Receivable	4,712,266	4,363,946
Total Current Assets	15,974,932	14,497,771
PROPERTY AND EQUIPMENT, NET	3,346,598	2,934,096
RIGHT-OF-USE ASSETS		
Operating Right-of-Use Assets	3,039,883	2,591,986
Financing Right-of-Use Assets	700,174	341,495
Total Right of Use Assets	3,740,057	2,933,481
OTHER ASSETS		
Deposits	711,602	710,332
Total Assets	\$ 23,773,189	\$ 21,075,680
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 98,305	\$ 721,295
Client Funds	474,621	492,462
Accounts Payable	850,717	985,839
Accrued Payroll	1,939,949	2,019,360
Accrued Expenses and Other Liabilities	863,467	302,982
Current Lease Liability - Operating	1,016,859	1,198,086
Current Lease Liability - Financing	197,950	161,096
Total Current Liabilities	5,441,868	5,881,120
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Maturities	981,745	666,268
Long-Term Lease Liability - Operating	2,070,541	1,410,406
Long Term Lease Liability - Financing	562,626	214,957
Total Long-Term Liabilities	3,614,912	2,291,631
Total Liabilities	9,056,780	8,172,751
NET ASSETS		
Without Donor Restrictions	14,716,409	12,749,743
With Donor Restrictions	-	153,186
Total Net Assets	14,716,409	12,902,929
Total Liabilities and Net Assets	\$ 23,773,189	\$ 21,075,680

See accompanying Notes to Financial Statements.

**ACCESS SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Waiver Income	\$ 23,020,727	\$ -	\$ 23,020,727
Fee Schedule Income	993,499	-	993,499
Vendor Service Income	57,650	-	57,650
OBRA Employment Income	185,238	-	185,238
Base Income	513,621	-	513,621
Mental Health, Intellectual Development and Disabilities	6,527,768	-	6,527,768
Children and Youth Services	2,266,892	-	2,266,892
Program Fees and Other Funding	1,557,920	-	1,557,920
Behavioral Health	10,555,978	-	10,555,978
Grants and Contributions	747,052	-	747,052
Room and Board	1,132,970	-	1,132,970
Program Revenue	37,269	-	37,269
Rent Rebate	59,200	-	59,200
Rental Income	14,700	-	14,700
Interest Income	288,202	-	288,202
Subtotal	<u>47,958,686</u>	<u>-</u>	<u>47,958,686</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>153,186</u>	<u>(153,186)</u>	<u>-</u>
Total Support and Revenue	48,111,872	(153,186)	47,958,686
EXPENDITURES			
Program	42,206,990	-	42,206,990
Management and General	5,212,300	-	5,212,300
Fundraising	124,519	-	124,519
Total Expenditures	<u>47,543,809</u>	<u>-</u>	<u>47,543,809</u>
CHANGES IN NET ASSETS BEFORE NONRECURRING AND NONOPERATING INCOME	568,063	(153,186)	414,877
NONRECURRING AND NONOPERATING INCOME AND EXPENSE			
Miscellaneous Income	<u>1,398,603</u>	<u>-</u>	<u>1,398,603</u>
CHANGE IN NET ASSETS	1,966,666	(153,186)	1,813,480
Net Assets - Beginning of Year	<u>12,749,743</u>	<u>153,186</u>	<u>12,902,929</u>
NET ASSETS - END OF YEAR	<u><u>\$ 14,716,409</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,716,409</u></u>

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			
Waiver Income	\$ 20,506,462	\$ -	\$ 20,506,462
Fee Schedule Income	940,547	-	940,547
Vendor Service Income	98,175	-	98,175
Base Income	488,431	-	488,431
Mental Health, Intellectual Development and Disabilities	4,216,603	-	4,216,603
Children and Youth Services	2,984,198	-	2,984,198
Program Fees and Other Funding	1,211,237	-	1,211,237
Behavioral Health	12,412,284	-	12,412,284
Grants and Contributions	475,535	124,720	600,255
Room and Board	1,106,082	-	1,106,082
Program Revenue	624,493	-	624,493
Rent Rebate	112,200	-	112,200
Rental Income	25,200	-	25,200
Interest Income	109,487	-	109,487
Subtotal	<u>45,310,934</u>	<u>124,720</u>	<u>45,435,654</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>271,521</u>	<u>(271,521)</u>	<u>-</u>
Total Support and Revenue	45,582,455	(146,801)	45,435,654
EXPENDITURES			
Program	40,595,088	-	40,595,088
Management and General	4,764,377	-	4,764,377
Fundraising	52,672	-	52,672
Total Expenditures	<u>45,412,137</u>	<u>-</u>	<u>45,412,137</u>
CHANGES IN NET ASSETS BEFORE NONRECURRING AND NONOPERATING INCOME	170,318	(146,801)	23,517
NONRECURRING AND NONOPERATING INCOME AND EXPENSE			
Miscellaneous Income	<u>1,660,026</u>	<u>-</u>	<u>1,660,026</u>
CHANGE IN NET ASSETS	1,830,344	(146,801)	1,683,543
Net Assets - Beginning of Year	<u>10,919,399</u>	<u>299,987</u>	<u>11,219,386</u>
NET ASSETS - END OF YEAR	<u><u>\$ 12,749,743</u></u>	<u><u>\$ 153,186</u></u>	<u><u>\$ 12,902,929</u></u>

See accompanying Notes to Financial Statements.

**ACCESS SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	Intellectual Disability & Autism	Children & Family	Behavioral Health	Total Program	Management General	Fundraising	Total
Payroll	\$ 11,994,791	\$ 1,814,624	\$ 9,106,839	\$ 22,916,254	\$ 2,943,006	\$ 67,098	\$ 25,926,358
Employee Benefits and Expenses	3,279,438	499,613	2,511,262	6,290,313	685,082	18,727	6,994,122
Advertising and Recruiting	154,006	37,414	200,220	391,640	25,932	105	417,677
Automobile Expenses	438,412	4,392	71,353	514,157	3,820	-	517,977
Client Transportation	490,934	-	307	491,241	-	-	491,241
Communications	300,985	75,819	371,079	747,883	161,588	158	909,629
Consulting, Accounting, and Legal	703,086	131,809	505,859	1,340,754	606,721	1,817	1,949,292
Depreciation and Amortization	171,403	20,300	146,702	338,405	44,929	-	383,334
Minor Equipment and Furnishings	32,286	3,369	77,639	113,294	22,386	8,890	144,570
Food Costs	125,128	49,459	30,416	205,003	10,403	926	216,332
Household Expenses	70,223	6,854	29,629	106,706	7,226	382	114,314
Insurance	56,092	22,280	30,990	109,362	16,955	190	126,507
Interest Expense	70,447	12,397	11,740	94,584	16,464	-	111,048
Other Expenses	55,256	30,664	23,380	109,300	-	-	109,300
Professional Services	3,792,686	1,210,379	476,971	5,480,036	-	15,912	5,495,948
Rent	621,414	135,474	532,301	1,289,189	388,048	-	1,677,237
Repairs and Maintenance	148,569	6,457	11,025	166,051	54,059	-	220,110
Staff Development	122,134	27,235	132,770	282,139	69,349	-	351,488
Staff Travel	356,260	125,457	276,271	757,988	44,009	-	801,997
Supplies	49,844	17,062	23,982	90,888	40,522	10,314	141,724
Utilities	236,422	53,273	82,108	371,803	71,801	-	443,604
Total Expenses by Function	\$ 23,269,816	\$ 4,284,331	\$ 14,652,843	\$ 42,206,990	\$ 5,212,300	\$ 124,519	\$ 47,543,809

See accompanying Notes to Financial Statements.

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

	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 by Function	\$ 21,599,531	\$ 4,889,581	\$ 14,105,976	\$ 40,595,088	\$ 4,764,377	\$ 52,672	\$ 45,412,137

See accompanying Notes to Financial Statements.

ACCESS SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,813,480	\$ 1,683,543
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Realized Gains on Investments	(82,759)	(20,407)
Depreciation	181,673	226,468
Amortization of Right-of-Use Assets - Finance	201,661	208,763
Change in Right-of-Use Assets and Lease Liability - Operating	(2,252)	65,840
Effect of Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	(348,320)	1,002,552
Deposits	(1,270)	654,919
Client Funds	(17,841)	9,577
Accounts Payable	(135,122)	(178,925)
Accrued Payroll	(79,411)	263,478
Accrued Expenses and Other Liabilities	560,485	(861,659)
Net Cash Provided by Operating Activities	2,090,324	3,054,149
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(594,175)	(10,286)
Proceeds from Sale of Investments	58,699	-
Purchase of Investments	-	(2,000,000)
Net Cash Used by Investing Activities	(535,476)	(2,010,286)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Finance Lease	(142,554)	(274,760)
Principal Payments on Long-term Debt	(307,513)	(88,261)
Net Cash Used by Financing Activities	(450,067)	(363,021)
NET INCREASE IN CASH	1,104,781	680,842
Cash - Beginning of Year	8,113,418	7,432,576
CASH - END OF YEAR	\$ 9,218,199	\$ 8,113,418
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 111,048	\$ 117,459
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of Equipment through a Finance Lease Obligation	\$ 527,077	\$ 73,814

See accompanying Notes to Financial Statements.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024 AND 2023

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 statements 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 \$474,621 and \$492,462 at June 30, 2024 and 2023, 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 \$2,044,467 and \$2,020,407 at June 30, 2024 and 2023, respectively.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024 and 2023 are considered Level 2.

Accounts Receivable

Receivable are stated at the amount management expects to collect from outstanding balances. The Organization periodically assesses its methodologies for estimating credit losses in consideration of actual experience, trends, and changes in the overall economic environment. In addition, an allowance is provided for other accounts when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance. At June 30, 2024 and 2023, an allowance was not warranted for accounts receivable from the counties. No allowance was warranted for grants and all other accounts receivable at June 30, 2024 and 2023.

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 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, 2024 AND 2023

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 assets – financing and lease liability – financing in the statements of financial position.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024 and 2023 was approximately \$208,800 and \$197,800, 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, 2024 AND 2023

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 \$95,000 annually or aggregate claims exceeding \$3,241,740 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 statements of financial position. Total expense under the program was \$4,437,136 and \$3,718,315 for the years ended June 30, 2024 and 2023, respectively. The self-insured claims liability includes incurred but not reported losses of \$308,438 and \$238,049 as of June 30, 2024 and 2023, 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

As of July 1, 2023, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

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 January 15, 2025, 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, 2024 AND 2023

NOTE 2 LIQUIDITY

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

	<u>2024</u>	<u>2023</u>
Cash	\$ 9,218,199	\$ 8,113,418
Investments	2,044,467	2,020,407
Accounts Receivable	4,712,266	4,363,946
Less: Restrictions	(474,621)	(645,648)
Total	<u>\$ 15,500,311</u>	<u>\$ 13,852,123</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 \$11,310,000. 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>2024</u>	<u>2023</u>
Accounts Receivable, Counties	\$ 2,021,327	\$ 2,172,414
Accounts Receivable, Office of Developmental Programs	2,317,016	1,999,193
Accounts Receivable, Behavioral Health	327,714	135,738
Accounts Receivable, Other	46,209	56,601
Total Accounts Receivable	<u>\$ 4,712,266</u>	<u>\$ 4,363,946</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	<u>2024</u>	<u>2023</u>
Land	\$ 566,607	\$ 481,526
Buildings and Leasehold Improvements	4,563,897	4,021,540
Equipment and Software	343,344	376,607
Vehicles	128,273	128,273
Total	5,602,121	5,007,946
Less: Accumulated Depreciation	(2,255,523)	(2,073,850)
Property and Equipment, Net	<u>\$ 3,346,598</u>	<u>\$ 2,934,096</u>

Depreciation expense was \$181,673 and \$226,468 for the years ended June 30, 2024 and 2023, respectively.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 LONG-TERM DEBT

Long-term debt is comprised of the following:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Mortgage note, payable in monthly installments of \$6,270, including interest at 6.00%, collateralized by property in Orwigsburg, Pennsylvania due on May 1, 2033.	\$ 533,632	\$ 654,602
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.	452,205	503,179
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.	94,213	104,832
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
Total Long-Term Debt	<u>1,080,050</u>	<u>1,387,563</u>
Less: Current Maturities	<u>(98,305)</u>	<u>(721,295)</u>
Total Long-Term Debt, Net of Current Maturities	<u>\$ 981,745</u>	<u>\$ 666,268</u>

As of June 30, 2024, maturities of long-term debt over the next five years and thereafter are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 108,837
2026	113,885
2027	119,189
2028	124,763
2029	138,118
Thereafter	475,258
Total	<u>\$ 1,080,050</u>

Interest expense on all debt amounted to \$111,049 and \$117,459 for the years ended June 30, 2024 and 2023, respectively.

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 LEASES

The Organization leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029 and provide for renewal options ranging from one month to one 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 years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 201,661	\$ 208,763
Interest on Lease Liabilities	53,789	49,335
Operating Lease Cost	<u>1,341,242</u>	<u>1,310,723</u>
Total Lease Cost	<u>\$ 1,596,692</u>	<u>\$ 1,568,821</u>
Other Information:		
Cash Paid for Amounts Included in the		
Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 1,333,042	\$ 1,294,217
Financing Cash Flows from Finance Leases	142,554	274,760
Right-of-Use Assets Obtained in Exchange for New		
Finance Lease Liabilities	527,077	73,814
Right-of-Use Assets Obtained in Exchange for New		
Operating Lease Liabilities	421,812	3,813,224
Weighted-Average Remaining Lease Term - Finance Leases	4.18 Years	3.0 Years
Weighted-Average Remaining Lease Term -		
Operating Leases	4.43 Years	3.2 Years
Weighted-Average Discount Rate - Finance Leases	7.14%	5.90%
Weighted-Average Discount Rate - Operating Leases	3.02%	3.07%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

<u>Year Ending December 31,</u>	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2025	\$ 1,092,576	\$ 272,995	\$ 1,365,571
2026	574,710	225,044	1,365,571
2027	508,772	190,862	799,754
2028	470,410	156,739	699,634
2029	392,340	119,242	627,149
Thereafter	<u>258,805</u>	-	<u>258,805</u>
Undiscounted Cash Flows	3,297,613	964,882	5,116,484
Less: Imputed Interest	<u>(210,213)</u>	<u>(204,306)</u>	<u>(414,519)</u>
Total Present Value	<u>\$ 3,087,400</u>	<u>\$ 760,576</u>	<u>\$ 4,701,965</u>
Short-Term Lease Liabilities	\$ 1,016,859	\$ 197,950	\$ 1,214,809
Long-Term Lease Liabilities	<u>2,070,541</u>	<u>562,626</u>	<u>2,633,167</u>
Total	<u>\$ 3,087,400</u>	<u>\$ 760,576</u>	<u>\$ 3,847,976</u>

ACCESS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024 and 2023 was \$223,277 and \$210,836, respectively.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2024	2023
Health Navigator	\$ -	\$ 53,001
HealthSpark Grant	-	4,963
Intersect Grant	-	7,500
Templeton Grant	-	87,722
Total Net Assets With Donor Restrictions	\$ -	\$ 153,186

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 period 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.



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