Easter Seals Western and Central Pennsylvania

Financial Statements

Years Ended June 30, 2020 and 2019
with Independent Auditor's Report

MaherDuessel

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EASTER SEALS WESTERN AND CENTRAL PENNSYLVANIA

YEARS ENDED JUNE 30, 2020 AND 2019

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Independent Auditor's Report

Board of Directors
Easter Seals Western and
Central Pennsylvania

We have audited the accompanying financial statements of Easter Seals Western and Central Pennsylvania (Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the overall purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020 and 2019, 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Organization adopted ASU 2014-09, *"Revenue from Contracts with Customers (Topic 606),"* which provides guidance for revenue recognition related to contracts involving the transfer of promised goods or services to customers and the related disclosures and Accounting Standards Update 2018-08, *"Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)",* which provides guidance for characterizing grants and similar contracts and distinguishing between conditional and unconditional grants. Our opinion is not modified with respect to these matters.

Maher Duessel

Pittsburgh, Pennsylvania
January 27, 2021

EASTER SEALS WESTERN AND CENTRAL PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 3,343,541	$ 1,910,118
Accounts receivable, net	394,306	710,550
Prepaid expenses	174,056	190,047
Other current assets	32,514	32,400
Total current assets	3,944,417	2,843,115
Long-term assets:		
Investments	471,614	496,193
Beneficial interest in irrevocable trusts	3,924,858	3,767,192
Beneficial interest in assets held by a community foundation	51,119	56,029
Property, equipment, and improvements, net	1,695,401	1,630,531
Total long-term assets	6,142,992	5,949,945
Total Assets	$ 10,087,409	$ 8,793,060
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	$ 170,857	$ 232,648
Accrued expenses	384,003	450,932
Refundable advances	45,630	28,416
Current portion of long-term debt	47,686	50,002
Total current liabilities	648,176	761,998
Long-term liabilities:		
Mortgage payable, net of current portion	1,190,430	1,237,463
Defined benefit pension plan cost accrued	1,365,487	1,181,378
PPP loan payable	1,104,400	-
Total long-term liabilities	3,660,317	2,418,841
Total Liabilities	4,308,493	3,180,839
Net Assets:		
Without donor restrictions:		
Undesignated	749,910	542,959
Board-designated	471,614	496,193
Total without donor restrictions	1,221,524	1,039,152
With donor restrictions:		
Purpose restriction	541,015	709,449
Perpetual in nature	4,016,377	3,863,620
Total with donor restrictions	4,557,392	4,573,069
Total Net Assets	5,778,916	5,612,221
Total Liabilities and Net Assets	$ 10,087,409	$ 8,793,060

See accompanying notes to financial statements.

EASTER SEALS WESTERN AND CENTRAL PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Public support:			
Contributions	$ 64,100	$ 2,749	$ 66,849
Foundation	35,926	-	35,926
Community involvement special events	164,289	-	164,289
Government funding	3,222,329	-	3,222,329
Bequests	5,000	-	5,000
In-kind revenue	42,456	-	42,456
Gain (loss) on sale of equipment	(836)	-	(836)
Other revenue	180,934	-	180,934
Net assets released from restrictions	171,183	(171,183)	-
Total public support	3,885,381	(168,434)	3,716,947
Revenues:			
Program services fees:			
Fees and contracts	3,247,490	-	3,247,490
Other	1,945,804	-	1,945,804
Investment income	216,900	-	216,900
Other	8,004	-	8,004
Total revenues	5,418,198	-	5,418,198
Change in beneficial interest in irrevocable trusts	-	152,757	152,757
Total public support and revenues	9,303,579	(15,677)	9,287,902
Expenses:			
Functional expenses:			
Program services	7,801,113	-	7,801,113
Management and general	895,995	-	895,995
Fundraising	368,653	-	368,653
Total functional expenses	9,065,761	-	9,065,761
Support of national programs	55,446	-	55,446
Total expenses	9,121,207	-	9,121,207
Change in Net Assets	182,372	(15,677)	166,695
Net Assets:			
Beginning of year	1,039,152	4,573,069	5,612,221
End of year	$ 1,221,524	$ 4,557,392	$ 5,778,916

See accompanying notes to financial statements.

EASTER SEALS WESTERN AND CENTRAL PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Public support:			
Contributions	$ 89,281	$ 44,718	$ 133,999
Foundation	67,170	-	67,170
Community involvement special events	267,960	-	267,960
Government funding	3,169,400		3,169,400
Bequests	177,250	-	177,250
In-kind revenue	47,726	-	47,726
Gain (loss) on sale of equipment	10,429	-	10,429
Other revenue	-	-	-
Net assets released from restrictions	152,323	(152,323)	-
Total public support	3,981,539	(107,605)	3,873,934
Revenues:			
Program services fees:			
Government, fees/contracts	3,844,989	-	3,844,989
Other	2,077,906	-	2,077,906
Investment income	181,485	-	181,485
Other	4,238	-	4,238
Total revenues	6,108,618	-	6,108,618
Change in beneficial interest in irrevocable trusts	-	(32,254)	(32,254)
Total public support and revenues	10,090,157	(139,859)	9,950,298
Expenses:			
Functional expenses:			
Program services	7,900,573	-	7,900,573
Management and general	906,322	-	906,322
Fundraising	431,439	-	431,439
Total functional expenses	9,238,334	-	9,238,334
Support of national programs	57,272	-	57,272
Total expenses	9,295,606	-	9,295,606
Change in Net Assets	794,551	(139,859)	654,692
Net Assets:			
Beginning of year	244,601	4,712,928	4,957,529
End of year	$ 1,039,152	$ 4,573,069	$ 5,612,221

See accompanying notes to financial statements.

EASTER SEALS WESTERN AND CENTRAL PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising	Total
Expenses:				
Salaries	$ 4,614,849	$ 539,452	$ 164,919	$ 5,319,220
Payroll taxes	467,618	53,943	16,193	537,754
Employee benefits	867,583	62,466	47,175	977,224
Professional fees/contracted services	297,503	27,374	21,476	346,353
Supplies	329,173	12,341	92,624	434,138
Telecommunications	59,961	5,355	2,035	67,351
Occupancy costs	697,066	59,615	13,118	769,799
Rental/maintenance - equipment	114,808	6,068	2,438	123,314
Transportation costs	84,446	877	3,558	88,881
Conferences	7,826	2,226	40	10,092
Memberships	12,813	1,480	584	14,877
Insurance	123,582	16,673	1,634	141,889
Interest expense	37,173	70,617	418	108,208
Miscellaneous expense	8,064	-	2,441	10,505
Bad debt expense	-	37,508	-	37,508
Depreciation expense	78,648	-	-	78,648
Total	$ 7,801,113	$ 895,995	$ 368,653	$ 9,065,761

See accompanying notes to financial statements.

EASTER SEALS WESTERN AND CENTRAL PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Total
Expenses:				
Salaries	$ 4,627,096	$ 587,692	$ 175,615	$ 5,390,403
Payroll taxes	449,808	55,361	16,688	521,857
Employee benefits	749,225	78,852	49,322	877,399
Professional fees/contracted services	329,857	13,905	27,212	370,974
Supplies	370,568	12,072	132,279	514,919
Telecommunications	61,917	5,511	2,102	69,530
Occupancy costs	834,915	60,003	12,194	907,112
Rental/maintenance - equipment	79,642	8,213	3,681	91,536
Transportation costs	89,264	6,132	5,184	100,580
Conferences	46,109	4,229	58	50,396
Memberships	13,074	750	561	14,385
Insurance	118,825	18,990	1,620	139,435
Interest expense	36,029	45,532	987	82,548
Miscellaneous expense	19,730	9,080	3,936	32,746
Bad debt expense	-	-	-	-
Depreciation expense	74,514	-	-	74,514
Total	$ 7,900,573	$ 906,322	$ 431,439	$ 9,238,334

See accompanying notes to financial statements.

EASTER SEALS WESTERN AND CENTRAL PENNSYLVANIA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Change in net assets	$ 166,695	$ 654,692
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	78,648	74,514
Change in beneficial interest in irrevocable trusts	(152,757)	32,254
Unrealized (gain) loss on investments	1,011	(18,929)
Change in:		
Accounts receivable	316,244	(51,662)
Prepaid expenses	15,991	(115,434)
Other current assets	(114)	-
Accounts payable	(61,791)	18,017
Accrued expenses	(66,929)	81,765
Refundable advances	17,214	1,243
Accrued pension plan cost	184,109	58,401
Total adjustments	331,626	80,169
Net cash provided by (used in) operating activities	498,321	734,861
Cash Flows From Investing Activities:		
Redemptions (purchase) of investments	23,568	8,501
Purchase of property and equipment	(143,517)	(37,347)
Net cash provided by (used in) investing activities	(119,949)	(28,846)
Cash Flows From Financing Activities:		
Proceeds from PPP loan payable	1,104,400	-
Mortgage payments	(49,349)	(45,823)
Net cash provided by (used in) financing activities	1,055,051	(45,823)
Net Increase (Decrease) in Cash and Cash Equivalents	1,433,423	660,192
Cash and Cash Equivalents:		
Beginning of year	1,910,118	1,249,926
End of year	$ 3,343,541	$ 1,910,118
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 108,208	$ 82,548

See accompanying notes to financial statements.

1. Organization

The Easter Seals Western and Central Pennsylvania (Organization) is a nonprofit organization working in partnership with people with disabilities and their families. The Organization's mission is to design and provide programs that will assist individuals with disabilities to achieve maximum independence and to enjoy equal opportunity in pursuit of their individual goals. To this end, the Organization offers outpatient therapy, residential program, interpretive services, therapeutic recreation, child development and care, educational and vocational programs, technological assistance, advocacy, public education, and government and public relations.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period incurred.

Basis of Presentation

Revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as indicated below.

Net Assets without Donor Restrictions

The Organization reports assets that are not subject to any donor-imposed stipulations as net assets without donor restrictions. Board-designated net assets are reported as a subset of net assets without donor restrictions in the year that the Board of Directors (Board) makes the designation. Board-designated net assets are related to assets held for long-term investments as described in Note 10.

Net Assets with Donor Restrictions

Represents a portion of the net assets of the Organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that can be fulfilled and removed by actions of the Organization pursuant to those stipulations and (b) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, and their fulfillment and removal by action of the Organization pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Organization considers all cash and cash equivalents held with an investment advisor to be investments.

Concentration of Credit Risk

The Organization maintains cash accounts that at times may exceed federally insured limits. The Organization has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes that it is not exposed to any significant credit risk on its cash accounts.

Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs and valuation techniques used to measure fair value and requires enhanced disclosures about assets and liabilities carried at fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy are described below:

- Level 1 – Observable inputs such as quoted prices in active markets.
- Level 2 – Inputs, other than quoted prices in active markets, that are observable either directly or indirectly.
- Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Long-term investments, beneficial interest in perpetual trusts, and beneficial interest in assets held by others are recorded at fair value.

Accounts Receivable

Accounts receivable consists primarily of non-interest bearing amounts due for program service activity and are reported at net realizable value. The Organization provides for losses on accounts receivable using the allowance method. Allowances for contractual adjustments and doubtful accounts are based on experience, third-party contracts, and other circumstances, which may affect the ability of clients to meet their obligations. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. Accounts receivable is stated net of allowance for bad debts of $25,798 and $13,730 as of June 30, 2020 and 2019, respectively.

Promises to Give

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the statements of activities as unrestricted, unless their use is restricted by explicit donor-imposed stipulations or by law. Donated investments are recorded at market value on the date of receipt.

Property, Building, Equipment, and Improvements

The Organization records property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. 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 statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the varying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended.

Donated Materials and Services

Donated materials and services are reflected in the accompanying financial statements at estimated values obtained by using an objective basis available at the date of receipt for those such donations that meet the criteria for recognition. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and fundraising campaigns that do not meet the criteria for recognition. In-kind support was $42,456 and $47,726 for 2020 and 2019, respectively, all related to special event costs.

Functional Allocation of Expenses and Cost Allocation Plan

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among programs, fundraising, and supporting administration services benefited.

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 following basis: (a) personnel expenses are allocated on the basis of direct salaries; (b) building and occupancy costs are allocated on the basis of square footage; and (c) depreciation is allocated on the basis of usage of the related facilities and equipment.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as support with or without donor restrictions depending on the existence or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction, except contributions whose restrictions are met in the same fiscal year. Contributions whose restrictions are met in the same fiscal year are reported as without donor restrictions. Expiring donor restrictions result in net assets with donor restrictions being reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contract and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances of $45,630 and $28,416 as of June 30, 2020 and 2019 because qualifying expenditures have not been incurred. There were no grants that have not been recognized because qualified expenditures have not been incurred as of June 30, 2020 and 2019.

Program service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for providing a service. These amounts are due from patients, third-party payers (including health insurers and government programs) and others. Generally, the Organization bills patients and third party payers at the end of the month that the service is provided or performed. Revenue is recognized as performance obligations are satisfied.

Government program services fees revenues are reported at the amount that reflects the consideration to which the Organizations expect to be entitled in exchange for providing services to consumers. The Organization determine the transaction price based on a negotiated rate per unit of service, while other fee-based contracts are State set rates. Under the Pennsylvania Office of Developmental (ODP) Waiver Programs, the Organizations are reimbursed based on units of service billed to the Pennsylvania Department of Human Services (DHS) at DHS-established payment rates for eligible services.

Governmental grants and contracts are entered into annually and could be significantly changed based upon government spending patterns.

Client fees related to room and board fees are based upon annual room and board contracts signed by the Organization's residents. Payment for room and board are billed and recorded as part of revenue monthly by the Organization.

Photo center and interpreter revenues are billed monthly based on the services that were provided for that month. These amounts are generally billed at a contracted rate and the amount billed depends on the number of hours provided during the month. The performance obligation is satisfied once the service has been performed.

Camp and activity revenues are generally paid and recognized at the start of the camp or activity. The performance obligation of providing the camp or activity is satisfied at the start of the camp or activity. Revenue is determined based on the type of camp or activity.

Agreements with third-party payers provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payers follows:

Medicare: Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic or other factors. Certain services are paid based on cost-reimbursement methodologies subject to certain limits. Physical services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.

Medicaid: Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of services, or per covered member.

Other: Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organization have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organization entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization’s compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payers also provide for retroactive audit and review of claims.

Settlements with third-party payers for retroactive adjustments due to audits, review or investigations are considered variable consideration and are included in the determination of estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and the Organization’s historic settlement activity, including an assessment to ensure that is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations.

There were no revenue processes not completed at the date of the initial application of the Financial Accounting Standards Board Accounting Standards Codification Topic 606, *"Revenue from Contracts with Customers."* There have been no changes in the significant judgements related to the amount or timing of revenue from these transactions, and there are no impairment losses to recognize.

Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The Organization also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

Special Events

Special events revenue is recorded based on all receipts brought in related to specific events at the time the event is held and includes the fair value of direct benefits to donors and contributions related to the event. Special event revenue includes funds from such events as the Walk with Me and Golf Outing.

The following is a schedule of special events revenue and expenses for the years ended June 30, 2020 and 2019:

	2020	2019
Gross receipts	$ 164,289	$ 267,960
Less: contributions	(131,799)	(217,182)
Gross income	32,490	50,778
Direct expense	(40,177)	(85,512)
Net income (loss)	$ (7,687)	$ (34,734)

Refundable Advances

The Organization records cash advances received under negotiated agreements with governmental agencies as a refundable advance until the Organization satisfactorily performs the services stipulated under the agreement. Upon performance of the stipulated service, the Organization records revenue to the extent and under the terms set forth in the agreement. A corresponding reduction in the cash advance is recorded to the extent of the revenue recognized. Cash advances are returned to the awarding agency if unused advances remain at completion of the agreement.

Amounts Due To/From National Affiliate

The Organization is affiliated with the National Easter Seals. Certain transactions occur as a result of the affiliation and may remain outstanding at year-end. Management considers the outstanding transactions separately and, accordingly, does not offset the outstanding balances at year-end. Transactions with National Easter Seals are immaterial to the financial statements of the Organization.

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 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.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

Liquidity and Availability

The Organization manages its cash available to meet general expenditures by maintaining adequate liquid assets and sufficient reserves to provide reasonable assurance that the long-term mission of the Organization will continue to be met. The Organization prepares very detailed budgets and has been very active in cutting costs to ensure the entity remains liquid. The Organization maintains a line of credit to assist in meeting cash needs if they experience a lag between the receipt of contributions and grants and the payment of costs.

The following reflects the Organization's financial assets (cash, investments, and accounts receivable) as of June 30, 2020 and 2019 expected to be available within one year to meet the cash needs for general expenditures:

	2020	2019
Financial assets, at year-end	$ 4,209,461	$ 3,116,861
Less: those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	(541,015)	(731,086)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,668,446	$ 2,385,775

Income Tax Status

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

Adopted Accounting Standards Updates

The provisions of these Standards Updates have been adopted and incorporated into these financial statements.

Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606*, “Revenue from Contracts with Customers”*, as amended, provides guidance for revenue recognition related to contracts involving the transfer of promised goods or services to customers and the related disclosures. The Organization implemented Topic 606 for all periods presented and has adjusted the disclosures in these financial statements accordingly.

ASU 2018-08, “*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*.” The amendments provide guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. Implementation of these amendments had no impact on the financial statements.

Pending Accounting Standards Updates

FASB has issued Accounting Standards Updates (individually and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of these updates on the financial statements.

ASU 2016-02, “*Leases (Topic 842)*,” is effective, as delayed, for the financial statements for the year beginning after December 15, 2021. These amendments and related amendments will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2016-13, “*Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*,” is effective, as delayed, for the financial statements for the year beginning after December 15, 2022. These amendments and related amendments require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

ASU 2018-13, *"Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820),"* is effective for the financial statements for the year beginning after December 15, 2019. The amendments remove and modify certain fair value hierarchy leveling disclosures.

ASU 2018-14, *"Compensation – Retirement Benefits-Defined Benefit Plans (Subtopic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans,"* is effective for reporting periods beginning after December 15, 2021. The amendments modify disclosure requirements from Subtopic 715-20 and clarify the disclosure requirements in paragraph 715-20-50-3.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

3. Property and Equipment

The following is a summary of property and equipment as of June 30, 2020 and 2019:

	2020	2019
Land	$ 305,791	$ 276,800
Building	1,885,629	1,771,102
Improvements	28,135	28,135
Furniture and equipment	384,375	384,375
	2,603,930	2,460,412
Less: accumulated depreciation	(908,529)	(829,881)
	$ 1,695,401	$ 1,630,531

Depreciation charged to operations for the years ended June 30, 2020 and 2019 was $78,648 and $74,514, respectively.

4. Investments

The following is a summary of investments at June 30, 2020:

	Cost	Fair Value
Cash and cash equivalents	$ 14,994	$ 14,997
Equity mutual funds	243,638	228,351
Real estate	11,338	9,830
Fixed income mutual funds	206,429	218,436
Total	$ 476,399	$ 471,614

The following is a summary of investments at June 30, 2019:

	Cost	Fair Value
Cash and cash equivalents	$ 16,338	$ 16,367
Equity mutual funds	217,609	237,629
Real estate	-	-
Fixed income mutual funds	240,094	242,197
Total	$ 474,041	$ 496,193

	2020	2019
Balance - beginning of year	$ 496,193	$ 485,765
Dividends	1,354	16,922
Distributions	(15,545)	(16,024)
Fees and charges	(9,377)	(9,104)
Unrealized gain (loss)	(1,011)	18,929
Realized gain (loss)	-	(295)
Total	$ 471,614	$ 496,193

For the year ended June 30, 2020, investment income as reported on the statement of activities consists of: $216,557 of income received from beneficial interest in irrevocable trusts as described in Note 8, interest and dividends on investments of $1,354, and unrealized loss on investments of $1,011.

For the year ended June 30, 2019, Investment income as reported on the statement of activities consists of: $145,634 of income received from beneficial interest in irrevocable trusts as described in Note 8, interest and dividends on investments of $16,922, and unrealized gain on investments of $18,929.

5. Long-Term Debt

At June 30, 2020 and 2019, long-term debt consisted of the following:

	2020	2019
Mortgage payable - Kish Bank, due in monthly installments of $4,264, including interest at 5.30%, due June 2039, secured by the facilities located at 383 Rolling Ridge Drive, State College, Pennsylvania.	$ 608,998	$ 626,832
Mortgage - payable in monthly installments of $603 including interest at 5.83%. The loan is secured by a building.	26,131	31,749
Mortgage - payable in monthly installments of $952, including interest at 4.41%. The loan is secured by a building.	1,700	8,739
Term note - payable in monthly installments of $4,810.10, including interest at 6.25%, with a balloon payment due upon maturity in 2023. The loan is secured by a building.	601,287	620,145
	1,238,116	1,287,465
Less current portion	(47,686)	(50,002)
	$ 1,190,430	$ 1,237,463

The following represents the maturities of long-term debt at year-end:

2021	$ 47,686
2022	48,681
2023	29,760
2024	604,424
2025	23,558
Thereafter	484,007
Total	$ 1,238,116

6. PPP Loan Payable

On April 21, 2020, the Organization qualified for an received a loan pursuant to the Paycheck Protection Program (PPP Loan), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender for an aggregate principal amount of $1,104,400. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with interest and principal payments deferred until 10 months after the covered period for eligible forgiveness expenses, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and, commencing 10 months after the covered period ends, principal and interest payments will be required through the maturity date in April 2023. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

7. Line of Credit

The Organization has a line of credit of $250,000. The line bears interest at prime (3.25% at June 30, 2020) and is secured by all assets of the Organization. There was no outstanding balance at June 30, 2020 and 2019. There were $0 of draws and repayments during 2020 and 2019.

8. Fair Value of Financial Instruments

The following table presents the fair value hierarchy for assets measured at fair values as of June 30, 2020:

Recurring Fair Value Measurements	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents held by broker	$ 14,997	$ 14,997	$ -	$ -
Equity mutual funds	228,351	228,351	-	-
Real estate	9,830	9,830		
Fixed income mutual funds	218,436	218,436	-	-
Total Investments	471,614	471,614	-	-
Beneficial interests in assets held by perpetual trusts	3,924,858	-	-	3,924,858
Beneficial interest in assets held by a community foundation	51,119	-	-	51,119
Total Recurring Fair Value Measurements	$ 4,447,591	$ 471,614	$ -	$ 3,975,977

The following table presents the fair value hierarchy for assets measured at fair values as of June 30, 2019:

Recurring Fair Value Measurements	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents held by broker	$ 16,367	$ 16,367	$ -	$ -
Equity mutual funds	237,629	237,629	-	-
Real estate	-	-	-	-
Fixed income mutual funds	242,197	242,197	-	-
Total Investments	496,193	496,193	-	-
Beneficial interests in assets held by perpetual trusts	3,767,192	-	-	3,767,192
Beneficial interest in assets held by a community foundation	56,029	-	-	56,029
Total Recurring Fair Value Measurements	$ 4,319,414	$ 496,193	$ -	$ 3,823,221

The changes in the beneficial interest in assets held by perpetual trusts included in Level 3 assets measured at fair value on a recurring basis are summarized as follows for the year ended June 30, 2020 and 2019:

	2020	2019
Balance - beginning of year	$ 3,767,192	$ 3,799,597
Interest	10,174	8,167
Dividends	172,705	111,322
Distributions	(175,099)	(163,278)
Fees and charges	(38,178)	(36,525)
Unrealized gain (loss)	35,983	(188,567)
Realized gain	7,562	284,668
Other	144,519	(48,192)
Balance - end of year	$ 3,924,858	$ 3,767,192

The changes in the beneficial interest in assets held by a community foundation included in Level 3 assets measured at fair value on a recurring basis are summarized as follows for the year ended June 30, 2020 and 2019:

	2020	2019
Balance - beginning of year	$ 56,029	$ 55,878
Change in value	(4,910)	151
Balance - end of year	$ 51,119	$ 56,029

Determination of Fair Value

The Organization measures fair value based upon market price, where available. The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these instruments. Fixed income and equity mutual funds are valued at fair value based on quoted market prices for identical securities in active markets that the Foundation has the ability to access at the measurement date.

Beneficial interest in assets held by perpetual trusts and beneficial interest in assets held by a community foundation are carried at fair value, which is based upon the market value of the underlying assets included in the trusts. Because the Organization's interest in the trusts and assets held by others is considered to be the unit of account for the purposes of fair value measurement, the trusts and assets held by others are considered to be valued using unobservable inputs and are classified under the fair value hierarchy as Level 3 investments. Beneficial interest in perpetual trusts and in assets held by others is reported in the statements of financial position at fair value as follows:

Description	Fair Value as of June 30, 2020	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in assets held by perpetual trusts:		Market Value of Underlying Investments	Percentage Share	
Donnermeyer Trust	$ 26,845			0.50%
Hobar Trust	46,472			25.00%
Baker Trust	110,985			20.00%
Friedman Trust	12,151			2.10%
Grace Hess Trust	43,968			15.00%
Pauline Hess Trust	179,475			33.33%
Hoffman Trust	447,136			50.00%
Hoffman Family Trust	226,243			5.00%
Huber Trust	567,055			14.29%
Mackey Trust	35,947			25.00%
Mussleman Trust	57,123			100.00%
Snively Trust	165,152			100.00%
Taylor Trust	22,472			25.00%
Dilley Trust	10,926			3.13%
Hendrick Trust	30,881			16.67%
Hydinger Trust	37,210			13.33%
Messer Trust	103,068			10.00%
Roth Trust	203,268			16.67%
Troxell Trust	182,619			12.50%
Wurster Trust	28,486			5.00%
Feigler Trust	464,968			33.33%
Glatfelter Trust	107,960			10.00%
Herman Trust	57,377			16.67%
Kopp Trust	277,869			9.00%
Landes Trust	325,126			40.00%
Kusner Trust	154,076			33.30%
	$ 3,924,858			

Description	Fair Value as of June 30, 2020	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in assets held by a community foundation:		Market Value of Underlying Investments	Percentage Share	
York County Community Foundation	$ 42,741			100.00%
Central Pennsylvania Community Foundation	6,615			100.00%
Community Foundation for the Alleghenies	1,763			100.00%
	$ 51,119			

Description	Fair Value as of June 30, 2019	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in assets held by perpetual trusts:		Market Value of Underlying Investments	Percentage Share	
Donnermeyer Trust	$ 26,864			0.50%
Hobar Trust	46,298			25.00%
Baker Trust	120,046			20.00%
Friedman Trust	12,721			2.10%
Grace Hess Trust	45,465			15.00%
Pauline Hess Trust	77,444			33.33%
Hoffman Trust	447,690			50.00%
Hoffman Family Trust	236,602			5.00%
Huber Trust	571,877			14.29%
Mackey Trust	38,039			25.00%
Mussleman Trust	59,485			100.00%
Snively Trust	170,634			100.00%
Taylor Trust	23,351			25.00%
Dilley Trust	11,424			3.13%
Hendrick Trust	32,623			16.67%
Hydinger Trust	39,495			13.33%
Messer Trust	112,233			10.00%
Roth Trust	211,325			16.67%
Troxell Trust	194,568			12.50%
Wurster Trust	29,709			5.00%
Feigler Trust	479,642			33.33%
Glatfelter Trust	109,530			10.00%
Herman Trust	59,330			16.67%
Kopp Trust	288,268			9.00%
Landes Trust	322,529			40.00%
	$ 3,767,192			

Description	Fair Value as of June 30, 2019	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in assets held by a community foundation:		Market Value of Underlying Investments	Percentage Share	
York County Community Foundation	$ 47,678			100.00%
Central Pennsylvania Community Foundation	6,635			100.00%
Community Foundation for the Alleghenies	1,716			100.00%
	$ 56,029			

9. Beneficial Interest in Irrevocable Trusts

Beneficial Interest in Assets Held by Perpetual Trusts

Over the years, the Organization has been granted a residuary interest in the income of various irrevocable trusts. The interests arose either from being designated beneficiary directly by the trust grantor or as a court-appointed replacement beneficiary. In each case, the income interests are to last into perpetuity. Although the level of the Organization's income interest in each trust varies based upon the terms stipulated in the trust agreement, in each case the trust assets are held by an independent financial institution charged with administering the trust agreement. The Organization does not manage or otherwise direct how the underlying trust assets are invested nor can the Organization influence the amount or timing of the beneficiary income distributions. The Organization has no reversionary right to any of the trust assets.

Annual trust distributions are reported as investment income in the year the distribution is received. Trust distribution income is reported as unrestricted revenue unless otherwise restricted by the donor. Management reports its activities involving beneficial interests in irrevocable trusts in accordance with accounting principles generally accepted in the United States of America.

Beneficial Interest in Assets Held bv a Community Foundation

The Organization previously made contributions to an endowment fund held in its name to the York County Community Foundation (Community Foundation). Under accounting principles generally accepted in the United States of America, as the Organization transferred the assets to the Community Foundation, but specified itself as the beneficiary of those assets, the Organization recognized the fair value of the beneficial interest in assets held by a Community Foundation at the date of donation.

Under the terms of the agreement with the Community Foundation, the Organization granted the Community Foundation authority and control over all property held in the fund, including any income derived. In exchange, the Organization is the designated beneficiary of the distributions, which will occur in accordance with the spending policy and scholarship guideline of the Community Foundation.

The agreement also contains a variance clause that, if activated, grants the Community Foundation the power to modify any restriction or condition on the distributions of the fund. Under the agreement, the Community Foundation must notify the Organization in writing of its intent to exercise such power and the manner in which the Community Foundation proposes to vary the purposes, uses, or methods of administration of the fund. Under the Community Foundation’s spending policies, the Organization received $2,055 during the year ended June 30, 2020 and $2,020 during the year ended June 30, 2019.

10. Endowments

Board-Designated Endowment

The Board has designated net assets with donor restrictions (consisting of long-term investments) as a general endowment fund to generate long-term investment returns to fund future operations.

Endowment Investment Policy

The long-term goals of the Organization’s investment and spending policy are to preserve principal, provide for growth in real value, achieve competitive investment returns with moderate risk, and provide for temporary or long-term operating needs. This is accomplished by an investment policy that has an objective to achieve a total return of at least 7%, with the understanding that the total return during any single measurement period may deviate from the defined target. The target allocation for the Board-designated endowment is for 60% to be invested in equities, and 40% in fixed income securities. In order to control the risk of the endowment's assets, the assets are expected to be appropriately diversified to limit large losses in individual investments to the total portfolio.

Endowment Spending Policy

Investment income earned in the current period may be expended.

At June 30, 2020 and 2019, $471,614 and $496,193, respectively, of the Board-designated endowment net assets are held in trust. Under the terms of the trust agreement executed in 1969, the Organization may withdraw or borrow an amount not exceeding 20% of the funds deposited. These withdrawals or loans can only be authorized by action of the Board and are subject to administrative approval by the trustee, M&T Bank and Trust Company.

Donor-Designated Endowment

Interpretation of Relevant Law

The Commonwealth of Pennsylvania has not enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), or a version of the Uniform Management of Institutional Funds Act (UMIFA). Governing law resides in 15 Pa, C.S, Section 5548 "Investment of Trust Funds." The Organization has interpreted relevant law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets that are perpetual in nature (1) the original value of the gifts donated to the permanent endowment; (2) the original value of subsequent gifts to the permanent endowment; and (3) subsequent increases or decreases in the fair market value of the underlying trust assets. The investment income of the endowment fund is classified as without donor restrictions and is neither required to be added to principal nor be designated for specific purposes.

As further described in Note 10, substantially all of the Organization's endowed funds that are perpetual in nature are held in donor-established irrevocable trusts that provide for a periodic distribution of a residuary interest. The trust assets are managed by professional fund management companies that follow the total return policy desired by the donor to ensure the long-term purchasing power of the endowment. The total return investment policies are designed to allocate investment assets over a variety of investment vehicles ranging from common and preferred stocks, mutual funds, debt securities, and money market accounts to diversify risks and to provide for a predictable rate of return over an extended period of time. The investments are held and managed by multiple investment advisors that further reduce investment portfolio risk.

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions, Perpetual	Total Endowment Assets
Board-designated endowment funds	$ 471,614	$ -	$ 471,614
Donor-designated endowment funds	-	4,016,377	4,016,377
	$ 471,614	$ 4,016,377	$ 4,487,991

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions, Perpetual	Total Endowment Assets
Board-designated endowment funds	$ 496,193	$ -	$ 496,193
Donor-designated endowment funds	-	3,863,620	3,863,620
	$ 496,193	$ 3,863,620	$ 4,359,813

Changes in endowment net assets as of June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions, Perpetual	Total Endowment Assets
Endowment net assets - beginning of year	$ 496,193	$ 3,863,620	$ 4,359,813
Interest and dividend income	1,354	182,879	184,233
Unrealized (loss) gain on investments	(1,011)	35,983	34,972
Fees and charges	(9,377)	(38,178)	(47,555)
Realized gain (loss) on investments	-	7,562	7,562
Distributions	(15,545)	(175,099)	(190,644)
Other	-	139,610	139,610
Endowment net assets, end of year	$ 471,614	$ 4,016,377	$ 4,487,991

Changes in endowment net assets as of June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions, Perpetual	Total Endowment Assets
Endowment net assets - beginning of year	$ 485,765	$ 3,895,874	$ 4,381,639
Interest and dividend income	16,922	120,545	137,467
Unrealized (loss) gain on investments	18,929	(188,495)	(169,566)
Fees and charges	(9,104)	(37,087)	(46,191)
Realized gain (loss) on investments	(295)	286,192	285,897
Distributions	(16,024)	(165,217)	(181,241)
Other	-	(48,192)	(48,192)
Endowment net assets, end of year	$ 496,193	$ 3,863,620	$ 4,359,813

11. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2020 and 2019:

	2020	2019
Purpose Restrictions		
Information referral - West Virginia	$ 68,086	$ 68,086
Benefit of Clearfield residents	35,070	35,070
Computer based consumer tracking system	28,535	35,000
Daymax/vocational development marketing	29,965	29,965
Pension expense	124,089	142,089
Information technology upgrades	163,806	237,105
Lee's initiative	524	-
Tyrone, PA services	25,000	25,000
York After School Program	15,675	44,439
Accounting and donor management software	13,614	47,480
Vehicles	10,053	10,053
Other restrictions	26,598	35,162
Total	$ 541,015	$ 709,449
Perpetual in Nature		
Beneficial interest in assets held by perpetual trusts	$ 3,924,858	$ 3,767,192
Beneficial interest in assets held by Community Foundation	51,119	56,029
Cash surrender value of life insurance policy	20,000	20,000
Individuals with cerebral palsy	20,400	20,399
Total	$ 4,016,377	$ 3,863,620

12. Defined Benefit Retirement Plan

The Organization has a defined benefit pension plan (plan) that covers individuals that were employed by the Organization from September 1, 1975 through September 1, 1995 and that met certain employment criteria during that time. Benefits under the plan were frozen effective September 1, 1995. As a result, no further benefits will accrue in the plan for those employees and new participants are prohibited.

Financial Accounting Standards Board Accounting Standards Codification Topic 715 establishes accounting principles generally accepted in the United States of America for the employer recording of transactions with the plan and presentation of the related disclosures. The Organization's management has adopted the provisions of these Statements to report activity with the plan in the Organization's financial statements.

The Organization uses a June 30 measurement date for its defined benefit retirement plan.

Selected data related to the plan follows:

	June 30, 2020		June 30, 2019	
Components of net periodic pension cost:				
Interest costs	$	99,600	$	113,599
Expected return on assets		(110,514)		(103,836)
Net amortization of prior gains		25,598		20,083
Total expense for the fiscal year		14,684		29,846
One-time charges		-		-
Net periodic pension cost	$	14,684	$	29,846
Change in projected benefit obligations (PBO):				
PBO at beginning of year	$	3,152,836	$	3,000,555
Interest cost		99,600		113,599
Actuarial gain		188,571		165,348
Benefit payments		(122,651)		(126,666)
Settlements		-		-
PBO at end of year	$	3,318,356	$	3,152,836
Change in plan assets:				
Fair value of plan assets at beginning of year	$	1,971,458	$	1,877,578
Actual return of plan assets		(25,268)		117,300
Employer contributions		129,330		103,246
Benefit payments		(122,651)		(126,666)
Settlements		-		-
Fair value of plan asset at end of year	$	1,952,869	$	1,971,458
Plan funding status:				
Benefits obligation at year-end	$	3,318,356	$	3,152,836
Fair value of plan assets at year-end		1,952,869		1,971,458
Funded status deficit	$	1,365,487	$	1,181,378

For the years ended June 30, 2020 and 2019, accrued benefit cost of $1,365,487 and $1,181,378, respectively, were recognized in the statement of financial position.

For the years ended June 30, 2020 and 2019, the accumulated benefit obligation for the defined benefit pension plan amounted to $3,318,356 and $3,152,836, respectively.

The weighted-average assumptions used to determine the benefit obligation and net periodic benefit cost are as follows:

	2020	2019
Discounted rate	3.27%	3.91%
Rate of compensation increase	N/A	N/A
Expected long-term return of plan assets	5.75%	5.75%

The Organization's expected rate of return on plan assets is determined by the plan asset's historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class. The rate of compensation increase is not applicable, since the plan is frozen, and no future benefits will accrue.

The Organization's weighted asset allocation of its plan assets as of June 30, 2020 and June 30, 2019 are as follows:

	2020	2019
Equity securities	47.74%	51.27%
Fixed income securities	48.36%	41.36%
Money market/cash	1.96%	1.54%
Other investments	1.94%	5.83%
	100.00%	100.00%

All Plan assets are invested in mutual funds, which are considered to be Level 1 assets as described in Note 2.

Investment Strategy

The assets of the plan are invested in a manner consistent with the fiduciary standards of the Employee Retirement Income Security Act of 1974 (ERISA). The safeguards and diversity to which a prudent investor would adhere must be present and all transactions undertaken on behalf of the plan must be for the sole benefit of plan participants and their beneficiaries. The investment strategy is based on a rolling time horizon of three to five years and the investment objective will be to obtain the highest possible return commensurate with the level of assumed risk. The plan is managed utilizing assets classes including equities and their equivalents, fixed income securities, and cash and cash equivalents.

The investment advisor is expected to actively manage the plan assets by shifting emphasis between equities and fixed income within the limits described below. The limits for equity/fixed income emphasis (at market value) will be:

	Minimum	Maximum
Cash	0%	10%
Fixed income	30%	60%
Equity	40%	70%
Alternative investments	0%	20%

The Organization expects to contribute $114,000 to the plan for the fiscal year beginning July 1, 2020.

The following is a schedule of pension benefits that are expected to be paid in each of the next five years and in the aggregate for the five years thereafter:

2021	$	224,657
2022		224,445
2023		227,655
2024		228,412
2025		226,296
2026-2030		1,071,769

13. Concentration of Risk

The Organization operates an Approved Private School that is funded by the Pennsylvania Department of Education. This funding accounted for approximately 37% of the Organization's revenue and 35% of total expenses for the fiscal year ended June 30, 2020. This funding accounted for approximately 33% of the Organization's revenue and 33% of total expenses for the fiscal year ended June 30, 2019.

14. Retirement Savings Defined Contribution Plan

The Organization has adopted a Retirement Savings 403(b) Plan effective January 1, 1996, to which any employee who is scheduled to work twenty hours or more per week will be eligible to participate. The plan provides for a contribution by employees subject to the Internal Revenue Service limitations. For both years ended June 30, 2020 and 2019, the Organization matched half of the employees' contribution with a max employer contribution of 2%. Pension expenses for the years ended June 30, 2020 and 2019 were $69,030 and $48,320, respectively.

15. Leased Property

In February 2016, the Organization entered into an operating lease agreement with PWC Pitt, LLC for office space in Pittsburgh, Pennsylvania, with monthly rent payments of $9,420, escalating annually thereafter and expiring in May 2023.

The Organization has entered into various long-term operating lease agreements. The leases at program site locations may be terminated by the Organization with ninety days' notice if the Organization has requested, in a timely manner, funds to satisfy the lease agreements and such funds were not approved by the funding agency.

Future minimum lease obligations are as follows:

2021	$ 637,939
2022	581,333
2023	484,696
2024	339,065
2025	340,177
Thereafter	567,852
	$ 2,951,062

Rent expense charged to operations for the year ended June 30, 2020 and 2019 amounted to $704,786 and $771,353, respectively.

16. Contingencies

Financial awards received from governmental agencies are subject to audit by those agencies. Such audits, if they were to occur, could result in claims against the Organization for disallowed costs or noncompliance with regulations. No provision has been made for any liabilities that may arise from such audits, since the amounts, if any, cannot be determined at this time. However, management believes the amount of any potential liability would not have a significant impact on the Organization's operations.

17. Related Party Transactions

Effective January 1, 2011, the Organization began participation in the National Easter Seals, Inc.'s Legacy Planned Giving Program under the cost sharing plus option. Under this option, there is no upfront investment by the Organization, but bequests received by the Organization are distributed based upon the intent of the donor's will and the existence of a documented relationship with the donor. As part of this program, proceeds are shared between the Organization and National Easter Seals, Inc. For the years ended June 30, 2020 and 2019, the Organization distributed $0 to National Easter Seals, Inc. under this program. During the fiscal years ended June 30, 2020 and 2019, the Organization remitted funds in the amount of $55,446 and $57,272, respectively, to National Easter Seals, Inc. for membership fees.

18. COVID-19

In early 2020, an outbreak of a novel strain of coronavirus was identified and infections have been found in a number of countries around the world, including the United States. The coronavirus and its associated impacts on supply chains, travel, employee productivity and other economic activities has had, and may continue to have, a material effect on financial markets and economic activity. The extent of the negative impact of the coronavirus on The Organization's operational and financial performance is currently uncertain and cannot be predicted. Future impacts on the Organization will depend on certain developments, including, among others, the duration and spread of the outbreak, its impact on Organization's funders, employees and vendors, and governmental, regulatory and other responses to the coronavirus.