Alder Health Services

YEARS ENDED
JUNE 30, 2021 AND 2020

BROWN SCHULTZ SHERIDAN & FRITZ

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

ALDER HEALTH SERVICES, INC.

YEARS ENDED JUNE 30, 2021 AND 2020

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Independent Auditor's Report

Board of Directors
Alder Health Services, Inc.
Harrisburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Alder Health Services, Inc. (the Organization) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020 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 and fair presentation 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves 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 risks 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 Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Alder Health Services, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brown Schultz Sheridan & Fritz

Camp Hill, Pennsylvania
December 23, 2021

ALDER HEALTH SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	$ 382,542	$ 498,645
Restricted cash and cash equivalents	180,428	264,576
Grant and contracts accounts receivable	161,943	124,695
Patient accounts receivable, net of allowance for doubtful accounts of $12,981 and $82,653, respectively	1,292,891	1,055,347
Prepaid expenses	110,106	92,584
Total current assets	**2,127,910**	**2,035,847**
Long-term assets:		
Beneficial interest in trust	41,934	29,632
Deposits, security	8,908	8,908
Property and equipment, net of accumulated depreciation	218,521	240,861
Total long-term assets	**269,363**	**279,401**
Total assets	**$ 2,397,273**	**$ 2,315,248**

See notes to financial statements.

ALDER HEALTH SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

LIABILITIES AND NET ASSETS

	2021	2020
Current liabilities:		
Accounts payable	$ 630,431	$ 577,529
Accrued expenses	66,233	67,942
Line of credit		32,000
Paycheck Protection Program loan	328,700	328,700
Current portion of long-term debt	29,303	27,727
Unearned revenue	84,137	84,137
Total current liabilities	**1,138,804**	**1,118,035**
Long-term debt, net of current portion	77,694	106,899
Total liabilities	**1,216,498**	**1,224,934**
Net assets:		
Without donor restrictions	1,120,448	1,042,278
With donor restrictions	60,327	48,036
Total net assets	**1,180,775**	**1,090,314**
Total liabilities and net assets	**$ 2,397,273**	**$ 2,315,248**

See notes to financial statements.

ALDER HEALTH SERVICES, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue and other support:			
Contributions	$ 31,037		$ 31,037
Special events	4,145		4,145
Grant revenue:			
PA Department of Health AIDS			
State/Ryan White/Prevention/Family	673,472		673,472
Other grant sources	15,277		15,277
Program service fees	421,116		421,116
Provision for bad debts	44,868		44,868
Pharmacy program fees	7,001,556		7,001,556
Miscellaneous revenue	11,415		11,415
Net assets released from restrictions	11	$ (11)	-
Total support and revenue	**8,202,897**	**(11)**	**8,202,886**
Expenses:			
Program	7,479,342		7,479,342
Supporting services:			
Management and general	468,074		468,074
Fundraising	177,328		177,328
Total supporting services	645,402		645,402
Total expenses	**8,124,744**		**8,124,744**
Increase (decrease) before nonoperating revenues	**78,153**	**(11)**	**78,142**
Nonoperating revenues:			
Unrealized gain on beneficial interest in fund at Foundation		9,895	9,895
Realized gain on beneficial interest in fund at Foundation		2,407	2,407
Interest and dividend income, net of expenses	17		17
Total nonoperating revenues	**17**	**12,302**	**12,319**
Increase in net assets	**78,170**	**12,291**	**90,461**
Net assets:			
Beginning of year	1,042,278	48,036	1,090,314
End of year	**$ 1,120,448**	**$ 60,327**	**$ 1,180,775**

See notes to financial statements.

ALDER HEALTH SERVICES, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without donor restrictions	With donor restrictions	Total
Revenue and other support:			
Contributions	$ 32,586	$ 12,511	$ 45,097
Special events	5,667		5,667
Grant revenue:			
PA Department of Health AIDS			
State/Ryan White/Prevention/Family	683,568		683,568
Other grant sources	62,237		62,237
Program service fees	467,332		467,332
Provision for bad debts	(156,677)		(156,677)
Pharmacy program fees	5,839,314		5,839,314
Miscellaneous revenue	14,605		14,605
Net assets released from restrictions	2,406	(2,406)	-
Total support and revenue	**6,951,038**	**10,105**	**6,961,143**
Expenses:			
Program	6,462,361		6,462,361
Supporting services:			
Management and general	449,736		449,736
Fundraising	191,741		191,741
Total supporting services	641,477		641,477
Total expenses	**7,103,838**		**7,103,838**
Increase (decrease) before nonoperating revenues (expenses)	**(152,800)**	**10,105**	**(142,695)**
Nonoperating revenues (expenses):			
Unrealized loss on beneficial interest in fund at Foundation		(557)	(557)
Realized loss on beneficial interest in fund at Foundation		(68)	(68)
Interest and dividend income, net of expenses	20	83	103
Total nonoperating revenues (expenses)	**20**	**(542)**	**(522)**
Increase (decrease) in net assets	**(152,780)**	**9,563**	**(143,217)**
Net assets:			
Beginning of year	1,195,058	38,473	1,233,531
End of year	**$ 1,042,278**	**$ 48,036**	**$ 1,090,314**

See notes to financial statements.

ALDER HEALTH SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	2021			
		Supporting services		
	Program	Management and general	Fundraising	Total
Functional expenses:				
Client assistance	$ 49,712			$ 49,712
Conferences and trainings	1,234	$ 329	$ 82	1,645
Subcontracts	493,400			493,400
Depreciation	25,636	9,639	3,200	38,475
Dues and subscriptions		79		79
Employee benefits	128,757	29,083	13,851	171,691
Equipment maintenance	9,483	3,566	1,183	14,232
Fundraising expenses			2,440	2,440
Interest	5,084	1,911	634	7,629
Miscellaneous		259		259
Occupancy	249,595	93,849	31,153	374,597
Organizational dues		2,409		2,409
Postage	2,743	1,031	342	4,116
Payroll and payroll taxes	1,071,237	241,965	115,240	1,428,442
Pharmacy program fees	5,376,336			5,376,336
Professional fees	26,619	70,001	1,676	98,296
Public relations			2,826	2,826
Supplies	14,122	5,310	1,762	21,194
Telephone	21,895	8,233	2,733	32,861
Travel	3,489	410	206	4,105
Total functional expenses	**$7,479,342**	**$ 468,074**	**$ 177,328**	**$8,124,744**

ALDER HEALTH SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	2020			
		Supporting services		
	Program	Management and general	Fundraising	Total
Functional expenses:				
Client assistance	$ 66,748			$ 66,748
Wellness center	800			800
Conferences and trainings	4,676	$ 1,247	$ 312	6,235
Subcontracts	443,438			443,438
Depreciation	24,215	9,105	3,022	36,342
Dues and subscriptions		1,011		1,011
Employee benefits	140,585	32,017	14,527	187,129
Equipment maintenance	7,129	2,680	890	10,699
Fundraising expenses			8,694	8,694
Interest	3,471	1,305	433	5,209
Miscellaneous		42		42
Occupancy	234,881	88,316	29,316	352,513
Organizational dues		1,708		1,708
Postage	1,975	743	246	2,964
Payroll and payroll taxes	1,092,707	248,851	112,913	1,454,471
Pharmacy program fees	4,354,864			4,354,864
Professional fees	30,610	44,908	1,987	77,505
Public relations			13,235	13,235
Supplies	20,511	7,712	2,560	30,783
Telephone	22,779	8,565	2,843	34,187
Travel	12,972	1,526	763	15,261
Total functional expenses	**$6,462,361**	**$ 449,736**	**$ 191,741**	**$7,103,838**

See notes to financial statements.

ALDER HEALTH SERVICES, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 90,461	$ (143,217)
Adjustments:		
Depreciation	38,475	36,342
Write-off of allowance for bad debt (bad debt expense)	44,868	(156,677)
(Increase) in assets:		
Accounts receivables	(319,660)	(31,336)
Prepaid expenses	(17,522)	(45,350)
Increase (decrease) in liabilities:		
Accounts payable	52,902	101,641
Accrued expenses	(1,709)	45,082
Unearned revenue		84,137
Total adjustments	(202,646)	33,839
Net cash used in operating activities	**(112,185)**	**(109,378)**
Cash flows from investing activities:		
Change in interest in fund held by Foundation for Enhancing Communities	(12,302)	2,101
Purchase of property and equipment	(16,135)	(3,145)
Net cash used in investing activities	**(28,437)**	**(1,044)**
Cash flows from financing activities:		
Proceeds from:		
Line of credit		32,000
Paycheck Protection Program loan		328,700
Long-term debt		150,000
Repayment of:		
Line of credit	(32,000)	(41,733)
Long-term debt	(27,629)	(69,723)
Net cash provided by (used in) financing activities	**(59,629)**	**399,244**

(continued)

ALDER HEALTH SERVICES, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Net increase (decrease) in cash and cash equivalents	**$ (200,251)**	**$ 288,822**
Cash and cash equivalents:		
Beginning of year	763,221	474,399
End of year	**$ 562,970**	**$ 763,221**
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 7,629	$ 5,209
Cash and cash equivalents	$ 382,542	$ 498,645
Restricted cash and cash equivalents	180,428	264,576
	$ 562,970	$ 763,221

See notes to financial statements.

1. Nature of organization and summary of significant accounting policies:

Nature of organization:

Alder Health Services, Inc. (the Organization) is a nonprofit corporation founded in 1985 and incorporated in 1987 as AIDS Community Alliance, Inc. In 2011, it changed its name to Alder Health Services, Inc. to reflect the expansion of support services and programs to its key constituency. The Organization's purpose is to provide a network of services and programs focused on enhancing the health outcomes of individuals impacted by HIV/AIDS and members of the community who have traditionally been marginalized by the healthcare system. The Organization receives a significant portion of revenue from governmentally funded programs or grants. The Organization provides services in Adams, Bedford, Blair, Cumberland, Dauphin, Franklin, Fulton, Huntington, Juniata, Lancaster, Lebanon, Mifflin, Perry and York counties.

Basis of accounting:

The financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned and revenues and expenses are recognized in the accounting period in which the liability is incurred.

Basis of presentation:

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities in two classes of net assets:

<u>Net assets without donor restrictions</u> – Net assets that are not subject to donor-imposed stipulations.

<u>Net assets with donor restrictions</u> – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. 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.

Also included in this category are net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. 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.

1. Nature of organization and summary of significant accounting policies (continued):

Cash and cash equivalents:

The Organization considers all financial instruments with an initial maturity of three months or less to be cash equivalents. Restricted cash and cash equivalents represent amounts restricted for spending under a grant or contract agreement.

Revenue recognition:

The Organization determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with the customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, a performance obligation is satisfied

Pharmacy program fees

The Organization maintains an agreement with a pharmacy to provide prescription drugs to the Organization's patients under the program 340B. The pharmacy is the claims administrator for the Organization. The pharmacy will contract with the insurance companies on the reimbursement rates for the prescription drugs. All prescription drugs sold by the pharmacy, on behalf of the Organization, are paid for by the Organization through a bank account maintained by the pharmacy. The Organization will receive revenue, net of expenses, monthly from the pharmacy based on the difference between the insurance reimbursement rates less the pharmacy's administrator fee and the cost of the prescriptions. The monthly revenue is variable, and revenue is earned at a point in time as the service is provided. The Organization records revenue for the insurance reimbursement rates of the prescriptions sold on the statements of activities in pharmacy program fees. The Organization records expenses associated with the pharmacy's administration fees and the cost of the prescriptions on the statements of functional expenses in pharmacy program fees.

Grants and contract accounts receivable and revenue

The Organization provides services under contracts or grants, which have been billed but not paid for at year end.

1. Nature of organization and summary of significant accounting policies (continued):

Revenue recognition:

Grants and contract accounts receivable and revenue

The Organization receives grants from foundation and governmental entities, which are used for specific purposes. Foundations provide grant funds in advance. Governmental entities provide grant funds on a reimbursement basis. Grant funds are evaluated when received to determine if they are an exchange transaction or a non-exchange transaction. For grants that come with specific performance obligations, the Organization will recognize revenue when those performance obligations are met. Other grants that fund the Organization's overall mission and do not contain any performance obligations are considered non-exchange transactions and are generally recorded as revenue when received.

For grant funds with performance obligations, to comply with the revenue recognition steps, the Organization will submit progress reports to the contractors and grantors once a performance obligation is completed. Based on the terms of the agreements, the Organization recognizes revenue once the contractor or grantor approves the progress reports, denoting the performance obligation has been met.

Net program service fees and net patient accounts receivable

The Organization provides behavioral health, primary care and other outpatient, support services. Program service fees are reported at the amount the Organization expects in exchange for providing patient care. Revenue is recognized at a point in time, when patient services are completed, at a transaction price based on established rates, net of contractual adjustments, charity allowances and policy discounts. The Organization determines estimates based on contractual agreements, policies and historical experience. The Organization recognizes bad debt expense and the allowance for doubtful accounts based upon historical experience. Patient accounts receivable are charged off against the allowance when management determines that recovery is unlikely and collection efforts cease.

The Organization does not typically provide financing for customers. In instances where the Organization receives payment in advance of the services being performed, the Organization has determined that the contracts do not include a significant finance component.

1. Nature of organization and summary of significant accounting policies (continued):

Revenue recognition:

Contributions

The Organization receives contributions from both individuals and businesses. These contributions are evaluated when received to determine if they are an exchange transaction or a non-exchange transaction. Contributions that fund the Organization's overall mission and do not contain any performance obligations are considered non-exchange transactions and are generally recorded as revenue when received. Any contributions with donor restrictions are recorded as net assets with donor restrictions and the use of the funds for the restricted purpose are recorded as released from net assets with donor restrictions.

Prepaid expenses:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Property and equipment:

Property and equipment are recorded at cost. The cost of property and equipment valued at $1,000 or more and with an estimated life of greater than one year is capitalized. Depreciation is accounted for on the straight-line method based on estimated useful lives of depreciable assets. Expenditures which extend the life of the asset are capitalized, whereas, maintenance and repairs are expensed as incurred.

Beneficial interest in trust:

The Organization has the right to income generated by the trust. Valuation of the right is based on the fair value of the investments (Notes 3, 5 and 6).

Unearned revenue:

Unearned revenues arise when the Organization receives funds in advance of performing a service. In subsequent periods, after the services are performed by the Organization, the Organization will remove the liability from the statements of financial position and record the revenue on the statements of activities. During the years ended June 30, 2021 and 2020, the Organization received contributions in advance for an anniversary event that is delayed until the year ended June 30, 2022.

1. Nature of organization and summary of significant accounting policies (continued):

Contributed services:

Contributed services are reflected in the accompanying financial statements at fair value at the date of receipt to the extent they create or enhance non-financial assets or require specialized skills, which, if not provided by donation, would have to be purchased by the Organization.

No amounts have been reflected in these financial statements for volunteer services donated by the many volunteers that regularly support the Organization because the services do not meet the criteria for recognition.

Functional allocation of expenses:

The costs of providing the program and supporting services have been summarized on a functional basis. Accordingly, payroll, payroll taxes, employee benefits and travel have been allocated based on management's estimate of staff time spent on the program and supporting services. Depreciation, equipment maintenance, interest, occupancy, postage, supplies and telephone costs have been allocated based on management's estimate of building square footage. All other costs are directly related to the program or supporting service.

Income taxes:

The Organization is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on related income pursuant to Section 509(a) of the Code.

Use of estimates:

The preparation of financial statements in accordance 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the determination of the allowance for doubtful accounts. Actual results could differ from those estimates.

1. Nature of organization and summary of significant accounting policies (continued):

Recently issued accounting standard:

Leases*:*

FASB Accounting Standards Update (ASU) 2016-02, *Leases*, is effective for the Organization beginning on July 1, 2023 and requires that all leases with terms of more than 12 months be recognized as assets and liabilities on the balance sheet. Recognition of these lease assets and lease liabilities represents a change from previous generally accepted accounting principles (GAAP), which did not require lease assets and lease liabilities to be recognized for operating leases. Qualitative disclosures, along with specific quantitative disclosures, will be required to provide enough information to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an Organization’s leasing activities.

The Organization will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that the Organization may elect to apply. At adoption, the Organization will recognize a right-of-use asset and a lease liability initially measured at the present value of its operating lease payments. The Organization is currently evaluating the impacts of adopting this guidance on its financial position, results of operations and cash flows.

Reclassifications:

Certain items on the financial statements have been reclassified to conform with the current year presentation.

2. Financial assets and liquidity resources:

As of June 30, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, purchases of property and equipment and scheduled principal payments on debt were as follows:

	2021	2020
Financial assets:		
Cash and cash equivalents, unrestricted	$ 382,542	$ 498,645
Grant and contracts accounts receivable	161,943	124,695
Patient accounts receivable, net of allowance for doubtful accounts of $12,981 and $82,653, respectively	1,292,891	1,055,347
Beneficial interest in trust	41,934	29,632
Total financial assets	1,879,310	1,708,319
Net assets with donor restrictions, purpose restricted	(60,327)	(48,036)
Total financial assets and liquidity resources available within one year	$ 1,818,983	$ 1,660,283

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's largest source of revenue is pharmacy program fees, which are received throughout the year. To help manage unanticipated liquidity needs, the Organization maintains a $100,000 secured line of credit with a bank that can be drawn upon as needed. The available balance to be drawn on the line of credit at June 30, 2021 and 2020 was $100,000 and $68,000, respectively.

3. Fair value measurements:

The Organization measures fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The accounting guidance outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures.

3. Fair value measurements (continued):

The fair value hierarchy is classified into three levels based on the source of inputs. The three levels of the fair value hierarchy are described below:

Level 1 – Quoted prices in active markets for identical investment. The Organization does not hold any Level 1 investments.

Level 2 – Other significant observable inputs (including quoted prices for similar investments, current market pricing models and interest rates, prepayment speeds, credit risk, etc.). During years ended June 30, 2021 and 2020, the Organization holds $41,934 and $29,632, respectively, of Level 2 investments, which are in a trust (Note 6).

Level 3 – Unobservable inputs which are supported by little or no market activity. The Organization does not hold any Level 3 investments.

4. Receivables:

Grant and contract accounts receivable at June 30, 2021 and 2020 consisted of:

	2021	2020
Family Health Council	$ 141,920	$ 124,695
Pennsylvania Department of Health	15,944	
Cumberland and Perry Counties Drug and Alcohol Commission	413	
Lebanon County Commission on Drug and Alcohol	2,426	
York and Adams Counties Drug and Alcohol Program	1,240	
	$ 161,943	$ 124,695

5. Net assets with donor restrictions and released from donor restrictions:

Net assets with donor restrictions are available for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Wellness center	$ 5,893	$ 5,893
Beneficial interest in trust	41,934	29,632
Food pantry	12,500	12,500
Binders		11
	$ 60,327	$ 48,036

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose specified or implied by donors as of June 30, 2021 and 2020 as follows:

	2021	2020
Wellness center		$ 846
Binders	$ 11	
Beneficial interest in trust, distributions, net of reinvestments		1,560
	$ 11	$ 2,406

6. Beneficial interest in trust held by a foundation functioning as an endowment:

In August 2001, the Organization received a $10,000 endowment. The money has been placed with the Foundation for Enhancing Communities (Foundation), which is holding it for the benefit of the Organization. The Organization has granted the Foundation variance power, which gives the Foundation's Board of Trustees the power to use the funds for other purposes in certain circumstances. The funds are subject to the Foundation's investment and spending policies, which result in approximately 6% of the average fund balance being available for grants each year. Under that policy, $1,584 and $1,471 of grants were available and reinvested in the years ended June 30, 2021 and 2020, respectively. During the years ended June 30, 2021 and 2020, the Organization received distributions of $1,491 and $3,031 from the funds, respectively. The funds incurred an increase (decrease) of $12,209 and $(541) during the years ended June 30, 2021 and 2020, respectively. The Organization reports the fair value of the funds as beneficial interest in trust, which were held at the Foundation in the statements of financial position and reports distributions received as investment income. The fair value of the funds on June 30, 2021 and 2020 was $41,934 and $29,632, respectively, and is reflected as net assets with donor restrictions.

6. Beneficial interest in trust held by a foundation functioning as an endowment (continued):

The beneficial interest in assets held at the Foundation has been valued, as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pool as of June 30, 2021 and 2020. The Foundation values securities and other financial instruments on a fair value basis of accounting. The fair values of certain investments of the Foundation, which include floating rate demand notes and tuition credits, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The beneficial interest in assets held at the Foundation is not redeemable by the Organization.

The following is a summary of the changes in the trust asset for the years ended June 30, 2021 and 2020:

Balance at July 1, 2020	$ 29,632	Balance at July 1, 2019	$ 31,733
Distributions	(1,491)	Distributions	(3,031)
Reinvestments	1,584	Reinvestments	1,471
Unrealized gain	9,895	Unrealized loss	(556)
Interest and dividends	561	Interest and dividends	639
Realized gain	2,407	Realized loss	(68)
Investment fees	(654)	Investment fees	(556)
Balance at June 30, 2021	$ 41,934	Balance at June 30, 2020	$ 29,632

Application of relevant law:

The Organization operates in the Commonwealth of Pennsylvania. The Organization classifies as net assets with donor restrictions, the original donation, subsequent donations and changes in the value of the endowment fund.

Appropriations of endowment assets:

The endowment fund makes disbursements from the fund on an annual basis. All disbursements shall be in furtherance of the mission purposes of the Organization.

Investment policies:

The Foundation invests 100% in equity mutual funds at June 30, 2021 and 2020.

7. Property and equipment:

Property and equipment consisted of the following at June 30:

	2021	2020
Office equipment	$ 177,102	$ 177,102
Medical equipment	36,678	36,678
Leasehold improvements	229,062	229,062
Computers and software	125,383	109,248
	568,225	552,090
Less accumulated depreciation	349,704	311,229
Property and equipment, net	$ 218,521	$ 240,861

8. Line of credit:

The Organization has a $100,000 unsecured line of credit arrangement with a bank. The line bears interest at the *Wall Street Journal* prime rate plus .25%. During the year ended June 30, 2021, the Organization borrowed $0 and paid $32,000 on the line of credit. During the year ended June 30, 2020, the Organization borrowed $32,000 and paid $41,733 on the line of credit. The balance of the line of credit on June 30, 2021 and 2020 was $0 and $32,000, respectively.

9. Paycheck Protection Program loan:

In April 2020, the Organization secured and received funding totaling $328,700 from the Paycheck Protection Program, a government program authorizing loans to small businesses and charitable not-for-profit organizations to cover payroll costs, rents and utility costs over a 24-week period. The loan may become due if the Organization uses funds for anything besides these costs or does not incur enough of qualified costs. As of the year ended June 30, 2021, the Organization applied to the United States Small Business Association for forgiveness of the loan. The Organization expects the loan to be forgiven in 2021 based on its initial projections. The balance of the loan as of June 30, 2020 was $328,700.

10. Long-term debt:

In March 2017, the Organization entered into a $125,000 note payable to finance the buy-out of an existing lease (Note 11). The note was secured by all inventory, accounts, equipment and general intangibles. The note bore interest at 4.49% and required monthly payments of principal and interest of $2,854 through March 2021. The note was paid off in July 2019.

10. Long-term debt (continued):

In July 2019, the Organization entered into a $150,000 note payable that bears interest at 5.54%. The note is secured by all inventory, chattel paper, accounts, equipment and general intangibles. The note requires monthly minimum payments of principal and interest of $2,874 through July 2024.

Future maturities of long-term debt is as follows:

Year ended June 30	
2022	$ 29,303
2023	30,968
2024	32,728
2025	13,998
	$ 106,997

11. Operating leases:

In August 2017, the Organization moved into a new office space in Harrisburg and entered into a non-cancellable lease extending through July 2022. The lease contains an option to exercise an additional five years. The lease payment is $11,785 a month and increases 3% on August 1 of each year. In August 2018, the Organization expanded their office space in Harrisburg and entered into a non-cancellable lease extending through July 2022. The lease payment is $14,617 a month and increases 3% on August 1 of each year. The lease contains an option to exercise an additional five years.

The Organization terminated their Lancaster lease agreement in April 2017 and paid a termination fee of $110,651. The payment was financed with a note payable (Note 10). In May 2017, the Organization moved into a new office space in Lancaster and entered into a non-cancellable lease extending through April 2023. The lease contains an option to exercise an additional year. The lease payment was $1,300 a month and increased 3.0% on May 1 of each year.

The Organization had a prepaid rent balance of $29,774 and $28,904 as of June 30, 2021 and 2020 for the Harrisburg and Lancaster office spaces, respectively.

11. Operating leases (continued):

Future minimum rental payments are as follows:

Year ended June 30	
2022	$ 336,952
2023	43,454
Total lease commitments	$ 380,406

Total rental expenses included in occupancy expenses for the years ended June 30, 2021 and 2020 were $356,051 and $336,133, respectively.

12. Risks and uncertainties:

The continuation of an Organization's operations is usually assumed in financial accounting in the absence of evidence to the contrary. However, an operation which depends on support from agencies of the government is always subject to legislative action which could significantly affect the amount of support it receives.

The Organization's federal and state programs are subject of financial and program compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowed expenditures and may affect the Organization's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus has the potential to cause business disruption to the Organization beginning in March 2020, due to state government-imposed shutdowns of businesses and other results of the illness. While the Organization expects this matter may negatively impact its results, the extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on overall demand for the Organization's services, all of which are highly uncertain and cannot be predicted.

13. Concentrations:

The Organization maintains a significant portion of its cash and cash equivalents in financial instruments with bank deposit institutions, but manages accounts to minimize the levels of deposits exceeding federally insured limits. At times throughout the year, cash balances may exceed Federal Deposit Insurance Corporation limits. Uninsured balances at June 30, 2021 and 2020 totaled approximately $205,269 and $292,074, respectively.

One grantor accounted for 98% and 92% of the Organization's grant revenues in 2021 and 2020, respectively.

14. Subsequent events:

The Organization has evaluated events through December 23, 2021, the date the financial statements were available to be issued.