

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pennsylvania Association of Nonprofit Organizations

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Pennsylvania Association of Nonprofit Organizations, (the "Association") (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets — modified cash basis as of December 31, 2021 and 2020, and the related statements of revenues, expenses, and changes in net assets – modified cash basis, statements of functional expenses – modified cash basis, and statements of cash flows – modified cash basis, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter - Regarding Health Alliance for Nonprofits ("HANP")

As explained in Note 10, the Association has entered into an agreement with HANP for the purpose of providing management and administrative services to HANP's program participants. As a part of the agreement, the Association has effective control of HANP through its majority membership on the HANP's board of directors. These financial statements present only the financial position, revenues, expenses, and cash flows of the Association.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
April 22, 2022

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS
 STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
 DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 150,610	\$ 55,182
Cash and Cash Equivalents - Restricted	19,781	8,672
Security Deposit	1,250	1,250
Prepaid Expenses	1,974	2,390
Total Current Assets	173,615	67,494
TOTAL ASSETS	\$ 173,615	\$ 67,494
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Payroll Taxes and Other Withholdings	\$ 415	\$ -
Other Liabilities	575	536
Loans Payable	25,224	25,224
Total Current Liabilities	26,214	25,760
 NET ASSETS		
Without Donor Restrictions	127,620	33,062
With Donor Restrictions	19,781	8,672
TOTAL NET ASSETS	147,401	41,734
TOTAL LIABILITIES AND NET ASSETS	\$ 173,615	\$ 67,494

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

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
 YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Membership Dues	\$ 209,925	\$ -	\$ 209,925	\$ 223,474	\$ -	\$ 223,474
Membership Services:						
Royalty Income	93,168	-	93,168	84,418	-	84,418
Other Membership Services	13,511	-	13,511	7,281	-	7,281
Grants and Contributions	125,599	28,975	154,574	164,227	2,387	166,614
Program Income	56,716	-	56,716	54,417	-	54,417
Consulting Income	114,439	-	114,439	91,423	-	91,423
Interest Income	51	9	60	74	51	125
Net Assets Released from Restrictions	17,875	(17,875)	-	7,000	(7,000)	-
TOTAL REVENUE AND OTHER SUPPORT	631,284	11,109	642,393	632,314	(4,562)	627,752
OPERATING EXPENSES						
Program Services	376,685	-	376,685	418,588	-	418,588
Support Services						
Management and General	122,061	-	122,061	102,449	-	102,449
Fundraising	37,980	-	37,980	35,147	-	35,147
TOTAL OPERATING EXPENSES	536,726	-	536,726	556,184	-	556,184
CHANGES IN NET ASSETS	94,558	11,109	105,667	76,130	(4,562)	71,568
NET ASSETS (DEFICIT) - Beginning of year	33,062	8,672	41,734	(43,068)	13,234	(29,834)
NET ASSETS - End of year	\$ 127,620	\$ 19,781	\$ 147,401	\$ 33,062	\$ 8,672	\$ 41,734

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

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2021

Expenses	Program Services				Supporting Services		
	Membership Services	Program Expenses	Contracting Expenses	Total	Management and General	Fundraising	Total
Salaries and wages	\$ 43,838	\$ 129,895	\$ 24,502	\$ 198,235	\$ 53,492	\$ 27,337	\$ 279,064
Employee benefits	3,172	12,448	1,987	17,607	3,680	2,012	23,299
Payroll taxes	3,310	9,802	1,848	14,960	4,731	2,064	21,755
Consulting expenses	-	271	66,424	66,695	-	-	66,695
Professional fees	-	-	-	-	33,010	615	33,625
Occupancy	2,894	9,045	1,809	13,748	2,533	1,809	18,090
Advertising	-	-	-	-	2,510	-	2,510
Equipment rental/maintenance	1,224	2,999	765	4,988	-	765	5,753
Postage and shipping	356	1,113	223	1,692	328	223	2,243
Supplies	27	102	17	146	99	17	262
Telephone	5,305	1,960	231	7,496	3,460	577	11,533
Staff and board training	-	500	-	500	684	-	1,184
Insurance	-	-	-	-	9,374	-	9,374
Dues and subscriptions	2,885	10,344	99	13,328	5,698	247	19,273
Webinars and workshops	-	8,718	-	8,718	-	-	8,718
Advocacy expense	-	5,500	-	5,500	-	1,110	6,610
Annual conference	-	15,017	-	15,017	-	-	15,017
Member services	5,451	-	-	5,451	900	-	6,351
Miscellaneous expenses	-	2,414	190	2,604	1,562	1,204	5,370
Total Expenses	\$ 68,462	\$ 210,128	\$ 98,095	\$ 376,685	\$ 122,061	\$ 37,980	\$ 536,726

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

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2020

Expenses	Program Services				Supporting Services		
	Membership Services	Program Expenses	Contracting Expenses	Total	Management and General	Fundraising	Total
Salaries and wages	\$ 40,337	\$ 152,703	\$ 34,574	\$ 227,614	\$ 34,573	\$ 25,931	\$ 288,118
Employee benefits	3,209	12,150	2,751	18,110	2,751	2,063	22,924
Payroll taxes	3,052	11,555	2,616	17,223	2,617	1,962	21,802
Consulting expenses	-	-	72,826	72,826	-	-	72,826
Professional fees	-	-	-	-	25,554	-	25,554
Occupancy	3,981	12,440	2,488	18,909	3,483	2,488	24,880
Advertising	-	-	-	-	11,500	-	11,500
Equipment rental/maintenance	6,172	2,282	268	8,722	4,025	671	13,418
Postage and shipping	449	1,404	281	2,134	393	281	2,808
Supplies	78	245	49	372	69	49	490
Telephone	5,060	1,870	220	7,150	3,300	550	11,000
Staff and board training	-	-	-	-	204	-	204
Travel	-	-	-	-	87	-	87
Insurance	-	-	-	-	8,013	-	8,013
Dues and subscriptions	3,981	16,059	524	20,564	3,006	692	24,262
Webinars and workshops	-	3,129	-	3,129	-	-	3,129
Standards for excellence program	-	37	-	37	-	-	37
Advocacy expense	-	1,200	-	1,200	-	-	1,200
Annual conference	-	13,447	-	13,447	-	-	13,447
Interest expense	645	238	28	911	421	70	1,402
Member services	1,145	-	-	1,145	-	-	1,145
Miscellaneous expenses	3,606	1,332	157	5,095	2,453	390	7,938
Total Expenses	\$ 71,715	\$ 230,091	\$ 116,782	\$ 418,588	\$ 102,449	\$ 35,147	\$ 556,184

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

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS
 STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
 YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 105,667	\$ 71,568
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in:		
Prepaid expenses	416	(2,391)
Increase (decrease) in:		
Payroll taxes and other withholdings	415	(415)
Other Liabilities	39	175
	106,537	68,937
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on line of credit	-	5,716
Repayments of line of credit	-	(51,986)
Proceeds on Loans Payable	-	150,000
Repayments of Loans Payable	-	(124,776)
	-	(21,046)
Net cash provided by (used in) financing activities	-	(21,046)
Net increase (decrease) in cash and cash equivalents	106,537	47,891
Cash, cash equivalents, and restricted cash, beginning of year	63,854	15,963
Cash, cash equivalents, and restricted cash, end of year	\$ 170,391	\$ 63,854
Cash and cash equivalents	\$ 150,610	\$ 55,182
Cash and cash equivalents - restricted	19,781	8,672
	\$ 170,391	\$ 63,854
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ -	\$ 1,402

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

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

Pennsylvania Association of Nonprofit Organizations (the "Association"), a nonprofit organization, is a statewide membership organization serving and advancing the charitable nonprofit sector through leadership, advocacy, education, and services in order to improve the quality of life in Pennsylvania.

B. Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Association records revenue and other support when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. Modifications to the cash basis of accounting include recording receivables for reimbursement of expenses, prepayment of expenses, liabilities for payroll taxes and other withholdings, the balances owed on a line of credit and loans payable, and recognizing revenue and expense for non-cash contributions. In addition, the activity of Health Alliance for Nonprofits ("HANP") is not included in the accompanying financial statements. See Note 10.

C. Financial Statement Presentation

The Association's financial statement presentation follows the recommendations of Accounting Standards Codification ("ASC") No. 958, Not-for-Profit Entities. Under ASC No. 958, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Association has presented the statements of cash flows - modified cash basis. Under the provisions of ASC No. 958, net assets and changes therein are classified and reported, based on the existence or absence of donor-imposed stipulations as follows:

- **Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- **Net Assets With Donor Restrictions** – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Association reports Net Assets with Donor Restrictions of \$19,776 and \$8,672 at December 31, 2021 and 2020, respectively.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Financial Statement Presentation (Continued)

Net assets with donor restrictions at December 31, 2021 and 2020 included amounts subject to expenditures for specified purposes relating to COVID-19 recovery training and those subject to donor restriction such as the Don Kramer Help Desk Fund and Racial Justice.

D. Cash and Cash Equivalents

The Association considers cash on hand and cash held in deposit accounts with an original maturity of three months or less to be cash equivalents.

E. Contributions

The Association accounts for contributions in accordance with the recommendations of ASC No. 958-605, *Not-for-Profit Entities Revenue Recognition*. The Association reports gifts of cash and other assets as restricted revenue, if they are received with donor-imposed stipulations, which limit the use of the donated assets. When a donor-imposed stipulation expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of revenue, expenses, and changes in net assets - modified cash basis as net assets released from restrictions. If restricted funds are received and released in the same year, they are recorded as net assets without donor restrictions.

F. Federal Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain unrelated business activities may be subject to taxation as unrelated business income. ASC No. 740-10, *Income Taxes*, prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose uncertain tax positions taken on its tax returns. The Association believes that it has appropriate support for tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. The Association's tax returns remain subject to examination for years ended December 31, 2018 and after.

G. Allocation of Expenses

The costs of providing various programs and other activities have been summarized in the statements of revenue, expenses, and changes in net assets - modified cash basis and statements of functional expenses - modified cash basis. Accordingly, expenses that are directly identifiable with a particular function are charged to the program or supporting service benefited. Other expenses may benefit more than one program or supporting function and are allocated based on estimated time and effort. The expenses that are allocated include salaries and wages, employee benefits, payroll taxes, occupancy, equipment rental/maintenance, postage and shipping, supplies, telephone, dues and subscriptions, interest expense and miscellaneous expense. The allocation of expenses is revisited annually by management to ensure the statements reflect current activity of the Association.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

H. Advertising

Advertising is expensed as incurred. Advertising costs for the years ended December 31, 2021 and 2020 were \$2,510 and \$11,500, respectively.

I. Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform with the 2021 presentation format. These reclassifications had no effect on the Association's changes in net assets.

J. Use of Estimates

The preparation of financial statements in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and other support and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

K. New Accounting Pronouncements - Adopted

There were no new standards adopted during the year.

L. New Accounting Pronouncements - Pending

During February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will supersede the current lease requirements in Topic 840. The ASU requires lessees to recognize a right of use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statements of revenue, expenses, and changes in net assets - modified cash basis. Currently, leases are classified as either capital or operating, with only capital leases recognized in the statements of assets, liabilities, and net assets - modified cash basis. The reporting of lease related expenses in the statements of revenue, expenses, and changes in net assets - modified cash basis and statements of cash flows - modified cash basis will be generally consistent with the current guidance. The new guidance will be effective for years beginning after December 15, 2021. Once effective, the standard will be applied using a modified retrospective transition method to the beginning of the earliest period presented. Management is currently assessing the impact this new standard will have on its financial statements.

During September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance will be effective for annual years ending after June 15, 2021. Early adoption is permitted. Management is currently assessing the impact this new standard will have on its financial statements.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021 AND 2020

NOTE 2: CONCENTRATIONS OF CREDIT RISK

The Association's cash balances in financial institutions, at times, may exceed the Federal Deposit Insurance Corporation insured limits. Management regularly monitors the financial condition of the financial institutions, along with their cash balances, and tries to keep potential risks to a minimum. The Association has not experienced any such losses on these accounts.

NOTE 3: RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents is comprised of the following as of December 31, 2021 and 2020:

	2021	2020
Don Kramer Help Desk	\$ 6,561	\$ 6,547
Provident Bank Foundation	-	2,125
Racial Justice	13,220	-
Total	\$ 19,781	\$ 8,672

NOTE 4: LOANS PAYABLE

In 2020, the Association entered into a loan from the U.S. Small Business Administration to assist with the impacts of COVID-19. An amount of \$150,000 was initially received and the Association returned \$125,000 as no security interest in collateral was provided to secure the loan. The loan, which is in the form of the Economic Injury Disaster Term Note dated June 11, 2020, matures on June 11, 2050 and bears interest at a rate of 2.75% per annum, is payable monthly commencing on June 9, 2022. The Note may be prepaid by the Association at any time prior to maturity with no prepayment penalties. Interest will accrue on funds actually advanced from the date of each advance.

Funds from the Loan may only be used as working capital to alleviate economic injury caused by disaster occurring in the month ending January 31, 2020 and continuing thereafter. Borrower will, to the extent feasible, purchase only American-made equipment and products with the proceeds of this Loan. This disaster Loan is limited to disaster losses that are not compensated by other sources. The balance of the loan at December 31, 2021 and 2020 was \$25,224.

NOTE 5: ROYALTY INCOME

The Association receives payments from agreements with various vendors who provide products and services to the Association's members. Total royalty income received for the years ended December 31, 2021 and 2020 was \$93,168 and \$84,418, respectively.

NOTE 6: OPERATING LEASES

During 2021, the Association entered into a one year lease for office space expiring in October 2022. The Association's annual lease expense was \$18,090 and \$24,880 for the years ended December 31, 2021 and 2020, respectively.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021 AND 2020

NOTE 6: OPERATING LEASES (CONTINUED)

Future minimum payments, under the office space operating lease, are as follows for the years ending December 31:

Year ending December 31:		
2022		\$ 15,450
	Total	<u>\$ 15,450</u>

During the years ended December 31, 2021 and 2020, the Association leased equipment under operating leases. The total expense related to these equipment leases was \$3,158 and \$9,450 for the years ended December 31, 2021 and 2020, respectively. There are no future minimum payments under the equipment operating leases in place during the year as all were terminated or scheduled to expire during the year.

NOTE 7: 403(b) PLAN

The Association maintains a 403(b) plan for its employees. The Association does not have any matching requirements related to this plan.

NOTE 8: RELATED PARTIES

Most of the Association's board of directors are required to be representatives of member organizations of the Association. During 2021 and 2020, the Association received contributions and membership dues from member organizations of which board members are representatives totaling \$18,806 and \$17,520, respectively. During 2021 and 2020, the Association paid fees for consulting services used in its consulting operations to a related member totaling \$4,938 and \$18,721, respectively.

The Association receives its legal services pro-bono from a board member. No legal services were provided in 2021 or 2020.

NOTE 9: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association's practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As of December 31, 2021 and 2020, the Association had \$170,391 and \$63,854 of financial assets consisting of cash and cash equivalents, respectively. At December 31, 2021 and 2020, the Association had \$149,625 and \$54,646 of financial assets net of other liabilities available for general expenditure within one year of the balance sheet date, respectively. To help manage unanticipated liquidity needs, the Association has a committed line of credit in the amount of \$100,000 which it could draw upon. As of December 31, 2021 and 2020, the Association had \$100,000 of available credit from the committed line of credit to draw upon, respectively. The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its ongoing activities to support its mission as general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Association operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

NOTE 9: LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

which identified the sources and uses of the Organization's cash and shows positive cash generated by operations in 2021 and 2020.

NOTE 10: ACQUISITION OF CONTROL OF HANP

On June 28, 2013, the Association entered into a management agreement with HANP, a Pennsylvania nonprofit organization, whose mission is to facilitate the availability of group and individual health insurance and other employee benefit products for purchase by members of the United Way Agencies participating in the program and members of the Association. Condensed unaudited cash basis financial information for HANP is presented below as of and for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Statements of Financial Position		
Assets:		
Cash and cash equivalents	\$ 185,928	\$ 129,551
Accounts receivable	7,991	-
Total assets	<u>\$ 193,919</u>	<u>\$ 129,551</u>
Liabilities:		
Accounts payable	\$ 5,739	\$ 5,739
Other current liabilities	182,803	118,558
Total liabilities	188,542	124,297
Net assets without donor restrictions	<u>5,377</u>	<u>5,254</u>
Total liabilities and net assets	<u>\$ 193,919</u>	<u>\$ 129,551</u>
Statements of Activities		
Revenue:		
Fee revenue	\$ 11,916	\$ 13,046
Interest Income	4	161
Premium revenue	2,414,488	2,384,172
Total revenue	<u>2,426,408</u>	<u>2,397,379</u>
Expenses:		
Operation expenses	19,825	15,501
Premium expenses	2,414,450	2,384,172
Total expenses	<u>2,434,275</u>	<u>2,399,673</u>
Net operating loss	<u>(7,867)</u>	<u>(2,294)</u>
Other income		
Miscellaneous income	<u>7,990</u>	<u>-</u>
Changes in net assets without donor restrictions	<u>\$ 123</u>	<u>\$ (2,294)</u>

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

NOTE 11: LINE OF CREDIT

The Association has an unsecured line of credit with Truist Bank, which allows for borrowings up to \$100,000, with a maturity date of January 24, 2023. The interest rate is adjustable, based on the bank's prime rate. The interest rate at December 31, 2021 and 2020 was 5.0%. At December 31, 2021 and 2020, the outstanding balances were \$0.

NOTE 12: RISKS AND UNCERTAINTIES

The coronavirus pandemic remains an evolving situation. The extent of the impact of the coronavirus on the Association's activities and financial results will depend on future developments, including the duration and spread of the outbreak within the geographic regions in which the Association operates, the related impact on its funders and members, including on the federal budget, and the state of Pennsylvania's budget, all of which are highly uncertain.

NOTE 13: SUBSEQUENT EVENTS

In February of 2022, the Association received \$250,000 from the State of Pennsylvania under the COVID-19 ARPA Pandemic Response Grant Program for costs associated with the COVID response efforts.

Management of the Association has evaluated subsequent events through April 22, 2022, which is the date the financial statements were available to be issued. Management is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.