

**FOCUS ON RENEWAL - STO-ROX NEIGHBORHOOD CORPORATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**



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**BIELAU, TIERNEY, COON & COMPANY, P.C.**

Certified Public Accountants  
2740 Smallman Street, Suite 202  
Pittsburgh, PA 15222

## TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements as of and for the Years Ended June 30, 2021 and 2020	
Statements of Financial Position	2
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors

Focus on Renewal - Sto-Rox Neighborhood Corporation

We have audited the accompanying financial statements of Focus on Renewal - Sto-Rox Neighborhood Corporation (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 entity'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 entity'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 Focus on Renewal - Sto-Rox Neighborhood Corporation 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.

*Bielau, Tierney, Coon & Company, P.C.*

January 11, 2022

**FOCUS-ON-RENEWAL STO-ROX NEIGHBORHOOD CORPORATION****STATEMENTS OF FINANCIAL POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>Assets</b>		
Current Assets		
Cash	\$ 823,849	\$ 654,007
Accounts receivable	20,658	3,672
Grants receivable	242,384	136,501
Other receivables	-	16,080
Prepaid expenses	<u>24,197</u>	<u>18,868</u>
Total current assets	<u>1,111,088</u>	<u>829,128</u>
Cash restricted for acquisition of equipment	<u>-</u>	<u>7,700</u>
Property and Equipment		
Land	74,483	74,483
Buildings	5,664,733	5,585,449
Leasehold improvements	75,922	75,922
Furniture and equipment	278,814	278,226
Vehicles	<u>40,102</u>	<u>-</u>
	6,134,054	6,014,080
Accumulated depreciation	<u>(2,106,616)</u>	<u>(1,983,469)</u>
	4,027,438	4,030,611
Construction in progress	<u>46,308</u>	<u>-</u>
Net property and equipment	<u>4,073,746</u>	<u>4,030,611</u>
Other Assets		
Deposits	<u>37,689</u>	<u>8,354</u>
Total other assets	<u>37,689</u>	<u>8,354</u>
Total Assets	<u>\$ 5,222,523</u>	<u>\$ 4,875,793</u>

See notes to financial statements

**FOCUS-ON-RENEWAL STO-ROX NEIGHBORHOOD CORPORATION****STATEMENTS OF FINANCIAL POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 212,051	\$ 113,743
Accrued expenses		
Compensation	178,493	128,023
Deferred revenue	<u>22,050</u>	<u>-</u>
Total current liabilities	<u>412,594</u>	<u>241,766</u>
Long-term debt	<u>-</u>	<u>281,600</u>
Total Liabilities	<u>412,594</u>	<u>523,366</u>
Net Assets		
Without donor restrictions	4,362,308	4,133,999
With donor restrictions	<u>447,621</u>	<u>218,428</u>
Total Net Assets	<u>4,809,929</u>	<u>4,352,427</u>
Total Liabilities and Net Assets	<u>\$ 5,222,523</u>	<u>\$ 4,875,793</u>

See notes to financial statements

**FOCUS-ON-RENEWAL STO-ROX NEIGHBORHOOD CORPORATION**

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support</b>						
Fees and grants from						
governmental agencies	\$ 1,113,579	\$ 172,648	\$ 1,286,227	\$ 1,030,052	\$ -	\$ 1,030,052
Other grants and contributions	350,579	765,325	1,115,904	396,008	450,181	846,189
In-kind contributions	54,435	-	54,435	53,848	-	53,848
Service fees	-	-	-	34,697	-	34,697
Investment return	5,962	-	5,962	491	-	491
Rental income	105,882	-	105,882	116,977	-	116,977
Special events and other	31,703	-	31,703	5,792	-	5,792
Gain (loss) on sale of assets	(905)	-	(905)	5,000	-	5,000
Net assets released from restrictions						
Expiration of time restrictions	-	-	-	275,000	(275,000)	-
Restrictions satisfied by payments	701,714	(701,714)	-	313,804	(313,804)	-
Total revenue and other support	<u>2,362,949</u>	<u>236,259</u>	<u>2,599,208</u>	<u>2,231,669</u>	<u>(138,623)</u>	<u>2,093,046</u>
<b>Expenses</b>						
<b>Program services</b>						
<b>Family Services</b>						
Positive Parenting	330,951	-	330,951	306,299	-	306,299
Family Foundations	469,201	-	469,201	444,098	-	444,098
Community Services	419,160	-	419,160	367,384	-	367,384
Total Family Services	1,219,312	-	1,219,312	1,117,781	-	1,117,781
Library	390,257	-	390,257	185,080	-	185,080
Cultural Arts	-	-	-	353,818	-	353,818
Total program services	<u>1,609,569</u>	<u>-</u>	<u>1,609,569</u>	<u>1,656,679</u>	<u>-</u>	<u>1,656,679</u>
<b>Supporting services</b>						
General and administration	692,958	-	692,958	504,716	-	504,716
Fundraising	150,779	-	150,779	140,305	-	140,305
Total supporting services	<u>843,737</u>	<u>-</u>	<u>843,737</u>	<u>645,021</u>	<u>-</u>	<u>645,021</u>
Total expenses	<u>2,453,306</u>	<u>-</u>	<u>2,453,306</u>	<u>2,301,700</u>	<u>-</u>	<u>2,301,700</u>
Changes in Net Assets from Operations	(90,357)	236,259	145,902	(70,031)	(138,623)	(208,654)
<b>Other Changes</b>						
Capital grants	30,000	-	30,000	-	14,801	14,801
Paycheck Protection Program						
loan forgiveness	281,600	-	281,600	-	-	-
Restrictions satisfied by payments						
Capital grant expenditures	7,066	(7,066)	-	68,073	(68,073)	-
Total other changes	<u>318,666</u>	<u>(7,066)</u>	<u>311,600</u>	<u>68,073</u>	<u>(53,272)</u>	<u>14,801</u>
Change in Net Assets	228,309	229,193	457,502	(1,958)	(191,895)	(193,853)
<b>Net Assets</b>						
Beginning of year	4,133,999	218,428	4,352,427	4,135,957	410,323	4,546,280
End of year	<u>\$ 4,362,308</u>	<u>\$ 447,621</u>	<u>\$ 4,809,929</u>	<u>\$ 4,133,999</u>	<u>\$ 218,428</u>	<u>\$ 4,352,427</u>

See notes to financial statements

**FOCUS ON RENEWAL - STO-ROX NEIGHBORHOOD CORPORATION**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES					SUPPORT SERVICES			
	FAMILY SERVICES		COMMUNITY SERVICES	TOTALS	LIBRARY	TOTAL PROGRAM SERVICES	GENERAL AND ADMIN	FUND RAISING	TOTAL
POSITIVE PARENTING	FAMILY FOUNDATIONS								
Personnel Costs									
Salaries and wages	\$ 219,048	\$ 307,039	\$ 217,018	\$ 743,105	\$ 138,595	\$ 881,700	\$ 330,328	\$ 99,989	\$ 1,312,017
Payroll Taxes	16,558	23,841	16,722	57,121	10,607	67,728	24,022	7,525	99,275
Fringe benefits	24,787	23,882	12,523	61,192	5,983	67,175	12,871	8,337	88,383
	<u>260,393</u>	<u>354,762</u>	<u>246,263</u>	<u>861,418</u>	<u>155,185</u>	<u>1,016,603</u>	<u>367,221</u>	<u>115,851</u>	<u>1,499,675</u>
Advertising	-	-	120	120	1,498	1,618	-	1,786	3,404
Bank fees	57	67	34	158	39	197	1,457	213	1,867
Communications									
Internet	5,881	2,049	7,574	15,504	3,336	18,840	3,296	25	22,161
Postage	33	110	-	143	591	734	1,162	1,249	3,145
Printing	205	-	107	312	546	858	875	1,047	2,780
Telephone	1,161	1,215	2,162	4,538	1,000	5,538	5,385	-	10,923
Other	2,235	4,905	1,080	8,220	1,689	9,909	2,405	1,140	13,454
Depreciation and amortization	10,519	2,290	11,973	24,782	77,512	102,294	92,167	1,548	196,009
Education and development	574	498	2,045	3,117	325	3,442	6,833	35	10,310
Equipment	12,877	2,262	2,340	17,479	13,952	31,431	7,457	722	39,610
Food and meal costs	-	-	57,106	57,106	-	57,106	-	-	57,106
Insurance	2,964	1,906	12,433	17,303	8,921	26,224	30,159	728	57,111
Miscellaneous	-	-	-	-	-	-	299	-	299
Occupancy costs	16,328	26,779	12,271	55,378	35,717	91,095	59,668	912	151,675
Office expenses	159	2,830	169	3,158	952	4,110	2,437	3,519	10,066
Other expenses	10,281	25,307	2,733	38,321	43,570	81,891	-	496	82,387
Professional services	-	7,020	350	7,370	-	7,370	98,912	21,308	127,590
Supplies and materials	6,618	28,723	56,728	92,069	45,352	137,421	13,140	200	150,761
Travel	666	8,478	3,672	12,816	72	12,888	85	-	12,973
Totals	<u>\$ 330,951</u>	<u>\$ 469,201</u>	<u>\$ 419,160</u>	<u>\$ 1,219,312</u>	<u>\$ 390,257</u>	<u>\$ 1,609,569</u>	<u>\$ 692,958</u>	<u>\$ 150,779</u>	<u>\$ 2,453,306</u>

See notes to financial statements

**FOCUS ON RENEWAL - STO-ROX NEIGHBORHOOD CORPORATION**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	PROGRAM SERVICES						SUPPORT SERVICES			TOTAL
	FAMILY SERVICES				LIBRARY	CULTURAL ARTS	TOTAL PROGRAM SERVICES	GENERAL AND ADMIN	FUND RAISING	
	POSITIVE PARENTING	FAMILY FOUNDATIONS	COMMUNITY SERVICES	TOTALS						
Personnel Costs										
Salaries and wages	\$ 221,583	\$ 307,846	\$ 189,097	\$ 718,526	\$ 118,553	\$ 82,162	\$ 919,241	\$ 299,153	\$ 90,363	\$ 1,308,757
Payroll Taxes	16,515	23,164	13,499	53,178	8,911	6,462	68,551	22,396	6,659	97,606
Fringe benefits	17,526	19,521	7,004	44,051	4,858	2,938	51,847	16,736	6,230	74,813
	<u>255,624</u>	<u>350,531</u>	<u>209,600</u>	<u>815,755</u>	<u>132,322</u>	<u>91,562</u>	<u>1,039,639</u>	<u>338,285</u>	<u>103,252</u>	<u>1,481,176</u>
Advertising	-	-	113	113	-	25	138	290	735	1,163
Bad debts	-	-	-	-	-	2,000	2,000	-	-	2,000
Bank fees	10	-	18	28	182	-	210	2,071	387	2,668
Communications										
Internet	4,107	1,363	4,899	10,369	26	470	10,865	3,400	5	14,270
Postage	22	-	5	27	7	120	154	1,130	305	1,589
Printing	708	566	1,821	3,095	373	1,242	4,710	1,517	1,926	8,153
Telephone	1,569	2,433	1,406	5,408	1,690	-	7,098	5,194	-	12,292
Other	255	2,369	-	2,624	-	-	2,624	51	271	2,946
Depreciation and amortization	4,547	1,100	10,254	15,901	12,432	131,401	159,734	15,441	1,343	176,518
Education and development	2,108	241	600	2,949	3,345	60	6,354	3,526	86	9,966
Equipment	3,289	2,467	1,090	6,846	5,590	1,599	14,035	4,649	737	19,421
Food and meal costs	49	-	70,096	70,145	-	-	70,145	-	187	70,332
Insurance	1,952	1,996	11,446	15,394	1,446	12,290	29,130	17,737	583	47,450
Interest	-	-	-	-	-	-	-	4,211	-	4,211
Miscellaneous	-	-	596	596	-	2	598	716	-	1,314
Occupancy costs	9,872	29,693	16,229	55,794	4,246	78,500	138,540	24,602	985	164,127
Office expenses	105	283	107	495	607	508	1,610	1,609	3,428	6,647
Other expenses	14,134	22,367	2,785	39,286	961	22,573	62,820	(572)	13,442	75,690
Professional services	106	1,617	-	1,723	166	2,999	4,888	69,331	10,774	84,993
Supplies and materials	6,705	7,900	33,133	47,738	19,009	6,942	73,689	10,999	1,837	86,525
Travel	1,137	19,172	3,186	23,495	2,678	1,525	27,698	529	22	28,249
	<u>1,137</u>	<u>19,172</u>	<u>3,186</u>	<u>23,495</u>	<u>2,678</u>	<u>1,525</u>	<u>27,698</u>	<u>529</u>	<u>22</u>	<u>28,249</u>
Totals	\$ 306,299	\$ 444,098	\$ 367,384	\$ 1,117,781	\$ 185,080	\$ 353,818	\$ 1,656,679	\$ 504,716	\$ 140,305	\$ 2,301,700

See notes to financial statements



## **FOCUS ON RENEWAL - STO-ROX NEIGHBORHOOD CORPORATION**

### **STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<b>2021</b>	<b>2020</b>
<b>Cash Flows From Operating Activities:</b>		
Increase (decrease) in net assets	\$ 457,502	\$ (193,853)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	196,009	176,518
Uncollectible provision	-	2,000
Gain (loss) on equipment disposal	905	(5,000)
Contributions restricted for property and equipment purchases	-	(14,801)
Paycheck Protection Program loan forgiveness	(281,600)	-
Changes in:		
Accounts receivable	(16,986)	6,421
Grants receivable	(105,883)	319,868
Other receivables	16,080	-
Prepaid expenses and other assets	(34,468)	686
Accounts payable	70,298	(89,687)
Accrued expenses	50,470	19,621
Deferred revenue	22,050	-
Net cash provided by operating activities	<u>374,377</u>	<u>221,773</u>
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of property and equipment	-	5,000
Payments for property and equipment	(212,235)	(109,895)
Net cash used by investing activities	<u>(212,235)</u>	<u>(104,895)</u>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from long-term borrowings	-	281,600
property and equipment purchases	-	14,801
Net cash provided by financing activities	<u>-</u>	<u>296,401</u>
Net change in cash and restricted cash	162,142	413,279
Cash and restricted cash, beginning of year	<u>661,707</u>	<u>248,428</u>
Cash and restricted cash, end of year	<u>\$ 823,849</u>	<u>\$ 661,707</u>

**See notes to financial statements**

## **FOCUS ON RENEWAL – STO-ROX NEIGHBORHOOD CORPORATION**

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 1 - NATURE OF ACTIVITIES**

**Activity** - Focus on Renewal - Sto-Rox Neighborhood Corporation (F.O.R.) is a non-profit Pennsylvania corporation, located in McKees Rocks, PA. It is organized for the improvement and betterment of the social, education, cultural, and health environments of the McKees Rocks/Stowe Township neighborhoods.

F.O.R.'s mission it to have its programs and partnerships connect children, adults, and families with relationships, resources, and opportunities to develop and sustain a thriving community.

F.O.R. aims to support the people in its community through programs for all ages aimed towards the development of healthy mind, body and spirit through social services ranging from food security, nutrition, early-childhood education, support groups and mental health to arts programs for ages and small business incubation.

F.O.R. is primarily supported by grants and fees from governmental agencies, private foundation grants, and individual contributions. Approximately 24% and 25% of F.O.R.'s support for the years ended June 30, 2021 and 2020, respectively, came from federal financial assistance.

#### **Program Services**

*Family Services* – a comprehensive set of programs providing services to families of the Sto-Rox community. Programs include the following:

- Positive Parenting - a program for families with children from birth to age five. The goal of the program is to prevent child abuse and help children and families transition into the school system by improving the parent-child relationship. The program operates three drop-in centers, which provide space for families to relax, play and learn together.
- Family Foundations – federally funded Early Head Start program conducted through the University of Pittsburgh. It is an in-house family support program for low-income families with children three years of age or younger.
- Community Services - a comprehensive program which provides counseling, information and referral, workforce development, shelter, a food bank, and crisis care for the citizens of the area. F.O.R.'s community resource center also houses multiple partner organizations providing linkages and counseling for various needs.

*Library* - F.O.R. operates a free lending library, located in McKees Rocks. The library is state certified and is a member of the Allegheny County and Pennsylvania library systems.

*Cultural Arts* – a program to create opportunities for the community and individuals to participate in programs and instruction in music, theater, dance, visual arts, and literature. During the year ended June 30, 2021, the cultural arts program was consolidated with the library program.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in preparing F.O.R.'s financial statements are presented below.

**Basis of Accounting** - The financial statements of F.O.R. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Adoption of New Accounting Standards** – During the year ended June 30, 2021, F.O.R. adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue From Contracts With Customers (Topic 606)*. ASU No. 2014-09 supersedes the revenue recognition requirements in *Topic 605, Revenue Recognition*, and most industry specific guidance. The core principle under ASU No. 2014-09 is that revenues are recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Additionally, ASU No. 2014-09 requires enhanced disclosures of revenue arrangements and may be applied retrospectively to each prior period (full retrospectively) or retrospectively with the cumulative effect recognized as of the date of initial application (modified retrospective).

F.O.R. adopted the new standard under the modified retrospective approach with guidance applied to the most current period presented and recognizing the cumulative effect of the adoption change as an adjustment to the beginning net assets. The adoption of the standard did not require an adjustment to net assets as of July 1, 2020.

**Basis of Presentation** – F.O.R. reports amounts for its total assets, liabilities and net assets in a statement of financial position, the change in its net assets in statements of activities and changes in net assets, and the change in its cash and cash equivalents in a statement of cash flows. Also, its net assets and its revenues, expenses, gains, and losses are classified in these financial statements, based on the existence or absence of donor-imposed restrictions as net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Amounts designated by the board of directors of F.O.R. are included in this classification.

Net assets with donor restrictions include net assets subject to donor-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 be maintained in perpetuity. At June 30, 2021 and 2020, no donor-imposed restrictions were perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

**Cash and Cash Equivalents** – For purposes of the statements of cash flows, F.O.R. considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

**Accounts Receivable, Grants Receivable, and Other Receivables.** - Accounts receivable, grants receivable, and other receivables are stated at the amount management expects to collect from outstanding balances. F.O.R. provides for losses on receivables using the allowance method. The allowance is based upon management's assessment of the current status of individual accounts. It is F.O.R.'s policy to charge off uncollectable receivables when management determines the receivable will not be collected.

**Advertising Cost** – Advertising costs are expensed as incurred.

**Contributions** – Contributions are recognized when cash, other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions are reported as either without donor restrictions or with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

## **FOCUS ON RENEWAL – STO-ROX NEIGHBORHOOD CORPORATION**

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

A portion of the F.O.R.'s revenue is derived from cost-reimbursable federal, state contracts and local government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the F.O.R. has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

**Donated Assets and Services** – Donated assets and services are as follows:

*Food Products* – Donated food products are valued at \$1.00 per pound unless a value is provided by the donor. Food products received, valued at \$48,330 and \$51,447 for the years ended June 30, 2021 and 2020, respectively, are included in in-kind contributions and, correspondingly, food and meal costs as part of the community services program.

*Donated Services* – F.O.R. recognizes revenue from donated services which create or enhance nonfinancial assets or require specialized skills. The recognized value of these services is based upon rates commensurate of services performed. Additionally, many individuals volunteer their time and perform a variety of tasks that assist F.O.R. with their program, but which does not meet the recognition criteria. Accordingly, the value of these services is not recognized in the financial statements.

During the year-ended June 30, 2021, F.O.R. recognized \$6,075 of donated legal services provided by one of the members of F.O.R.'s board of directors. This amount is included in in-kind contributions on the statement of activities.

**Expense Allocation** – Expenses are summarized and categorized based on their functional classification as either program services or supporting services. Expenses directly identifiable to a single program or activity are charged directly to that function. Expenses related to more than one function are allocated among the program and supporting services benefited. based on estimates of management using a reasonable methodology on the basis of time records and the usage of space.

**Income Taxes** - The Corporation is chartered as a non-profit corporation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. At June 30, 2021, the F.O.R.'s 2018 through 2020 federal tax returns were subject to examination by the Internal Revenue Service.

F.O.R.'s federal return for the year-ended June 30, 2017 is currently under examination. While the ultimate outcome of the examination cannot yet be determined, management believes adjustments, if any, made by IRS will not have a material effect on F.O.R.'s operations or activities.

**Property and Equipment** - F.O.R.'s policy is to capitalize property and equipment over \$2,500. Property and equipment are recorded at cost. Donated equipment is recorded at its fair market value as of the date it is received by F.O.R. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, F.O.R. reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. F.O.R. reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is provided for under the straight-line method over the estimated useful lives of the assets.

**Service Fees and Other Revenue** – Service fees and other revenue are recognized at the amount that reflects the consideration to which F.O.R. expects to be entitled in exchange for providing services. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by F.O.R. Revenue for performance obligations satisfied at a point in time is generally recognized when goods or services are provided and F.O.R. does not believe it is required to provide additional services to the customer. Revenues for performance obligations satisfied over time are recognized based on actual charges incurred in relation to total expected (or actual) charges. F.O.R. believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

## **FOCUS ON RENEWAL – STO-ROX NEIGHBORHOOD CORPORATION**

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Generally, performance obligations satisfied over time relate to prepaid tuition charges for artistic classes and advance ticket sales for theatrical performances and other events. F.O.R. measures the performance obligation from the beginning of the tuition period to the point when it is no longer required to provide services, which is generally at the end of the tuition period or, in the case of advance ticket sale collection, after a theatrical performance has occurred.

F.O.R. determines the transaction price based on standard charges for services provided.

**Use of Estimates** - Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**New Accounting Pronouncements** - The Financial Accounting Standards Board ("FASB") has issued statements that will become effective in future years, as outlined below. Management has not yet determined the impact of these statements on the financial statements.

ASU 2016-02, *Leases (Topic 842)*. This update supersedes existing lease accounting by requiring recognition of lease assets and lease liabilities by lessees for leases previously classified as operating leases under prior GAAP. This update is effective for fiscal years beginning after December 15, 2021. The guidance requires retrospective presentation. .

#### **NOTE 3 – LIQUIDITY AND AVAILABILITY**

F.O.R. regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Cash in excess of daily needs is invested in a commercial interest sweep account.

F.O.R. has certain donor-restricted net assets that are available for general expenditures within one year because the restrictions on the net assets are expected to be met by conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. F.O.R. has other assets limited to use for donor-restricted purposes which are not included.

Financial assets available for general expenditures within one year of the statement of financial position date consisted of the following:

	<b>2021</b>	<b>2020</b>
Financial assets at year-end	\$ 1,086,891	\$ 817,970
Less: those unavailable for general expenditures due to:		
Donor restricted with time or purpose restrictions	<u>(242,384)</u>	<u>(144,201)</u>
Net available	<u>\$ 844,507</u>	<u>\$ 673,769</u>

In addition to the above, F.O.R. had a \$450,000 line of credit available at year-end.

## **FOCUS ON RENEWAL – STO-ROX NEIGHBORHOOD CORPORATION**

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 4 - CASH AND CONCENTRATION OF CREDIT RISK**

F.O.R. maintains its cash balances at a bank located in Pittsburgh. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year F.O.R. may have balances that exceed the insurance limit. F.O.R.'s management does not believe it is exposed to any significant credit risk on its balances. At June 30, 2021 and 2020 F.O.R.'s cash balances in excess of the insurance limits were approximately \$419,000 and \$227,000, respectively.

F.O.R. is subject to credit risk on its cash, receivables and investments.

#### **NOTE 5 – GRANTS RECEIVABLE**

Grants receivable at June 30 are as follows:

	<b>2021</b>	<b>2020</b>
Governmental	\$ 172,503	\$ 90,126
Grants with donor restrictions	<u>69,881</u>	<u>46,375</u>
	242,384	136,501
Less: Unamortized discount	<u>--</u>	<u>--</u>
Net unconditional promises to give	<u>\$ 242,384</u>	<u>136,501</u>

Grants receivable are due as follows:

Less than one year	\$ 242,384	\$ 136,501
One to five years	<u>--</u>	<u>--</u>
Net unconditional promises to give	<u>\$ 242,384</u>	<u>\$ 136,501</u>

#### **NOTE 6 – DEBT**

**Line of Credit** –F.O.R. has a \$450,000 of revolving line of credit arrangement with its bank. The credit line carries an interest rate of prime plus 2% (5.25% at June 30, 2021), is payable on demand, and is secured by F.O.R.'s receivables and equipment and a mortgage on one of F.O.R.'s buildings.

At June 30, 2021 and 2020, there were no borrowings outstanding against the credit line.

#### **Payroll Protection Loan**

On April 30, 2020, F.O.R. obtained a \$281,600 loan under the Paycheck Protection Program (“PPP”) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government and carried an interest rate of 1%. F.O.R. was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements

F.O.R. originally recorded a note payable which was included on the statement of financial position as of June 30, 2020. During the year ended June 30, 2021, F.O.R. applied for and was granted forgiveness of the loan. Accordingly, a grant in the amount of \$281,600 was recorded to reflect the forgiven amount. This amount is included in fees and grants from governmental agencies on the statement of activity for the year ended June 30, 2021.

**FOCUS ON RENEWAL – STO-ROX NEIGHBORHOOD CORPORATION**  
 NOTES TO FINANCIAL STATEMENTS

**NOTE 7 - RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions are for the following purposes or periods:

	<b>2021</b>	<b>2020</b>
Food and Wellness – food pantry operations	\$ --	\$ 10,120
Food and Wellness – overdose crisis	6,192	--
Workforce Development – community recovery center	40,907	--
Workforce Development – welcome back summer programming	12,500	-
Workforce Development – apprenticeship readiness	--	11,920
Workforce Development – Phase I Sto-Rox C3 cohort	--	16,129
Cultural Arts – equipment	634	7,700
Library – summer reading program	--	9,188
Library – operations	41,836	12,928
Library – creative learning spaces	30,030	--
General – IT and infrastructure enhancement	--	150,443
General – recovery and revisioning	65,522	--
Next year’s operations	<u>250,000</u>	<u>--</u>
	<u>\$ 447,621</u>	<u>\$ 218,428</u>

**NOTE 8 – GOVERNMENTAL FINANCIAL ASSISTANCE**

During the years ended June 30, 2021 and 2020, F.O.R. was the recipient of funds under several federal and county award programs. The majority of these funds were received on a cost reimbursement basis. Revenues from these grants are recognized to the extent of cost incurred under the grants. Amounts billed and collected for these grants are subject to government audit. Management believes no material adjustments would be necessary to the financial statements should such an audit take place.

**NOTE 9 - RETIREMENT PLAN**

F.O.R. has a 403(b) retirement plan covering substantially all employees who have reached 21 years of age and have completed 1,000 hours of service in a twelve month period. Under the plan, employees may contribute a portion of their salary to the plan. Employer contributions are discretionary and are determined and authorized by the board of directors annually. For the years ended June 30, 2021 and 2020, the board authorized discretionary contributions equal to 4% and 1%, respectively, of employee compensation. Employer contributions for the years ended June 30, 2021 and 2020 were \$33,150 and \$6,799 respectively.

**NOTE 10 - LEASES**

F.O.R. has entered into agreements to lease office space and equipment under non-cancelable operating leases. Future minimum lease payments at June 30 for leases with terms of more than one year are as follows:

Year Ending	<u>Amount</u>
<u>June 30,</u>	
2022	\$ 23,110
2023	23,359
2024	14,186
2025	<u>2,400</u>
	<u>\$ 63,055</u>

Rent expense for the years ended June 30, 2021 and 2020 was \$24,175 and \$10,956, respectively.

**FOCUS ON RENEWAL – STO-ROX NEIGHBORHOOD CORPORATION**

## NOTES TO FINANCIAL STATEMENTS

**NOTE 10 – LEASES - CONTINUED**

F.O.R. leases office space to tenants under noncancelable operating leases with terms of one to five years. Future minimum rentals under the leases at June 30, 2021 are as follows:

Year Ending	
<u>June 30,</u>	<u>Amount</u>
2022	\$ 46,560
2023	19,000
2024	12,000
2025	<u>10,000</u>
	<u>\$ 87,560</u>

**NOTE 11 - SUPPLEMENTAL CASH FLOW INFORMATION**

	<b>2021</b>	<b>2020</b>
Cash paid during year for interest	\$ <u>          --</u>	\$ <u>      4,211</u>

**Non-cash investing and financing information**

At June 30, 2021 and 2020, \$45,090 and \$17,080, respectively, of accounts payable represented amounts for the acquisition of property and equipment.

During the year ended June 30, 2021, F.O.R.'s Paycheck Protection Program loan, in the amount of \$281,600, was forgiven.

**NOTE 12 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through January 11, 2022, which is the date the financial statements were available to be issued.