

HUMAN RESOURCES AGENCY OF NEW BRITAIN, INC.

Independent Auditors' Report
Financial Statements

June 30, 2022 and 2021



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HUMAN RESOURCES AGENCY OF NEW BRITAIN, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Human Resources Agency of New Britain, Inc.
New Britain, Connecticut

Opinion

We have audited the financial statements of Human Resources Agency of New Britain, Inc. which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Human Resources Agency of New Britain, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Human Resources Agency of New Britain, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 audits 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 Human Resources Agency of New Britain, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Human Resources Agency of New Britain, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022 on our consideration of Human Resources Agency of New Britain, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Human Resources Agency of New Britain, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Human Resources Agency of New Britain, Inc.'s internal control over financial reporting and compliance.



Hartford, Connecticut
November 28, 2022

HUMAN RESOURCES AGENCY OF NEW BRITAIN, INC.

Statements of Financial Position

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,526,364	\$ 1,281,831
Grants receivable	1,588,629	1,208,213
Other receivables	105,880	126,901
Debt service funding held by state	388,212	384,587
Prepaid expenses	89,534	89,454
Total current assets	<u>4,698,619</u>	<u>3,090,986</u>
Property and Equipment		
Land and buildings	15,655,007	15,541,141
Leasehold improvements	645,967	645,967
Equipment	1,796,797	1,591,796
Vehicles	119,757	119,757
Construction in progress	783,214	71,548
	<u>19,000,742</u>	<u>17,970,209</u>
Less accumulated depreciation	6,748,888	6,230,839
Net property and equipment	<u>12,251,854</u>	<u>11,739,370</u>
Other Assets		
Restricted cash	<u>130,435</u>	<u>130,345</u>
Total Assets	<u>\$ 17,080,908</u>	<u>\$ 14,960,701</u>

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

HUMAN RESOURCES AGENCY OF NEW BRITAIN, INC.

Statements of Financial Position (continued)

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of bonds payable	\$ 265,000	\$ 255,000
Current portion of notes payable	44,729	42,701
Current portion of capital leases	14,733	14,107
Accounts payable and accrued expenses	641,100	575,383
Accrued payroll and vacations	532,690	612,549
Accrued interest payable	123,213	129,588
Due to funding source	35,727	16,613
Deferred revenue	2,131,396	1,194,685
Total current liabilities	<u>3,788,588</u>	<u>2,840,626</u>
 Long-Term Liabilities		
Bonds payable, net	5,500,872	5,768,627
Notes payable, net	945,030	990,066
Capital leases, net	50,969	67,114
Total long-term liabilities	<u>6,496,871</u>	<u>6,825,807</u>
 Total liabilities	<u>10,285,459</u>	<u>9,666,433</u>
 Net Assets		
Without donor restrictions	6,751,931	5,250,750
With donor restrictions	43,518	43,518
Total net assets	<u>6,795,449</u>	<u>5,294,268</u>
 Total Liabilities and Net Assets	<u>\$ 17,080,908</u>	<u>\$ 14,960,701</u>

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

HUMAN RESOURCES AGENCY OF NEW BRITAIN, INC.

Statements of Activities

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Changes in Net Assets Without Donor Restrictions		
Revenues, gains and other support:		
Government grants	\$ 20,219,756	\$ 14,038,685
Program income	1,670,601	1,150,643
Nongovernmental grants and contributions	1,058,488	821,863
Bond debt service funding	428,574	472,527
Rental income	54,686	63,358
Other income	31,012	61,155
Total revenues, gains and other support	<u>23,463,117</u>	<u>16,608,231</u>
Expenses		
Salaries and benefits	9,571,395	8,738,567
Direct client assistance	8,683,262	4,166,702
Professional and contracted services	744,707	624,199
Occupancy	1,007,965	969,344
Depreciation	518,049	506,773
Interest	299,381	321,168
Materials and supplies	885,751	879,999
Other	251,426	192,711
Total expenses	<u>21,961,936</u>	<u>16,399,463</u>
Change in net assets	1,501,181	208,768
Net assets - beginning of year	<u>5,294,268</u>	<u>5,085,500</u>
Net assets - end of year	<u>\$ 6,795,449</u>	<u>\$ 5,294,268</u>

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

HUMAN RESOURCES AGENCY OF NEW BRITAIN, INC.

Statements of Cash Flows

June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 1,501,181	\$ 208,768
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	518,049	506,773
Amortization	12,094	12,093
(Increase) decrease in operating assets:		
Grants receivable	(380,416)	(306,515)
Other receivables	21,021	69,004
Debt service funding held by state	(3,625)	(1,249)
Prepaid expenses	(80)	(28,825)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	65,717	221,572
Accrued payroll and vacations	(79,859)	89,503
Accrued interest payable	(6,375)	(3,750)
Due to funding source	19,114	(12)
Deferred revenue	936,711	497,405
Net change in cash from operating activities	<u>2,603,532</u>	<u>1,264,767</u>
Cash flows from investing activities		
Purchases or improvement of property and equipment	<u>(1,030,533)</u>	<u>(326,310)</u>
Net change in cash from investing activities	<u>(1,030,533)</u>	<u>(326,310)</u>
Cash flows from financing activities		
Principal repayments on capital leases payable	(15,519)	(79,907)
Principal repayments on bonds and notes payable	<u>(312,857)</u>	<u>(306,566)</u>
Net change in cash from financing activities	<u>(328,376)</u>	<u>(386,473)</u>
Net change in cash and cash equivalents	1,244,623	551,984
Cash, cash equivalents and restricted cash - beginning of year	<u>1,412,176</u>	<u>860,192</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$ 2,656,799</u>	<u>\$ 1,412,176</u>
Supplemental Information:		
Cash paid during the year for		
Interest	<u>\$ 293,006</u>	<u>\$ 317,418</u>

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

HUMAN RESOURCES AGENCY OF NEW BRITAIN, INC.

Notes to the Financial Statements

June 30, 2022 and 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Human Resources Agency of New Britain, Inc. (the “Agency”), a community action agency, was established in 1964 as a Connecticut nonstock, nonprofit corporation whose purpose is to provide the economically disadvantaged in the greater New Britain, Connecticut, area with various social programs and services including food, training, education, child care, shelter and energy-related assistance.

Basis of Accounting and Presentation

The financial statements of the Agency have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Agency to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions:
Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency’s management and the board of directors.
- Net assets with donor restrictions:
Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

The Agency considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, exclusive of restricted cash. Restricted cash consists of cash restricted by the Connecticut Health and Educational Facilities Authority (CHEFA) bond indenture for property renewal and replacements.

Property and Equipment

Property and equipment acquisitions and improvements thereon that exceed \$2,500 are capitalized at cost and depreciated on the straight-line basis over their estimated useful lives. Leasehold improvements are amortized over the life of the improvement or the remaining lease term, whichever is shorter. Repairs and maintenance are charged to expense as incurred.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funding sources retain a reversionary right to certain property acquired with grant funds, although no grant programs are expected to end prior to the end of the properties' required useful lives that would require return of such assets. In connection with a State of Connecticut grant in the amount of \$345,000, for which the Agency received the final payment on September 10, 2015, forgivable liens have been placed on the real property of the Agency. The period of forgiveness will be forgiven at a rate of ten percent per year from the date of the final payment. If the Agency were to not fulfill the requirements of this grant, a liability for the remaining balance of the lien would occur. The amount of the remaining lien was \$103,500 and \$138,000 at June 30, 2022 and 2021.

Deferred Financing Costs

Deferred financing costs represent costs incurred in obtaining bond financing. Debt issuance costs are presented as a direct deduction of the carrying amount of the debt. These costs are being amortized on a straight-line basis over the term of the related bonds. Amortization of debt issuance costs is included in interest expense. Amortization expense (interest) for each of the years ended June 30, 2022 and 2021 was \$12,093. Amortization expense (interest) for each of the next five years is \$12,093.

Grants and Contracts

The Agency receives grant and contract funding from various government agencies and private foundations to provide a variety of program services to the public conditioned on specific requirements included in the agreements and/or incurring allowable qualifying expenses. These program services range from childcare and family programs to social services and fuel assistance. Such grants and contracts are nonreciprocal transactions and include conditions stipulated by the granting agencies and are, therefore, accounted for as conditional contributions. Revenues from such grants and contracts are recognized as conditions are satisfied, primarily as expenses are incurred.

Grants receivable represent expenditures of funds in accordance with grant stipulations or fulfillment of contract terms for which reimbursement has not yet been received by the grantor agency. A provision for doubtful accounts has not been established as of June 30, 2022 and 2021 as management considers all accounts to be collectible based upon contractual agreements and a favorable history of collection.

A portion of the Agency's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. The Agency received cost-reimbursement grants that have not been recognized at June 30, 2022 and 2021 because qualifying expenses have not yet been incurred, with advance payments of \$2,131,396 and \$1,194,685 recognized in the statements of financial position as a deferred revenue at June 30, 2022 and 2021, respectively. The Agency has not been informed by any agencies of any funds which are required to be returned

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases net assets with donor restrictions. 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 to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Income

The Agency has multiple revenue streams that are accounted for as reciprocal exchange transactions, including program service fees received from clients in exchange for, education, childcare and other program services.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in Note 12. Accordingly, costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses are allocated based on time and effort, with the exception of depreciation, which is based on square footage and time and effort.

Income Taxes

The Agency is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code as a public charity.

Fair Value of Financial Instruments

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2- Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial Instruments Carried at Fair Value

The carrying value of bonds payable approximates its fair value based on quoted prices for similar bond issues and are valued at Level 2 inputs.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments Not Carried at Fair Value

The Agency’s major financial instruments not carried at fair value consist of cash and cash equivalents, grants receivable, accounts payable, line of credit and notes payable. The carrying values of cash and cash equivalents, restricted cash, grants receivable and accounts payable approximate their fair values due to the short-term nature of these items. It is impracticable to determine the fair value of the Agency’s notes payable due to their lack of marketability.

Subsequent Events

In preparing these financial statements, the Agency has evaluated subsequent events through November 28, 2022, which represents the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS

Cash, Cash Equivalents and Restricted Cash

The Agency maintained deposits in financial institutions that exceeded federal depository insurance limits. However, management regularly monitors the financial strength of its depository institutions and, based on that monitoring, believes that the Agency’s deposits are not subject to significant credit risk.

Cash, cash equivalents and restricted cash were as follows at June 30,:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,526,364	\$ 1,281,831
Restricted cash	130,435	130,345
	<u>\$ 2,656,799</u>	<u>\$ 1,412,176</u>

Government Grants and Contracts

Based on historical experience, management believes grant and contract receivables represent negligible credit risk. Therefore, no allowance is generally maintained for grants and contracts receivable. The Agency receives a significant portion of its total support from the United States Department of Health and Human Services and the State of Connecticut Department of Social Services (“DSS”). As with all government funding, these grants and contracts may not be renewed or may be renewed in reduced amounts in future years. In addition, grants and contracts currently in effect are subject to reduction prior to the end of the grant or contract period. Any significant reduction in these grants and contracts could have an adverse effect on the Agency’s program services.

NOTE 3 – CAPITAL LEASES

Capital leases consisted of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Lease payable in monthly installments through February 1, 2026 at an annual interest rate of 4.35%. The fourth payment on June 30, 2020 was for \$6,546, and the three preceding payments and every payment thereafter is for \$111.	\$ 4,303	\$ 5,417
Lease payable in monthly installments through May 15, 2026 at an annual interest rate of 4.35%. The fourth payment on September 15, 2020 was for \$5,684, and the three preceding payments and every payment thereafter is for \$102.	4,320	5,333
Lease payable in monthly installments through May 15, 2020 at an annual interest rate of 4.35%. The fourth payment on September 15, 2020 was for \$61,200, and the three preceding payments and every payment thereafter is for \$1,349.	<u>57,079</u>	<u>70,471</u>
	65,702	81,221
Less current portion	<u>14,733</u>	<u>14,107</u>
Long-term portion	<u>\$ 50,969</u>	<u>\$ 67,114</u>

Maturities of capital leases are as follows:

Year Ending June 30:

2023	18,746
2024	18,746
2025	18,746
2026	<u>18,746</u>
Total minimum lease payments	74,984
Less amount representing interest	<u>9,282</u>
Present value of lease payments	65,702
Less current portion	<u>14,733</u>
Long term portion	<u>\$ 50,969</u>

NOTE 4 – BONDS PAYABLE

Bonds payable consisted of the following as of June 30, 2022 and 2021:

	2022		2021	
	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs
CHEFA refunding bonds payable, maturing through 2036, original amount \$7,360,000, with interest ranging from 1.5%-5.0%	\$ 5,720,000	\$ 169,309	\$ 5,975,000	\$ 181,403
Unamortized bond premium	215,181	-	230,030	-
Total	5,935,181	\$ 169,309	6,205,030	\$ 181,403
Less current portion	265,000		255,000	
Long-term portion	5,670,181		5,950,030	
Less unamortized deferred financing costs	(169,309)		(181,403)	
Bonds payable - long-term, net	\$ 5,500,872		\$ 5,768,627	

DSS funds the majority of the debt service related to the bond issuance through its Debt Service Fund and a Contract Intercept agreement with the Agency. This revenue is presented in the accompanying statements of activities as bond debt service funding. Debt payments funded by DSS and intercepted from Agency grants are held by DSS until debt service payments are due on the bonds. Amounts held by DSS are reported as debt service funding held by state in the accompanying statements of financial position. These amounts are released by DSS on July 1 of the following fiscal year and remitted to the bondholders on behalf of the Agency.

Maturities of bonds payable for the next five years and thereafter are as follows:

Year Ending June 30:

2023	\$ 265,000
2024	299,849
2025	314,849
2026	329,849
2027	344,849
Thereafter	4,380,785
	<u>\$ 5,935,181</u>

NOTE 5 – NOTES PAYABLE

Notes payable consisted of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Mortgage payable of \$975,000, payable in monthly installments of \$6,270 through August 1, 2038, at which time the remaining balance of \$605,919 is due, including interest at 4.625%, secured by real property.	\$ 851,402	\$ 885,837
Note payable of \$140,372, payable in monthly installments of \$836 through May 2030, at which time the remaining balance is due including interest at 3.75%, secured by real property.	130,212	135,193
Note payable of \$45,979, payable in monthly installments of \$677 through July 2022, including interest at 1.90%, secured by a vehicle.	<u>8,145</u>	<u>11,737</u>
	989,759	1,032,767
Less current portion	<u>44,729</u>	<u>42,701</u>
Notes payable - long-term	<u><u>\$ 945,030</u></u>	<u><u>\$ 990,066</u></u>

Maturities of notes payable for the next five years and thereafter are as follows:

<u>Year Ending June 30:</u>	
2023	\$ 44,729
2024	45,073
2025	45,202
2026	47,316
2027	49,530
Thereafter	<u>757,909</u>
	<u><u>\$ 989,759</u></u>

NOTE 6 – LINE OF CREDIT

The Agency has an available line of credit of \$1,250,000, which expires May 1, 2023 and bears interest at the Wall Street Journal Prime Rate plus .25%. The interest rate at June 30, 2022 and 2021 was 5.0% and 3.50%, respectively. The line is secured by substantially all Agency assets and is subject to certain financial covenants. No amounts were outstanding under the line as of June 30, 2022 and 2021.

NOTE 7 – NET ASSETS

Net assets with donor restrictions of \$43,518 as of June 30, 2022 and 2021, are available for use in the assets for independence program. No net assets were released for this program during the years ended June 30, 2022 and 2021.

NOTE 8 – OPERATING LEASES

The Agency leases various locations and equipment under leases that expire through June 2026. Total rent expense was \$54,699 and \$76,112 for the years ended June 30, 2022 and 2021, respectively. Future minimum lease payments under operating leases that have remaining terms in excess of one year are as follows:

Year Ending June 30:

2023	\$	53,928
2024		53,928
2025		53,928
2026		19,030
	\$	<u>180,814</u>

NOTE 9 – CONTINGENCIES

The Agency participates in federal and state-assisted grant programs. These grants are subject to audits by grantor agencies, which could result in disallowed costs due back to the grantor. The Agency has recognized all known audit liabilities.

NOTE 10 – EMPLOYEE BENEFIT PLAN

The Agency sponsors a defined contribution 401(k) profit-sharing plan covering substantially all employees. All full-time employees are eligible to participate upon hire and will be eligible for profit sharing after one year of service, as defined, and attaining the age of 18. The Agency matches employees' contributions up to 3% of their compensation. Agency contributions totaled \$94,780 and \$63,789 for the years ended June 30, 2022 and 2021, respectively.

NOTE 11 – RISKS AND UNCERTAINTIES

The global outbreak of COVID-19 has disrupted various Agency activities. The financial impact has been modest to date, but there is considerable uncertainty around the duration of the pandemic and its future financial impact may be different than the experience to date.

NOTE 12 – EXPENSES BY FUNCTION

Expenses by function are as follows for the year ended June 30, 2022 and 2021:

	2022		
	Program	Management and General	Total
Salaries and benefits	\$ 9,127,139	\$ 444,256	\$ 9,571,395
Direct client assistance	8,683,262	-	8,683,262
Professional and contracted services	502,126	242,581	744,707
Occupancy	883,615	124,350	1,007,965
Depreciation	433,442	84,607	518,049
Interest	299,131	250	299,381
Materials and supplies	852,762	32,989	885,751
Other	179,537	71,889	251,426
Total expenses	<u>\$ 20,961,014</u>	<u>\$ 1,000,922</u>	<u>\$ 21,961,936</u>

	2021		
	Program	Management and General	Total
Salaries and benefits	\$ 8,127,547	\$ 611,020	\$ 8,738,567
Direct client assistance	4,166,702	-	4,166,702
Professional and contracted services	267,346	356,853	624,199
Occupancy	852,784	116,560	969,344
Depreciation	414,241	92,532	506,773
Interest	320,843	325	321,168
Materials and supplies	844,936	35,063	879,999
Other	131,467	61,244	192,711
Total expenses	<u>\$ 15,125,866</u>	<u>\$ 1,273,597</u>	<u>\$ 16,399,463</u>

NOTE 13 – LIQUIDITY AND AVAILABILITY

The following represents the Agency’s financial assets available to meet general expenditures over the next twelve months at June 30,:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,526,364	\$ 1,281,831
Grants receivable	1,588,629	1,208,213
Other receivables	105,880	126,901
Total financial assets	<u>4,220,873</u>	<u>2,616,945</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	43,518	43,518
	<u>43,518</u>	<u>43,518</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,177,355</u>	<u>\$ 2,573,427</u>

The Agency’s liquidity goal is to maintain the ratio of current assets over current liabilities to be greater than 1 and to maintain 30 days or more of available cash. The Agency has a line of credit of \$1,250,000 that is available to use.

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