

**Judith Creed Horizons for
Achieving Independence and Affiliate
Financial Statements
For the Years Ended
June 30, 2024 and 2023**

Judith Creed Horizons for Achieving Independence and Affiliate
Years Ended June 30, 2024 and 2023

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Independent Auditors' Report

To the Board of Directors
Judith Creed Horizons for Achieving Independence and Affiliate
Bryn Mawr, PA

Opinion

We have audited the accompanying consolidated financial statements of Judith Creed Horizons for Achieving Independence and Affiliate (a nonprofit organization) which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Judith Creed Horizons for Achieving Independence and Affiliate as of June 30, 2024 and 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 Judith Creed Horizons for Achieving Independence and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities 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 Judith Creed Horizons for Achieving Independence and Affiliate'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 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 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 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 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 Judith Creed Horizons for Achieving Independence and Affiliate'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 Judith Creed Horizons for Achieving Independence and Affiliate'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities on pages 20-22 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2025 on our consideration of Judith Creed Horizons for Achieving Independence and Affiliate'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 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 Judith Creed Horizons for Achieving Independence and Affiliate's internal control over financial reporting and compliance.

Baratz & Associates, P.A.

Baratz & Associates, P.A.
Marlton, NJ

February 7, 2025

Judith Creed Horizons for Achieving Independence and Affiliate
Consolidated Statements of Financial Position
As of June 30,

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 658,093	\$ 751,156
Client fees receivable	659,716	815,862
Grants receivable	287,500	130,000
Prepaid expenses	<u>92,073</u>	<u>74,077</u>
Total Current Assets	<u>1,697,382</u>	<u>1,771,095</u>
Property and equipment, net	<u>4,635,931</u>	<u>4,710,737</u>
Other Assets		
Right of use asset	6,628	-
Security deposits and other	<u>56,418</u>	<u>51,122</u>
Total Other Assets	<u>63,046</u>	<u>51,122</u>
Total Assets	<u><u>\$ 6,396,359</u></u>	<u><u>\$ 6,532,954</u></u>

Judith Creed Horizons for Achieving Independence and Affiliate
Consolidated Statements of Financial Position
As of June 30,

	<u>2024</u>	<u>2023</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 177,906	\$ 246,878
Deferred revenue	1,367	12,934
Lease liability, current portion	6,628	-
Long term debt, current portion	<u>10,706</u>	<u>10,128</u>
Total Current Liabilities	<u>196,607</u>	<u>269,940</u>
Long Term Liabilities		
Long-term debt, net of current portion	<u>35,765</u>	<u>46,381</u>
Total Long Term Liabilities	<u>35,765</u>	<u>46,381</u>
Total Liabilities	<u>232,372</u>	<u>316,321</u>
Net Assets		
Without Donor Restriction:	5,720,149	6,008,065
With Donor Restrictions	<u>443,838</u>	<u>208,568</u>
Total Net Assets	<u>6,163,987</u>	<u>6,216,633</u>
Total Liabilities and Net Assets	<u><u>\$ 6,396,359</u></u>	<u><u>\$ 6,532,954</u></u>

**Judith Creed Horizons for Achieving Independence and Affiliate
Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Client fees - private pay, net of scholarships of \$348,431	\$ 1,450,155	\$ -	\$ 1,450,155
Client fees			
Commonwealth of Pennsylvania	880,412	-	880,412
Montgomery County	101,313	-	101,313
Contributions and grants	806,126	417,122	1,223,248
Special events	503,638	-	503,638
Membership dues	10,943	-	10,943
Other	1,030	-	1,030
Net assets released from restrictions:	<u>230,748</u>	<u>(230,748)</u>	<u>-</u>
Total Revenue and Support	<u>3,984,365</u>	<u>186,374</u>	<u>4,170,739</u>
Functional Expenses			
Program services	3,547,347	-	3,547,347
General and administrative	593,423	-	593,423
Fundraising	<u>220,228</u>	<u>-</u>	<u>220,228</u>
Total Functional Expenses	<u>4,360,998</u>	<u>-</u>	<u>4,360,998</u>
Changes in Net Assets	(376,633)	186,374	(190,259)
Transfer in of Net Assets	88,717	48,896	137,613
Net Assets, Beginning of Year	<u>6,008,065</u>	<u>208,568</u>	<u>6,216,633</u>
Net Assets, End of Year	<u>\$ 5,720,149</u>	<u>\$ 443,838</u>	<u>\$ 6,163,987</u>

**Judith Creed Horizons for Achieving Independence and Affiliate
Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Client fees - private pay, net of scholarships of \$416,249	\$ 1,295,165	\$ -	\$ 1,295,165
Client fees			
Commonwealth of Pennsylvania	1,068,366	-	1,068,366
Montgomery County	163,304	-	163,304
Contributions and grants	757,930	-	757,930
Special events	446,432	-	446,432
Other	11,190	-	11,190
Net assets released from restrictions:	<u>130,000</u>	<u>(130,000)</u>	<u>-</u>
Total Revenue and Support	<u>3,872,387</u>	<u>(130,000)</u>	<u>3,742,387</u>
Functional Expenses			
Program services	3,290,214	-	3,290,214
General and administrative	599,618	-	599,618
Fundraising	<u>188,663</u>	<u>-</u>	<u>188,663</u>
Total Functional Expenses	<u>4,078,495</u>	<u>-</u>	<u>4,078,495</u>
Changes in net assets before other income and expenses	(206,108)	(130,000)	(336,108)
Other Income and Expenses			
Gain on sale of fixed asset	<u>332,058</u>	<u>-</u>	<u>332,058</u>
Changes in Net Assets	125,950	(130,000)	(4,050)
Net Assets, Beginning of Year	<u>5,882,115</u>	<u>338,568</u>	<u>6,220,683</u>
Net Assets, End of Year	<u>\$ 6,008,065</u>	<u>\$ 208,568</u>	<u>\$ 6,216,633</u>

Judith Creed Horizons for Achieving Independence and Affiliate
Consolidated Statement of Functional Expenses
Year Ended June 30, 2024

		Supporting Services		
	Program Services	General and Administrative	Fund- Raising	Total
Salaries	\$ 1,537,674	\$ 288,314	\$ 96,104	\$ 1,922,092
Payroll taxes	117,604	22,051	7,350	147,005
Employee benefits	96,460	18,086	6,029	120,575
Total Salaries and Benefits	<u>1,751,738</u>	<u>328,451</u>	<u>109,483</u>	<u>2,189,672</u>
Credit card and bank fees	-	22,954	-	22,954
Depreciation	134,733	-	-	134,733
Dues and subscriptions	-	7,742	-	7,742
Food and supplies	218,233	-	-	218,233
Fundraising expense	-	-	72,817	72,817
IT Services	-	54,566	-	54,566
Insurance	125,205	-	-	125,205
Interest expense	2,961	-	-	2,961
Miscellaneous	14,928	-	-	14,928
Office expense	-	16,690	-	16,690
Office rent	-	11,307	-	11,307
Professional fees	-	151,713	37,928	189,641
Program expenses	990,065	-	-	990,065
Repairs and maintenance	246,873	-	-	246,873
Training expense	22,873	-	-	22,873
Travel and mileage	39,738	-	-	39,738
Total Other Expenses	<u>1,795,609</u>	<u>264,972</u>	<u>110,745</u>	<u>2,171,326</u>
Total Expenses	<u>\$ 3,547,347</u>	<u>\$ 593,423</u>	<u>\$ 220,228</u>	<u>\$ 4,360,998</u>

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

Judith Creed Horizons for Achieving Independence and Affiliate
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Supporting Services			
	Program Services	General and Administrative	Fund- Raising	Total
Salaries	\$ 1,499,661	\$ 281,186	\$ 93,729	\$ 1,874,576
Payroll taxes	111,218	20,853	6,951	139,022
Employee benefits	100,528	18,849	6,283	125,660
Total salaries and benefits	1,711,407	320,888	106,963	2,139,258
Credit card and bank fees	-	19,038	-	19,038
Depreciation	142,170	-	-	142,170
Dues and subscriptions	-	9,538	-	9,538
Food and supplies	206,941	-	-	206,941
Fundraising expense	-	-	50,073	50,073
IT Services	-	111,821	-	111,821
Insurance	141,516	-	-	141,516
Interest expense	3,928	-	-	3,928
Miscellaneous	30,267	-	-	30,267
Office expense	-	11,824	-	11,824
Professional fees	-	126,509	31,627	158,136
Program expenses	810,562	-	-	810,562
Repairs and maintenance	174,272	-	-	174,272
Training expense	13,046	-	-	13,046
Travel and mileage	56,105	-	-	56,105
Total Other Expenses	1,578,807	278,730	81,700	1,939,237
Total Expenses	\$ 3,290,214	\$ 599,618	\$ 188,663	\$ 4,078,495

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

Judith Creed Horizons for Achieving Independence and Affiliate
Consolidated Statements of Cash Flows
Years Ended June 30,

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (190,259)	\$ (4,050)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	134,733	142,170
Gain on sale of fixed asset	-	(332,058)
Transfer in of net assets	137,613	-
(Increase) Decrease in Operating Assets:		
Client fees receivable	156,146	(454,437)
Grants receivable	(157,500)	-
Prepaid expenses	(17,996)	26,024
Grants receivable, long term portion	-	151,666
Security deposits and other	(5,296)	(18,497)
Increase (Decrease) in Operating Liabilities:		
Accounts payable and accrued expenses	(68,972)	(8,056)
Deferred revenue	(11,567)	2,004
Net Cash Used in Operating Activities	<u>(23,098)</u>	<u>(495,234)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(59,927)	(93,113)
Proceeds from sale of fixed asset	-	460,000
Net Cash (Used in) Provided by Investing Activities	<u>(59,927)</u>	<u>366,887</u>
Cash Flows from Financing Activities:		
Repayments of long term debt	(10,038)	(9,519)
Net Cash Used In Financing Activities	<u>(10,038)</u>	<u>(9,519)</u>
Net (Decrease) in Cash and Cash Equivalents	(93,063)	(137,866)
Cash and Cash Equivalents, Beginning of Year	<u>751,156</u>	<u>889,022</u>
Cash and Cash Equivalents, End of Year	<u>\$ 658,093</u>	<u>\$ 751,156</u>

Judith Creed Horizons for Achieving Independence and Affiliate
Notes to the Consolidated Financial Statements
Years Ended June 30, 2024 and 2023

1. Organization

Judith Creed Horizons for Achieving Independence (the “Organization”), founded in 1987, is a not-for-profit organization under Pennsylvania Nonprofit Corporation Law. The Organization was created to provide people with developmental disabilities a place to live independently.

The Organization’s vision is to provide a supportive environment that helps adults with developmental disabilities live and flourish in the community. This is done through supportive living, transition programs, and opportunities to teach and strengthen vocational and independent living skills.

In January 2024, the Organization merged with the Association of Adults with Developmental Disabilities (“AADD”), a Pennsylvania not for profit organization. AADD provides a variety of social service programs and activities to young adults with developmental disabilities. AADD is an affiliate of the Organization and a disregarded entity for federal income tax purposes.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements for the year ended June 30, 2024 include the accounts of the Organization and its affiliate. The affiliate is controlled by the Organization and all material intra-organization accounts and transactions have been eliminated.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. When a 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. Contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions support. All other net assets, including board-designated or appropriated amounts, are net assets without donor restrictions and are reported as part of the net assets without donor restriction class.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Concentration of Credit Risk

The Organization maintains deposit accounts with reputable financial institutions. Financial instruments which potentially subject the Organization to concentrations of credit risk include cash deposits with commercial banks and brokerage firms. The Organization's cash management policies limit its exposure to concentrations of credit risk by maintaining primary cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). At times, however, such deposits may exceed FDIC insurance limits.

Judith Creed Horizons for Achieving Independence and Affiliate
Notes to the Consolidated Financial Statements
Years Ended June 30, 2024 and 2023

Cash and Cash Equivalents

Cash and cash equivalents include cash and marketable securities with maturities of three months or less. The Organization's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation. The Organization has account balances that exceed this limit.

Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair value, if donated. Depreciation is computed using the straight line method over the estimated useful lives of the respective assets (5-15 years for furniture, fixtures and equipment; and 40 years for building). Expenditures for maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the change in net assets. The Organization has adopted a \$2,000 capitalization policy according to which all assets below that threshold and less than one year of useful life are expensed as incurred. For the year ended June 30, 2024, depreciation expense was \$134,733. The table below shows changes in net assets before depreciation expense:

	<u>2024</u>
Revenue and support, per consolidated statement of activities:	\$ <u>4,170,739</u>
Expenses, per consolidated statement of functional expenses:	4,360,998
(Less) depreciation expense:	<u>(134,733)</u>
Total expenses (less) depreciation:	<u>4,226,265</u>
Changes in net assets before depreciation:	\$ <u>(55,526)</u>

Impairment of Long-Lived Assets

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization assesses recoverability by comparing the estimated undiscounted cash flows associated with the related asset or group of assets against their respective carrying amounts. The amount of impairment, if any, is calculated based on the excess of the carrying amount over the fair value of those assets.

Donated Assets, Property and Equipment, and Services

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization also receives donated services from other contributors and volunteers that are not measurable, and therefore, are excluded from the financial statements.

Judith Creed Horizons for Achieving Independence and Affiliate
Notes to the Consolidated Financial Statements
Years Ended June 30, 2024 and 2023

Revenue Recognition

The Organization accounts for revenue in accordance with Topic 606, Revenue from Contracts with Customers. The Organization recognizes revenue based on the five-step model; (i) identify the contract with the member; (ii) identify the performance obligation in the contract; (iii) determine the contract price; (iv) allocate the transaction price; and (v) recognize revenue (or as) each performance obligation is satisfied. If we determine that a contract with enforceable rights and obligations does not exist, revenues are deferred until all criteria for an enforceable contract are met.

Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, and maintenance and supplies, which are allocated on a usage basis; conferences, miscellaneous expenses and professional fees, which are allocated based on the percentage of the cost that applies to each category; and leased employees which are allocated on the basis of estimates of time and effort.

Income Taxes

No provisions are made for federal and state income taxes. The Organization is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and exempt from state taxes under the provisions of the Pennsylvania Department of Revenue.

FASB ASC 740-10-65-1 requires financial statement recognition of the impact of a tax position, if that position is more than likely than not to be sustained on examination, based on the technical merits of the position. The benefit is calculated as the largest amount that is more than 50 percent likely to be realized upon resolution of the benefit. The Organization has evaluated its tax positions and believes all could be sustained upon examination. With few exceptions, the Organization is no longer subject to income tax examinations by federal authorities for years before 2021.

New Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The ASU introduces a new accounting model, the Current Expected Credit Losses model (CECL), which requires earlier recognition of credit losses and additional disclosures related to credit risk. The CECL model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses for loans and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. This model replaces the multiple existing impairment models in current GAAP, which generally require that a loss be incurred before it is recognized. The new standard also applies to receivables arising from revenue transactions such as contract assets and accounts receivables. The standard has been applied prospectively with no adjustment to net assets needed.

Judith Creed Horizons for Achieving Independence and Affiliate
Notes to the Consolidated Financial Statements
Years Ended June 30, 2024 and 2023

Leases

For any new or modified lease, the Organization, at the inception of the contract, determines whether a contract is or contains a lease. The Organization records right-of-use ("ROU") assets and lease obligations for its finance and operating leases, which are initially recognized based on the discounted future lease payments over the term of the lease. If the rate in the Organization's leases is not easily determinable, the Organization's applicable incremental borrowing rate is used in calculating the present value of the sum of the lease payments. The lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The Organization has elected not to recognize ROU asset and lease obligations for its short-term leases, which are defined as leases with an initial term of 12 months or less. For a majority of all classes of underlying assets, the Organization has elected to not separate lease from non-lease components. The operating ROU asset and lease obligations will be amortized on a straight-line basis to the earlier of its useful life or lease term. For leases in which the lease and non-lease components have been combined, the variable lease expense includes expenses such as common area maintenance, utilities, and repairs and maintenance.

3. Liquidity and Availability

The Organization's financial assets available within one year for general expenditures are as follows:

	2024	2023
Cash and cash equivalents	\$ 658,093	\$ 751,156
Client fees receivable	659,716	815,862
Grants receivable	<u>287,500</u>	<u>130,000</u>
 Total financial assets	 1,605,309	 1,697,018
 Donor-imposed restrictions: restricted funds	 <u>(443,838)</u>	 <u>(208,568)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 \$ <u>1,161,471</u>	 \$ <u>1,488,450</u>

The Organization manages its liquidity by operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. During the years ended June 30, 2024 and 2023, the Organization has been able to meet cash needs for general expenditures within each respective year.

In addition to these available financial assets, a significant portion of the Organization's annual expenditures will be funded by current year operating revenues.

Judith Creed Horizons for Achieving Independence and Affiliate
Notes to the Consolidated Financial Statements
Years Ended June 30, 2024 and 2023

4. Revenue from Contracts with Customers

The Organization generates revenue from providing independent living services to individuals with disabilities. The Organization's contracts are generally each accounted for as a single performance obligation.

Contract revenues for the years ended June 30, 2024 and 2023 comprised the following:

	<u>2024</u>	<u>2023</u>
Recognized over time:		
Client fees	\$ <u>1,450,155</u>	\$ <u>1,295,165</u>
Total	\$ <u>1,450,155</u>	\$ <u>1,295,165</u>

The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. Significant judgments also include the methodology for recognizing revenue over the appropriate period.

The opening and closing balances of contract receivables, contract assets, and contract liabilities are as follows:

	<u>Contract Receivables</u>	<u>Contract Assets</u>	<u>Contract Liabilities</u>
Balance 7/1/22	\$261,987	\$-	\$10,930
Balance 6/30/23	\$713,936	\$-	\$12,934
Balance 6/30/24	\$285,373	\$-	\$ 1,367

The following economic factors affect the nature, amount, timing, and uncertainty of the Organization's revenue and cash flows as indicated:

Type of customer:

A majority of the Organization's revenues are generated from providing independent living services to individuals with disabilities.

Geographical location of customers:

The Organization's customers are located in the state of Pennsylvania.

Type of contract:

The Organization provides independent living services to individuals with disabilities.

Judith Creed Horizons for Achieving Independence and Affiliate
Notes to the Consolidated Financial Statements
Years Ended June 30, 2024 and 2023

Transaction Price

The transaction price of a contract is the amount of consideration to which the Organization expects to be entitled in exchange for transferring promised services to its members. Transaction prices do not include amounts collected on behalf of third parties. To determine the transaction price of a contract, the Organization considers its customary business practices as well as the terms of the contract. For the purpose of determining transaction prices, the Organization assumes that the services will be transferred to its members as promised in accordance with existing contracts and the contracts will not be cancelled, renewed, or modified. The Organization does not adjust the transaction prices of contracts for collectability. At the end of each year, the Organization updates the estimated transaction prices of contracts having unsatisfied performance obligations. At those times, revenue and related account balances are adjusted to reflect any changes in transaction prices.

Performance Obligations

The Organization typically satisfies its performance obligations over time. In most cases, consideration paid for services that members purchase from the Organization is non-refundable. The Organization does not estimate refunds or exclude any such amounts from revenue.

5. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 29,000	\$ 29,000
Buildings and improvements	4,947,186	4,947,186
Furniture, fixtures, and equipment	448,683	405,316
Automobiles	<u>118,680</u>	<u>71,719</u>
	5,543,549	5,453,221
Less: accumulated depreciation	<u>(907,618)</u>	<u>(742,484)</u>
	<u>\$ 4,635,931</u>	<u>\$ 4,710,737</u>

Depreciation expense for the years ended June 30, 2024 and 2023 amounted to \$134,733 and \$142,170, respectively.

6. Long-Term Debt

The Organization has a mortgage payable with a local bank. The loan is collateralized by the property at 1090 Welsh Road, Philadelphia, PA. Terms call for repayment in 240 monthly installments. Every 60th month the loan interest rate will be adjusted to 2.5% above the Federal Home Loan Bank rate.

Long-term debt as of June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Mortgage payable, bank, due in monthly installments of \$1,083, including interest at 5.6%	\$ 46,471	\$ 56,509
Less: current maturities	<u>(10,706)</u>	<u>(10,128)</u>
Total long-term debt	<u>\$ 35,765</u>	<u>\$ 46,381</u>

Judith Creed Horizons for Achieving Independence and Affiliate
Notes to the Consolidated Financial Statements
Years Ended June 30, 2024 and 2023

Maturities of long-term debt as of June 30 is as follows:

2025	\$	10,706
2026		11,317
2027		11,962
2028		<u>12,486</u>
Total	\$	<u>46,471</u>

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods as of June 30:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specific purpose:		
Scholarships	\$ 56,901	\$ 56,901
Time Restricted	<u>386,937</u>	<u>151,667</u>
	<u>\$ 443,838</u>	<u>\$ 208,568</u>

8. Leases

The Organization leases office equipment. The Organization's lease costs recognized on the statement of activities consist of the following:

The following is the schedule of future minimum rental payments and reconciliation to the statement of financial position as of June 30:

2025	\$	<u>6,670</u>
Total future undiscounted lease payments		6,670
Less present value factor		<u>(42)</u>
Total lease liability	\$	<u>6,628</u>

9. Pension Plan

In 1998, the Organization adopted a 403(b) retirement plan providing eligible participants the ability to invest pretax dollars into selected variable annuities. There is no obligation for the Organization to make contributions to the plan. For the years ended June 30, 2024 and 2023, no contributions were made by the Organization.

10. Supplemental Cash Flow Information

Cash paid for interest was \$2,961 and \$3,928 during the years ended June 30, 2024 and 2023, respectively.

11. Subsequent Events

Management evaluated subsequent events through February 7, 2025, the date the financial statements were available to be issued. There were no subsequent events that required recognition or additional disclosure in the financial statements.

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance Required by the Montgomery County Department of
Behavioral Health/Developmental Disabilities Program**

To: The Board of Directors
Judith Creed Horizons for Achieving Independence and Affiliate
Bryn Mawr, Pennsylvania

We have audited Judith Creed Horizons for Achieving Independence and Affiliate (the "Organization") for compliance with the requirements described in the agreement dated July 1, 2023 with the Montgomery County Department of Behavioral Health/Developmental Disabilities Program that could have a direct and material effect on the Organization's program for the year ended June 30, 2024.

The compliance requirements for the Montgomery County Department of Behavioral Health/Developmental Disabilities Program are as follows:

- Verification of fee for service contract
- Invoicing based on the terms and conditions in the contract
- Authorized services
- Progress notes
- Evaluation of accounting and administrative controls
- Reimbursement from the county for the fiscal year will not exceed \$101,313

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its agreement with the Montgomery County Department of Behavioral Health/Developmental Disabilities Program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the audit requirements of the agreement with the Montgomery County Department of Behavioral Health/Developmental Disabilities Program.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material

effect on a program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing other procedures as we considered necessary.

We believe that our audit provides a reasonable basis for our opinion on compliance for each program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its program with the Montgomery County Department of Behavioral Health/Developmental Disabilities Program for the year ended June 30, 2024.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each program and to test and report on internal control over compliance in accordance with the agreement with the Montgomery County Department of Behavioral Health/Developmental Disabilities Program, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Montgomery County Department of Behavioral Health/Developmental Disabilities Program. Accordingly, this report is not suitable for any other purpose.

Baratz & Associates, P.A.

Baratz & Associates, P.A.
Marlton, NJ

February 7, 2025

**Judith Creed Horizons for Achieving Independence and Affiliate
Consolidating Statements of Financial Position
As of June 30, 2024**

Assets	<u>Consolidated</u>	<u>Eliminations</u>	<u>Judith Creed Horizons for Achieving Independence</u>	<u>Association for Adults with Developmental Disabilities</u>
Current Assets				
Cash and cash equivalents	\$ 658,093	\$ -	\$ 579,818	\$ 78,275
Client fees receivable	659,716	-	659,716	-
Grants receivable	287,500	-	287,500	-
Prepaid expenses	92,073	-	83,637	8,436
	<u>1,697,382</u>	<u>-</u>	<u>1,610,671</u>	<u>86,711</u>
Total Current Assets				
Property and equipment, net	<u>4,635,931</u>	<u>-</u>	<u>4,627,649</u>	<u>8,282</u>
Other Assets				
Right of use asset	6,628	-	-	6,628
Security deposits and other	56,418	-	55,318	1,100
	<u>63,046</u>	<u>-</u>	<u>55,318</u>	<u>7,728</u>
Total Other Assets				
Total Assets	\$ <u><u>6,396,359</u></u>	\$ <u><u>-</u></u>	\$ <u><u>6,293,638</u></u>	\$ <u><u>102,721</u></u>

**Judith Creed Horizons for Achieving Independence and Affiliate
Consolidating Statements of Financial Position
As of June 30, 2024**

Liabilities and Net Assets	<u>Consolidated</u>	<u>Eliminations</u>	<u>Judith Creed Horizons for Achieving Independence</u>	<u>Association for Adults with Developmental Disabilities</u>
Current Liabilities				
Accounts payable and accrued expenses	\$ 177,906	\$ -	\$ 173,466	\$ 4,440
Deferred revenue	1,367	-	1,367	-
Lease liability, current portion	6,628	-	-	6,628
Long term debt, current portion	<u>10,706</u>	<u>-</u>	<u>10,706</u>	<u>-</u>
Total Current Liabilities	<u>196,607</u>	<u>-</u>	<u>185,539</u>	<u>11,068</u>
Long Term Liabilities				
Long-term debt, net of current portion	<u>35,765</u>	<u>-</u>	<u>35,765</u>	<u>-</u>
Total Long Term Liabilities	<u>35,765</u>	<u>-</u>	<u>35,765</u>	<u>-</u>
Total Liabilities	<u>232,372</u>	<u>-</u>	<u>221,304</u>	<u>11,068</u>
Net Assets				
Without donor restrictions	5,720,149	-	5,670,892	49,257
With donor restrictions	<u>443,838</u>	<u>-</u>	<u>401,442</u>	<u>42,396</u>
Total Net Assets	<u>6,163,987</u>	<u>-</u>	<u>6,072,334</u>	<u>91,653</u>
Total Liabilities, Shareholder's Equity and Net Assets	\$ <u><u>6,396,359</u></u>	\$ <u><u>-</u></u>	\$ <u><u>6,293,638</u></u>	\$ <u><u>102,721</u></u>

**Judith Creed Horizons for Achieving Independence and Affiliate
Consolidating Statements of Activities and Changes in Net Assets
Year Ended June 30, 2024**

	<u>Consolidated</u>	<u>Eliminations</u>	<u>Judith Creed Horizons for Achieving Independence</u>	<u>January - June 2024 Association for Adults with Developmental Disabilities</u>
Revenue and Support				
Client fees - private pay, net of scholarships of \$348,431	\$ 1,450,155	\$ -	\$ 1,450,155	\$ -
Client fees				
Commonwealth of Pennsylvania	880,412		880,412	-
Montgomery County	101,313	-	101,313	-
Contributions and grants	1,223,248	-	1,079,472	143,776
Special events	503,638	-	452,414	51,224
Membership dues	10,943	-	-	10,943
Other	1,030	-	452	578
	<u>4,170,739</u>	<u>-</u>	<u>3,964,218</u>	<u>206,521</u>
Operating Expenses				
Salaries	1,922,092	-	1,827,299	94,793
Payroll taxes	147,005	-	139,235	7,770
Employee benefits	120,575	-	115,523	5,052
	<u>2,189,672</u>	<u>-</u>	<u>2,082,057</u>	<u>107,615</u>
Total Salaries and Benefits				
Credit card and bank fees	22,954	-	22,843	111
Depreciation	134,733	-	133,118	1,615
Dues and subscriptions	7,742	-	7,742	-
Food and supplies	218,233	-	217,720	513
Fundraising expense	72,817	-	64,014	8,803
IT Services	54,566	-	49,313	5,253
Insurance	125,205	-	125,205	-
Interest expense	2,961	-	2,961	-
Miscellaneous	14,928	-	13,353	1,575
Office expense	16,690	-	8,783	7,907
Office rent	11,307	-	-	11,307
Professional fees	189,641	-	179,240	10,401
Program expenses	990,065	-	894,247	95,818
Repairs and maintenance	246,873	-	246,873	-
Training expense	22,873	-	22,873	-
Travel and mileage	39,738	-	38,175	1,563
	<u>2,171,326</u>	<u>-</u>	<u>2,026,460</u>	<u>144,866</u>
Total Other Expenses				
	<u>4,360,998</u>	<u>-</u>	<u>4,108,517</u>	<u>252,481</u>
Total Expenses				
Changes in Net Assets	\$ <u>(190,259)</u>	\$ <u>-</u>	\$ <u>(144,299)</u>	\$ <u>(45,960)</u>