



EASTON ROTARY SERVICE FOUNDATION

Rotary Club of Easton
Easton, Pennsylvania

2886 Hope Ridge Drive, Easton, PA 18045-8144

GRANT APPLICATION

Organization Name Family Connection of Easton

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Contact Person Carolyn Serva Title Executive Director

Project Director Nancy Arzoumanian Title Associate Director

Project Title The Parent Child Home Program (PCHP)

Grant Period October 1, 2019 – June 30, 2020

Total Cost of Project \$135,000 Amount Requested \$5,000

Signature of Approving
Agency Personnel Carolyn Serva Date 3/25/19

Name of Approving
Agency Personnel Carolyn Serva Title Executive Director

For use by Easton Rotary Service Foundation

Date Received _____

Action Taken _____ Date _____

Brief Description of the Organization

Family Connection is the nonprofit family center for the Easton Area School District. Our mission is to be a catalyst for change within families, schools and the community. Through a team approach, we strive to improve academic performance, the quality of life for the children and families we serve, and the overall strength of our community. Our vision is to create a compassionate community where all children and families have the opportunity to achieve academic and personal success.

The programs offered through Family Connection are designed to serve pre-school and school-aged children and their parents or guardians who face multiple academic and economic challenges including lack of English-speaking skills, poverty, lack of access to or understanding of available resources, unemployment or underemployment, incomplete formal education and developmental disabilities. All programs and services are provided at no cost to families.

While Family Connection serves all EASD children, our primary focus is on two urban elementary schools and their sending areas—Cheston and Paxinosa. Both of these schools are classified as Title I schools for Reading and Math, meaning that they have been recognized by the Department of Education as having a significant population of low-income, high-risk students. Both schools are now eligible for free breakfast and lunch for 100% of their students; both populations are highly transient. In addition to on-site staff, we have storage space at several schools where we keep clothes, coats, books, school supplies, toiletries and other supplies so they are readily at hand whenever they are needed by families.

Family Connection currently offers the following programs to children and families in Easton:

- Family Support and Case Management - designed to improve family self-sufficiency and positive school involvement;
- Parents Who Care - a family wellness and parenting education program;
- Health & Wellness Initiative - an initiative to provide families with access to free or low-cost health insurance and school-based preventative health services;
- Backpack Pals - a program to provide tote bags of food to a minimum of 180 EASD children at-risk of hunger over 6 long holiday weekends (over 1,000 bags annually) and establish 3 school-based pantries at the district's secondary schools;
- The Parent-Child Home Program - a nationally recognized program designed to prepare preschool age children and their families for a successful school start through 100 home visits over 2 years with Home Visitors who mentor parents on how to work with their children on developmental activities;
- After-School Learning Clubs -after-school programs with activities to help students strengthen literacy and math skills and participate in enrichment and character education at both Paxinosa & Cheston Elementary Schools; and
- Kindergarten Connection - a community-wide initiative designed to engage preschools, students, parents, businesses, community service organizations and the Easton Area School District to increase school readiness

Summary of the Proposal

Family Connection seeks support for our Parent Child Home Program (PCHP). PCHP is an international research- and evidence-based early childhood education program that was developed in 1965 with the goal of improving school readiness through home visits to families without educational or economic opportunity. The program helps children and families build social, emotional, and literacy skills in preparation for school success. Home visitors provide direct service to children aged 16 months to 4 years old, role modeling developmentally appropriate lessons and activities alongside the parent(s).

We respectfully request a grant in the amount of \$5,000 from The Easton Rotary Service Foundation to help support the salaries of our direct program staff as well as educational materials for program participants. Funds would be used in 2019-2020 program year and would be expended by June 2020.

Project Description

Core Model

The Parent Child Home Program (PCHP) is an evidence-based early literacy, parenting and school readiness program focused on closing the achievement gap by providing disconnected, low-income families in underserved communities with children 16 months - 4 years old with the knowledge, skills and tools they need to prepare their children for school and life success.

PCHP works with families whose children would otherwise enter school unprepared by providing them with intensive home visitation services. Targeted families are challenged by poverty, language barriers, low literacy, social isolation, and more. PCHP is a two-year program providing twice weekly home visits for 25 weeks per year, totaling 100 visits in all.

PCHP reaches families where they live, builds trust, and promotes parent-child interaction by guiding parents to realize their role as their children's first and most important teacher.

Each week, the PCHP Home Visitor brings a gift of a book or educational toy, often the first in the home. Using the book or toy, the Home Visitor models for the parent or caregiver and child together activities designed to stimulate parent-child interaction, develop language, literacy, numeracy and social-emotional skills to prepare children for school. Home Visitors are equipped with iPads use as appropriate during visits to introduce the children to technology! The Home Visitor leaves behind a curriculum guide sheet with additional literacy and educational activities for the parent and child to engage in until their next visit.

During the second session of the week, the review session, the Home Visitor will again model reading, conversation, and play activities, encouraging parents to engage their children with the book or toy and to ask questions, and providing encouragement and praise for all their efforts. Through this process, parent-child verbal interaction increases and parents learn new approaches to parenting, discover how to create literacy-rich home environments, and prepare to be their children's academic advocates. Children learn early on the joy of reading and develop language, literacy, and social-emotional skills critical to school readiness.

Each year, group educational field trips are offered to families in addition to home visits. In addition, our 'parent meet-ups' supplement our group field trips and serve as regular optional offerings to facilitate friendships, create peer networks and grow support groups, as we know that many of our families are somewhat

isolated. By providing more opportunities to bring parents together in fun ways, our goal is for these parent-to-parent connections to last beyond the confines of our program.

Family Connection has administered PCHP's core model with fidelity since 2002. In that time, we have served 357 unduplicated children through this program!

Family Child Care Model

In response to the needs identified by PCHP partners and families in targeted communities across the country, PCHP sites across several states have begun implementing the PCHP Family Child Care (FCC) model. The FCC model is adapted from PCHP's evidence-based one-on-one home visiting model with the goal of extending similar supports to the diverse array of family child care settings operating in under-resourced communities.

The FCC model focuses on developing the quality of family child care settings by working with providers to build on the unique strengths of home-based care. The model is an innovative professional development and enrichment approach for family child care providers because it takes place in their homes, during their work day, and does hands-on work with them and the children in their care. Providers are able to practice new skills with the children in their FCC setting, under the mentorship of a PCHP staff member. Over the course of a program year, each provider is visited twice a week and is provided with books, educational toys, and art materials the provider needs, while modeling play, reading, and verbal interaction approaches for providers and children in care.

Statement of need

Core Model

Oral language, particularly the give-and-take of regular conversation with a caring adult, is the foundation of early literacy and school readiness, and must begin well before children enter school. Waiting until a child enters school is too late to completely change a child's trajectory and does not strengthen the ability of the home environment to support school readiness and success for all family members.

According to the latest 2016 Census data, in the City of Easton, only 82% of people (aged 25 or older) are high school graduates compared to the county average of 90%. In addition, only 20% have Bachelor's degrees or higher, compared to 28% county-wide. Mean household income over 2012-16 (in 2016 dollars) was \$45,361 in the City of Easton compared to \$62,753 county-wide, while 19% of people reside in poverty in the City compared to 9% county-wide. Diving deeper into one neighborhood, a West Ward Survey (needs assessment) of 200 households with at least one child under the age of 5, conducted by Promise Neighborhoods, found that only 83 respondents (41.5%) said their child(ren) were enrolled in an early childcare or preschool program.

The State of Preschool 2016 report by The National Institute for Early Education Research shows that enrollment in PreK in PA has been generally level over the past several years. PA ranks 15th in its 3-year old rates and 30th in its 4-year old results. Specific to Northampton County, 2,251 eligible children (71%) do NOT have access to high-quality, publicly funded PreK! What this tells us is that there are too many children going without any kind of PreK experience, showing how vital school readiness programs are to even the playing field for at-risk students coming into Kindergarten.

Family Child Care Model

Family child care is often the most available, flexible, and affordable method of child care, providing a familiar home environment and smaller, mixed-age groups of children. Many families prefer home-based care for these reasons. While family child care is thus a commonly accessed option for low-income families, family child care providers sometimes lack the resources or knowledge to support early childhood development and build school readiness skills. They work very long hours for little pay, are responsible for the safety, care, and feeding of varying ages/numbers of children, and often have limited access to quality training and professional development opportunities that are affordable, convenient, and meaningful to them. A national, multi-site study found that less than 10% of family child care homes could be considered “good” quality, while about half provided only “adequate” care and over a third were rated “inadequate” (Helburn and Howes, 1996).

How the proposal addresses the need

Core Model

What makes PCHP unique is the one-on-one relationship that forms between the parent and Home Visitor and the focus on the well-rounded whole-child philosophy that stretches beyond academic readiness. The model aids in the prevention of child abuse as parents and primary caregivers also learn parenting skills, including age-appropriate expectations and appropriate limit setting.

PCHP employs Home Visitors who live and/or have worked in the community they are serving. They receive a minimum of 16 hours of training on early childhood development and weekly training thereafter on how to best implement the program to meet the unique needs of each family.

Program staff are trained using a strength-based approach to identify and focus on the families’ local parenting knowledge and linguistic practices as they mentor. Families work with Home Visitors who are bilingual in their native languages, share their ethnic/cultural background, and encourage them to use their native language with their children. Research demonstrates that children who develop strong native language skills at a young age will easily and successfully learn English when they enter school, while those with no native language skills will not.

PCHP has been highlighted by a multitude of sources including:

- The Rand Promising Practices Network calling it a Promising Program that Works (2012);
- The White House Initiative on Educational Excellence for Hispanics (2015) naming it a ‘Bright Spot’ for its investment in key education priorities for Hispanics; and
- The Campaign for Grade Level Reading designating PCHP as a Bright Spot Program in 2011

In addition, multiple research studies show PCHP’s effectiveness! Over the past four years, New York University researchers have been conducting two randomized control trials in New York City. One study is of a culturally and linguistically diverse cohort, and the other a 100% Spanish-speaking cohort. Key findings include:

- PCHP children in both studies have better social emotional skills and better language skills than the control group – two key indicators of school readiness;

- English-speaking PCHP children demonstrated stronger language skills than children in the control group. (e.g. receptive language);
- Spanish-speaking children who participated in PCHP demonstrated stronger language skills than children in the control group (e.g. expressive and receptive); and
- Program parents reported pro-social competence more often than control group parents (e.g. fewer problem behaviors such as hitting and not getting along with others)

Family Child Care Model

Since 2009, the FCC model has been piloted in communities in New York, Massachusetts, Washington and South Carolina. This pilot work has successfully brought critical school readiness and early literacy supports to low-income family child care settings by providing materials and modeling age-appropriate school readiness practice. In addition, by partnering with providers, these pilots have been able to connect the parents of the children in care with information and materials to support the development of school readiness and early literacy skills at home.

By working to enhance the school readiness and early literacy components of family child care environments, the FCC model is committed to addressing the unequal availability of high-quality early learning programs and extending PCHP's goal of ensuring that *all* children have the opportunity to enter school ready to succeed.

Rising Ground, a nonprofit based in NYC, has completed the FCC model with 10 Bronx providers, reaching 103 children and 14 Family Child Care staff. Key findings from parents include:

- All assessed children made gains in the areas of Independence, Social Cooperation, Task Orientation, Cognitive Ability and Emotional Stability;
- 100% of parents reported using the guide sheets sent home with their children most days to every day;
- Parents reported growth in their child's school readiness, social-emotional and executive function skills

Additional findings from providers indicate:

- The Caregiver Interaction Scale (CIS) measures the quality of interactions between providers and children in care. All 10 providers made positive gains on this measure, averaging a 49% increase;
- All 10 providers also made positive gains on the Family Child Care Environment Rating Scale, averaging in overall quality from "Minimal" to approaching or exceeding "Good" across all subscales;
- All providers reported increased engagement in a variety of early literacy and school readiness practices, highlighting creative activities like storytelling and imaginary play; and
- For providers who reported children's average screen time as 2 or more hours per day at pre-program, screen time decreased to fewer than 2 hours by post-program

Population to be served

Family Connection aims to serve a minimum of 40 families residing in the EASD catchment area for the 2019-20 school year, with a targeted focus on the sending areas of Paxinosa and Cheston Elementary Schools. For 2018-19, 40 families are currently enrolled.

In addition to the 40 families served in the core model, Family Connection aims to pilot the Family Child Care model in Easton with one provider for the 2019-2020 school year.

Goals and measurable outcomes

The goals of PCHP are:

- To improve parent-child interaction and family engagement in at-risk pre-school aged children and their families;
- To develop literacy skills as well as communication, motor, problem-solving, and personal-social skills in pre-school aged children from low-income families; and
- To prepare at-risk children and families for a successful school start by identifying and addressing special needs early

Outcomes are measured in several ways. Through a proprietary web-based Management Information System (MIS), PCHP collects comprehensive demographic information on all families served, tracks program participation data, and captures outcomes on two standardized assessment tools, the Child Behavior Traits (CBT) scale and the Parent and Child Together (PACT) scale, to evaluate behavioral change in parents and their children.

Home Visitors complete these assessments for each family at the beginning of the program, at the end of year one, at the start of year two, and when the child graduates from the program. These are typically done after the 5th and 45th visits each year.

The CBT evaluates multiple child behaviors to gauge school readiness. The PACT evaluates the parents' verbal and non-verbal interaction with their child. The Ages and Stages Questionnaire (ASQ) is a third screening tool that assesses whether or not children are developing appropriately for their age. Five skill sets are assessed: communication, gross motor, fine motor, problem-solving and personal-social.

Lastly, a satisfaction survey is administered to all families.

Other funding sources

Total costs to serve 40 families in the core model and one Family Child Care center are expected to be about \$135K for the 2019-2020 program year. To date, secured funding includes:

- \$50K Children's Trust Fund Grant;
- \$60K United Way Greater Lehigh Valley; and
- \$1K Keystone Savings Foundation

for a total of \$111K. Currently, 5 additional grants to other foundations ranging from \$3K-\$10K each are pending. In addition, annual allocations from EASD and Northampton County are split among all programs each fiscal year, as are funds from individual donations and agency special events.

Additional Information

- Project budget—See Attached
- Most recent year-end financial statement—See Attached
- IRS letter re 501 (c) (3) status—See Attached
- Board of Directors—See Attached



Family Connection of Easton, Inc.

Your Partner for School Success

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(non-voting member)

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FAMILY CONNECTION OF EASTON, INC.

JUNE 30, 2018 and 2017

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT



**FAMILY CONNECTION OF EASTON, INC.
JUNE 30, 2018 and 2017**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Family Connection of Easton, Inc.
Easton, PA

We have reviewed the accompanying financial statements of Family Connection of Easton, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying June 30, 2018 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2017 Financial Statements

The June 30, 2017 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated September 25, 2017. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2017, for it to be consistent with the audited financial statements from which it has been derived. We have not performed any auditing procedures on the financial statements since September 25, 2017.

GBB & Company, LLP

Allentown, PA
September 12, 2018

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Family Connection of Easton, Inc.
Statements of Financial Position
June 30, 2018 and 2017

Assets		<u>Reviewed</u>	<u>Audited</u>
		<u>2018</u>	<u>2017</u>
Current Assets			
Cash and cash equivalents	\$	531,318	\$ 496,628
Certificates of deposit		121,611	71,319
Grants and contracts receivable		<u>38,750</u>	<u>38,750</u>
Total Current Assets		691,679	606,697
Equipment, net of accumulated depreciation		<u>886</u>	<u>1,726</u>
Total Assets	\$	<u><u>692,565</u></u>	<u><u>\$ 608,423</u></u>
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	\$	8,918	\$ 10,985
Accrued wages		8,378	9,192
Accrued vacation		<u>5,494</u>	<u>11,435</u>
Total Current Liabilities		<u>22,790</u>	<u>31,612</u>
Net Assets			
Temporarily restricted		80,380	85,122
Unrestricted		<u>589,395</u>	<u>491,689</u>
Total Net Assets		<u>669,775</u>	<u>576,811</u>
Total Liabilities and Net Assets	\$	<u><u>692,565</u></u>	<u><u>\$ 608,423</u></u>

See Independent Accountant's Report and Accompanying Notes

Family Connection of Easton, Inc.
Statements of Activities
For the Year Ended June 30, 2018
(with summarized financial information for the year ended June 30, 2017)

	<u>Reviewed</u> 2018			<u>Audited</u> 2017
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue				
Grants and contracts	\$ 510,086	\$ 69,250	\$ 579,336	\$ 612,795
In-kind contributions	30,048	0	30,048	40,923
Contributions	7,802	4,678	12,480	14,512
Special events and fundraisers	18,032	0	18,032	16,654
Interest	<u>1,520</u>	<u>0</u>	<u>1,520</u>	<u>1,408</u>
Total Support and Revenue	<u>567,488</u>	<u>73,928</u>	<u>641,416</u>	<u>686,292</u>
Expenses				
Program services	371,416	78,670	450,086	483,847
Management and general	84,227	0	84,227	78,415
Fundraising	<u>14,139</u>	<u>0</u>	<u>14,139</u>	<u>18,881</u>
Total Expenses	<u>469,782</u>	<u>78,670</u>	<u>548,452</u>	<u>581,143</u>
Change in Net Assets	97,706	(4,742)	92,964	105,149
Net Assets, July 1	<u>491,689</u>	<u>85,122</u>	<u>576,811</u>	<u>471,662</u>
Net Assets, June 30	<u>\$ 589,395</u>	<u>\$ 80,380</u>	<u>\$ 669,775</u>	<u>\$ 576,811</u>

See Independent Accountant's Report and Accompanying Notes

Family Connection of Easton, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	<u>Reviewed</u> 2018	<u>Audited</u> 2017
Cash Flows from Operating Activities		
Increase in net assets	\$ 92,964	\$ 105,149
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	840	1,079
Changes in assets and liabilities		
Accrued interest on certificates of deposit	(292)	(221)
Accounts payable and accrued expenses	(2,067)	7,157
Accrued wages	(814)	(1,271)
Accrued vacation	(5,941)	258
Payroll Liabilities	<u>0</u>	<u>(72)</u>
Net Cash Provided by Operating Activities	<u>84,690</u>	<u>112,079</u>
Cash Flows from Investing Activities		
Purchase of Certificates of Deposit	<u>(50,000)</u>	<u>0</u>
Net Increase in Cash and Cash Equivalents	34,690	112,079
Cash and Cash Equivalents, July 1	<u>496,628</u>	<u>384,549</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 531,318</u></u>	<u><u>\$ 496,628</u></u>
 Supplemental Disclosure of Non-Cash Operating Activities		
Donated office facilities and equipment usage	<u><u>\$ 30,048</u></u>	<u><u>\$ 29,723</u></u>
Donated education materials	<u><u>\$ 0</u></u>	<u><u>\$ 11,200</u></u>

See Independent Accountant's Report and Accompanying Notes

Family Connection of Easton, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2018 and 2017

	<u>Reviewed</u> 2018				<u>Audited</u> 2017			
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 288,653	\$ 36,463	\$ 5,680	\$ 330,796	\$ 319,889	\$ 34,835	\$ 8,739	\$ 363,463
Payroll taxes	32,037	3,301	1,046	36,384	35,712	3,778	754	40,244
Employee benefits	7,703	3,933	485	12,121	7,869	5,798	1,541	15,208
Advertising	2,670	2,074	1,669	6,413	1,708	1,935	4,031	7,674
Communications	3,823	5,185	1,614	10,622	6,129	1,699	687	8,515
Program consulting fees	31,138	12,808	0	43,946	26,604	11,580	0	38,184
Depreciation	311	521	8	840	399	669	11	1,079
Dues and subscriptions	570	375	0	945	439	134	0	573
Insurance	3,888	269	125	4,282	3,182	726	368	4,276
Occupancy	19,236	6,412	0	25,648	18,992	6,331	0	25,323
Office supplies	10,271	1,693	41	12,005	4,517	967	0	5,484
Printing	2,229	1,271	2,600	6,100	3,461	1,162	1,069	5,692
Equipment usage	3,388	1,012	0	4,400	3,388	1,012	0	4,400
Professional fees	5,671	6,389	652	12,712	5,331	6,674	525	12,530
Program supplies	33,544	53	18	33,615	35,406	78	991	36,475
Professional development	636	685	25	1,346	2,045	174	0	2,219
Travel	4,318	1,783	176	6,277	8,776	863	165	9,804
Total	<u>\$ 450,086</u>	<u>\$ 84,227</u>	<u>\$ 14,139</u>	<u>\$ 548,452</u>	<u>\$ 483,847</u>	<u>\$ 78,415</u>	<u>\$ 18,881</u>	<u>\$ 581,143</u>

See Independent Accountant's Report and Accompanying Notes

FAMILY CONNECTION OF EASTON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Family Connection of Easton, Inc. is a nonprofit corporation incorporated in the State of Pennsylvania. It was formed to empower the community of families in the Easton area to be strong, self-sufficient, wholesome environments for the healthy development of children, and to improve the quality of life for all family members. The Organization is supported by contributions, grants, the United Way, and program revenue from services provided to the Easton Area School District.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the not-for-profit entities topics of the *Financial Accounting Standards Codification*. As such, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets:

Unrestricted - Resources over which the Board of Directors has discretionary control. Designated amounts represent those net assets, which the Organization has set aside for a particular purpose.

Temporarily Restricted – Resources subject to donor-imposed restrictions that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to the donors' stipulations.

Permanently Restricted – Resources from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The donors of these resources permit the Organization to use all or part of the income earned, excluding capital appreciation, for unrestricted purposes. The Organization has no permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FAMILY CONNECTION OF EASTON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be “cash equivalents.”

Certificates of Deposit

Certificates of deposit (CDs) totaled \$121,611 and \$71,320 at June 30, 2018 and 2017, respectively. Initial maturities at purchase of these certificates ranged 6 months to 5 years. At June 30, 2018 interest rates ranged from .15% to 2.1%, with interest paid periodically on a monthly or annual basis.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist principally of cash and cash equivalents and investments in certificates of deposit. At June 30, 2018 the combined bank balances of the Organization are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each respective financial institution. The combined balances in excess of FDIC insurance limits totaled \$84,027 and \$97,895 at June 30, 2018 and 2017, respectively.

Equipment

The Organization capitalizes all expenditures in excess of \$2,500 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Public Support and Revenues

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. As of June 30, 2018 and 2017, there were no permanently restricted net assets.

Investment earnings available for distribution are recorded in unrestricted net assets.

Functional Expenses

Expenses are charged directly to program or management and general in categories based on specific identification. Indirect expenses have been allocated based on management estimates.

FAMILY CONNECTION OF EASTON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Family Connection of Easton, Inc. is a nonprofit corporation exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, the Organization has made no provision for income taxes in the accompanying financial statements.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

Advertising

The Organization's policy is to expense advertising costs as incurred. Advertising costs for the years ended June 30, 2018 and 2017 were \$6,413 and \$7,674, respectively.

Subsequent Events

Subsequent events have been evaluated through September 12, 2018, the day the financial statements were available to be issued.

NOTE 2 GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at June 30, 2018 and 2017 were primarily composed of amounts due from a school district. Receipt of the funding is contingent only on providing the grantor with a written annual report summarizing the progress of programs and activities. The Organization has timely filed the required information and management believes no allowance for uncollectible amounts is necessary at year end.

NOTE 3 EQUIPMENT

The following is a summary of equipment as of June 30, 2018 and 2017:

	2018 <u>(Reviewed)</u>	2017 <u>(Audited)</u>
Equipment, at cost	\$ 11,031	\$ 11,031
Less accumulated depreciation	<u>(10,145)</u>	<u>(9,305)</u>
Total	<u>\$ 886</u>	<u>\$ 1,726</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$840 and \$1,079, respectively.

FAMILY CONNECTION OF EASTON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 4 LINE OF CREDIT

The Organization maintains a \$50,000 bank line of credit. Interest is payable monthly at the prime rate plus 1% with an interest rate floor of 5%. The line is secured by support receivable and equipment. There was no credit line balance outstanding at June 30, 2018 and 2017.

NOTE 5 RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2018 and 2017 are available for the following purposes or periods:

	2018 <u>(Reviewed)</u>	2017 <u>(Audited)</u>
After School Program	\$ 17,750	\$ 8,750
Parent Child Home Program	26,500	28,500
Kindergarten Transition	4,500	9,000
Family Support	2,500	8,310
Backpack Pals	11,130	15,562
5K Event	<u>18,000</u>	<u>15,000</u>
	<u>\$ 80,380</u>	<u>\$ 85,122</u>

For 2018 and 2017, all amounts listed are restricted for ongoing programs that will take place in future periods.

NOTE 6 DONATED NON-CASH CONTRIBUTIONS

During the years ended June 30, 2018 and 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

The Organization receives non-cash contributions in the form of donated office facilities and equipment usage. Non-cash contributions for the years ended June 30, 2018 and 2017 were \$30,048 and \$29,723, respectively.

NOTE 7 FINANCIAL DEPENDENCY

The Organization receives a substantial amount of its operating support from two sources. Easton Area School District provided \$160,000 (25%) and \$155,809 (23%) for the years ended June 30, 2018 and 2017, respectively. Likewise, the United Way provided \$185,400 (29%) and \$222,900 (32%) for the years ended June 30, 2018 and 2017, respectively. In addition, the Organization relies on contributions from the community and other grant programs.

FAMILY CONNECTION OF EASTON, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 8 RETIREMENT PLAN

The Organization maintains a Savings Incentive Match Plan for Employees (SIMPLE) IRA retirement plan. There is no waiting period for employees to be eligible to participate in salary reduction contributions. Employees are eligible for employer matching as follows:

<u>After Participant</u> <u>Year</u>	<u>Percentage of Organization Matching</u> <u>of Employee's Annual Compensation</u>
1	1 %
2	2 %
3	3 %

The Organization's employer matching contributions to the SIMPLE plan were \$4,361 and \$5,232 during the years ended June 30, 2018 and 2017, respectively.

**Family Connection of Easton
Parent Child Home Program
Program Budget 2019-2020**

	Total	Request
Income		
Total Income	135000	5000
Expenses		
Executive Director	11000	
Finance and Administration Coordinator	8900	
Associate Director/PCHP Coordinator	24000	
Administrative Assistant	1600	
Home Visitors (4)	44400	1000
Total Salaries and Wages	89900	1000
Fringe Benefits & Payroll Taxes		
Payroll taxes	11500	
Health insurance	800	
Pension	500	
Workers Comp	350	
Professional Services		
Payroll expenses	1500	
Clearances	100	
Insurance	850	
Program Supplies		
Educational Materials	12000	2000
Food	900	
Dues and Subscriptions	150	
Office Supplies	400	
Printing	1000	250
Communications		
Telephone	600	
Technology	600	
Postage & Delivery	100	
Advertising & Promotion	250	
Travel Expenses		
Transportation/Mileage	5500	750
Meals	1500	
Professional Development		
Training	6500	1000
Total Expenses	135000	5000

Note: Budget assumes service to 40 families in the core home visitation model and 1 family child care center