



EASTON ROTARY SERVICE FOUNDATION

Rotary Club of Easton
Easton, Pennsylvania

2886 Hope Ridge Drive, Easton, PA 18045-8144

GRANT APPLICATION

Organization Name Pinebrook Family Answers

Address 402 North Fulton Street

City Allentown State PA Zip 18102

Phone 610-774-1447 Fax _____

Email ktrimble@pbfalv.org

Contact Person Kathleen Trimble Title Vice President, Mission Advancement

Project Director Daniel Pratt Title Director, Diversionary Services

Project Title Making the Grade in the Easton School District

Grant Period July 1 2018-June 30, 2019

Total Cost of Project 532,225 Amount Requested 5,000

Signature of Approving
Agency Personnel Kathleen D. Trimble Date 3/26/18

Name of Approving
Agency Personnel Kathleen D. Trimble Title Vice President, Mission Advancement

For use by Easton Rotary Service Foundation

Date Received _____

Action Taken _____ Date _____



Organization Contact Information

Pinebrook Family Answers
402 North Fulton Street
Allentown, PA 18102
(610) 432-3919
(610) 432-5174 (fax)
www.PbFALV.org
EIN: 23-2112204

Organization Director

William B. Vogler, PhD
Chief Executive Officer
(610) 432-3919
bvogler@PbFALV.org

Questions may be directed to:

Kathleen D. Trimble
Vice President of Mission Advancement
610-432-3919
ktrimble@pbfalv.org

Mission Statement

To improve the lives of individuals and families across generations by providing a continuum of high-quality programs that promote self-sufficiency, nurture healthy children and strong families, support seniors, advocate for change and strengthen communities.

Description of Services Provided

Our goal is to help all types of families become healthy and flourish by providing services and programs to overcome challenges and succeed in daily living. Many of these clients are served in multiple programs and their services are coordinated to have the most efficiency for the success of the client. The ability to continue offering this vast array of services is inherent to achieving our strategic goals.

COMMUNITY-BASED SERVICES:

Permanency Services: Pinebrook Family Answers offers a five-tier **Foster Care** model designed to meet the individualized needs of children who primarily have been traumatized from parental neglect, sexual abuse and/or physical abuse; **Kinship Care Permanency Services**; and **Adoption Services** for special-needs children through the Statewide Adoption Network (SWAN). The Agency's Adoption Department also offers limited international adoption services, including home study and post-placement services in collaboration with other accredited adoption agencies. **Transportation and**

Family Visitation Program connects children in out-of-home placement with their biological/legal families providing supervised family visitation to support family reunification goals.

Diversionary Services: Making the Grade Truancy Intervention Services is a truancy-reduction, family-support program which includes family support services for elementary and middle school children and provides in-home case management and coordination of community services and support. **High Fidelity Wraparound Initiative**, an evidence-based practice and team-based collaborative process for helping youth with special mental health needs, works with youth and young adults, ages 8 to 21, and their families. A family preservation program, **SHAPE** serves families with children ages 0-18, providing need assessments, case management, coordination of community services and support.

Senior Home Care Services: Under license by the Department of Health, the Agency's **HEMOCARE** program provides care for seniors, those recovering from accidents, injury, surgery, long- or short-term disabilities, and others who need assistance with daily chores of living. Services include personal care needs, light housekeeping, running errands such as shopping, laundry, and respite care.

Forensic Services includes **Adult Re-entry Services**, including trauma-informed case-management in the jails as well as case-management for incarcerated women's families; **Transitional Residence Program**, a unique housing program that addresses the needs of homeless women and enables them to reunite with their children and work toward housing stability; the **ALPHA program** provides teens on probation with academic, behavioral, and job readiness services designed to prepare them to enter the workforce and success in life; **Family Services**, which includes evidence-based parenting education classes and supervised contact visits; and theft remediation services.

CLINICAL SERVICES:

Behavioral Health Services: Pinebrook Family Answers operates **three outpatient psychiatric clinics** for children and adults, which provide an array of outpatient psychiatric and counseling services to clients from county mental health offices, children in Pinebrook Family Answers' foster care programs, and privately-referred clients in the Greater Lehigh Valley Region. The Agency is a participating provider of services in the Pennsylvania Health Choices Initiative and contracts with numerous commercial insurance companies and Employee Assistance Programs. Other behavioral/mental health services include **school-based counseling and Integrated Behavioral Health Services**, a model of service provision that places behavioral health providers in a team environment with other health care providers, such as primary care physicians. The Agency has **partnered with St. Luke's University Health Network to place mental health professionals in pediatric clinics, mobile health vans, and HIV care settings.** Pinebrook Family Answers is targeted to **open a fourth outpatient psychiatric clinic in South Bethlehem in the summer of 2018** which will address a large population of people that have been unable to receive care since another provider closed almost two years ago.

Family-based Mental Health Services, an in-home therapeutic treatment program, is designed to preserve families with children who are experiencing serious mental health issues. **Compeer and CompeerCorps** bring together caring adult volunteers and adults coping with mental illness in one-to-one friendship relationships. **Warmline** provides an anonymous telephone support service for Lehigh County residents.

Agency statistics reflect that the population served by Pinebrook Family Answers is **racially and ethnically diverse and 95% living in poverty.** Our focus is supporting children, adults and seniors in to make them healthy, strong and self-sufficient. Last year, **Pinebrook Family Answers** assisted **5,133** children, young adults, families and seniors. The agency's community-based services specifically focus on assisting low-income families of diverse backgrounds, primarily residing in inner-city Allentown, Bethlehem, and **Easton** and the Slate Belt area of Northampton County.

Need

Making the Grade (MTG) is an in-home, outcomes-based truancy-intervention, family-support program for elementary and middle school children determined to be truant or at risk of school failure. Operated successfully for the past nine years in partnership with the Allentown, Bethlehem and Easton Area School Districts, *MTG* is designed to improve students' school attendance and engagement while also strengthening family functioning and resilience; key contributors to truancy are addressed through intensive in-home case management services.

Program history reflects that the population served by *Making the Grade* is racially and ethnically diverse, 100% living in poverty, and impacted by social conditions known to contribute significantly to truancy and/or school failure, e.g., absent/uninvolved parent or caregiver, family instability, child maltreatment, substance abuse, domestic violence, physical or mental illness, poverty, lack of education, chronic unemployment, disconnection from the community, and other significant psychosocial and environmental stressors.

-Of the total 6800 third grade students in the Lehigh Valley, 1 in 4 do not read at grade level;

-Students who cannot read proficiently by the end of third grade are 4 times more likely not to graduate from High School;

-Nationwide, it is likely that 16% of third graders will not graduate from high school;

-Students who cannot read and are in poverty are six times more likely not to graduate from high school;

-Nationwide, 26% of third graders who are not reading proficiently and are economically disadvantaged will not graduate from high school.

How We Will Meet the Need

The following core *Making the Grade* program services are the strategies used to accomplish the objectives delineated above:

- **Component One:** Weekly intensive **in-home** assessment services of up to three hours/week for **students and their families** for the first three weeks following referral to the program. During this time, the MTG Family Worker fully engages the family in a mutual assessment of the strengths, needs and truancy-risk factors, while providing case management support as needed;
- **Component Two:** A nine-week period during which a Truancy Action Plan is developed and implemented based upon the family's assessment and input. Short-term, individualized interventions, including case management and family life education services are provided, with the frequency and intensity determined by the youth-and family-specific assessment of truancy risk factors and conditions. Immediate focus remains on improving the student's school attendance, and providing supports and opportunities that meet the developmental needs of the youth and family, promote positive actions and outcomes, and diverting crises. Youth may also receive after-school tutoring/mentoring; referral linkages to other community resources are facilitated by MTG staff to address psychosocial stressors impacting family functioning, such as substance abuse, mental illness, unemployment, housing, lack of English language skills, etc. The Family Worker also maintains contact with school district and other community personnel to monitor the student's school attendance and behavior. Recidivism is addressed via more frequent, intense sessions of individual coaching, mentoring, tutoring for students, training in parenting and life skills for caregivers, and other family support services as indicated.

- **Component Three:** Following the family's successful discharge from the program, the Family Worker provides after-care contact of at least once a month to help stabilize functioning of the child and family and determine the need for additional supports. Contact occurs at the convenience of the family for a period of three months. Each participating MTG student and family receives an average of 33 hours of in-home comprehensive needs and strengths assessment, case management and Truancy Action Plan recommended services during the regular school year (September through June), and/or the summer months for those referred late in the school year.

In program year 2018/2019, the agency's goal is to serve 180 children and youth at-risk of truancy/school failure and their families/caregivers (360-500 people total).

Methods and Measurement Standards for Success

In response to this documented growing and significant community need, *Making the Grade* has continually expanded from its original pilot program to serve an increased number of children and their families each year. In program year 2018/2019 and beyond, to achieve the agency's goal of serving 180 children and youth at-risk of truancy/school failure and families/caregivers, the agency must raise sufficient additional funds to meet the following primary program goals and objectives:

- Offer early intervention short-term, family-based *Making the Grade* services to at-risk children and families, preferably before their entrance into the mandated human services and/or juvenile justice systems;
- Improve students' school attendance and engagement;
- Improve family functioning and resiliency related to truancy and its contributors.

Although the overarching long-range goal would be to ensure that through intervention strategies participating students graduate from high school, and increase their ability to continue their education and/or be prepared for the workforce, the following short-term outcomes have been established for participants during the program's three-month course of core services:

- 80% of students will improve their school attendance as measured by student profiles at the time when services begin and end, and student report cards from one marking period prior to the start of the program to two marking periods after finishing the program;
- 80-85% of students will reduce in-school suspensions and incur three or fewer infractions of the school Code of Conduct as measured by student report cards and behavior reports from the quarter prior to the start of the program to two full quarters after finishing the program;
- 85% of students will reduce out-of-school suspensions as measured by student report cards and behavior reports from the quarter prior to the start of the program to two full quarters after finishing the program;
- 85-90% of students' families will maintain or improve their life-domain scores as measured by the North Carolina Family Assessment Scale and the Protective Factors Survey pre- and post-program participation;
- 90-95% of students and families will report increased awareness and utilization of community resources as measured by a program exit questionnaire; and 90-95% of students and families will report satisfaction with services received as measured by a program exit questionnaire.

To evaluate family functioning, the North Carolina Family Assessment Scale (NCFAS) is used pre- and post-intervention. This strengths-based, family-driven assessment tool is designed to measure aspects of family functioning along the five domains of Environment, Parental Capabilities, Family Interactions, Family Safety, and Child Well-being. All data is collected by Pinebrook staff and evaluated and monitored by the agency's Director of Quality Assurance. Program results, which include opportunities for improvement, are reviewed by agency administration and the Program Evaluation Committee, the planning and program evaluation committee of the Board of Directors. An Annual Performance report is prepared and sent to all major stake-holders, as well as posted on the agency's website (www.PbFALV.org).

Nationally accredited by the Council on Accreditation since 1998, Pinebrook maintains high standards of program performance, evaluation, and continuous quality improvement. Ongoing, all programs are monitored for efficacy and efficiency of program performance and achievement of pre-determined goals and outcomes. The overall goals of *MTG* are to assist students and their families struggling with truancy to: 1) Improve students' school attendance and engagement and, 2) Improve family functioning and resilience related to the problem.

Special Nature of the Project, Innovative Qualities and Potential Impact

Making the Grade was developed in response to a critical community need for targeted intervention and support for students and families struggling with truancy. While other agencies offer truancy services in the school, Pinebrook Family Answers' program is one of the only programs that goes **into the home** and addresses the root cause of the truancy. We then work with the family **AND** school personnel to get the child back in school. This outreach has proven most successful at engaging the families in addressing the truancy.

It is important to acknowledge the value of truancy reduction/family support programs such as *Making the Grade* within the context of their true human and financial cost-benefit to society, not only in building the 'social capital' of youth and families who are the recipients of services, but also of the infrastructure of the community-at-large. Recent estimates are that one high school drop-out can be expected to cost the public in the range of \$200,000 to \$400,000 or more over the course of a lifetime in lost employment and tax revenue, public benefits, and/or costs of incarceration, compared to a high school graduate who can earn at least \$250,000 or more in a lifetime.

Other Sources of Support

Leadership is pursuing additional funding for these programs through submission of grant proposals to other local foundations/trusts and corporations and through private donations. We currently have commitments from the Harry C. Trexler Trust, The United Way of the Greater Lehigh Valley, PPL Foundation, and The Will R. Beitel Children's Community Foundation. We have proposals outstanding with The Century Fund, Church and Dwight Employee Giving Fund, and Just Born.

Grant Request

We respectfully request a grant in the amount of \$5,000 to assist with funding for *Making the Grade* in **the Easton Area School District** for the 2018/2019 school/program year.

2017-2018 Making the Grade Budget

Version 6.0

REVENUE		6/15/17
4300-00	OUTREACH WORKER (940 UNITS @ \$81.60/UNIT)	76,704
4300-00	OUTREACH WORKER (940 UNITS @ \$81.60/UNIT)	76,704
4300-00	OUTREACH WORKER (940 UNITS @ \$81.60/UNIT)	76,704
4300-00	OUTREACH WORKER (470 UNITS @ \$81.60/UNIT)	38,352
4650-00	UNITED WAY	133,001
4650-00	CORPORATE AND FOUNDATION GRANTS	120,000
	Total Revenue	521,465
EXPENSE		
5005-00	SALARIES & WAGES	280,863
5010-00	PAYROLL TAXES	21,486
5025-00	HEALTH INSURANCE	33,760
5030-00	HEALTH INSURANCE (MERP)	326
5035-00	DENTAL INSURANCE	1,841
5045-00	PENSION	1,947
5050-00	LIFE INSURANCE	774
5055-00	WORKERS COMPENSATION	2,658
5060-00	UNEMPLOYMENT	2,758
	SUBTOTAL PERSONNEL COSTS	346,413
5100-00	TRAINING	300
5105-00	PROGRAM INCENTIVES (MTG PROGRAM)	1,000
5110-00	STAFF RECRUITMENT	0
5120-00	CLEARANCES	100
5130-00	BOARD OF DIRECTORS MEETINGS	121
5135-00	ACCREDITATION	312
6040-00	PROGRAM SUPPLIES/ACTIVITIES/INCENTIVES	2,000
6050-00	FAMILY SUPPORT FUNDS	1,000
6070-00	RECOGNITION AWARDS/STAFF INCENTIVES - Agency	318
6075-00	RECOGNITION AWARDS/STAFF INCENTIVES - Program	1,000
7000-00	TRAVEL	8,400
7100-00	DUES & SUBSCRIPTIONS	1,668
7275-00	EQUIPMENT RENTAL	1,541
7300-00	OFFICE SUPPLIES	1,878
7400-00	TELECOMMUNICATIONS	3,600
7450-00	POSTAGE	578
7555-00	COMPUTER	3,672
7560-00	ELECTRONIC HEALTH RECORD SYSTEM	2,611
7575-00	UTILITIES	4,600
7600-00	MAINTENANCE AGREEMENTS	2,769

7700-00	LEGAL, PAYROLL, & AUDIT EXPENSE	1,814
7750-00	ADVERTISING/PR	643
7800-00	INSURANCE	5,933
8000-00	DEBT SERVICE	968
9000-00	DEPRECIATION	8,492
	SHARE OF ADMINISTRATIVE EXPENSES	119,733
	SUBTOTAL OPERATING EXPENSES	521,465
	NET REVENUES OVER (UNDER) EXPENDITURES	0



IRS Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

DEC 29 2014

In reply refer to: 0248156166
Dec. 26, 2014 LTR 4168C 0
23-2112204 000000 00

00017107

BODC: TE

PINEBROOK FAMILY ANSWERS
402 N FULTON ST
ALLENTOWN PA 18102

016050

Employer Identification Number: 23-2112204
Person to Contact: Mr. Galluppi
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Dec. 16, 2014, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in May 1982.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

0248156166
Dec. 26, 2014 LTR 4168C 0
23-2112204 000000 00
00017108

PINEBROOK FAMILY ANSWERS
402 N FULTON ST
ALLENTOWN PA 18102

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Doris P. Kenwright

Doris Kenwright, Operation Mgr.
Accounts Management Operations 1

**PINEBROOK FAMILY ANSWERS
BOARD OF DIRECTORS**

Chair

Rick L. Klingensmith

President (Retired)
PPL Global, LLC
(Term expires 1/2020)

Vice Chair

Mary Rita Goodman

Superintendent (Retired)
Wilson Area School District
(Term expires 1/2019)

Treasurer

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CPA and Partner
Buckno Lisicky and Company
(Term expires 1/2021)

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Commercial Lender
Wells Fargo Bank
(Term expires 1/2020)

Tammy Bruno

Senior Branch Manager & VP
M&T Bank
(Term expires 1/2020)

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Founder
LTO Development, LLC
(Term expires 1/2021)

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Professor of Political Science
Muhlenberg College
(Term expires 1/2020)

Veronica Gonzalez

Division Administrator, Community Practices
Lehigh Valley Physician Group
(Term expires 1/2019)

Andrew Maron

Partner
Client 1st Financial
(Term expires 1/2020)

Lori Molloy

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North Penn Legal Services
(Term expires 1/2020)

Michael Murphy

Director of Pupil Services (Retired)
East Penn School District
(Term expires 1/2021)

Janice Plaisir

Physical Therapist
(Term expires 1/2018)

Gregg Potter

Senior Labor Relations Consultant
Capital Blue Cross
(Term expires 1/2020)

Keith Reynolds

President
Reynolds Business Systems, Inc.
(Term expires 1/2020)

Jusline Sayegh

IT Solution & Business Analyst
Air Products and Chemicals
(Term expires 1/2019)

Kathryn Williams

Attorney
Santanasto Law
(Term expires 1/2021)

01/18/18



Main Office
402 North Fulton Street
Allentown, PA 18102
610-432-3919
610-740-9550 fax

1101 Northampton Street, Ste. 201
Easton, PA 18042
610-559-8151
610-559-9056 fax

16 South Broadway, Ste. 2
Wind Gap, PA 18091
610-863-8151
610-863-5035 fax

2016 - 2017

Annual Report



Leadership Message

Dear Friends,

On behalf of the thousands of families we serve each year, I want to thank you again for your ongoing support of our mission. Your partnership is what keeps us going. Please take the time to review this annual report to see the amazing things we accomplished together in 2016/2017.

Highlights:

Pinebrook Family Answers was awarded a highly competitive federal grant to support our work with women leaving jails in Northampton, Lehigh, and Carbon counties. We are one of only 10 organizations in the USA to receive this support, and the only one in Pennsylvania. It is a testament to the high quality of our work and our commitment to the women, children, and families we serve through our forensics department.

For the second year in a row we have been recognized as one of the best places to work in the Lehigh Valley. Our staff are our most valuable, and valued, resource. Their hard work, dedication to service, and commitment to quality enable us to achieve the remarkable outcomes you will read about in these pages.

We are in the last stages of becoming a fully certified 'Trauma Informed' organization. This is not just jumping through hoops to get a piece of paper. It is a rigorous reshaping and cultural shift within all parts

of the organization which facilitates more trauma-friendly and trauma-responsive services that recognize the deep impact that trauma can have on our clients and our staff.

Finally, we have participated in numerous partnerships, coalitions, and collaborations focusing on issues of school readiness, truancy, trauma, suicide prevention, eldercare, adoption, funding, and political advocacy. All of these recognize that no matter how hard we work, or how effective we are, the problems faced by our families are often too big for us to solve alone. We need each other.

As a donor, supporter, funder, and friend of Pinebrook Family Answers you are an integral part of this partnership. On behalf of our staff, our Board of Directors, and most especially the families we serve, please accept our thanks!

A handwritten signature in black ink, appearing to read "William Vogler".

William Vogler, Ph.D.

Mission Statement

To improve the lives of individuals and families across generations by providing a continuum of high-quality programs that promote self-sufficiency, nurture healthy children and strong families, support seniors, advocate for change, and strengthen communities.



PINEBROOK FAMILY ANSWERS BREAKDOWN OF 5,133 CLIENTS



Currently our HOMECARE division is providing care for Alex, a 68-year-old male living in a one-room senior housing apartment in Allentown. At intake, our Registered Nurse noted that Alex showed signs of early onset dementia, he had no local family and did not have a pension or source of income other than a monthly disability check. Alex told her that his monthly check is enough to pay his rent and utilities with a little left over that could buy him some food, but not enough for the whole month. To support his needs, Alex depends on the soup kitchen, local churches and Meals on Wheels. He keeps an old microwave and

a sometimes functional dormitory-style refrigerator at the foot of his bed, reheating things he carries home from his daily journeys downtown. When our aide arrived for her first visit she discovered that Alex had no robe, no towel, one pair of underwear, one pair of pants, two shirts, a pair of shoes, a heavy winter coat and a jacket. He had one bottom sheet that was on his bed and no cleaning supplies, making her job nearly impossible. She returned to the office sharing Alex's story and requesting help in turning things around for Alex. After consulting his county caseworker, the caregiver and the staff of HOMECARE went to work gathering

donated supplies. His county case manager made arrangements for Alex to receive a small amount of money to buy new clothes. Within a week, Alex had new underwear, socks, pants, shirts, towels, bedding, a vacuum, a mop, a dustpan and brush, a bucket and sponges, and a supply of household cleaning materials. While we have been providing Alex's weekly personal and household care, occasionally the call has gone out for additional needed items. We have worked with his case manager, and due to the kindness of donors, been able to meet these requests. Alex is now living safely and independently at home in Allentown.

Rachel and Amber

Rachel and Amber are sisters who were born in Puerto Rico and moved to the United States at the age of 8 and 10. These wonderful and resilient girls endured pain and suffering in their family of origin, and entered Pinebrook Family Answers' foster care system in 2013. For two years, they received foster care and mental health services from Pinebrook Family Answers, as they began their healing process and journey toward permanency. Despite language barriers and a traumatic up-bringing, the girls began to work through their past and develop trusting relationships with the many professionals involved in their lives. In August of 2015 they moved to the home of their forever family, with a mother who provided them with safety, security and unconditional commitment. Rachel is a happy teenage girl who participates

in sports, cheerleading and youth group and celebrated her "quinceanera" at a gathering hosted by her forever family. Amber is a dancer and budding actress, and was a member of the school musical, and also enjoys church events. Pinebrook Family Answers had the privilege of working with the children and their adoptive mother, to finalize their adoption. Their adoptive mother and her village of family members and friends provide the girls with their love for them, "forever and always, no matter what." On June 15, 2017 Rachel and Amber were formally adopted and put an end to their long road to permanency. Kudos to Rachel and Amber, for never giving up, for always moving forward, and being the most courageous and resilient girls, and to the committed staff across multiple programs for helping them to find happiness and stability.



Financial Information

PROGRAM REVENUE FY 2016-2017

	\$	%
Behavioral Health	3,564,283	46%
Community-based Services	1,492,595	19%
Foster Care	1,107,466	14%
Homecare	491,380	6%
Forensics	478,478	6%
Private Contributions	352,656	5%
Adoption Services	311,280	4%
Administration	11,585	n/a
Total	7,809,723	

AGENCY EXPENSES FY 2016-2017

	\$	%
Programs	6,821,151	86%
General / Administrative	862,672	11%
Fundraising	221,631	3%
Total	7,905,454	

2016-2017 *Foundation and Corporate Support*

Acteon Networks, LLC
Aesthetic Surgery Associates
Air Products
Anonymous
Bazella Group
BB&T
Cesar Bourdon Memorial Fund
Buckno Lisicky & Company
Burkholder's Heating & Air Conditioning, Inc.
Campbell Rappold & Yurasits, LLP
Capital Blue Cross
The Century Fund
Church & Dwight Employee Giving Fund, Inc.
Corporate Environments
Curtis Total Service, Inc.
The Donley Foundation
Todd Donnelly Enterprises, Inc.
Enterprise Holdings Foundation

Exchange Club of Western Lehigh
First Windish Fraternal Benefit Society
of America
Leona K. Gruber Charitable Trust
The Charles H. Hoch Foundation
Hospital Central Services, Inc. & Affiliates
IFSI General Contractor
Josh Early Candies, Inc.
Fred J. Jaendl Family Foundation
Keystone Savings Foundation
King Spry Herman Freund & Faul, LLC
Lehigh Valley Community Foundation
Lindsay Insurance Group, Inc.
M&T Bank
The M&T Charitable Foundation
Mesko Spotting Service, Inc.
The Mortgage Company
Mutual of America

People First Federal Credit Union
Sylvia Perkin Perpetual Charitable Trust
PPL Corporation
Regeneron Pharmaceuticals, Inc.
The Rider-Pool Foundation
Spirk Brothers, Inc.
Stauffer Insurance Group
Stirling Painting, LLC
Stotz & Fatzinger Office Supply
Thrivent Financial
Harry C. Trexler Trust
Two Rivers Health & Wellness Foundation
United Way of the Greater Lehigh Valley
VISA, Inc.
John Yurconic Agency
Working Dog Press

Affiliations

This 2016-2017 Annual Report is funded in part under contract with agencies from the following counties: Bucks, Carbon, Chester, Lehigh, Monroe, Montgomery, Northampton, Somerset, Schuylkill and the State of Delaware.

Pinebrook Family Answers is licensed by the Commonwealth of PA, Department of Human Services.

Pinebrook Family Answers is affiliated with or is a member of the following organizations:

- The Alliance for Strong Families and Communities
- Greater Lehigh Valley Chamber of Commerce
- Greater Lehigh Valley Foster Care Coalition
- PA Council of Children, Youth and Family Services
- Pennsylvania State Resource Parent Association
- Slate Belt Chamber of Commerce
- Statewide Adoption and Permanency Network
- Volunteer Center of the Lehigh Valley

United Way of the
Greater Lehigh Valley
UnitedWayGLV.org



Pinebrook Family Answers has managed care agreements with Magellan Health Services, Community Care Behavioral Health and PerformCare.



We are nationally accredited by the Council on Accreditation (COA) through November 30, 2019.

Board of Directors

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President (Retired)
PPL Global, LLC

Vice Chair

Mary Rita Goodman, Ed.D.
Superintendent (Retired)
Wilson Area School District

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Realtor
Keller Williams Real Estate

Tammy Bruno
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M&T Bank

Shannon Buckles

Kim Capers
Chip Outreach Coordinator
Capital Blue Cross

Karen Clary

Founder
LTO Development, LLC

Stephen T. Crowley, III
Global Director,
Environmental Health & Safety
Vesum Materials

Veronica Gonzalez
Division Administrator,
Community Practices
Lehigh Valley Physician Group

Anita Krick
Vice President (Retired)
Right Management

Andrew Maron
Partner
Client 1st Financial

Michael Murphy, Ph.D.
Director of Pupil Services (Retired)
East Penn School District

Janice Plaisir, PT, DPT
Physical Therapist

Jusline Sayegh
IT Solution & Business Analyst
Air Products & Chemicals

Kathryn Williams
Attorney
Santanasto Law

402 North Fulton Street, Allentown, PA 18102 610-432-3919
1101 Northampton Street, Suite #201, Easton, PA 18042 610-559-8151
16 South Broadway, Suite #2, Wind Gap, PA 18091 610-863-8151

www.PbFALV.org



**Pinebrook
Family Answers**
SOLUTIONS FOR GENERATIONS

**PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)**

**Financial Statements and
Independent Auditor's Report**

June 30, 2017

**PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pinebrook Family Answers
Allentown, PA

Report on the Financial Statements

We have audited the accompanying financial statements of Pinebrook Family Answers (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pinebrook Family Answers as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Pinebrook Family Answers' 2016 financial statements, and our report dated November 10, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017, on our consideration of Pinebrook Family Answers' 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 Pinebrook Family Answers' internal control over financial reporting and compliance.

Cory Bell, Rappold & Yasaita LLP

PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
STATEMENT OF FINANCIAL POSITION
June 30, 2017
With Comparative Totals as of June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2017</u>	<u>2016</u>
ASSETS				
Cash and Cash Equivalents	\$ 138,219	\$ 233,611	\$ 371,830	\$ 697,876
Accounts Receivable	745,724	-	745,724	626,425
Promises to Give	8,700	-	8,700	2,600
Prepaid Expenses and Other Assets	65,057	-	65,057	68,309
Investments (Note 2)	80,990	-	80,990	69,685
Property and Equipment, Net (Note 3)	1,554,820	-	1,554,820	1,606,816
TOTAL ASSETS	<u>\$ 2,593,510</u>	<u>\$ 233,611</u>	<u>\$ 2,827,121</u>	<u>\$ 3,071,711</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts Payable	\$ 82,270	\$ -	\$ 82,270	\$ 149,593
Accrued Payroll and Payroll Tax Liabilities	222,002	-	222,002	195,288
Deposits Payable	972	-	972	1,446
Compensated Absences	89,540	-	89,540	81,203
Long-Term Debt (Note 4)	396,587	-	396,587	512,700
TOTAL LIABILITIES	<u>791,371</u>	<u>-</u>	<u>791,371</u>	<u>940,230</u>
Net Assets				
Unrestricted				
Undesignated	643,906	-	643,906	845,715
Net Investment in Property and Equipment	1,158,233	-	1,158,233	1,105,724
Total Unrestricted Net Assets	1,802,139	-	1,802,139	1,951,439
Temporarily Restricted (Note 8)	-	233,611	233,611	180,042
TOTAL NET ASSETS	<u>1,802,139</u>	<u>233,611</u>	<u>2,035,750</u>	<u>2,131,481</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,593,510</u>	<u>\$ 233,611</u>	<u>\$ 2,827,121</u>	<u>\$ 3,071,711</u>

See independent auditor's report and notes to financial statements.

PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017
With Comparative Totals for the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
Operating Revenues and Support				
Contract Revenues and Service Fees	\$ 6,933,106	\$ -	\$ 6,933,106	\$ 6,730,669
Contributions	742,198	28,320	770,518	891,991
Special Events, net of direct costs of \$6,653 and \$17,437, respectively	25,547	-	25,547	41,309
Other	7,517	-	7,517	30,289
Interest and Dividend Income	2,898	-	2,898	3,737
Net Assets Released from Restrictions	1,500	(1,500)	-	-
Total Operating Revenues and Support	7,712,766	26,820	7,739,586	7,697,995
Operating Expenses				
Program Services				
Outpatient Services	2,032,182	-	2,032,182	1,927,346
Other Behavioral Services	1,150,393	-	1,150,393	1,221,916
Permanency Services	1,230,526	-	1,230,526	1,505,260
Other Social Services	1,499,721	-	1,499,721	1,395,409
Home Care	459,375	-	459,375	456,961
Forensics	448,954	-	448,954	443,466
Total Program Services Expense	6,821,151	-	6,821,151	6,950,358
Support Services				
Management and General	862,672	-	862,672	723,181
Fund Raising	221,631	-	221,631	126,512
Total Operating Expenses	7,905,454	-	7,905,454	7,800,051
Change in Net Assets from Operations	(192,688)	26,820	(165,868)	(102,056)
Other Changes in Net Assets				
Contribution Restricted for Property and Equipment Acquisition	-	61,450	61,450	30,000
Net Assets Released from Restrictions for Property and Equipment	34,701	(34,701)	-	-
Unrealized Gain (Loss) on Investments	8,687	-	8,687	(665)
Total Other Changes	43,388	26,749	70,137	29,335
Change in Net Assets Before Acquisition Income	(149,300)	53,569	(95,731)	(72,721)
Excess of Fair Value of Net Assets Acquired Over Consideration Paid in Acquisition of The Program for Women and Families	-	-	-	327,435
Increase (Decrease) in Net Assets	(149,300)	53,569	(95,731)	254,714
Net Assets at Beginning of Year	1,951,439	180,042	2,131,481	1,876,767
Net Assets at End of Year	\$ 1,802,139	\$ 233,611	\$ 2,035,750	\$ 2,131,481

See independent auditor's report and notes to financial statements.

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PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017
With Comparative Totals for the Year Ended June 30, 2016

	PROGRAM SERVICES							SUPPORT SERVICES		Totals	
	Outpatient Services	Other Behavioral Services	Permanency Services	Other Social Services	Home Care	Forensics	Total	Management and General	Fund Raising	2017	2016
Salaries	\$ 1,133,404	\$ 827,381	\$ 593,152	\$ 1,101,919	\$ 360,034	\$ 317,919	\$ 4,333,809	\$ 610,523	\$ 147,670	\$ 5,092,002	\$ 4,862,591
Payroll taxes	90,898	66,116	46,742	89,062	29,432	25,726	347,976	47,627	11,185	406,788	443,980
Health insurance	108,330	82,674	68,004	104,361	13,959	30,157	407,485	66,466	16,144	490,095	426,599
Pension contribution	10,083	8,020	10,152	9,773	3,806	1,943	43,777	10,752	706	55,235	52,617
Workers Comp. insurance	5,830	3,868	4,521	4,634	1,448	1,498	21,799	-	690	22,489	31,803
Subtotals	1,348,545	988,059	722,571	1,309,749	408,679	377,243	5,154,846	735,368	176,395	6,066,609	5,817,590
Foster parent payments	-	-	363,308	250	-	-	363,558	-	-	363,558	504,526
Travel	932	36,580	27,883	34,692	5,682	1,981	107,750	11,440	201	119,391	144,608
Program activities	805	4,663	4,539	5,214	493	7,933	23,647	40	-	23,687	39,074
Physician services	395,993	1,238	-	-	-	-	397,231	-	-	397,231	362,361
Training	383	5,081	884	1,258	855	8,242	16,703	2,800	-	19,503	16,475
Staff recruitment	428	271	100	229	249	-	1,277	5,794	-	7,071	13,812
Maintenance agreements	8,012	2,873	3,650	3,743	1,169	8,020	27,467	5,454	3,306	36,227	58,667
Space rent	73,302	-	-	5,638	-	-	78,940	786	-	79,726	75,508
Utilities	13,755	10,965	15,008	12,473	4,811	7,368	64,380	-	2,289	66,669	67,095
Repairs and maintenance	1,316	-	-	-	-	-	1,316	11,993	-	13,309	6,416
Building maintenance	-	251	-	-	-	58	309	1,192	-	1,501	4,523
Insurance	23,714	15,737	18,390	18,857	5,892	6,093	88,683	83	2,809	91,575	95,677
Legal, payroll and audit fees	9,247	6,135	7,170	8,097	2,298	2,376	35,323	37,300	1,095	73,718	65,005
Telecommunications	15,110	17,522	10,529	24,902	5,568	3,692	77,323	2,545	2,387	82,255	76,275
Postage	2,518	1,471	1,719	1,763	551	603	8,625	-	355	8,980	10,460
Office supplies	9,688	3,510	3,300	5,310	2,915	1,645	26,368	237	1,369	27,974	32,310
Computer maintenance	39,919	12,764	6,578	12,071	2,192	7,132	80,656	7,678	1,101	89,435	122,107
Equipment rental	6,366	4,223	4,936	5,061	1,581	1,636	23,803	-	754	24,557	25,004
Dues and subscriptions	5,913	3,923	4,585	5,102	1,669	1,520	22,712	199	995	23,906	23,333
Bank fees	-	-	-	-	-	-	-	5,737	2	5,739	3,138
Advertising / Public relations	1,751	1,162	1,358	3,793	2,450	450	10,964	889	1,145	12,998	34,075
Board of Directors meetings	415	275	323	330	103	107	1,553	-	49	1,602	2,837
Depreciation	29,877	19,827	23,170	23,757	7,423	7,676	111,730	22,619	3,539	137,888	128,843
Clearances	437	112	361	812	2,907	101	4,730	25	-	4,755	1,142
Bonuses / Recognition	1,636	1,522	1,186	1,534	237	279	6,394	2,358	889	9,641	8,324
Interest expense	5,033	3,340	3,905	4,002	1,251	1,294	18,825	-	596	19,421	25,783
Non-office supplies	-	-	-	-	87	-	87	5,930	16,844	22,861	14,921
Development expense	-	-	-	-	-	-	-	-	5,362	5,362	7,212
Temporary help	12,190	-	-	-	-	-	12,190	-	-	12,190	-
Property taxes	-	-	-	-	-	3,182	3,182	-	-	3,182	2,593
Merger expenses	-	-	-	-	-	-	-	-	-	-	5,615
Electronic health records	23,638	8,054	4,098	10,083	-	-	45,873	2,205	-	48,078	-
Accreditation	1,259	835	975	1,001	313	323	4,706	-	149	4,855	4,742
Totals 2017	<u>\$ 2,032,182</u>	<u>\$ 1,150,393</u>	<u>\$ 1,230,526</u>	<u>\$ 1,499,721</u>	<u>\$ 459,375</u>	<u>\$ 448,954</u>	<u>\$ 6,821,151</u>	<u>\$ 862,672</u>	<u>\$ 221,631</u>	<u>\$ 7,905,454</u>	
Totals 2016	<u>\$ 1,927,346</u>	<u>\$ 1,221,916</u>	<u>\$ 1,505,260</u>	<u>\$ 1,395,409</u>	<u>\$ 456,961</u>	<u>\$ 443,466</u>	<u>\$ 6,950,358</u>	<u>\$ 723,181</u>	<u>\$ 126,512</u>		<u>\$ 7,800,051</u>

See independent auditor's report and notes to financial statements.

PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2016

	PROGRAM SERVICES							SUPPORT SERVICES		Totals 2016
	Outpatient Services	Other Behavioral Services	Permanency Services	Other Social Services	Home Care	Forensics	Total	Management and General	Fund Raising	
Salaries	\$ 1,105,864	\$ 874,452	\$ 691,113	\$ 991,404	\$ 336,835	\$ 321,552	\$ 4,321,220	\$ 472,764	\$ 68,607	\$ 4,862,591
Payroll taxes	103,079	80,137	63,255	92,510	33,111	26,406	398,497	39,471	6,012	443,980
Health insurance	97,852	80,944	54,028	76,482	11,058	36,441	356,806	62,135	7,658	426,599
Pension contribution	11,602	7,084	14,186	10,880	4,518	1,366	49,636	2,555	426	52,617
Workers Comp. insurance	1,556	2,460	1,719	11,346	12,519	162	29,762	1,940	101	31,803
Subtotals	1,319,953	1,045,077	824,301	1,182,622	398,041	385,927	5,155,921	578,864	82,805	5,817,590
Foster parent payments	-	-	504,526	-	-	-	504,526	-	-	504,526
Travel	1,660	38,787	31,278	42,306	16,547	817	131,395	13,027	186	144,608
Program activities	542	5,943	4,241	21,223	265	5,006	37,220	147	1,707	39,074
Physician services	362,361	-	-	-	-	-	362,361	-	-	362,361
Training	780	8,319	1,920	1,518	765	1,460	14,762	1,577	136	16,475
Staff recruitment	376	99	420	2,922	2,814	-	6,631	7,155	26	13,812
Maintenance agreements	18,308	4,942	6,748	5,001	2,364	11,083	48,446	7,282	2,939	58,667
Space rent	69,857	-	-	5,651	-	-	75,508	-	-	75,508
Utilities	14,645	12,122	16,755	8,136	2,316	6,082	60,056	4,900	2,139	67,095
Repairs and maintenance	-	-	-	-	-	3,395	3,395	3,021	-	6,416
Building maintenance	-	442	-	-	-	-	442	4,081	-	4,523
Insurance	25,125	17,268	23,226	16,544	3,671	7,438	93,272	374	2,031	95,677
Legal, payroll and audit fees	3,299	3,484	3,053	4,828	2,508	3,297	20,469	44,270	266	65,005
Telecommunications	9,865	20,360	7,015	26,359	5,947	2,429	71,975	3,705	595	76,275
Postage	2,598	1,781	2,401	1,673	436	1,224	10,113	6	341	10,460
Office supplies	11,072	3,897	3,483	6,972	2,625	1,850	29,899	2,009	402	32,310
Computer maintenance	45,015	27,798	25,415	15,234	1,991	1,496	116,949	2,370	2,788	122,107
Equipment rental	2,911	3,700	2,779	6,688	645	584	17,307	7,454	243	25,004
Dues and subscriptions	2,356	3,568	2,731	7,255	4,105	2,247	22,262	190	881	23,333
Bank fees	-	-	-	-	-	-	-	3,138	-	3,138
Advertising / Public relations	1,240	1,065	1,459	21,034	3,215	213	28,226	2,833	3,016	34,075
Board of Directors meetings	291	225	1,563	285	101	92	2,557	88	192	2,837
Depreciation	27,895	17,405	34,321	14,030	5,650	4,362	103,663	22,050	3,130	128,843
Clearances	100	134	18	161	513	176	1,102	40	-	1,142
Bonuses / Recognition	640	1,675	468	466	155	25	3,429	3,755	1,140	8,324
Interest expense	6,440	3,813	7,121	4,487	1,702	1,581	25,144	-	639	25,783
Non-office supplies	-	-	-	-	578	83	661	6,177	8,083	14,921
Development expense	-	-	-	-	-	-	-	-	7,212	7,212
Temporary help	-	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	2,593	2,593	-	-	2,593
Merger expenses	-	-	-	-	-	-	-	-	5,615	5,615
Electronic health records	-	-	-	-	-	-	-	-	-	-
Accreditation	17	12	18	14	7	6	74	4,668	-	4,742
Totals 2016	<u>\$ 1,927,346</u>	<u>\$ 1,221,916</u>	<u>\$ 1,505,260</u>	<u>\$ 1,395,409</u>	<u>\$ 456,961</u>	<u>\$ 443,466</u>	<u>\$ 6,950,358</u>	<u>\$ 723,181</u>	<u>\$ 126,512</u>	<u>\$ 7,800,051</u>

See independent auditor's report and notes to financial statements.

PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<i><u>Cash Flows from Operating Activities:</u></i>		
CHANGE IN NET ASSETS	\$ (95,731)	\$ 254,714
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	137,888	128,843
Unrealized Loss (Gain) on Investments	(8,687)	665
Contribution Restricted for Property and Equipment	(61,450)	(30,000)
Excess of Fair Value of Net Assets Acquired Over Consideration Paid in Acquisition	-	(327,435)
(Increase) Decrease in Assets:		
Accounts Receivable	(119,299)	(40,340)
Promises to Give	(6,100)	(2,600)
Prepays and Other Assets	3,252	12,971
Increase (Decrease) in Liabilities:		
Accounts Payable	(67,323)	18,026
Payroll and Payroll Tax Liabilities	26,714	46,838
Deposits Payable	(474)	(114)
Compensated Absences	8,337	(9,961)
Deferred Revenue	-	(1,140)
Net Cash Provided (Used) by Operating Activities	<u>(182,873)</u>	<u>50,467</u>
<i><u>Cash Flows from Investing Activities:</u></i>		
Cash Acquired in Acquisition of Other Organizations	-	49,377
Proceeds from Sale of Building Held for Sale	-	392,993
Purchase of Investments	(2,618)	(4,207)
Purchases of Property and Equipment	(52,855)	(78,025)
Construction in Progress	<u>(33,037)</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>(88,510)</u>	<u>360,138</u>
<i><u>Cash Flows from Financing Activities:</u></i>		
Principal Payments on Long-Term Debt	(116,113)	(123,453)
Contribution Restricted for Property and Equipment	<u>61,450</u>	<u>30,000</u>
Net Cash Used in Financing Activities	<u>(54,663)</u>	<u>(93,453)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(326,046)	317,152
Cash and Cash Equivalents at Beginning of Year	<u>697,876</u>	<u>380,724</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 371,830</u>	<u>\$ 697,876</u>
<i><u>Supplemental Data</u></i>		
Cash paid during the year for interest	<u>\$ 19,421</u>	<u>\$ 25,783</u>
Non-cash Activity:		
In-kind contributions of goods and services	<u>\$ 19,593</u>	<u>\$ 10,649</u>
The Agency acquired assets and assumed liabilities of The Program for Women and Families, Inc. in 2016 as follows:		
Fair value of assets acquired	\$ -	\$ 355,161
Liabilities assumed	-	(27,726)
Inherent contribution received in acquisition	<u>\$ -</u>	<u>\$ 327,435</u>

See independent auditor's report and notes to financial statements.

PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017
With Comparative Information as of June 30, 2016

1. Summary of Significant Accounting Policies

Nature of Activities and Purpose of the Organization

On July 1, 2015, Pinebrook Family Answers and The Program for Women and Families, Inc., another Lehigh Valley-based charitable organization, merged. The primary goal of the combination is to strengthen the missions of each charitable organization by providing a broad continuum of community-based services. The combination is accounted for as an acquisition. The Agency's mission is to improve the lives of individuals and families across generations by providing a continuum of high-quality programs that promote self-sufficiency, nurture healthy children and strong families, support seniors, advocate for change and strengthen communities.

Pinebrook Family Answers' services fall within the following five major program categories:

Behavioral Health Services: Under license by the Department of Human Services (DHS), Office of Mental Health and Substance Abuse Services, Pinebrook Family Answers operates three outpatient psychiatric clinics for children and adults. The Clinics, which operate in Allentown, Easton and Wind Gap, provide an array of outpatient psychiatric services to clients from county mental health offices, children in Pinebrook Family Answers' foster care programs, and privately-referred clients in the Greater Lehigh Valley Region. The Agency is a participating provider of services in the Pennsylvania HealthChoices Initiative, including Magellan Health Services, Community Care Behavioral Health and PerformCare. The Agency also contracts with numerous commercial insurance companies and Employee Assistance Programs. In addition to traditional outpatient services, other behavioral/mental health services include school-based counseling through a contract with Bethlehem Area School District and Integrated Behavioral Health Services (IBH), a model of service provision that places behavioral health providers in a team environment with other health care providers, such as primary care physicians. The Agency has partnered with St. Luke's University Health Network to place mental health professionals in pediatric clinics, mobile health care vans, and HIV care settings. Funding for IBH is in part provided by the United Way of the Greater Lehigh Valley.

Also under license by DHS, the Agency offers Family-based Mental Health Services to preserve families with children who are experiencing serious mental health issues and are at risk of out-of-home placement. Lastly, Pinebrook Family Answers offers a number of programs designed to support mental health consumers in the community. Compeer is a volunteer companionship program for adults coping with mental illness; CompeerCorps is the arm of Compeer that provides companionship services for Veterans. Warmline is a non-emergency telephone support service for Lehigh County residents. Lastly, PbFA provides a liaison with the Allentown Police Department. This specifically-trained Mental Health Worker works directly with the APD out of their precinct, and can go on calls with the officers to address consumers with mental health disorders who come to the attention of the police.

**PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
NOTES TO FINANCIAL STATEMENTS**

June 30, 2017

With Comparative Information as of June 30, 2016

1. Summary of Significant Accounting Policies (Continued)

Nature of Activities and Purpose of the Organization (Continued)

Permanency (Placement and Adoption) Services: The Agency's service array includes a five-tier foster care model provided under contract with eight Pennsylvania counties; Kinship Care Permanency Services offered through a contract with Lehigh County; and the Transportation and Visitation Program, a supervised family visitation program to support family reunification goals for children in foster care and residential settings, including a Visit Coaching model.

Adoption Services for special-needs children through the StateWide Adoption Network (SWAN). The Agency's Adoption Department also offers limited international adoption services, including home study and post-placement services in collaboration with other accredited adoption agencies.

All of these services are offered under a license issued by the Department of Human Services, Office of Children, Youth and Families.

Diversionsary Services: This area of service delivery has seen considerable growth and includes a wide array of in-home services. Services include: Truancy Intervention Services (Making the Grade) which includes family support services for elementary and middle school children. Making the Grade is funded primarily by private foundations and trusts, including the United Way of the Greater Lehigh Valley and through a contract with Lehigh County.

SHAPE, a family preservation program providing in-home case management and coordination of community services and support funded through Lehigh and Northampton Counties.

High Fidelity Wraparound Initiative works with Lehigh County youth and young adults, ages 8 to 21, and their families. This evidence-based practice and team-based collaborative process for helping youth with special mental health needs, is supported through funding from Lehigh County HealthChoices Reinvestment funds.

Home Care Services: Under license by the Department of Health, the Agency's Homecare program provides care for seniors, those recovering from accidents, injury, surgery, long- or short-term disabilities, and others who need assistance with daily chores of living. These services include personal care needs, light housekeeping, running errands such as shopping, laundry and respite care.

Forensic Services: During fiscal year 2016-2017, the Forensic Services Department offered Adult Re-entry Services including facilitation of Northampton County Re-entry Coalition and evidence based treatment classes offered in the Northampton County Jail through funding provided by Northampton County Department of Corrections. Transitional Residence Program is a unique housing program located in Allentown that addresses the needs of otherwise homeless women some who were transitioning out of the criminal justice system, or women at-risk of criminal behavior, to reunite with their children and work towards housing stability.

PINEBROOK FAMILY ANSWERS
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1. Summary of Significant Accounting Policies (Continued)

Nature of Activities and Purpose of the Organization (Continued)

Forensic Services (continued): During the fiscal year 2016-2017, the Transitional Residence program was funded primarily with federal funding from the Department of Housing and Urban Development and local matching funds. ALPHA program is designed for youth who have either dropped out of school or have been permanently expelled from school and are supervised by the Lehigh County Juvenile Probation Department. The goal of ALPHA is to reduce recidivism among the students it serves by providing them with academic, behavioral, and job readiness services designed to prepare them to enter the workforce and succeed in life. The ALPHA program is primarily funded by a contract with the Lehigh County Juvenile Probation department. Additional grants and donations from private foundations and donors also support the ALPHA program. Family services include: 1) Evidence-based parenting education classes provided to women incarcerated at Lehigh County Jail; 2) Supervised contact visits with their children for incarcerated women and Lehigh County Jail; 3) Evidence-based parenting education classes provided to at-risk youth in the ALPHA program. These services are primarily funded by a contract with the Lehigh County Office of Children and Youth. Additional grants and donations from private foundations and donors also support these services.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America. Revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Agency 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. The Agency has no permanently restricted net assets.

Unrestricted Net Assets

Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out the operations of the Agency in accordance with its bylaws.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent funds whose use has been temporarily restricted by their donor. These funds are used to carry out operations of the Agency in accordance with the restrictions. Temporarily restricted funds are used primarily to provide psychological and educational services and purchase equipment and furnishings.

**PINEBROOK FAMILY ANSWERS
(A Not-for-Profit Organization)
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1. Summary of Significant Accounting Policies (Continued)

Nonoperating Activities

Nonoperating activities primarily reflect transactions of a long-term investment or capital nature, including contributions restricted for acquisitions of land, building and equipment and realized and the net unrealized gains and losses on the investments held by the Agency.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Agency considers all highly liquid unrestricted investments with an initial maturity of three months or less to be cash. Cash held for investment purposes is not considered a cash equivalent for the Statements of Cash Flows.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All pledges receivable and amounts received that are donor restricted for future periods or donor restricted for specific purposes are reported as temporarily restricted. The restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restriction when the donor stipulated time restriction ends or the purpose restriction is accomplished by the Agency. It is the Agency's policy to report contributions whose restricted purpose is met within the year the gift is given as unrestricted contributions on the statement of activities.

Donated Items and Services

The financial statements reflect the fair value amounts for donated services that create or enhance nonfinancial assets or require specialized skills, are performed by people possessing those skills, and would have been purchased by the Agency if they had not been donated. The Agency has recorded donated services and in-kind contributions related to consulting activities and supplies at their estimated fair values of approximately \$19,593 and \$10,649 for the years ended June 30, 2017 and 2016, respectively.

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1. Summary of Significant Accounting Policies (Continued)

Donated Items and Services (continued)

Volunteers contributed approximately 1,242 hours and 1,204 hours of their time to the Agency for the years ended June 30, 2017 and 2016, respectively. The volunteers provided services in several areas of the Agency and performed various activities. These services do not meet the criteria for financial statement recognition and, accordingly, the values of these have not been reported in the financial statements.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Land, property and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the respective assets on a straight line basis. Maintenance and repairs are expensed as incurred; renewals and betterments are capitalized. The Agency typically capitalizes items, individually or in the aggregate, costing or valued at \$500 or more.

	<u>Years</u>
Buildings and Improvements	7 - 39
Furniture and Equipment	3 - 8

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable material uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that no valuation allowance was needed in 2017 or 2016.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year which the contributions are recognized. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Management has determined that all promises to give are collectible, and no valuation allowance was needed in 2017 or 2016.

**PINEBROOK FAMILY ANSWERS
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1. Summary of Significant Accounting Policies (Continued)

Functional Expenses

The Agency allocates its expenses on a functional basis. Expenses that can be identified with a specific program are allocated directly. The Agency uses revenue as its base for each program divided by total revenue to allocate indirect costs.

Income Taxes

The Agency is a not-for-profit Pennsylvania corporation exempt from federal income tax under Internal Revenue Code 501(c)(3). Accordingly, no provision has been made for federal or state taxes on the excess revenue over expenses.

The Agency accounts for uncertainty in income taxes in accordance with FASB-ASC 740, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the uncertainty occurs if the recognition threshold has been met.

The Agency believes it has appropriate support for all tax positions taken and has concluded that there are no material unrecognized tax liability, benefits or accrued interest or penalties on income taxes that would require recognition in the financial statements. There were no unrecognized tax benefits identified or liabilities recorded for the years ended June 30, 2017 and 2016.

The Agency files Federal Form 990, *Return of Organization Exempt from Tax*, with the United States Internal Revenue Service and with the Bureau of Charitable Organizations in Pennsylvania.

Concentrations

\$2,434,260 and \$722,934, which represents 35% and 10% of total contract revenues, was received from the County of Lehigh and the County of Northampton, respectively, for the year ended June 30, 2017. \$2,452,765 and \$957,430, which represents 36% and 14% of total contract revenues, was received from the County of Lehigh and the County of Northampton, respectively, for the year ended June 30, 2016. These revenues are for several programs with contractual agreements administered by the Agency. It is always considered reasonable that contractual agreements may be lost in the near term.

Concentrations of Credit Risk

The Agency maintains cash on deposit at a high-quality financial institution which at times may exceed federally insured limits. The Agency historically has not experienced any credit related losses. Deposits at the bank were in excess of federally insured limits by \$199,154 as of June 30, 2017.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation

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2. Investments

Cost and market values of investments at June 30, are as follows:

	2017		2016	
	Cost	Market	Cost	Market
Cash	\$ 811	\$ 811	\$ -	\$ -
Mutual Funds				
Total Return Fund	5,877	10,275	5,538	10,299
Equity Index Fund	73,592	69,904	71,312	59,386
	<u>\$ 80,280</u>	<u>\$ 80,990</u>	<u>\$ 76,850</u>	<u>\$ 69,685</u>

A summary of return on investments for the years ended June 30, are as follows:

	2017	2016
Interest and Dividends	\$ 2,619	\$ 3,271
Net Unrealized Gain (Loss)	8,687	(665)
Total	<u>\$ 11,306</u>	<u>\$ 2,606</u>

In addition there was \$279 and \$466 of interest earned on bank accounts for the years ended June 30, 2017 and 2016, respectively.

3. Property and Equipment

Property and equipment at June 30, consist of the following:

	2017	2016
Land	\$ 217,000	\$ 217,000
Building and Improvements	2,027,535	2,027,535
Equipment	522,676	477,004
Construction in Progress	33,037	-
	<u>2,800,248</u>	<u>2,721,539</u>
Accumulated Depreciation	<u>(1,245,428)</u>	<u>(1,114,723)</u>
	<u>\$ 1,554,820</u>	<u>\$ 1,606,816</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$137,888 and \$128,843 respectively.

PINEBROOK FAMILY ANSWERS
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4. Long-Term Debt

	June 30,	
	<u>2017</u>	<u>2016</u>
Loan payable to Bank, due in monthly payments of \$6,942 including interest at 3.87%. Prior to a March, 2017 loan modification, due in monthly payments of \$6,808 including interest at 4.25%. Due in full March, 2020. Secured by Gordon Street property.	\$ 216,807	\$ 282,262
Loan payable to Bank, due in monthly payments of \$4,328, including interest at 4.18%. Prior to a March, 2017 loan modification, due in monthly payments of \$4,255, including interest at 4.25%. Due in full March, 2021. Secured by Gordon Street property.	179,780	218,830
Loan payable to Bank, due in monthly payments of \$1,309 including interest at 4.00% through March, 2017. Secured by all non-real estate assets.	<u>-</u>	<u>11,608</u>
	396,587	512,700
Less: Current Portion	<u>(121,540)</u>	<u>(512,700)</u>
	<u><u>\$ 275,047</u></u>	<u><u>\$ -</u></u>

Long-term debt maturities are as follows:

<u>Year Ending June 30,</u>	
2018	\$ 121,540
2019	126,473
2020	110,523
2021	38,051
	<u><u>\$ 396,587</u></u>

Interest expense was \$19,421 and \$25,783 for the years ended June 30, 2017 and 2016, respectively.

5. Line of Credit

The Agency has a \$500,000 line of credit with a bank. Interest on outstanding borrowings is payable at the Bank's prime rate plus 3.5%, adjusted monthly, 7% at June 30, 2017. There are no outstanding borrowings at June 30, 2017.

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6. Leases

The Agency leases buildings and equipment under short term and long term lease agreements.

Future minimum lease payments for operating leases with terms extending beyond one year are as follows:

	<u>Equipment</u>	<u>Real Estate</u>	<u>Total</u>
Year ending June 30,			
2018	\$ 18,913	\$ 14,312	\$ 33,225
2019	18,913	14,312	33,225
2020	16,490	4,771	21,261
2021	11,647	-	11,647
	<u>11,647</u>	<u>-</u>	<u>11,647</u>
Total Minimum Lease Payments	<u>\$ 65,963</u>	<u>\$ 33,395</u>	<u>\$ 99,358</u>

Total rent expense under all operating leases was \$104,283 and \$100,512 for the years ending June 30, 2017 and 2016, respectively.

7. Retirement Plan

403(b) Thrift Plan for Pinebrook Family Answers

The Agency provides its employees with the option of participation in a 403(b) salary reduction plan. The Plan allows for all employees to make contributions upon employment. Contributions are made by the employees through salary reductions up to maximum amounts allowed by the Internal Revenue Code. The Plan provides for employer matching and discretionary base contributions for eligible employees who are at least 21 years of age, with one year of service and at least 1,000 hours worked in that year. The Agency is required to make employer matching contributions to the Plan of 100% of eligible participant's salary reduction contribution up to 2% of participant compensation. The Agency also may make discretionary base contributions to eligible participants who are employed on the last day of the Plan year, allocated to each eligible participant based on their plan compensation over total plan compensation. All participants hired prior to October 1, 2014 are fully vested in all employer contributions. Employees hired on or after October 1, 2014 are subject to the following vesting schedule: Less than two years of service, 0%; 2 years, 25%; 3 years, 50%, and 4 or more years, 100%. The Agency made contributions of \$55,235 and \$52,617 to the Plan in 2017 and 2016, respectively.

**PINEBROOK FAMILY ANSWERS
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8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of purpose and/or time restricted donor amounts as follows:

	June 30,	
	2017	2016
Higher Education	\$ 34,421	\$ 35,921
Florence Applebaum Fund	9,517	9,517
Trauma Informed	10,457	10,457
Suicide Prevention	21,230	-
Ways to Work	7,000	-
Transitional Residence - Operations	14,000	14,000
Transitional Residence - Building and Improvements	61,709	34,870
Capital Expenditures	75,277	75,277
	<u>\$ 233,611</u>	<u>\$ 180,042</u>

9. Advertising Costs

Advertising costs are expensed as incurred and were \$12,998 and \$34,075 in 2017 and 2016, respectively.

10. Combination of Services

Effective July 1, 2015, by action of each of the Boards of Directors of Pinebrook Family Answers and The Program for Women and Families, Inc., the organizations agreed to combine services. The combination was accounted for as an acquisition under Generally Accepted Accounting Principles whereby The Program for Women and Families, Inc., was acquired by Pinebrook Family Answers. The Program for Women and Families, Inc., provided services to assist offenders in becoming contributing and productive members of the community by providing structure, basic life management skills, counseling, parenting skills, and several other types of education in a supportive, nurturing atmosphere. The primary reason for the acquisition was to provide efficiency and increase effectiveness of similar programs that were run by the two Agencies.

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10. Combination of Services (Continued)

The following table summarizes the recognized amounts of the assets acquired and liabilities assumed, at the July 1, 2015 acquisition date:

	Year Ended June 30, 2016
Financial assets	\$ 75,550
Equipment and Furniture	1,411
Land, Building and Improvements	<u>278,200</u>
	<u>355,161</u>
Financial liabilities	<u>27,726</u>
Total identifiable net assets	327,435
Consideration paid	<u>-</u>
Inherent contribution received	<u>\$ 327,435</u>

On the Statement of Activities, the inherent contribution received is recorded as the "Excess of fair value of net assets acquired over consideration paid in acquisition of The Program for Women and Families, Inc. Net assets acquired of \$12,104 were temporarily restricted at the acquisition date.

Acquisition-related costs included in Management and General in the accompanying Statement of Activities for the year ending June 30, 2016, totaled \$5,615. All acquisition related costs were recognized as an expense.

11. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10, establishes 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 under FASB ASC 820-10 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.
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11. Fair Value Measurements (Continued)

Level 2	<p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none">• 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. <p>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.</p>
Level 3	<p>Inputs to the valuation methodology are unobservable, are significant to the fair value measurement and include management's judgments about the assumptions market participants would use in pricing the asset or liability.</p>

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. Investments classified within Level 3 whose fair value measurements consider several inputs may include Level 1 and/or Level 2 inputs as components of the overall fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Agency are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Agency are deemed to be actively traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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11. Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Agency's assets at fair value as of June 30, 2017 and 2016:

	Level 1	Level 2	Level 3	Total
<u>2017</u>				
Temporary Cash	\$ 811	\$ -	\$ -	\$ 811
Mutual Funds				
Total Return Funds	10,275	-	-	10,275
Equity Index Funds	<u>69,904</u>	<u>-</u>	<u>-</u>	<u>69,904</u>
Total Assets at Fair Value	<u>\$ 80,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,990</u>
<u>2016</u>				
Mutual Funds				
Total Return Funds	\$ 10,299	\$ -	\$ -	\$ 10,299
Equity Index Funds	<u>59,386</u>	<u>-</u>	<u>-</u>	<u>59,386</u>
Total Assets at Fair Value	<u>\$ 69,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,685</u>

There were no transfers between Level 1, Level 2, or Level 3 investments during 2017 or 2016. Transfers are recognized at the end of the reporting period.

12. Subsequent Events

Management has considered events subsequent to June 30, 2017 that affect the Agency through November 13, 2017, the date the financial statements were available to be issued, and has determined that no material subsequent events exist that require disclosure.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Pinebrook Family Answers
Allentown, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pinebrook Family Answers (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pinebrook Family Answers' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pinebrook Family Answers' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pinebrook Family Answers' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cory Bell, Rappold & Yamasita LLP