

North Penn Legal Services, Inc.

Financial Statements and
Supplementary Information

Years Ended June 30, 2024 and 2023
with Independent Auditor's Reports

MaherDuessel

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

NORTH PENN LEGAL SERVICES, INC.

YEARS ENDED JUNE 30, 2024 AND 2023

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Statements of Financial Position	1
Statement of Activities – Year Ended June 30, 2024	2
Statement of Activities – Year Ended June 30, 2023	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6

Supplementary Information:

Schedule of Revenues and Other Support, Expenses, and Changes in Net Assets by Primary Funding Sources	19
Schedule of Revenues and Other Support, Expenses, and Changes in Net Assets by LSC Funding Sources	21
Schedule of Revenues and Other Support, Expenses, and Changes in Net Assets by PLAN Funding Sources	23
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	27

NORTH PENN LEGAL SERVICES, INC.

YEARS ENDED JUNE 30, 2024 AND 2023

TABLE OF CONTENTS

(Continued)

Independent Auditor's Reports Required by the Uniform Guidance:

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 <i>Government Auditing Standards</i>	28
Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance	30
Summary Schedule of Prior Audit Findings	33
Schedule of Findings and Questioned Costs	34

Independent Auditor's Report

**Board of Directors
North Penn Legal Services, Inc.**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the North Penn Legal Services, Inc. (NPLS), which comprise the statement of financial position as of June 30, 2024, and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the NPLS as of June 30, 2024, and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the NPLS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NPLS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the NPLS's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200,

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2024 on our consideration of the NPLS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the NPLS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NPLS's internal control over financial reporting and compliance.

Maher Duessel

Harrisburg, Pennsylvania
October 4, 2024

NORTH PENN LEGAL SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 2,287,695	\$ 2,939,572
Client escrow funds	5,256	4,256
Accounts receivable, net:		
PLAN	479,840	288,680
Other	139,047	138,563
Prepaid expenses	174,951	312,892
Property and equipment, net	35,531	47,529
Right-of-use asset - operating	2,667,687	2,402,031
Total Assets	<u>\$ 5,790,007</u>	<u>\$ 6,133,523</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 270,486	\$ 219,185
Accrued compensated absences	187,993	170,385
Client trust deposits	5,256	4,256
Refundable advances	1,138,089	1,849,939
Lease liability - operating	2,695,380	2,401,351
Total Liabilities	<u>4,297,204</u>	<u>4,645,116</u>
Net Assets:		
Without donor restrictions	1,380,960	1,376,564
With donor restrictions	111,843	111,843
Total Net Assets	<u>1,492,803</u>	<u>1,488,407</u>
Total Liabilities and Net Assets	<u>\$ 5,790,007</u>	<u>\$ 6,133,523</u>

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

NORTH PENN LEGAL SERVICES, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2024
Revenues and Other Support:			
Contracts and grants	\$ 9,511,789	\$ -	\$ 9,511,789
Contributions of cash and other financial assets	35,963	-	35,963
Contributions of nonfinancial assets	105,315	-	105,315
Interest income	42,513	-	42,513
Other income	6,774	-	6,774
Net assets released from restrictions	-	-	-
Total revenues and other support	<u>9,702,354</u>	<u>-</u>	<u>9,702,354</u>
Expenses:			
Program services	8,393,848	-	8,393,848
Management and general	1,297,792	-	1,297,792
Fundraising	6,318	-	6,318
Total expenses	<u>9,697,958</u>	<u>-</u>	<u>9,697,958</u>
Change in Net Assets	4,396	-	4,396
Net Assets:			
Beginning of year	<u>1,376,564</u>	<u>111,843</u>	<u>1,488,407</u>
End of year	<u>\$ 1,380,960</u>	<u>\$ 111,843</u>	<u>\$ 1,492,803</u>

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

NORTH PENN LEGAL SERVICES, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total 2023
Revenues and Other Support:			
Contracts and grants	\$ 8,951,074	\$ -	\$ 8,951,074
Contributions of cash and other financial assets	41,031	21,033	62,064
Contributions of nonfinancial assets	124,815	-	124,815
Interest income	4,850	-	4,850
Other income	3,119	-	3,119
Net assets released from restrictions	-	-	-
Total revenues and other support	<u>9,124,889</u>	<u>21,033</u>	<u>9,145,922</u>
Expenses:			
Program services	8,015,144	-	8,015,144
Management and general	1,160,750	-	1,160,750
Fundraising	4,408	-	4,408
Total expenses	<u>9,180,302</u>	<u>-</u>	<u>9,180,302</u>
Change in Net Assets	(55,413)	21,033	(34,380)
Net Assets:			
Beginning of year	<u>1,431,977</u>	<u>90,810</u>	<u>1,522,787</u>
End of year	<u>\$ 1,376,564</u>	<u>\$ 111,843</u>	<u>\$ 1,488,407</u>

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

NORTH PENN LEGAL SERVICES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2024 AND 2023

	Program Services	Management and General	Fund- raising	Total 2024
Salaries	\$ 4,714,619	\$ 745,728	\$ 2,834	\$ 5,463,181
Fringe benefits	2,311,716	373,392	1,599	2,686,707
Consultants and contractors	130,043	12,597	52	142,692
Travel	71,042	8,187	44	79,273
Space costs	508,995	82,356	359	591,710
Consumable supplies	100,384	11,643	66	112,093
Equipment repairs and maintenance	90,652	10,514	61	101,227
Other	446,860	51,110	1,303	499,273
Depreciation	19,537	2,265	-	21,802
	\$ 8,393,848	\$ 1,297,792	\$ 6,318	\$ 9,697,958
	Program Services	Management and General	Fund- raising	Total 2023
Salaries	\$ 4,583,306	\$ 676,214	\$ 516	\$ 5,260,036
Fringe benefits	2,207,208	334,190	286	2,541,684
Consultants and contractors	138,848	8,472	6	147,326
Travel	56,121	5,983	6	62,110
Space costs	482,282	73,148	64	555,494
Consumable supplies	73,075	8,471	8	81,554
Equipment repairs and maintenance	66,199	7,674	8	73,881
Other	372,616	42,485	3,514	418,615
Depreciation	35,489	4,113	-	39,602
	\$ 8,015,144	\$ 1,160,750	\$ 4,408	\$ 9,180,302

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

NORTH PENN LEGAL SERVICES, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in net assets	\$ 4,396	\$ (34,380)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	21,802	39,602
(Increase) decrease in:		
Accounts receivable	(191,644)	217,696
Prepaid expenses	137,941	(77,045)
Right-of-use assets	(145,656)	(2,402,031)
Increase (decrease) in:		
Accounts payable and accrued expenses	51,301	44,625
Accrued compensated absences	17,608	3,920
Client trust deposits	1,000	(945)
Refundable advances	(711,850)	108,752
Lease liability	174,029	2,401,351
Net cash and cash equivalents provided by (used in) operating activities	(641,073)	301,545
Cash Flows From Investing Activities:		
Purchase of equipment	(9,804)	(8,231)
Net cash and cash equivalents provided by (used in) investing activities	(9,804)	(8,231)
Net Increase (Decrease) in Cash and Cash Equivalents	(650,877)	293,314
Cash and Cash Equivalents:		
Beginning of year	2,943,828	2,650,514
End of year	\$ 2,292,951	\$ 2,943,828
Cash and cash equivalents	\$ 2,287,695	\$ 2,939,572
Client escrow funds	5,256	4,256
Cash and cash equivalents end of year	\$ 2,292,951	\$ 2,943,828

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

NORTH PENN LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

1. Organization

Reporting Entity

North Penn Legal Services, Inc. (NPLS) is a nonprofit organization that provides civil legal representation for the poor and disadvantaged in Bradford, Carbon, Clinton, Columbia, Lackawanna, Lehigh, Luzerne, Lycoming, Monroe, Montour, Northampton, Northumberland, Pike, Snyder, Sullivan, Susquehanna, Tioga, Union, Wayne, and Wyoming counties. NPLS's central office is located in Pittston, Pennsylvania. NPLS is part of a statewide network of legal service providers servicing all of Pennsylvania's 67 counties. With its reliance on discretionary government funding, the philanthropic community, and the volunteer services of attorneys and others, it represents its targeted clientele in matters such as protection from abuse, follow-up of governmental benefits including Social Security and food stamps, housing assistance, issues related to the youth and the aged, and other emerging civil matters.

NPLS is funded on a year-to-year basis through a contract with Pennsylvania Legal Aid Network (PLAN), formerly Pennsylvania Legal Services. Funding for the contract is provided by the Commonwealth of Pennsylvania with Commonwealth and Federal Title XX funds, Pennsylvania Interest on Lawyers' Trust Account Program (IOLTA) funds, Access to Justice Act funds, and PA Department of Human Services (DHS) funds. Additional funding is obtained from Legal Services Corporation (LSC), a nonprofit corporation organized by the U.S. Congress to administer a nationwide legal assistance program.

2. Summary of Significant Accounting Policies

Basis of Accounting

NPLS reports on the accrual basis of accounting and, accordingly, has reflected all significant receivables, payables, and other liabilities as prescribed by accounting principles generally accepted in the United States of America (GAAP). The financial statements and notes also incorporate applicable provisions of the LSC's *"Accounting Guide for LSC Recipients,"* consistent with accounting principles generally accepted in the United States of America.

NORTH PENN LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Basis of Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of NPLS and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of NPLS and/or the passage of time or that they be maintained permanently by NPLS.

Cash and Cash Equivalents

All liquid investments with a maturity of three months or less when purchased are considered cash equivalents for the purpose of cash flows.

Accounts Receivable

Contracts and grants receivable, which include PLAN receivables, are for expenses incurred prior to the fiscal year-end that have not yet been received from the funding agency. An allowance for uncollectible accounts receivable was recorded in the amount of \$11,235 and \$12,000 for the years ended June 30, 2024, and 2023, respectively.

Promises to Give

Unconditional promises to give are recognized as revenue and assets in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value.

Prepaid Expenses

Cash disbursements that benefit a future period are recorded as prepaid expenses.

NORTH PENN LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Property and Equipment

Property and equipment, consisting of leasehold improvements, office furniture, and equipment have been recorded at cost. Expenditures and betterments that extend the lives of the applicable assets are capitalized, while maintenance and repairs are expensed when incurred. Property and equipment is capitalized with an initial, individual cost or in the aggregate of more than \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from three to ten years for office furniture and equipment, and seven to fifteen years for leasehold improvements.

Impairment

NPLS reviews its long-lived assets for impairment on an exception basis whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through future cash flows. If it is determined that an impairment loss has occurred, based on the expected cash flows, a loss is recognized in the statements of activities.

Accrued Compensated Absences

Employees are permitted to carry over a pre-determined maximum number of unused vacation days from one fiscal year to the next. Employees receive payment for their unused vacation, up to that maximum, at termination. NPLS has established a liability for unused vacation based on the aggregate maximum payable per employee.

Leases

NPLS determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent NPLS' right to use an underlying asset for the lease term and lease liabilities represent NPLS' obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. In determining the discount rate used to measure the right-of-use asset and lease liability, NPLS uses rates implicit on the lease, or if not readily available, they use their incremental borrowing rate. The incremental borrowing rate is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as

NORTH PENN LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

secured by NPLS' assets. Determining a credit spread as secured by the assets may require significant judgement. The operating lease ROU asset also includes any lease payments made and excludes lease incentives.

NPLS' lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. NPLS does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. In 2024, NPLS has eight leases within this class of underlying asset that qualify for the exemption. The short-term lease cost recognized and disclosed for those leases in 2024 is \$85,821. The remaining lease payments due in the next twelve months are \$61,276.

Contributions and Refundable Advances

Conditional contributions received by NPLS are recorded as refundable advances until the conditions are substantially met. When the conditions are substantially met, the contribution becomes unconditional.

Unconditional contributions are recorded as without donor restrictions or with donor restrictions. This classification is dependent on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Expense Allocation

The costs of providing the various programs and activities have been summarized on a functional basis on the statements of activities. Employees keep record of the time spent on each function. Accordingly, certain costs have been allocated among programs and support services.

NORTH PENN LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

NPLS allocates expenses among PLAN, LSC, and other funding sources. The expense allocation among funding sources is made based on annualized budgetary revenue relationships, specific identification, and time expended on cases.

Income Taxes

NPLS is a not-for-profit corporation and is exempt from federal income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code, as well as from Pennsylvania State corporate taxes. NPLS is not considered a private foundation for federal income tax purposes. NPLS annually files a Form 990.

Management's Use of Estimates

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

Adopted Accounting Standard

The provisions of this Standards Update have been adopted and incorporated into these financial statements.

ASU 2016-13, "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.*" These amendments and related amendments require a financial asset (or a group of financial assets) measured at an amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

NORTH PENN LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

3. Contributed Nonfinancial Assets

NPLS recognized in-kind contributions as both support and expenses in the statements of activities.

Contributed services are recognized as contributions if they create or enhance non-financial assets, require skills and are provided by such individuals possessing those skills and would typically need to be purchased, if not provided by donation. Contributed services recognized include pro bono attorney legal services to clients. The contributed services are valued at \$150 per hour based on starting attorney salaries within the NPLS service region for the years ended June 30, 2024 and 2023.

Approximately 702 and 832 hours of pro bono legal services were provided by attorneys For the years ended June 30, 2024 and 2023, respectively.

4. Client Escrow Funds

Cash advances received from clients are maintained in escrow accounts, and represent anticipated court costs that are the direct responsibility of the clients.

NORTH PENN LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

5. Property and Equipment

Property and equipment, together with annual depreciation, are as follows as of June 30:

	2024	Non-LSC	LSC	Total
Furniture and equipment		\$ 259,967	\$ 46,351	\$ 306,318
Leasehold improvements		50,355	-	50,355
		310,322	46,351	356,673
Accumulated depreciation and amortization		(274,791)	(46,351)	(321,142)
		<u>\$ 35,531</u>	<u>\$ -</u>	<u>\$ 35,531</u>
	2023	Non-LSC	LSC	Total
Furniture and equipment		\$ 250,163	\$ 46,351	\$ 296,514
Leasehold improvements		50,355	-	50,355
		300,518	46,351	346,869
Accumulated depreciation and amortization		(259,265)	(40,075)	(299,340)
		<u>\$ 41,253</u>	<u>\$ 6,276</u>	<u>\$ 47,529</u>

Depreciation expense totaled \$21,802 and \$39,602 for the years ended June 30, 2024 and 2023, respectively.

NORTH PENN LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

6. Refundable Advances

NPLS' refundable advances as of June 30, 2024 and 2023 are as follows:

	2024	2023
Access to Justice Act	\$ 188,014	\$ 281,905
IOLTA	136,534	20,013
IOLTA - Zone Rural	4,741	98,162
LSC - fiscal year carryover	501,672	924,519
LSC - advance funding	246,818	467,869
LSC - Other	-	2,573
MLK grant	-	-
Other	60,310	54,898
	<u>\$ 1,138,089</u>	<u>\$ 1,849,939</u>

All refundable advances as of June 30, 2024 are considered conditional contributions with an unmet barrier to incur qualifying expenses.

LSC permits up to 10% of current funding to be carried over to the next fiscal year. As of June 30, 2024, NPLS had LSC carryover totaling \$501,672 (16.8% of applicable year funding). For the year ended June 30, 2024, a carryover waiver will be requested from LSC. As of June 30, 2023, NPLS had LSC carryover totaling \$924,519 (33.2% of applicable year funding). For the year ended June 30, 2023, a carryover waiver was approved by LSC.

IOLTA and Access to Justice Act funding also permit a 10% carryover of current funding to the next fiscal year. The recipient may request a written waiver to carry over more than 10% of these funds. No waiver was requested for IOLTA or Access to Justice Act funds for the year ended June 30, 2024. Actual carryover as of June 30, 2024 was 10% of IOLTA funding and 10% of Access to Justice funding.

IOLTA and Access to Justice Act funding also permit a 10% carryover of current funding to the next fiscal year. The recipient may request a written waiver to carry over more than 10% of these funds. No waiver was requested for IOLTA or Access to Justice Act funds for the year ended June 30, 2023. Actual carryover as of June 30, 2023 was 10% of IOLTA funding and 10% of Access to Justice funding.

NORTH PENN LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

7. Line of Credit

NPLS has a secured line of credit agreement with Penn Security Bank & Trust with a credit limit of \$500,000. The line is collateralized by NPLS's assets and is renewable annually. The note requires monthly interest payments at the Wall Street Journal Prime Rate. The outstanding balances on this line of credit were zero as of June 30, 2024 and 2023.

8. Net Assets and Transfers Between Net Assets

Net assets as of June 30, 2024 consist of the following:

	Without Donor Restrictions	With Donor Restrictions
Property and equipment - other	\$ 24,300	\$ -
Other	1,356,660	-
Purpose restricted	-	111,843
Total	<u>\$ 1,380,960</u>	<u>\$ 111,843</u>

Net assets as of June 30, 2023 consist of the following:

	Without Donor Restrictions	With Donor Restrictions
Property and equipment - other	\$ 47,529	\$ -
Other	1,329,035	-
Purpose restricted	-	111,843
Total	<u>\$ 1,376,564</u>	<u>\$ 111,843</u>

NORTH PENN LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

9. Operating Leases

NPLS has operating leases for office space. The leases have remaining lease terms of 4.5 years to 10.25 years, some of which may include the option to extend leases for up to 5 years, and some of which may include options to terminate portions of the leases if there is a 20% reduction of staff with 6 months' notice.

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 378,972	\$ 366,561
Short term lease cost	<u>85,821</u>	<u>89,536</u>
Total lease costs	<u>\$ 464,793</u>	<u>\$ 456,097</u>

Other information related to leases was as follows:

	<u>2024</u>	<u>2023</u>
Supplemental Cash Flows information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 378,972	\$ 366,561
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	478,821	-
Weighted average remaining lease term:		
Operating leases	9.10 years	10.36 years
Weighted average discount rate:		
Operating leases	7.62%	7.45%

NORTH PENN LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Future minimum lease payments under non-cancellable leases as of June 30, 2024 were as follows:

<u>Years Ending June 30,</u>	<u>Operating Leases</u>
2025	396,826
2026	403,921
2027	410,377
2028	416,889
2029	399,291
Thereafter	<u>1,766,227</u>
Total future minimum lease payments	3,793,531
Less: interest	<u>(1,098,151)</u>
Total	<u>\$ 2,695,380</u>

10. Funding

The receivable from PLAN represents final payment due to NPLS for the grant contract ended June 30, 2024.

LSC requires programs receiving funding to implement procedures to dedicate a minimum predetermined portion (12.5%) of its LSC and/or non-LSC funding for private attorney involvement (PAI). This requirement was intended to increase private attorney participation in service delivery and lead to increased communication and cooperation with state and local bar associations. The basic field grant received from LSC for the period July 1, 2023 through June 30, 2024 totaled \$2,994,030. NPLS expended \$124,708 of its LSC funding for PAI during the year ended June 30, 2024. This amount constituted 4.2% of the amounts received from LSC under its basic field grant for that period. NPLS obtained a waiver from LSC for the 12.5% PAI minimum and met the reduced requirement of \$110,000.

In accordance with the normal policies of LSC, NPLS may retain unexpended funds for use in future periods, provided that expenses incurred are in compliance with the specified terms of the grant. LSC may, at its discretion, require reimbursement for expenses or return of funds, or both, as a result of noncompliance by NPLS with its terms. In addition, if NPLS terminates its legal assistance activities, all unexpended funds are to be returned to the funding source. LSC also retains a reversionary interest in property, as well as the

NORTH PENN LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

right to determine the ultimate use of any proceeds from the sale of assets purchased with its funding.

11. Retirement Plan

NPLS has a 401(k) retirement plan available to eligible employees. For the years ended June 30, 2024 and 2023, NPLS adopted an employer contribution percentage of 5.5% of gross wages, which were contributed to the plan. Employees may make additional contributions to the plan on a voluntary basis. Employer contributions to the plan totaled \$298,746 and \$288,017 for the years ended June 30, 2024 and 2023, respectively.

12. Concentration of Credit Risk

Financial Instruments

Financial instruments, which potentially subject NPLS to concentration of credit risk, consist principally of temporary cash investments. NPLS invests its temporary cash with several financial institutions. The cash balances are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. The balances, at times, may exceed federally insured limits.

Sources of Revenue

A significant amount of funding is received for continued operations of NPLS from PLAN and LSC. Grants received are subject to audit and adjustment by grantor agencies, principally LSC and PLAN. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although NPLS expects such amounts, if any, to be immaterial.

PLAN and LSC funding is dependent on the budgeting processes of the Commonwealth of Pennsylvania and the federal government. The LSC grant was approximately 35.4% of total revenue and other support for the year ended June 30, 2024. The PLAN grant (including IOLTA funding) was approximately 52.8% of total revenue and other support for the year ended June 30, 2024. The LSC grant was approximately 33.5% of total revenue and other support for the year ended June 30, 2023. The PLAN grant (including IOLTA funding) was approximately 51.9% of total revenue and other support for the year ended

NORTH PENN LEGAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

June 30, 2023. Total revenue and other support used in these calculations do not include in-kind contributions.

13. Liquidity and Availability

Substantial support for NPLS' program activities is realized through a grant from LSC, a contract with PLAN, and contracts with local Area Agencies on Aging. NPLS actively pursues additional grants from regional and state funding sources.

NPLS primarily manages its liquid resources by meeting compliance requirements and case goals of funders to ensure the timely receipt of restricted contributions that finance the operating costs of supported programs. Detailed analyses and budgets are prepared to evaluate the financial viability of NPLS's various programs, in addition to planning and controlling the costs of such activities. A secured line of credit (see Note 7) is also maintained by NPLS to assist in supplementing cash needs.

The following reflects NPLS' financial assets as of June 30, 2024 and 2023, expected to be available within one year to meet operating cash needs:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,287,695	\$ 2,939,572
Accounts receivable	618,887	427,243
	<u>\$ 2,906,582</u>	<u>\$ 3,366,815</u>

SUPPLEMENTARY INFORMATION

NORTH PENN LEGAL SERVICES, INC.

SCHEDULE OF REVENUES AND OTHER SUPPORT, EXPENSES, AND CHANGES IN NET ASSETS BY PRIMARY FUNDING SOURCES

YEAR ENDED JUNE 30, 2024

(With Comparative Totals for Year Ended June 30, 2023)

	Legal Services Corporation	Pennsylvania Legal Aid Network	Other	Totals	
				2024	2023
Revenues and Other Support:					
Contracts and grants	\$ 3,385,812	\$ 5,046,106	\$ 1,086,536	\$ 9,518,454	\$ 8,951,074
In-kind contributions	-	-	105,315	105,315	124,815
Other contributions	-	-	35,890	35,890	62,064
Interest income	12,245	18,934	11,332	42,511	4,850
Other income	-	-	184	184	3,119
Total revenues and other support	<u>3,398,057</u>	<u>5,065,040</u>	<u>1,239,257</u>	<u>9,702,354</u>	<u>9,145,922</u>
Expenses:					
Salaries:					
Attorneys	941,871	1,637,841	275,347	2,855,059	2,787,001
Paralegals	471,252	498,419	181,940	1,151,611	1,074,938
Support staff and administration	435,863	731,067	181,656	1,348,586	1,264,006
Law students	2,592	17	1	2,610	9,276
Contributed services	-	-	105,315	105,315	124,815
Total salaries	<u>1,851,578</u>	<u>2,867,344</u>	<u>744,259</u>	<u>5,463,181</u>	<u>5,260,036</u>
Fringe benefits:					
Payroll taxes	168,160	196,629	45,006	409,795	391,086
Health and dental insurance	668,393	1,010,309	198,556	1,877,258	1,770,226
Unemployment	5,564	8,400	1,645	15,609	14,487
Retirement	106,483	160,772	31,491	298,746	288,017
Group life and disability insurance	26,653	40,240	7,882	74,775	67,587
Workers' compensation	3,751	5,665	1,108	10,524	10,281
Total fringe benefits	<u>979,004</u>	<u>1,422,015</u>	<u>285,688</u>	<u>2,686,707</u>	<u>2,541,684</u>
Consultants and contractors:					
Consultants	19,269	18,673	4,561	42,503	45,010
Auditing	19,574	23,365	5,061	48,000	19,326
Judicare and contract attorneys	44,500	605	7,084	52,189	82,990
Total consultants and contractors	<u>83,343</u>	<u>42,643</u>	<u>16,706</u>	<u>142,692</u>	<u>147,326</u>
Travel:					
Employee travel - local	10,768	15,018	6,304	32,090	32,587
Employee travel - training	18,311	22,162	6,710	47,183	29,523
Board travel	-	-	-	-	-
Total travel	<u>29,079</u>	<u>37,180</u>	<u>13,014</u>	<u>79,273</u>	<u>62,110</u>

NORTH PENN LEGAL SERVICES, INC.

SCHEDULE OF REVENUES AND OTHER SUPPORT, EXPENSES, AND CHANGES IN NET ASSETS BY PRIMARY FUNDING SOURCES

YEAR ENDED JUNE 30, 2024

(With Comparative Totals for Year Ended June 30, 2023)

(Continued)

Expenses (Continued):	Legal Services Corporation	Pennsylvania Legal Aid Network	Other	Totals	
				2024	2023
Space costs:					
Rent	171,520	258,965	50,724	481,209	456,073
Utilities	8,780	13,258	2,597	24,635	34,399
Maintenance and repairs	14,295	21,585	4,226	40,106	30,875
Other space costs and parking	16,312	24,625	4,823	45,760	34,147
Total space costs	<u>210,907</u>	<u>318,433</u>	<u>62,370</u>	<u>591,710</u>	<u>555,494</u>
Consumable supplies:					
Office supplies	17,855	26,776	7,286	51,917	43,870
Minor office accessories	13,431	20,279	5,782	39,492	15,823
Computer supplies	7,373	11,130	2,181	20,684	21,861
Total consumable supplies	<u>38,659</u>	<u>58,185</u>	<u>15,249</u>	<u>112,093</u>	<u>81,554</u>
Equipment repairs and maintenance	<u>36,266</u>	<u>54,291</u>	<u>10,670</u>	<u>101,227</u>	<u>73,881</u>
Other:					
Insurance and bonding	15,965	24,106	4,726	44,797	36,412
Printing	7,125	10,755	15,594	33,474	9,890
Dues	8,519	12,863	14,117	35,499	34,355
Tuition and seminar fees	4,882	7,161	2,134	14,177	12,162
Law library	34,522	43,298	9,172	86,992	68,949
Telephone	36,199	54,653	10,994	101,846	76,529
Connectivity	38,612	58,296	11,417	108,325	107,732
Advertising	14,104	21,296	4,170	39,570	42,122
Court costs	2,039	2,727	563	5,329	6,106
Postage	7,128	10,763	2,104	19,995	20,513
Fundraising	-	-	1,865	1,865	3,467
Miscellaneous	126	191	7,087	7,404	378
Total other	<u>169,221</u>	<u>246,109</u>	<u>83,943</u>	<u>499,273</u>	<u>418,615</u>
Depreciation	-	-	21,802	21,802	39,602
Total expenses	<u>3,398,057</u>	<u>5,046,200</u>	<u>1,253,701</u>	<u>9,697,958</u>	<u>9,180,302</u>
Change in Net Assets	-	18,840	(14,444)	4,396	(34,380)
Net Assets:					
Beginning of Year	-	23,855	(52,622)	1,488,407	1,522,787
End of Year	<u>\$ -</u>	<u>\$ 42,695</u>	<u>\$ (67,066)</u>	<u>\$ 1,492,803</u>	<u>\$ 1,488,407</u>
Acquisition of Property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,804</u>	<u>\$ 9,804</u>	<u>\$ 8,231</u>

NORTH PENN LEGAL SERVICES, INC.

SCHEDULE OF REVENUES AND OTHER SUPPORT, EXPENSES, AND CHANGES IN NET ASSETS BY LSC FUNDING SOURCES

YEAR ENDED JUNE 30, 2024

	LSC					Total
	2023 Prior Year Carry Over	2024 General Program	PAI	LSC TIG	LSC Fellowship	
Revenues and Other Support:						
Contracts and grants	\$ 1,392,388	\$ 1,855,327	\$ 124,708	\$ 10,816	\$ 2,573	\$ 3,385,812
Interest income	-	12,245	-	-	-	12,245
Total revenues and other support	<u>1,392,388</u>	<u>1,867,572</u>	<u>124,708</u>	<u>10,816</u>	<u>2,573</u>	<u>3,398,057</u>
Expenses:						
Salaries:						
Attorneys	376,362	544,348	19,743	1,418	-	941,871
Paralegals	187,087	270,591	13,471	103	-	471,252
Law Students	8	11	-	-	2,573	2,592
Support staff and administration	172,502	249,497	12,901	963	-	435,863
Total salaries	<u>735,959</u>	<u>1,064,447</u>	<u>46,115</u>	<u>2,484</u>	<u>2,573</u>	<u>1,851,578</u>
Fringe benefits:						
Payroll taxes	67,219	97,221	3,530	190	-	168,160
Health and dental insurance	266,507	385,460	15,706	720	-	668,393
Unemployment	2,218	3,209	131	6	-	5,564
Retirement	42,459	61,411	2,499	114	-	106,483
Group life and disability insurance	10,627	15,371	626	29	-	26,653
Workers' compensation	1,496	2,163	88	4	-	3,751
Total fringe benefits	<u>390,526</u>	<u>564,835</u>	<u>22,580</u>	<u>1,063</u>	<u>-</u>	<u>979,004</u>
Consultants and contractors:						
Consultants	5,707	8,254	314	4,994	-	19,269
Auditing	7,830	11,324	402	18	-	19,574
Judicare and contract attorneys	-	-	44,500	-	-	44,500
Total consultants and contractors	<u>13,537</u>	<u>19,578</u>	<u>45,216</u>	<u>5,012</u>	<u>-</u>	<u>83,343</u>
Travel:						
Employee travel - local	4,268	6,172	317	11	-	10,768
Employee travel - training	6,617	9,570	362	1,762	-	18,311
Board travel	-	-	-	-	-	-
Total travel	<u>10,885</u>	<u>15,742</u>	<u>679</u>	<u>1,773</u>	<u>-</u>	<u>29,079</u>

(Continued)

NORTH PENN LEGAL SERVICES, INC.

SCHEDULE OF REVENUES AND OTHER SUPPORT, EXPENSES, AND CHANGES IN NET ASSETS BY LSC FUNDING SOURCES

YEAR ENDED JUNE 30, 2024

(Continued)

	LSC					Total
	2023 Prior Year Carry Over	2024 General Program	PAI	LSC TIG	LSC Fellowship	
Expenses (Continued):						
Space costs:						
Rent	68,392	98,918	4,026	184	-	171,520
Utilities	3,501	5,064	206	9	-	8,780
Maintenance and repairs	5,700	8,244	336	15	-	14,295
Other space costs and parking	6,504	9,407	383	18	-	16,312
Total space costs	<u>84,097</u>	<u>121,633</u>	<u>4,951</u>	<u>226</u>	<u>-</u>	<u>210,907</u>
Consumable supplies:						
Office supplies	7,071	10,228	537	19	-	17,855
Minor office accessories	5,356	7,746	315	14	-	13,431
Computer supplies	2,940	4,252	173	8	-	7,373
Total consumable supplies	<u>15,367</u>	<u>22,226</u>	<u>1,025</u>	<u>41</u>	<u>-</u>	<u>38,659</u>
Equipment repairs and maintenance	<u>14,462</u>	<u>20,918</u>	<u>847</u>	<u>39</u>	<u>-</u>	<u>36,266</u>
Other:						
Insurance and bonding	6,367	9,206	375	17	-	15,965
Printing	2,841	4,109	167	8	-	7,125
Dues	3,397	4,913	200	9	-	8,519
Tuition and seminar fees	1,891	2,735	251	5	-	4,882
Law library	14,098	20,391	-	33	-	34,522
Telephone	14,434	20,876	850	39	-	36,199
Connectivity	15,396	22,268	906	42	-	38,612
Advertising	5,624	8,134	331	15	-	14,104
Court costs	814	1,178	45	2	-	2,039
Postage	2,842	4,111	167	8	-	7,128
Miscellaneous	50	73	3	-	-	126
Total other	<u>67,754</u>	<u>97,994</u>	<u>3,295</u>	<u>178</u>	<u>-</u>	<u>169,221</u>
Total expenses	<u>1,332,587</u>	<u>1,927,373</u>	<u>124,708</u>	<u>10,816</u>	<u>2,573</u>	<u>3,398,057</u>
Change in Net Assets	59,801	(59,801)	-	-	-	-
Net Assets:						
Beginning of Year	-	-	-	-	-	-
End of Year	<u>\$ 59,801</u>	<u>\$ (59,801)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Acquisition of Property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH PENN LEGAL SERVICES, INC.

SCHEDULE OF REVENUES AND OTHER SUPPORT, EXPENSES, AND CHANGES IN NET ASSETS BY PLAN FUNDING SOURCES

YEAR ENDED JUNE 30, 2024

	Pennsylvania Legal Aid Network								
	Federal Title XX	Access to Justice Act Funds	State	DAP	DAP Innovation	IOLTA	MLK Fellowship	HAF	Total
Revenues and Other Support:									
Contracts and grants	\$ 759,941	\$1,974,031	\$ 581,476	\$ 137,109	\$ 283,434	\$ 1,248,810	\$ -	\$ 61,305	\$5,046,106
Interest income	-	14,771	-	-	-	4,164	-	-	18,935
Total revenues and other support	<u>759,941</u>	<u>1,988,802</u>	<u>581,476</u>	<u>137,109</u>	<u>283,434</u>	<u>1,252,974</u>	<u>-</u>	<u>61,305</u>	<u>5,065,041</u>
Expenses:									
Salaries:									
Attorneys	248,329	676,114	190,776	30,161	51,276	422,111	-	19,074	1,637,841
Paralegals	48,019	222,338	34,908	22,267	56,836	113,007	-	1,044	498,419
Law students	-	11	-	-	-	6	-	-	17
Support staff and administration	152,907	199,371	119,185	30,615	66,238	160,950	-	1,801	731,067
Total salaries	<u>449,255</u>	<u>1,097,834</u>	<u>344,869</u>	<u>83,043</u>	<u>174,350</u>	<u>696,074</u>	<u>-</u>	<u>21,919</u>	<u>2,867,344</u>
Fringe benefits:									
Payroll taxes	34,368	53,693	26,382	6,353	13,338	60,818	-	1,677	196,629
Health and dental insurance	140,185	424,848	106,714	24,794	51,125	253,069	-	9,574	1,010,309
Unemployment	1,166	3,532	887	206	425	2,104	-	80	8,400
Retirement	22,316	67,610	16,969	3,945	8,136	40,272	-	1,524	160,772
Group life and disability insurance	5,586	16,922	4,247	988	2,036	10,080	-	381	40,240
Workers' compensation	786	2,382	598	139	287	1,419	-	54	5,665
Total fringe benefits	<u>204,407</u>	<u>568,987</u>	<u>155,797</u>	<u>36,425</u>	<u>75,347</u>	<u>367,762</u>	<u>-</u>	<u>13,290</u>	<u>1,422,015</u>
Consultants and contractors:									
Consultants	2,803	7,887	2,131	496	107	5,058	-	191	18,673
Auditing	3,586	10,863	2,726	634	1,307	4,004	-	245	23,365
Judicare and contract attorneys	-	605	-	-	-	-	-	-	605
Total consultants and contractors	<u>6,389</u>	<u>19,355</u>	<u>4,857</u>	<u>1,130</u>	<u>1,414</u>	<u>9,062</u>	<u>-</u>	<u>436</u>	<u>42,643</u>
Travel:									
Employee travel - local	2,147	6,504	1,632	380	334	3,874	-	147	15,018
Employee travel - training	3,234	9,797	2,459	572	43	5,836	-	221	22,162
Board travel	-	-	-	-	-	-	-	-	-
Total travel	<u>5,381</u>	<u>16,301</u>	<u>4,091</u>	<u>952</u>	<u>377</u>	<u>9,710</u>	<u>-</u>	<u>368</u>	<u>37,180</u>

(Continued)

NORTH PENN LEGAL SERVICES, INC.

SCHEDULE OF REVENUES AND OTHER SUPPORT, EXPENSES, AND CHANGES IN NET ASSETS BY PLAN FUNDING SOURCES

YEAR ENDED JUNE 30, 2024

(Continued)

		Pennsylvania Legal Aid Network							
		Access to			DAP		MLK		
Expenses (Continued):	Federal	Justice	State	DAP	Innovation	IOLTA	Fellowship	HAF	Total
	Title XX	Act Funds							
Space costs:									
Rent	35,946	108,903	27,333	6,355	13,105	64,869	-	2,454	258,965
Utilities	1,840	5,576	1,399	325	671	3,321	-	126	13,258
Maintenance and repairs	2,996	9,077	2,278	530	1,092	5,407	-	205	21,585
Other space costs and parking	3,418	10,356	2,599	604	1,246	6,169	-	233	24,625
Total space costs	<u>44,200</u>	<u>133,912</u>	<u>33,609</u>	<u>7,814</u>	<u>16,114</u>	<u>79,766</u>	<u>-</u>	<u>3,018</u>	<u>318,433</u>
Consumable supplies:									
Office supplies	3,717	11,260	2,826	657	1,355	6,707	-	254	26,776
Minor office accessories	2,815	8,528	2,140	498	1,026	5,080	-	192	20,279
Computer supplies	1,545	4,681	1,175	273	563	2,788	-	105	11,130
Total consumable supplies	<u>8,077</u>	<u>24,469</u>	<u>6,141</u>	<u>1,428</u>	<u>2,944</u>	<u>14,575</u>	<u>-</u>	<u>551</u>	<u>58,185</u>
Equipment repairs and maintenance	7,562	22,909	5,750	1,337	2,757	13,460	-	516	54,291
Other:									
Insurance and bonding	3,348	10,138	2,544	590	1,220	6,039	-	227	24,106
Printing	1,493	4,523	1,135	264	544	2,694	-	102	10,755
Dues	1,785	5,409	1,358	316	651	3,222	-	122	12,863
Tuition and seminar fees	994	3,011	756	176	362	1,794	-	68	7,161
Law library	6,498	19,688	4,941	-	-	11,727	-	444	43,298
Telephone	7,586	22,984	5,768	1,341	2,766	13,690	-	518	54,653
Connectivity	8,092	24,515	6,153	1,431	2,950	14,603	-	552	58,296
Advertising	2,956	8,955	2,248	523	1,078	5,334	-	202	21,296
Court costs	398	1,206	303	70	5	718	-	27	2,727
Postage	1,494	4,526	1,136	264	545	2,696	-	102	10,763
Miscellaneous	26	80	20	5	10	48	-	2	191
Total other	<u>34,670</u>	<u>105,035</u>	<u>26,362</u>	<u>4,980</u>	<u>10,131</u>	<u>62,565</u>	<u>-</u>	<u>2,366</u>	<u>246,109</u>
Total expenses	<u>759,941</u>	<u>1,988,802</u>	<u>581,476</u>	<u>137,109</u>	<u>283,434</u>	<u>1,252,974</u>	<u>-</u>	<u>42,464</u>	<u>5,046,200</u>
Change in Net Assets	-	-	-	-	-	-	-	18,841	18,841
Net Assets:									
Beginning of Year	-	-	-	-	-	-	-	23,860	23,860
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,701</u>	<u>\$ 42,701</u>
Acquisition of Property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH PENN LEGAL SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Grantor/Program Title/ Pass-Through Agency	Pass-Through Grantor Number	Federal ALN	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Congress:</u>				
Legal Services Corporation - Basic Field Grant	N/A	09.U01.339070	\$ 3,384,668	\$ -
Legal Services Corporation - Technology Initiative Grant	19033	09.U01.339070	10,816	-
Subtotal 09.U01.339070			<u>3,395,484</u>	<u>-</u>
Total U.S. Congress			<u>3,395,484</u>	<u>-</u>
<u>U.S. Department of Health and Human Services:</u>				
Passed through Commonwealth of Pennsylvania Department of Human Services:				
Passed through Pennsylvania Legal Aid Network:				
Social Services Block Grant	NPLS	93.667	759,941	-
Passed through Pennsylvania Coalition Against Domestic Violence:				
Social Services Block Grant	6061-2023	93.667	99,229	-
Subtotal 93.667			<u>859,170</u>	<u>-</u>
Passed through Carbon County Department of Aging:				
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	2001PAOMC3-01	93.042	6,999	-
Passed through Lehigh County Department of Aging:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (cluster)	N/A	93.044	69,541	-
Total U.S. Department of Health and Human Services			<u>935,710</u>	<u>-</u>
<u>U.S. Department of Justice:</u>				
Passed through Pennsylvania Commission on Crime and Delinquency:				
Crime Victim Assistance	2020-VF-05-33023	16.575	161,765	-
Passed through Luzerne County:				
Violence Against Women Formula Grants	36036	16.588	12,382	-
Passed through Victim's Resource Center:				
Violence Against Women Formula Grants	N/A	16.588	15,223	-
Subtotal 16.588			<u>27,605</u>	<u>-</u>
Total U.S. Department of Justice			<u>189,370</u>	<u>-</u>

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

NORTH PENN LEGAL SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

(Continued)

Grantor/Program Title/ Pass-Through Agency	Pass-Through Grantor Number	Federal ALN	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Housing and Urban Development:</u>				
Passed through County of Lehigh:				
Community Development Block Grant/State's Program and Non-Entitlement Grants	N/A	14.228	17,110	-
Passed through City of Scranton:				
Community Development Block Grant/ State's Program	N/A	14.228	15,329	-
Subtotal 14.228			32,439	-
Passed through City of Bethlehem:				
Community Development Block Grant/Entitlement Grants	2019-9	14.218	22,815	-
Passed through City of Allentown:				
Community Development Block Grant/Entitlement Grants	N/A	14.218	55,593	-
Subtotal 14.218 - CDBG Entitlement Grants Cluster			78,408	-
Total U.S. Department of Housing and Urban Development			110,847	-
<u>U.S. Department of the Treasury:</u>				
Passed through County of Lehigh:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	NPLS	21.027	71,777	-
Passed through County of Northampton:				
COVID-19 - Emergency Rental Assistance Program	N/A	21.023	38,779	-
Total U.S. Department of the Treasury			110,556	-
<u>U.S. Department of Veterans Affairs:</u>				
Passed through Veterans Multi Service Center:				
VA Supportive Services for Veteran Families Program	N/A	64.033	5,250	-
Total U.S. Department of Veterans Affairs			5,250	-
Total Expenditures of Federal Awards			\$ 4,747,217	\$ -

(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

NORTH PENN LEGAL SERVICES, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

1. General

The accompanying schedule of expenditures of federal awards reflects the activity of all federal awards programs of North Penn Legal Services, Inc.

North Penn Legal Services, Inc. has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

2. Basis of Accounting and Relationship to the Basic Financial Statements

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 2 to the financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule of expenditures of federal awards presents only a selected portion of the operations of North Penn Legal Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of North Penn Legal Services, Inc.

Such expenditures are recognized following, as applicable, either the Legal Services Corporation Regulations (45 CFR Part 1630) or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

North Penn Legal Services, Inc.

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended June 30, 2024

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

**Board of Directors
North Penn Legal Services, Inc.**

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 North Penn Legal Services, Inc. (NPLS), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NPLS’s internal control over financial reporting (internal control) as a basis for designing 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 NPLS’s internal control. Accordingly, we do not express an opinion on the effectiveness of NPLS’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 NPLS’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. 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 or significant deficiencies may exist that were not identified.

Board of Directors
North Penn Legal Services, Inc.
Independent Auditor’s Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NPLS’s 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 financial statements. 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 NPLS’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maher Duessel

Harrisburg, Pennsylvania
October 4, 2024

Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance

**Board of Directors
North Penn Legal Services, Inc.**

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited North Penn Legal Services, Inc.'s (NPLS) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on NPLS's major federal program for the year ended June 30, 2024. NPLS's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, NPLS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of NPLS and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of NPLS's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to NPLS's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NPLS's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NPLS's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding NPLS's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NPLS's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NPLS's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal*

Board of Directors
North Penn Legal Services, Inc.
Independent Auditor's Report on Compliance for
the Major Program and on Internal Control over
Compliance Required by the Uniform Guidance

control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maher Duessel

Harrisburg, Pennsylvania
October 4, 2024

NORTH PENN LEGAL SERVICES, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2024

NONE

NORTH PENN LEGAL SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? yes no

7. Major Programs:

ALN(s)

09.U01.339070

93.667

Name of Federal Program or Cluster

Legal Services Corporation

Social Services Block Grant.

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee? yes no

NORTH PENN LEGAL SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

- II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

- III. Findings and questioned costs for federal awards.

No matters were reported.