

KEYSTONE INDEPENDENCE MANAGEMENT

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

KEYSTONE INDEPENDENCE MANAGEMENT

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Keystone Independence Management  
Hermitage, Pennsylvania

**REPORT OF THE AUDIT OF THE FINANCIAL STATEMENTS**

**OPINION**

We have audited the financial statements of Keystone Independence Management (a non-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 accompanying financial statements present fairly, in all material respects, the financial position of Keystone Independence Management as of December 31, 2021 and 2020, 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 (U.S. GAAP).

**BASIS FOR OPINION**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). 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 Keystone Independence Management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**RESPONSIBILITY OF MANAGEMENT FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 Keystone Independence Management's ability to continue as a going concern for one (1) year after the date that the financial statements are issued.

AUDITOR'S RESPONSIBILITY 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 U.S. GAAS 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 U.S. GAAS, 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 Keystone Independence Management'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 Keystone Independence Management'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.



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Sharon, Pennsylvania

July 21, 2022

KEYSTONE INDEPENDENCE MANAGEMENT

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>A S S E T S</u>		
<u>CURRENT ASSETS:-</u>		
Cash and Cash Equivalents	\$ 835,008	\$ 872,662
Accounts Receivable - Affiliates	27,411	-
Prepaid Expenses	6,617	1,147
Due from Affiliates	-	3,494
	<hr/>	<hr/>
<u>TOTAL CURRENT ASSETS:-</u>	<u>\$ 869,036</u>	<u>\$ 877,303</u>
<u>L I A B I L I T I E S   A N D   N E T   A S S E T S</u>		
<u>CURRENT LIABILITIES:-</u>		
Accrued Payroll Taxes and Related	\$ 78,927	\$ 70,073
Accounts Payable	10,057	1,779
Paycheck Protection Program Loan	-	506,651
	<hr/>	<hr/>
<u>TOTAL CURRENT LIABILITIES:-</u>	<u>\$ 88,984</u>	<u>\$ 578,503</u>
<u>NET ASSETS:-</u>		
Without Donor Restrictions	<u>\$ 780,052</u>	<u>\$ 298,800</u>
	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND NET ASSETS:-</u>	<u>\$ 869,036</u>	<u>\$ 877,303</u>

The Accompanying Notes are an Integral Part of These Statements

KEYSTONE INDEPENDENCE MANAGEMENT

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>REVENUES:-</u>		
Management Fees	\$ 3,305,974	\$ 3,260,579
Grants	-	50,000
Miscellaneous Revenue	528,614	41,464
	<hr/>	<hr/>
<u>TOTAL REVENUES:-</u>	<u>\$ 3,834,588</u>	<u>\$ 3,352,043</u>
<u>EXPENSES:-</u>		
Program Expenses	\$ 2,964,528	\$ 2,867,716
Management and General	49,308	53,980
	<hr/>	<hr/>
<u>TOTAL EXPENSES:-</u>	<u>\$ 3,013,836</u>	<u>\$ 2,921,696</u>
<u>NET OPERATING INCOME:-</u>	\$ 820,752	\$ 430,347
<u>TRANSFERS TO AFFILIATED AGENCIES:-</u>	(339,500)	(439,333)
	<hr/>	<hr/>
<u>CHANGE IN NET ASSETS:-</u>	\$ 481,252	\$ (8,986)
<u>NET ASSETS - BEGINNING OF YEAR:-</u>	298,800	307,786
	<hr/>	<hr/>
<u>NET ASSETS - END OF YEAR:-</u>	<u>\$ 780,052</u>	<u>\$ 298,800</u>

The Accompanying Notes are an Integral Part of These Statements

KEYSTONE INDEPENDENCE MANAGEMENT  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>			<u>2020</u>		
	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
<u>EXPENSES:-</u>						
Salaries and Wages	\$ 2,317,211	\$ -	\$ 2,317,211	\$ 2,285,810	\$ -	\$ 2,285,810
Employee Benefits	372,733	-	372,733	320,000	-	320,000
Payroll Taxes	206,777	-	206,777	195,370	-	195,370
Retirement Contribution	67,807	-	67,807	66,536	-	66,536
Professional Services	-	13,118	13,118	-	17,866	17,866
Insurance	-	18,548	18,548	-	19,474	19,474
Meals and Entertainment	-	1,264	1,264	-	127	127
Membership/Dues	-	3,837	3,837	-	3,953	3,953
Miscellaneous	-	502	502	-	241	241
Office	-	4,164	4,164	-	2,064	2,064
Software	-	7,875	7,875	-	6,594	6,594
Interest	-	-	-	-	3,661	3,661
<u>TOTAL EXPENSES:-</u>	<u>\$ 2,964,528</u>	<u>\$ 49,308</u>	<u>\$ 3,013,836</u>	<u>\$ 2,867,716</u>	<u>\$ 53,980</u>	<u>\$ 2,921,696</u>

The Accompanying Notes are an Integral Part of These Statements

KEYSTONE INDEPENDENCE MANAGEMENT

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:-</u>		
Management Fees Received	\$ 3,278,563	\$ 3,262,079
Grant Received	-	50,000
Other Income Received	21,963	41,464
Cash Paid for Personnel Expense	(2,955,674)	(2,828,589)
Cash Paid for Operating Activities	(46,500)	(44,965)
Transfers to Affiliated Blind Agencies	(339,500)	(439,333)
	<hr/>	<hr/>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:-</u>	<u>\$ (41,148)</u>	<u>\$ 40,656</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:-</u>		
Advance to Affiliate, Net	<u>\$ 3,494</u>	<u>\$ 7,506</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:-</u>		
Proceeds from Paycheck Protection Program Loan	<u>\$ -</u>	<u>\$ 502,990</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:-</u>	<u>\$ (37,654)</u>	<u>\$ 551,152</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR:-</u>	<u>872,662</u>	<u>321,510</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR:-</u>	<u><u>\$ 835,008</u></u>	<u><u>\$ 872,662</u></u>

The Accompanying Notes are an Integral Part of These Statements



KEYSTONE INDEPENDENCE MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1. NATURE OF ORGANIZATION AND OPERATIONS

Keystone Independence Management (a non-profit organization) (Organization) was originally created by Keystone Blind Association (Association). The Organization was formed in 2001 with the purpose of providing personnel services to the Association. The Organization has hired all the professional staff for the Association, processes the related payroll and benefits, and handles all contract management activities on behalf of the Association. In turn, the Association pays the Organization a management fee approximating the cost of such payroll and benefits. The Organization also provides professional management, payroll, contract management, and related benefits for the Beaver County Association for the Blind, Center for the Blind and Visually Impaired, Center for the Blind and Disabled, Keystone Vocational Services, and Montgomery County Association for the Blind. The Organization manages all of the day-to-day operations for all the above organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 Financial Statements of Not-for-Profit Organizations. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two (2) classes of net assets: with donor restrictions and without donor restrictions. In addition, the Organization is required to present a statement of cash flows.

BASIS OF ACCOUNTING

The accrual basis of accounting is used by the Organization. Revenues are recognized in the accounting period in which they are earned. Expenses are recorded in the accounting period in which they are incurred.

INCOME TAXES

The Organization, a non-profit organization operating under Section 501(c)(3) of the Internal Revenue Code, is generally exempt from federal, state, and local income taxes and, accordingly, no provision for income taxes is included in the financial statements.

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.

CASH AND CASH EQUIVALENTS

For purposes of the cash flows statement, the Organization considers all highly liquid investments purchased with a maturity of three (3) months or less, to be cash equivalents.

KEYSTONE INDEPENDENCE MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash.

The Federal Deposit Insurance Corporation (FDIC) insures all deposit accounts, including checking and savings accounts, money market deposit accounts, and certificates of deposit. The standard insurance amount is \$ 250,000 per depositor, per bank, per ownership category. In the normal course of business, the Organization may have deposits in excess of federal insured coverage. As of December 31, 2021, the Organization had deposits of approximately \$ 589,000 in excess of FDIC insured limits.

RECEIVABLES

Receivables are stated at the amount management expects to collect from outstanding balances. Balances still outstanding after management has used reasonable collection efforts are written-off through a charge to operations. Management considers the receivables to be fully collectable, and no provision for uncollectable accounts has been made. Receivables were comprised 100 percent of amounts owed from affiliates.

FUNCTIONAL EXPENSE ALLOCATION

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one (1) function are charged to program or support services based on management estimates. General and administrative expense includes those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

REVENUE RECOGNITION IN ACCORDANCE WITH FASB ASC-606

REVENUE RECOGNITION

Management fees are recognized as revenue when services are provide and billed to the affiliated blind agencies. Grants and miscellaneous income are recognized as revenue when received.

TRANSACTION PRICE

The amount and timing of revenue recognition varies based on the nature of the services provided, and the terms and conditions of the agreement with the individual customer. There are no finance components with these services and consideration received is fixed (i.e., there is no variable consideration).

CONTRACT BALANCES

Contract assets or receivables will be recognized if the services have been performed, but the customer has not yet paid. The Organization had contract assets of \$ 27,411 and \$ - 0 - recorded as of December 31, 2021 and 2020, respectively.

PERFORMANCE OBLIGATIONS

The Organization's performance obligation under various service contracts is to provide personnel and human resource services to various related blind entities. The fees for these services are charged monthly, and revenue is recognized as the services are provided over time.

KEYSTONE INDEPENDENCE MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

DISAGGREGATION OR REVENUE

The following table disaggregates service revenue from related blind entities:

	<u>2021</u>	<u>2020</u>
Keystone Blind Association	\$ 2,325,539	\$ 2,232,543
Beaver County Association for the Blind	183,516	178,588
Montgomery County Association for the Blind	123,207	126,546
Keystone Vocational Services	342,314	375,944
Center for the Blind and Visually Impaired and Affiliate	<u>331,398</u>	<u>346,958</u>
<u>TOTAL:-</u>	<u>\$ 3,305,974</u>	<u>\$ 3,260,579</u>

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and accounts receivable.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support this activity to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures.

The following table reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts, if any, that are not available to meet general expenditures within one (1) year of the statements of financial position date.

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 835,008	\$ 872,662
Accounts Receivable - Affiliates	<u>27,411</u>	<u>3,494</u>
<u>TOTAL FINANCIAL ASSETS:-</u>	<u>\$ 862,419</u>	<u>\$ 876,156</u>
Financial Assets Available to Meet Cash Needs for General Expenses Within the Next Year	<u>\$ 862,419</u>	<u>\$ 876,156</u>

KEYSTONE INDEPENDENCE MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

4. PAYCHECK PROTECTION PROGRAM LOAN

On April 29, 2020, the Organization received a loan in the amount of \$ 502,990 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES), provides for loans to qualifying businesses up to 2.5 times of their average monthly payroll. The loan and accrued interest are forgivable after the 24-week covered period in which proceeds are used for eligible purposes (payroll, benefits, rent, and utilities). The amount of potential loan forgiveness will be reduced if the Organization terminates employees or reduces salaries during the covered period.

The unforgiven portion of the loan is payable over two (2) years at an interest rate of 1 percent, with a deferral of payments for the first ten (10) months after the end of the covered period. The Organization used the proceeds consistent with the PPP, and met the conditions for forgiveness of the entire loan and accrued interest of \$ 3,751 per bank notification of forgiveness received in January 2021. A total of \$ 506,651 is included in "miscellaneous income" in the accompanying statement of activities for 2021.

5. MAJOR CUSTOMERS/RELATED PARTY TRANSACTIONS

Management services are provided to Keystone Blind Association, Beaver County Association for the Blind, Center for the Blind and Visually Impaired, Center for the Blind and Disabled, Montgomery County Association for the Blind, and Keystone Vocational Services, all affiliated through common management by the Organization. 100 percent of management fee revenue is from these entities. At December 31, 2021 and 2020, amounts due from affiliates were \$ 27,411 and \$ 3,494, respectively.

6. SIMPLE PLAN

The Organization offers its employees a Savings Incentive Match Plan for Employees (SIMPLE). The Organization matches up to 3 percent of eligible employees' elected deferrals. The Organization's contributions expensed under this plan were \$ 67,807 and \$ 66,536 for the years ended December 31, 2021 and 2020, respectively.

7. SUBSEQUENT EVENTS

In accordance with FASB ASC 855-10 Subsequent Events, the Organization has evaluated subsequent events through July 21, 2022, the date which the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.