

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC.
AND
PAXTON MINISTRIES GP LLC**
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2024 AND 2023
AND
INDEPENDENT AUDITOR'S REPORT

HAMILTON & MUSSER, P.C.
Certified Public Accountants

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**

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HAMILTON & MUSSER, PC

Certified Public Accountants • Consultants to Management

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Paxton Street Home Benevolent Society, Inc.
and Subsidiaries
Harrisburg, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of Paxton Street Home Benevolent Society, Inc. (a nonprofit organization), Paxton Solutions, Inc. (a corporation), and Paxton Ministries GP LLC (a corporation), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Paxton Street Home Benevolent Society, Inc., Paxton Solutions, Inc., and Paxton Ministries GP LLC as of June 30, 2024 and 2023, and the changes in their net assets and their 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 the 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 Consolidated Financial Statements section of our report. The financial statements of Paxton Solutions, Inc. and Paxton Ministries GP LLC were not audited in accordance with *Government Auditing Standards*. We are required to be independent of Paxton Street Home Benevolent Society, Inc., Paxton Solutions, Inc., and Paxton Ministries GP LLC 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Paxton Street Home Benevolent Society, Inc., Paxton Solutions, Inc., and Paxton Ministries GP LLC's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Paxton Street Home Benevolent Society, Inc., Paxton Solutions, Inc., and Paxton Ministries GP LLC'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Paxton Street Home Benevolent Society, Inc., Paxton Solutions, Inc., and Paxton Ministries GP LLC's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position, activities, and cash flows, and the schedule of cost per unit of service for Dauphin County on pages 21-28 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024, on our consideration of Paxton Street Home Benevolent Society, Inc.'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 Paxton Street Home Benevolent Society, Inc.'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 Paxton Street Home Benevolent Society, Inc.'s internal control over financial reporting and compliance.

October 23, 2024

Mechanicsburg, Pennsylvania

A handwritten signature in black ink that reads "Hamilton & Mason, P.C." in a cursive, flowing script.

Certified Public Accountants

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**

Consolidated Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and Cash Equivalents – Operating (Note 3)	\$ 621,473	\$ 574,639
Certificate of Deposit	-	100,000
Investments – Operating (Note 4)	608,568	626,135
Accounts Receivable, Net	133,128	97,977
Accrued Interest Receivable (Note 13)	20,818	17,054
Notes Receivable (Note 13)	250,000	250,000
Prepaid Expenses	16,016	15,958
Deferred Tax Benefit (Note 12)	6,925	6,383
Cash and Cash Equivalents – Contractually Restricted (Note 3)	113,538	111,783
Investments Restricted for Endowment (Note 8)	3,481,042	3,097,477
Fixed Assets, Net (Note 5)	<u>1,193,102</u>	<u>1,246,905</u>
 Total Assets	 <u>\$ 6,444,610</u>	 <u>\$ 6,144,311</u>
 Liabilities		
Claims Incurred but Not Reported (Note 14)	\$ 18,535	\$ 18,541
Accounts Payable	35,225	39,190
Accrued Compensation	140,146	131,778
Due to Residents (Note 9)	50,982	75,187
Deferred Revenue	<u>55,622</u>	<u>64,001</u>
 Total Liabilities	 <u>300,510</u>	 <u>328,697</u>
 Net Assets		
Without Donor Restrictions		
Undesignated	1,610,558	1,974,179
Board Designated (Note 6)	3,468,955	2,873,143
With Donor Restrictions (Note 7)	<u>1,064,587</u>	<u>968,292</u>
 Total Net Assets	 <u>6,144,100</u>	 <u>5,815,614</u>
 Total Liabilities and Net Assets	 <u>\$ 6,444,610</u>	 <u>\$ 6,144,311</u>

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**

Consolidated Statement of Activities
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenue and Other Support			
Contributions	\$ 522,798	\$ 168,863	\$ 691,661
County MH/A/DP Program	751,106	-	751,106
Occupancy Fees	1,478,538	-	1,478,538
Investment Income (Note 4)	329,208	113,303	442,511
Cleaning Fees	113,986	-	113,986
Administrative Services Income	52,980	-	52,980
Other Income	18,814	-	18,814
Realized Gain on Sale of Fixed Asset	3,273	-	3,273
Paxton Place Revenue (Note 15)	8,580	-	8,580
Net Assets Released from Restrictions	<u>185,871</u>	<u>(185,871)</u>	<u>-</u>
Total Operating Revenue and Other Support	<u>3,465,154</u>	<u>96,295</u>	<u>3,561,449</u>
Operating Expenses			
Program Services	2,615,053	-	2,615,053
Supporting Services			
Management and General	333,186	-	333,186
Fundraising	135,344	-	135,344
Paxton Solutions, Inc.	<u>157,567</u>	<u>-</u>	<u>157,567</u>
Total Operating Expenses	<u>3,241,150</u>	<u>-</u>	<u>3,241,150</u>
Non-Operating Revenue			
CARES Act Revenue	<u>8,187</u>	<u>-</u>	<u>8,187</u>
Total Non-Operating Revenue	<u>8,187</u>	<u>-</u>	<u>8,187</u>
Change in Net Assets	232,191	96,295	328,486
Net Assets, Beginning of Year	<u>4,847,322</u>	<u>968,292</u>	<u>5,815,614</u>
Net Assets, End of Year	<u>\$ 5,079,513</u>	<u>\$ 1,064,587</u>	<u>\$ 6,144,100</u>

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**

Consolidated Statement of Activities
For the Year Ended June 30, 2023

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Operating Revenue and Other Support			
Contributions	\$ 719,195	\$ 71,835	\$ 791,030
County MH/A/DP Program	715,628	-	715,628
Occupancy Fees	1,512,210	-	1,512,210
Investment Income (Note 4)	215,149	81,580	296,729
Cleaning Fees	134,844	-	134,844
Administrative Services Income	52,980	-	52,980
Other Income	15,799	-	15,799
Paxton Place Revenue (Note 15)	16,784	-	16,784
Net Assets Released from Restrictions	<u>76,833</u>	<u>(76,833)</u>	<u>-</u>
Total Operating Revenue and Other Support	<u>3,459,422</u>	<u>76,582</u>	<u>3,536,004</u>
Operating Expenses			
Program Services	2,539,687	-	2,539,687
Supporting Services			
Management and General	361,925	-	361,925
Fundraising	111,757	-	111,757
Paxton Solutions, Inc.	<u>172,325</u>	<u>-</u>	<u>172,325</u>
Total Operating Expenses	<u>3,185,694</u>	<u>-</u>	<u>3,185,694</u>
Non-Operating Revenue			
CARES Act Revenue	<u>16,927</u>	<u>-</u>	<u>16,927</u>
Total Non-Operating Revenue	<u>16,927</u>	<u>-</u>	<u>16,927</u>
Change in Net Assets	290,655	76,582	367,237
Net Assets, Beginning of Year	<u>4,556,667</u>	<u>891,710</u>	<u>5,448,377</u>
Net Assets, End of Year	<u>\$ 4,847,322</u>	<u>\$ 968,292</u>	<u>\$ 5,815,614</u>

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024

Paxton Street Home Benevolent Society, Inc.						
	<u>Supporting Services</u>			<u>Total Expenses</u>	<u>Paxton Solutions, Inc.</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>			
Payroll	\$ 1,585,428	\$ 208,017	\$ 80,583	\$ 1,874,028	\$ 124,283	\$ 1,998,311
Payroll Taxes	117,203	15,378	5,957	138,538	11,498	150,036
Employee Benefits	305,057	40,025	15,506	360,588	-	360,588
Bad Debt	-	5,000	-	5,000	-	5,000
Contributions	6,681	-	-	6,681	-	6,681
Depreciation	94,932	3,997	999	99,928	1,179	101,107
Donor Solicitation	-	-	15,826	15,826	-	15,826
Education	2,352	309	119	2,780	-	2,780
Food	145,246	-	-	145,246	-	145,246
Income Tax (Benefit) Expense	-	-	-	-	(542)	(542)
Information Technology	3,134	411	159	3,704	-	3,704
Insurance	69,068	9,062	3,511	81,641	9,693	91,334
Marketing and Newsletters	-	18,243	-	18,243	-	18,243
Meetings	2,189	287	111	2,587	-	2,587
Miscellaneous	38,514	5,053	1,958	45,525	752	46,277
Occupancy	22,608	2,966	1,149	26,723	-	26,723
Office Expense	20,275	2,660	1,031	23,966	-	23,966
Professional Fees	73,039	9,583	3,713	86,335	32,066	118,401
Repairs and Maintenance	45,841	6,015	2,329	54,185	898	55,083
Resident Service	36,391	-	-	36,391	-	36,391
Supplies	10,080	1,323	512	11,915	3,115	15,030
Travel and Vehicle Expense	7,459	979	379	8,817	3,125	11,942
Utilities	<u>90,265</u>	<u>11,843</u>	<u>4,588</u>	<u>106,696</u>	<u>-</u>	<u>106,696</u>
Subtotal	2,675,762	341,151	138,430	3,155,343	186,067	3,341,410
Consolidating Eliminations	<u>(60,709)</u>	<u>(7,965)</u>	<u>(3,086)</u>	<u>(71,760)</u>	<u>(28,500)</u>	<u>(100,260)</u>
Total Expenses	<u>\$ 2,615,053</u>	<u>\$ 333,186</u>	<u>\$ 135,344</u>	<u>\$ 3,083,583</u>	<u>\$ 157,567</u>	<u>\$ 3,241,150</u>

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023

Paxton Street Home Benevolent Society, Inc.						
	<u>Supporting Services</u>			<u>Total Expenses</u>	<u>Paxton Solutions, Inc.</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>			
Payroll	\$ 1,492,421	\$ 216,499	\$ 65,659	\$ 1,774,579	\$ 134,574	\$ 1,909,153
Payroll Taxes	111,415	16,162	4,902	132,479	12,563	145,042
Employee Benefits	344,798	50,018	15,170	409,986	-	409,986
Bad Debt	-	11,821	-	11,821	-	11,821
Contributions	200	-	-	200	-	200
Depreciation	100,007	4,211	1,052	105,270	1,295	106,565
Development	2,174	315	96	2,585	-	2,585
Donor Solicitation	-	-	10,948	10,948	-	10,948
Education	2,560	371	113	3,044	-	3,044
Food	140,190	-	-	140,190	-	140,190
Income Tax (Benefit) Expense	-	-	-	-	973	973
Information Technology	11,978	1,738	526	14,242	-	14,242
Insurance	69,234	10,043	3,046	82,323	9,392	91,715
Marketing and Newsletters	-	16,964	-	16,964	-	16,964
Meetings	2,613	379	115	3,107	-	3,107
Miscellaneous	25,231	3,660	1,110	30,001	735	30,736
Occupancy	20,411	2,961	898	24,270	-	24,270
Office Expense	18,493	2,683	813	21,989	-	21,989
Professional Fees	80,650	11,700	3,548	95,898	35,524	131,422
Repairs and Maintenance	36,976	5,364	1,627	43,967	2,375	46,342
Resident Service	31,836	-	-	31,836	-	31,836
Supplies	17,996	2,611	791	21,398	3,036	24,434
Travel and Vehicle Expense	9,585	1,390	422	11,397	4,078	15,475
Utilities	<u>81,370</u>	<u>11,804</u>	<u>3,580</u>	<u>96,754</u>	<u>-</u>	<u>96,754</u>
Subtotal	2,600,138	370,694	114,416	3,085,248	204,545	3,289,793
Consolidating Eliminations	<u>(60,451)</u>	<u>(8,769)</u>	<u>(2,659)</u>	<u>(71,879)</u>	<u>(32,220)</u>	<u>(104,099)</u>
Total Expenses	<u>\$ 2,539,687</u>	<u>\$ 361,925</u>	<u>\$ 111,757</u>	<u>\$ 3,013,369</u>	<u>\$ 172,325</u>	<u>\$ 3,185,694</u>

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 328,486	\$ 367,237
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	101,107	106,565
Contributions Restricted for Perpetual Endowment	(10,000)	(10,400)
Net Unrealized Gain on Investments	(263,063)	(228,429)
Net Realized (Gain) Loss on Sale of Investments	(52,108)	39,559
Realized Gain on Sale of Fixed Assets	(3,273)	-
(Increase) Decrease in:		
Accounts Receivable	(35,151)	(40,433)
Accrued Interest Receivable	(3,764)	(3,680)
Prepaid Expenses	(58)	448
Deferred Tax Benefit	(542)	771
Increase (Decrease) in:		
Claims Incurred but Not Reported	(6)	1,036
Accounts Payable	(3,965)	376
Accrued Compensation	8,368	23,816
Due to Residents	(24,205)	27,446
Deferred Revenue	<u>(8,379)</u>	<u>57,316</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>33,447</u>	<u>341,628</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(1,566,862)	(1,827,783)
Proceeds from Sale of Investments	1,516,035	1,665,455
Purchase of Certificate of Deposit	-	(100,000)
Proceeds from Maturity of Certificate of Deposit	100,000	-
Purchase of Fixed Assets	(49,031)	(73,658)
Proceeds from Sale of Fixed Assets	<u>5,000</u>	<u>-</u>
Net Cash and Cash Equivalents Provided (Used) by Investing Activities	<u>5,142</u>	<u>(335,986)</u>
Cash Flows from Financing Activities:		
Contributions Restricted for Perpetual Endowment	<u>10,000</u>	<u>10,400</u>
Net Cash and Cash Equivalents Provided by Financing Activities	<u>10,000</u>	<u>10,400</u>
Net Change in Cash and Cash Equivalents	48,589	16,042
Cash and Cash Equivalents, Beginning of Year	<u>686,422</u>	<u>670,380</u>
Cash and Cash Equivalents, End of Year	<u>\$ 735,011</u>	<u>\$ 686,422</u>
<u>Supplemental Cash Flow Disclosures:</u>		
Cash Paid for Interest	\$ -	\$ -
Cash Paid for Income Taxes	-	-

The Accompanying Notes are an Integral Part of the Consolidated Financial Statements

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Paxton Street Home Benevolent Society, Inc. d/b/a Paxton Ministries (the Organization) was formed in 1981 and is incorporated as a domestic non-profit corporation in the Commonwealth of Pennsylvania. The Organization provides personal care housing and related services to residents in accordance with the state licensing and regulatory acts of the Pennsylvania Department of Human Services. The Organization is primarily supported through occupancy fees, contributions, and County MH/A/DP Program revenue.

Paxton Solutions, Inc. was formed in 2009, is wholly owned by the Organization, and is incorporated as a domestic for profit corporation in the Commonwealth of Pennsylvania. Paxton Solutions, Inc. provides janitorial and cleaning services to businesses.

Paxton Ministries GP LLC (PM-GP) was formed in 2018 and is incorporated as a domestic for profit corporation in the Commonwealth of Pennsylvania. PM-GP is wholly owned by the Organization and owns .0051% of Paxton Place 1 LP as described in Note 15. There were no balances or activity in PM-GP for the years ended June 30, 2024 and 2023.

Paxton Solutions, Inc. and PM-GP are collectively referred to as “Subsidiaries” throughout the rest of the footnotes.

Basis of Accounting:

These consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of the Organization and its wholly owned Subsidiaries. All material inter-company transactions and balances have been eliminated in consolidation.

Basis of Presentation:

Financial statement presentation follows the *Not-for-Profit Entities* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions:

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. 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 Consolidated Statements of Activities as net assets released from restrictions.

Fixed Assets:

It is the policy of the Organization and its Subsidiaries to record purchased fixed assets at cost and donated fixed assets at fair value at the date of the donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. During 2015, the Organization and its Subsidiaries modified their capitalization policy to be in compliance with Internal Revenue Service tangible property regulations.

New acquisitions of fixed assets having a low acquisition cost, or which are not expected to last for more than a year, are expended in the year of acquisition. Repairs and maintenance charges are capitalized and depreciated when they materially extend the useful life of the related asset.

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable:

Accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful collections, if applicable, is estimated based upon a periodic review of individual accounts. The allowance for uncollectible accounts was \$5,000 and \$0 at June 30, 2024 and 2023, respectively.

Taxation:

The Organization is exempt from federal income tax as provided by Code Section 501(c)(3) of the Internal Revenue Code. Donors are entitled to deductions for federal income tax purposes for contributions made to the Organization in accordance with the Internal Revenue Code. Accordingly, no income tax is incurred unless the Organization earns income considered to be unrelated business income. The Organization conducted no activities that were subject to income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization. Management evaluated the tax positions taken and concluded that the Organization had taken no uncertain tax positions that require recognition or disclosure in the consolidated financial statements. No provision or benefit for income taxes has been included in these consolidated financial statements. A deferred tax benefit has been included in Paxton Solutions, Inc.'s financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before June 30, 2021.

Paxton Solutions, Inc. is taxed as a "C" Corporation and is subject to federal and state income taxes. With few exceptions, Paxton Solutions, Inc. is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before June 30, 2021.

PM-GP is a limited liability company taxed as a "C" Corporation and is subject to federal and state income taxes. With few exceptions, PM-GP is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before June 30, 2021.

Investments:

Investments are valued at fair market value on a recurring basis in the Consolidated Statements of Financial Position.

Fair value reporting establishes a hierarchy that ranks the quality and reliability of inputs, or assumptions, used in the determination of fair value and requires financial assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices in active markets for identical assets and liabilities
- Level 2 – Directly or indirectly observable inputs other than Level 1 quoted prices
- Level 3 – Unobservable inputs not corroborated by market data

For investments that have quoted market prices in active markets, the Organization uses the quoted market prices as fair values and includes those investments in Level 1 of the fair value hierarchy. When quoted market prices in active markets are not available, various pricing services are used to determine fair value and investments are included in Level 2 of the fair value hierarchy. Level 3 represents financial assets whose fair value is determined based upon inputs that are unobservable and include its own determinations of the assumptions that a market participant would use in pricing the asset. The Organization considers its investments to be Level 1.

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued):

Investment income, including realized and unrealized gains restricted by donors, is reported as an increase in net assets without donor restriction if the restrictions are met (either a stipulated time period or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible changes in risks in the near term would materially affect investment assets reported in the Consolidated Statements of Financial Position and the Consolidated Statements of Activities.

Use of Estimates:

The preparation of consolidated 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents:

For the purpose of the Consolidated Statements of Cash Flows, cash and cash equivalents include all highly liquid investments with an initial maturity date of three months or less, except for short-term highly liquid investments included in the Endowment Fund that have been acquired with resources having donor-imposed restrictions that limit their use to long-term investment.

Restricted Cash and Cash Equivalents:

The Organization is the representative payee for some of its residents who receive social security benefits. A portion of these funds are maintained in a separate account and are identified as restricted cash. The Organization also has funds maintained in a separate account that are restricted for its Self-Insured Health Plan.

Certificates of Deposit:

Certificates of deposit with an original maturity of greater than three months are recorded at cost in the Consolidated Statements of Financial Position.

Deferred Revenue:

Income received in advance from residents and grants is deferred and recognized over the periods to which it relates.

Contributed Services:

The Organization receives a substantial amount of donated services in carrying out the Organization's ministries. No amounts have been reflected in the consolidated financial statements for those services since they do not meet the required criteria for recognition.

Functional Allocation of Expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the Consolidated Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-Use Assets and Liabilities:

The Organization determines if an arrangement is or contains a lease at inception of the contract. In accordance with the Financial Accounting Standards Board (FASB) ASU No. 2016-02, *Leases* (Topic 842), leases are classified as either finance or operating. A right-of-use (ROU) asset represents the right to use the underlying asset for the lease term, and a lease liability represents the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. As leases generally do not provide an implicit rate, the Organization's incremental borrowing rate or a risk-free borrowing rate at the commencement date is used to determine the present value of future payments. A finance ROU asset is amortized using the straight-line method over the lease term, or the asset's useful life if ownership is transferred. An operating ROU asset is reduced based on the lease amortization schedule. Lease terms may include options to extend the lease, terminate the lease, or purchase the leased asset. The value of a lease option is reflected in the valuation if it is reasonably certain management will exercise the option. Leases with a term of twelve months or less are considered short term, and no asset or liability needs to be recognized. In the event that a significant lease would be recorded, the Organization has elected not to separate the lease components from non-lease components for all asset classes. There were no significant leases for the years ended June 30, 2024 and 2023.

Self-Insured Health Plan:

In December 2018 the Organization implemented a Self-Insured Health Plan (Plan) for its employees. The Plan covers all eligible employees for Medical and Prescription Services. The Organization's maximum exposure for an individual employee is \$45,000 and maximum exposure for all employees combined is \$263,690 annually. The Plan utilizes stop-loss insurance for any individual's claims above the \$45,000 annual limit and for total claims over the \$263,690 annual limit.

Unpaid Claims Liabilities:

The Organization establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation and changes in doctrines of legal liability, the process used in estimating claims liabilities does not necessarily result in an exact amount.

Claims liabilities are estimated annually using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the estimate because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Organization and its Subsidiaries' financial assets at June 30:

	<u>2024</u>	<u>2023</u>
Financial Assets:		
Cash and Cash Equivalents – Operating	\$ 621,473	\$ 574,639
Certificates of Deposit	-	100,000
Investments – Operating	608,568	626,135
Accounts Receivable	<u>133,128</u>	<u>97,977</u>
Total Financial Assets	<u>1,363,169</u>	<u>1,398,751</u>
Less Amounts Not Available to be Used Within One Year		
Board Designated Net Assets (excluding Quasi-Endowment)	998,940	707,888
Net Assets with Donor Restrictions (excluding Perpetual Endowment)	<u>53,160</u>	<u>36,070</u>
Total	<u>1,052,100</u>	<u>743,958</u>
Financial Assets Available to Meet Expenses Over the Next Year	<u>\$ 311,069</u>	<u>\$ 654,793</u>

The Organization and its Subsidiaries' plan is generally to maintain financial assets to meet 90 days of operating expenses. The Board has also established an Operating Reserve Fund with a target minimum equal to three months of average operating costs. See Note 6 for additional disclosure of this Fund.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents – Operating	\$ 621,473	\$ 574,639
Cash and Cash Equivalents – Contractually Restricted	<u>113,538</u>	<u>111,783</u>
Total	<u>\$ 735,011</u>	<u>\$ 686,422</u>

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

NOTE 4 - INVESTMENTS

Investments are summarized as follows at June 30, 2024:

	Fair Market Value					Unrealized Gain(Loss) – Purchased to Date
	Without Donor Restrictions	Time and Purpose Restricted	Perpetually Restricted	Total	Cost	
Money Market Funds	\$ 40,521	\$ -	\$ -	\$ 40,521	\$ 40,521	\$ -
Fixed Income	640,279	53,160	1,011,427	1,704,866	1,816,199	(111,333)
Equity	2,007,453	-	-	2,007,453	1,684,303	323,150
Other Assets	<u>336,770</u>	<u>-</u>	<u>-</u>	<u>336,770</u>	<u>334,943</u>	<u>1,827</u>
Total	<u>\$ 3,025,023</u>	<u>\$ 53,160</u>	<u>\$ 1,011,427</u>	<u>\$ 4,089,610</u>	<u>\$ 3,875,966</u>	<u>\$ 213,644</u>

Investments are summarized as follows at June 30, 2023:

	Fair Market Value					Unrealized Gain(Loss) – Purchased to Date
	Without Donor Restrictions	Time and Purpose Restricted	Perpetually Restricted	Total	Cost	
Money Market Funds	\$ 59,931	\$ -	\$ -	\$ 59,931	\$ 59,931	\$ -
Fixed Income	336,172	36,070	932,222	1,304,464	1,466,200	(161,736)
Equity	1,915,229	-	-	1,915,229	1,767,135	148,094
Other Assets	<u>443,988</u>	<u>-</u>	<u>-</u>	<u>443,988</u>	<u>479,765</u>	<u>(35,777)</u>
Total	<u>\$ 2,755,320</u>	<u>\$ 36,070</u>	<u>\$ 932,222</u>	<u>\$ 3,723,612</u>	<u>\$ 3,773,031</u>	<u>\$ (49,419)</u>

Investment income is summarized as follows for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest/Dividend Income	\$ 137,612	\$ 113,124
Net Realized Gain (Loss) on Sale of Investments	52,108	(39,559)
Net Unrealized Gain on Investments	263,063	228,429
Investment Expenses	<u>(10,272)</u>	<u>(5,265)</u>
Total	<u>\$ 442,511</u>	<u>\$ 296,729</u>

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

NOTE 5 – FIXED ASSETS

Fixed assets are summarized as follows at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 130,900	\$ 130,900
Buildings	774,046	774,045
Improvements	1,993,515	2,073,413
Furniture and Fixtures	261,899	295,028
Equipment	760,896	799,083
Automobiles	<u>17,497</u>	<u>18,890</u>
	3,938,753	4,091,359
Less: Accumulated Depreciation	<u>(2,745,651)</u>	<u>(2,844,454)</u>
Fixed Assets, Net	<u>\$ 1,193,102</u>	<u>\$ 1,246,905</u>

The useful lives for purposes of computing depreciation are as follows:

Buildings	25-40 years
Improvements	7-40 years
Furniture and Fixtures	5-20 years
Equipment	5-25 years
Automobiles	7 years

Depreciation expense was \$101,107 and \$106,565 for the years ended June 30, 2024 and 2023, respectively.

NOTE 6 – BOARD DESIGNATED NET ASSETS

The Board of Trustees has designated net assets for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Facility Use Fund	\$ 80,798	\$ 80,798
Vision and Future Ministry Funds	246,350	246,350
Quasi-Endowment (Note 8)	2,470,015	2,165,255
Rainy Day Fund	-	330,740
Operating Reserve Fund	<u>671,792</u>	<u>50,000</u>
Total	<u>\$ 3,468,955</u>	<u>\$ 2,873,143</u>

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Certain assets have been donated to the Organization with donor-imposed restrictions on their use. Time and purpose restricted net assets are held for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Resettlement of Residents	\$ 2,989	\$ 2,989
Special Resident Activity	5,531	4,176
Electric Panel Replacement	-	1,500
Carpet Project	3,058	7,238
Kline Foundation – Outside Maintenance Projects	-	15,500
Hope Grows Here Project	12,541	4,667
Computer Equipment	6,441	-
LPN Staffing Position	12,020	-
Strobe and Fire Safety Lights	<u>10,580</u>	<u>-</u>
Total	<u>53,160</u>	<u>36,070</u>

Perpetually restricted net assets consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Perpetual Endowment (Note 8)	<u>1,011,427</u>	<u>932,222</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,064,587</u>	<u>\$ 968,292</u>

NOTE 8 – ENDOWMENT

Investment Management Policy

Gifts to Paxton Ministries Endowment Funds are generally given with the donors' expectations that the funds will stay intact and will grow from earnings, which can then be used for current or long-term needs of the Organization. The Endowment Funds are invested through Everence Trust Company. Therefore, the funds should be invested in accordance with these general policies:

1. *Preservation of Capital* – Both with respect to the overall Fund and to the assets assigned to each investment manager at Everence Trust Company, the Finance and Facility Committee and the investment managers at Everence Trust Company should make conscious efforts to preserve capital, understanding that losses may occur in individual securities.
2. *Risk Aversion* – Understanding that risk is present in all types of securities and investment styles, the Finance and Facility Committee recognizes that some risk is necessary to produce long-term investment results sufficient to meet the Fund's objectives. However, investment managers at Everence Trust Company are to make reasonable efforts to control risk, and they will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. *Adherence to Investment Discipline* – Investment managers at Everence Trust Company are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
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Notes to Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

NOTE 8 – ENDOWMENT (CONTINUED)

Investment Objectives

Specifically, the primary objective in the investment management of fund assets shall be:

- To preserve purchasing power after spending
- To achieve returns that are more than the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of fund assets
- To control risk in the investment of fund assets

Handling of Income from Endowment Fund Investments

The Organization established a formal spending policy regarding perpetually endowed assets that falls within the Commonwealth of Pennsylvania Act 141 of 1998. The Organization is permitted an annual distribution from perpetually endowed assets equal to a fixed percentage not less than 3% or more than 6% of the average fair market value of the assets over a three-year period, as defined. The Board of Trustees approved a 5% distribution from the endowment fund for the years ended June 30, 2024 and 2023. There are no restrictions on the use of the income other than that it must be used for the benefit of the organization.

Changes in endowment net assets are as follows for the years ended June 30:

	Board Designated Quasi <u>Endowment</u>	Perpetually <u>Restricted</u>	<u>Total</u>
Balance at June 30, 2022	\$ 1,948,044	\$ 878,711	\$ 2,826,755
Contributions/Transfers	-	10,400	10,400
Interest/Dividend Income	54,585	24,915	79,500
Unrealized Gain	140,234	64,004	204,238
Realized Loss	(16,078)	(7,338)	(23,416)
Releases/Withdrawals	<u>38,470</u>	<u>(38,470)</u>	<u>-</u>
Balance at June 30, 2023	2,165,255	932,222	3,097,477
Contributions/Transfers	-	10,000	10,000
Interest/Dividend Income	58,700	25,554	84,254
Unrealized Gain	155,841	67,843	223,684
Realized Gain	45,722	19,905	65,627
Releases/Withdrawals	<u>44,497</u>	<u>(44,497)</u>	<u>-</u>
Balance at June 30, 2024	<u>\$ 2,470,015</u>	<u>\$ 1,011,027</u>	<u>\$ 3,481,042</u>

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

NOTE 9 – AGENCY TRANSACTIONS

The liability account “Due to Residents” represents social security benefits received by the Organization on behalf of certain residents. The Organization serves only as the administrator of the social security funds and does not hold title to the funds. The Organization’s policy is to recognize the cash received and an offsetting liability until the cash is distributed to the ultimate beneficiary, at which time the asset and liability are removed from the Organization’s books. The undistributed amount was \$50,982 and \$75,187 at June 30, 2024 and 2023, respectively.

NOTE 10 – RETIREMENT PLAN

On December 1, 2018, a 403(b)(9) Retirement Income Account plan (the Plan) was implemented. This Plan covers all employees of the Organization beginning at date of hire. Employees can contribute a percentage of their compensation each year up to specified limits. Employees who have reached 21 years of age and have worked at the Organization for at least 12 months are eligible for employer matching contributions. The Organization makes contributions to this Plan at the rate of 80% match of the first 6% of employee contributions for employees with 1-19 years of service and 100% match of the first 6% of employee contributions with 20 or more years of service. The Organization contributed \$56,823 and \$55,392 to the Plan for the years ended June 30, 2024 and 2023, respectively.

NOTE 11 – CONCENTRATED CREDIT RISK

Financial instruments that potentially subject the Organization and its Subsidiaries to concentrations of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Organization’s accounts at financial institutions may have exceeded the insurance obtained through the FDIC from time to time throughout the year, which management considers to be a normal business risk. The amount in excess of the FDIC limit was \$4,311 and \$33,448 at June 30, 2024 and 2023, respectively.

The Organization maintains a portion of its cash in investment brokerage accounts which are not insured by the FDIC. The uninsured amounts totaled \$343,479 and \$32,727 at June 30, 2024 and 2023, respectively.

The Organization maintains a portion of its cash equivalents in a Thrift Accumulation Plan (TAP) with the Brethren in Christ Foundation (Foundation). Money deposited into TAP accounts is generally available for immediate withdrawal and earns a variable rate of interest which is accumulated monthly to the account. These products are uninsured debt obligations of the Foundation and are not considered savings, deposit, or other obligations of a bank and are not insured by the FDIC. The uninsured amounts totaled \$82,442 and \$95,749 at June 30, 2024 and 2023, respectively.

NOTE 12 – OPERATING LOSS CARRYFORWARD

Paxton Solutions, Inc. had federal loss carryforwards in the amount of \$39,349 and \$37,475 and state loss carryforwards in the amount of \$16,317 and \$19,483 that may be used against future taxable income at June 30, 2024 and 2023, respectively. This resulted in a deferred tax benefit of \$6,925 and \$6,383 at June 30, 2024 and 2023, respectively.

NOTE 13 – NOTES RECEIVABLE

During August 2018, the Organization entered into a \$150,000 note receivable from Paxton Place 1 LP. The interest rate on this loan is 2.23%. The principal balance and accrued interest will be due on December 31, 2055. The note receivable balance was \$150,000 at June 30, 2024 and 2023. The accrued interest receivable was \$20,818 and \$17,054 at June 30, 2024 and 2023, respectively.

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2024 and 2023

NOTE 13 – NOTES RECEIVABLE (CONTINUED)

During August 2018, the Organization entered into a non-interest bearing \$100,000 note receivable from Paxton Place 1 LP for pre-construction work. The principal balance will be due in November 2054. The note receivable balance was \$100,000 at June 30, 2024 and 2023.

The total notes receivable balance was \$250,000 at June 30, 2024 and 2023.

NOTE 14 – CLAIMS LIABILITIES

As discussed in Note 1, the Self-Insured Health Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the Plan during the years ending June 30:

	<u>2024</u>	<u>2023</u>
Claims Incurred but Not Reported, Beginning of Year	\$ <u>18,541</u>	\$ <u>17,505</u>
Incurred Claims Provision for Current Year Insured Events	132,299	116,848
Less: Payments		
Claims & Adjustments Expenses for the Current Year	132,305	115,812
Claims & Adjustments for the Prior Year	<u>-</u>	<u>-</u>
Total Payments	<u>132,305</u>	<u>115,812</u>
Claims Incurred but Not Reported, End of Year	<u>\$ 18,535</u>	<u>\$ 18,541</u>

NOTE 15 – PAXTON PLACE

The Organization expanded their services to help meet needs in the community by developing Paxton Place, a 37-unit apartment building for low income seniors. "Paxton Place: Caring Connections for Senior Living" was built on land adjacent to the Organization, and was funded primarily through Low Income Housing Tax Credits that were awarded by Pennsylvania Housing Finance Agency after a very competitive selection process. Paxton Place offers extensive opportunities in activities, education, and support to the residents through partnerships with Pinnacle Health, Messiah Lifeways, Messiah University, Penn State Extension, Central PA Food Bank, and others. These partners will use on-site facilities such as the coffee corner, exercise room, demonstration kitchen, and media/performance area to help the seniors stay active and healthy in their new home. Construction was completed in the Fall of 2019. For the construction and development of Paxton Place, a new legal entity, "Paxton Place 1 LP" was formed, which is comprised of the investor MidPenn Bank (99.99%), development partner Paxton Place GP LLC (.0049%), and PM-GP (.0051%). Monarch Management is responsible for day-to-day management of the tenants and property, while Paxton Ministries is involved with programming for the residents. The Organization received performance revenue from Paxton Place 1 LP of \$8,580 and \$16,784 during the years ended June 30, 2024 and 2023, respectively. See Note 13 for more information regarding notes receivable from Paxton Place 1 LP to the Organization.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 23, 2024, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Consolidating Schedule of Financial Position
June 30, 2024

	Paxton Street Home Benevolent Society, Inc.	Paxton Solutions, Inc.	Consolidating Eliminations	<u>Total</u>
Assets				
Cash and Cash Equivalents – Operating	\$ 565,654	\$ 55,819	\$ -	\$ 621,473
Investments – Operating	672,068	-	(63,500) ⁽¹⁾	608,568
Accounts Receivable, Net	126,352	21,466	(14,690) ⁽²⁾	133,128
Accrued Interest Receivable	20,818	-	-	20,818
Notes Receivable	250,000	-	-	250,000
Prepaid Expenses	12,594	3,422	-	16,016
Deferred Tax Benefit	-	6,925	-	6,925
Cash and Cash Equivalents - Contractually Restricted	113,538	-	-	113,538
Investments Restricted for Endowment	3,481,042	-	-	3,481,042
Fixed Assets, Net	<u>1,186,070</u>	<u>7,032</u>	<u>-</u>	<u>1,193,102</u>
Total Assets	<u>\$ 6,428,136</u>	<u>\$ 94,664</u>	<u>\$ (78,190)</u>	<u>\$ 6,444,610</u>
Liabilities				
Claims Incurred But Not Reported	\$ 18,535	\$ -	\$ -	\$ 18,535
Accounts Payable	39,392	10,523	(14,690) ⁽²⁾	35,225
Accrued Compensation	133,715	6,431	-	140,146
Due to Residents	50,982	-	-	50,982
Deferred Revenue	<u>55,622</u>	<u>-</u>	<u>-</u>	<u>55,622</u>
Total Liabilities	<u>298,246</u>	<u>16,954</u>	<u>(14,690)</u>	<u>300,510</u>
Net Assets and Equity				
Paxton Street Home Benevolent Society, Inc.				
Without Donor Restrictions				
Undesignated	1,596,348	-	-	1,596,348
Board Designated	3,468,955	-	-	3,468,955
With Donor Restrictions	1,064,587	-	-	1,064,587
Paxton Solutions, Inc.				
Common Stock - \$1 Par Value; 100,000 Shares Authorized; 63,500 Shares Issued and Outstanding				
	-	63,500	(63,500) ⁽¹⁾	-
Retained Earnings	<u>-</u>	<u>14,210</u>	<u>-</u>	<u>14,210</u>
Total Net Assets and Equity	<u>6,129,890</u>	<u>77,710</u>	<u>(63,500)</u>	<u>6,144,100</u>
Total Liabilities, Net Assets and Equity	<u>\$ 6,428,136</u>	<u>\$ 94,664</u>	<u>\$ (78,190)</u>	<u>\$ 6,444,610</u>

See Independent Auditor's Report

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Consolidating Schedule of Financial Position
June 30, 2023

	Paxton Street Home Benevolent Society, Inc.	Paxton Solutions, Inc.	Consolidating Eliminations	<u>Total</u>
Assets				
Cash and Cash Equivalents – Operating	\$ 515,967	\$ 58,672	\$ -	\$ 574,639
Certificate of Deposit	100,000	-	-	100,000
Investments – Operating	689,635	-	(63,500) ⁽¹⁾	626,135
Accounts Receivable	82,574	27,931	(12,528) ⁽²⁾	97,977
Accrued Interest Receivable	17,054	-	-	17,054
Notes Receivable	250,000	-	-	250,000
Prepaid Expenses	12,136	3,822	-	15,958
Deferred Tax Benefit	-	6,383	-	6,383
Cash and Cash Equivalents - Contractually Restricted	111,783	-	-	111,783
Investments Restricted for Endowment	3,097,477	-	-	3,097,477
Fixed Assets, Net	<u>1,244,638</u>	<u>2,267</u>	<u>-</u>	<u>1,246,905</u>
Total Assets	<u>\$ 6,121,264</u>	<u>\$ 99,075</u>	<u>\$ (76,028)</u>	<u>\$ 6,144,311</u>
Liabilities				
Claims Incurred But Not Reported	\$ 18,541	\$ -	\$ -	\$ 18,541
Accounts Payable	39,509	12,209	(12,528) ⁽²⁾	39,190
Accrued Compensation	124,146	7,632	-	131,778
Due to Residents	75,187	-	-	75,187
Deferred Revenue	<u>64,001</u>	<u>-</u>	<u>-</u>	<u>64,001</u>
Total Liabilities	<u>321,384</u>	<u>19,841</u>	<u>(12,528)</u>	<u>328,697</u>
Net Assets and Equity				
Paxton Street Home Benevolent Society, Inc.				
Without Donor Restrictions				
Undesignated	1,958,445	-	-	1,958,445
Board Designated	2,873,143	-	-	2,873,143
With Donor Restrictions	968,292	-	-	968,292
Paxton Solutions, Inc.				
Common Stock - \$1 Par Value; 100,000 Shares Authorized; 63,500 Shares Issued and Outstanding				
	-	63,500	(63,500) ⁽¹⁾	-
Retained Earnings	<u>-</u>	<u>15,734</u>	<u>-</u>	<u>15,734</u>
Total Net Assets and Equity	<u>5,799,880</u>	<u>79,234</u>	<u>(63,500)</u>	<u>5,815,614</u>
Total Liabilities, Net Assets and Equity	<u>\$ 6,121,264</u>	<u>\$ 99,075</u>	<u>\$ (76,028)</u>	<u>\$ 6,144,311</u>

See Independent Auditor's Report

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Consolidating Schedule of Activities
For the Year Ended June 30, 2024

	Paxton Street Home Benevolent Society, Inc.			Paxton Solutions, Inc.	Consolidating Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Operating Revenue and Other Support						
Contributions	\$ 522,798	\$ 168,863	\$ 691,661	\$ -	\$ -	\$ 691,661
County MH/A/DP Program	751,106	-	751,106	-	-	751,106
Occupancy Fees	1,478,538	-	1,478,538	-	-	1,478,538
Investment Income	329,208	113,303	442,511	-	-	442,511
Cleaning Fees	-	-	-	185,746	(71,760) ⁽²⁾	113,986
Administrative Services Income	81,480	-	81,480	-	(28,500) ⁽²⁾	52,980
Other Income	18,790	-	18,790	24	-	18,814
Realized Gain (Loss) on Sale of Fixed Assets	4,500	-	4,500	(1,227)	-	3,273
Paxton Place Revenue	8,580	-	8,580	-	-	8,580
Net Assets Released from Restrictions	<u>185,871</u>	<u>(185,871)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenue and Other Support	<u>3,380,871</u>	<u>96,295</u>	<u>3,477,166</u>	<u>184,543</u>	<u>(100,260)</u>	<u>3,561,449</u>
Operating Expenses						
Program Services	2,675,762	-	2,675,762	-	(60,709) ⁽²⁾	2,615,053
Supporting Services						
Management and General	341,151	-	341,151	-	(7,965) ⁽²⁾	333,186
Fundraising	138,430	-	138,430	-	(3,086) ⁽²⁾	135,344
Paxton Solutions, Inc.	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,067</u>	<u>(28,500) ⁽²⁾</u>	<u>157,567</u>
Total Operating Expenses	<u>3,155,343</u>	<u>-</u>	<u>3,155,343</u>	<u>186,067</u>	<u>(100,260)</u>	<u>3,241,150</u>
Non-Operating Revenue						
CARES Act Revenue	<u>8,187</u>	<u>-</u>	<u>8,187</u>	<u>-</u>	<u>-</u>	<u>8,187</u>
Total Non-Operating Revenue	<u>8,187</u>	<u>-</u>	<u>8,187</u>	<u>-</u>	<u>-</u>	<u>8,187</u>
Change in Net Assets and Equity	233,715	96,295	330,010	(1,524)	-	328,486
Net Assets and Equity, Beginning of Year	<u>4,831,588</u>	<u>968,292</u>	<u>5,799,880</u>	<u>79,234</u>	<u>(63,500) ⁽¹⁾</u>	<u>5,815,614</u>
Net Assets and Equity, End of Year	<u>\$ 5,065,303</u>	<u>\$ 1,064,587</u>	<u>\$ 6,129,890</u>	<u>\$ 77,710</u>	<u>\$ (63,500)</u>	<u>\$ 6,144,100</u>

See Independent Auditor's Report

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Consolidating Schedule of Activities
For the Year Ended June 30, 2023

	Paxton Street Home Benevolent Society, Inc.			Paxton Solutions, Inc.	Consolidating Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Operating Revenue and Other Support						
Contributions	\$ 719,195	\$ 71,835	\$ 791,030	\$ -	\$ -	\$ 791,030
County MH/A/DP Program	715,628	-	715,628	-	-	715,628
Occupancy Fees	1,512,210	-	1,512,210	-	-	1,512,210
Investment Income	215,149	81,580	296,729	-	-	296,729
Cleaning Fees	-	-	-	206,723	(71,879) ⁽²⁾	134,844
Administrative Services Income	85,200	-	85,200	-	(32,220) ⁽²⁾	52,980
Other Income	15,751	-	15,751	48	-	15,799
Paxton Place Revenue	16,784	-	16,784	-	-	16,784
Net Assets Released from Restrictions	<u>76,833</u>	<u>(76,833)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenue and Other Support	<u>3,356,750</u>	<u>76,582</u>	<u>3,433,332</u>	<u>206,771</u>	<u>(104,099)</u>	<u>3,536,004</u>
Operating Expenses						
Program Services	2,600,138	-	2,600,138	-	(60,451) ⁽²⁾	2,539,687
Supporting Services						
Management and General	370,694	-	370,694	-	(8,769) ⁽²⁾	361,925
Fundraising	114,416	-	114,416	-	(2,659) ⁽²⁾	111,757
Paxton Solutions, Inc.	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,545</u>	<u>(32,220) ⁽²⁾</u>	<u>172,325</u>
Total Operating Expenses	<u>3,085,248</u>	<u>-</u>	<u>3,085,248</u>	<u>204,545</u>	<u>(104,099)</u>	<u>3,185,694</u>
Non-Operating Revenue						
CARES Act Revenue	<u>16,927</u>	<u>-</u>	<u>16,927</u>	<u>-</u>	<u>-</u>	<u>16,927</u>
Total Non-Operating Revenue	<u>16,927</u>	<u>-</u>	<u>16,927</u>	<u>-</u>	<u>-</u>	<u>16,927</u>
Change in Net Assets and Equity	288,429	76,582	365,011	2,226	-	367,237
Net Assets and Equity, Beginning of Year	<u>4,543,159</u>	<u>891,710</u>	<u>5,434,869</u>	<u>77,008</u>	<u>(63,500) ⁽¹⁾</u>	<u>5,448,377</u>
Net Assets and Equity, End of Year	<u>\$ 4,831,588</u>	<u>\$ 968,292</u>	<u>\$ 5,799,880</u>	<u>\$ 79,234</u>	<u>\$ (63,500)</u>	<u>\$ 5,815,614</u>

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**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**

Consolidating Schedule of Cash Flows
For the Year Ended June 30, 2024

	Paxton Street Home Benevolent <u>Society, Inc.</u>	Paxton Solutions, <u>Inc.</u>	Consolidating <u>Eliminations</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Change in Net Assets and Equity	\$ 330,010	\$ (1,524)	\$ -	\$ 328,486
Adjustments to Reconcile Change in Net Assets and Equity to Net Cash and Cash Equivalents Provided by Operating Activities:				
Depreciation	99,928	1,179	-	101,107
Contributions Restricted for Perpetual Endowment	(10,000)	-	-	(10,000)
Net Unrealized Gain on Investments	(263,063)	-	-	(263,063)
Net Realized Gain on Sale of Investments	(52,108)	-	-	(52,108)
Realized (Gain) Loss on Sale of Fixed Assets	(4,500)	1,227	-	(3,273)
(Increase) Decrease in:				
Accounts Receivable	(43,778)	6,465	2,162	(35,151)
Accrued Interest Receivable	(3,764)	-	-	(3,764)
Prepaid Expenses	(458)	400	-	(58)
Deferred Tax Benefit	-	(542)	-	(542)
Increase (Decrease) in:				
Claims Incurred but Not Reported	(6)	-	-	(6)
Accounts Payable	(117)	(1,686)	(2,162)	(3,965)
Accrued Compensation	9,569	(1,201)	-	8,368
Due to Residents	(24,205)	-	-	(24,205)
Deferred Revenue	(8,379)	-	-	(8,379)
Net Cash and Cash Equivalents Provided by Operating Activities	<u>29,129</u>	<u>4,318</u>	<u>-</u>	<u>33,447</u>
Cash Flows from Investing Activities:				
Purchase of Investments	(1,566,862)	-	-	(1,566,862)
Proceeds from Sale of Investments	1,516,035	-	-	1,516,035
Proceeds from Maturity of Certificate of Deposit	100,000	-	-	100,000
Purchase of Fixed Assets	(41,360)	(7,671)	-	(49,031)
Proceeds from Sale of Fixed Assets	<u>4,500</u>	<u>500</u>	<u>-</u>	<u>5,000</u>
Net Cash and Cash Equivalents Provided (Used) by Investing Activities	<u>12,313</u>	<u>(7,171)</u>	<u>-</u>	<u>5,142</u>
Cash Flows from Financing Activities:				
Contributions Restricted for Perpetual Endowment	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Net Cash and Cash Equivalents Provided by Financing Activities	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Net Change in Cash and Cash Equivalents	51,442	(2,853)	-	48,589
Cash and Cash Equivalents, Beginning of Year	<u>627,750</u>	<u>58,672</u>	<u>-</u>	<u>686,422</u>
Cash and Cash Equivalents, End of Year	<u>\$ 679,192</u>	<u>\$ 55,819</u>	<u>\$ -</u>	<u>\$ 735,011</u>
<u>Supplemental Cash Flow Disclosures:</u>				
Cash Paid for Interest	\$ -	\$ -	\$ -	\$ -
Cash Paid for Income Taxes	-	-	-	-

See Independent Auditor's Report

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**

Consolidating Schedule of Cash Flows
For the Year Ended June 30, 2023

	Paxton Street Home Benevolent <u>Society, Inc.</u>	Paxton Solutions, <u>Inc.</u>	Consolidating <u>Eliminations</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Change in Net Assets and Equity	\$ 365,011	\$ 2,226	\$ -	\$ 367,237
Adjustments to Reconcile Change in Net Assets and Equity to Net Cash and Cash Equivalents Provided by Operating Activities:				
Depreciation	105,270	1,295	-	106,565
Contributions Restricted for Perpetual Endowment	(10,400)	-	-	(10,400)
Net Unrealized Gain on Investments	(228,429)	-	-	(228,429)
Net Realized Loss on Sale of Investments	39,559	-	-	39,559
(Increase) Decrease in:				
Accounts Receivable	(36,616)	(3,817)	-	(40,433)
Accrued Interest Receivable	(3,680)	-	-	(3,680)
Prepaid Expenses	750	(302)	-	448
Deferred Tax Benefit	-	771	-	771
Increase (Decrease) in:				
Claims Incurred but Not Reported	1,036	-	-	1,036
Accounts Payable	(7,418)	7,794	-	376
Accrued Compensation	22,927	889	-	23,816
Due to Residents	27,446	-	-	27,446
Deferred Revenue	<u>57,316</u>	<u>-</u>	<u>-</u>	<u>57,316</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>332,772</u>	<u>8,856</u>	<u>-</u>	<u>341,628</u>
Cash Flows from Investing Activities:				
Purchase of Investments	(1,827,783)	-	-	(1,827,783)
Proceeds from Sale of Investments	1,665,455	-	-	1,665,455
Purchase of Certificate of Deposit	(100,000)	-	-	(100,000)
Purchase of Fixed Assets	<u>(73,658)</u>	<u>-</u>	<u>-</u>	<u>(73,658)</u>
Net Cash and Cash Equivalents Used by Investing Activities	<u>(335,986)</u>	<u>-</u>	<u>-</u>	<u>(335,986)</u>
Cash Flows from Financing Activities:				
Contributions Restricted for Perpetual Endowment	<u>10,400</u>	<u>-</u>	<u>-</u>	<u>10,400</u>
Net Cash and Cash Equivalents Provided by Financing Activities	<u>10,400</u>	<u>-</u>	<u>-</u>	<u>10,400</u>
Net Change in Cash and Cash Equivalents	7,187	8,855	-	16,042
Cash and Cash Equivalents, Beginning of Year	<u>620,563</u>	<u>49,817</u>	<u>-</u>	<u>670,380</u>
Cash and Cash Equivalents, End of Year	<u>\$ 627,750</u>	<u>\$ 58,672</u>	<u>\$ -</u>	<u>\$ 686,422</u>
<u>Supplemental Cash Flow Disclosures:</u>				
Cash Paid for Interest	\$ -	\$ -	\$ -	\$ -
Cash Paid for Income Taxes	-	-	-	-

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**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Explanation of Consolidating Eliminations
For the Years Ended June 30, 2024 and 2023

- (1) Elimination of the investment in the Organization's subsidiary company and the subsidiary's equity accounts.
- (2) Elimination of inter-company transactions which occurred during 2024 and 2023.

See Independent Auditor's Report

**PAXTON STREET HOME BENEVOLENT SOCIETY, INC.,
PAXTON SOLUTIONS, INC. AND PAXTON MINISTRIES GP LLC**
Schedule of Cost Per Unit of Service for Dauphin County
For the Year Ended June 30, 2024

Support and Revenue	
Occupancy Fees	\$ 654,790
Other Revenue	<u>17,088</u>
Total Support and Revenue	<u>671,878</u>
Personnel Expenses	
Salaries	583,567
Payroll Taxes and Employee Benefits	181,666
Miscellaneous Personnel	<u>5,856</u>
Total Personnel Expenses	<u>771,089</u>
Operating Expenses	
Administrative	330,117
Occupancy	112,711
Communications	5,744
Depreciation	46,966
Treatment/Support Services	14,183
Transportation	4,144
Miscellaneous	38,184
Repairs and Maintenance	20,066
Insurance	21,464
Office Supplies	4,128
Utilities	<u>48,226</u>
Total Operating Expenses	<u>645,933</u>
Total Expenses	<u>1,417,022</u>
Excess Expenses before Dauphin County MH/A/DP Support	(745,144)
Dauphin County MH/A/DP Support	<u>751,106</u>
Excess Income	<u>\$ 5,962</u>
Units of Service Provided	<u>13,680</u>
Program Unit Rate	<u>97.88</u>

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HAMILTON & MUSSER, PC

Certified Public Accountants • Consultants to Management

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**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 Trustees of
Paxton Street Home Benevolent Society, Inc.
Harrisburg, Pennsylvania

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 Paxton Street Home Benevolent Society, Inc. (a nonprofit organization), 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 23, 2024. The financial statements of Paxton Solutions, Inc. and Paxton Ministries GP LLC (Subsidiaries) were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Subsidiaries.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Paxton Street Home Benevolent Society, Inc.'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 Paxton Street Home Benevolent Society, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Paxton Street Home Benevolent Society, Inc.'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. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Paxton Street Home Benevolent Society, Inc.'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 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.

October 23, 2024

Mechanicsburg, Pennsylvania



Certified Public Accountants