

COMMUNITY ACTION COMMITTEE
OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

FINANCIAL AND
SINGLE AUDIT REPORTS

June 30, 2017

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COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

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June 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries
Allentown, Pennsylvania

We have audited the accompanying financial statements of Community Action Committee of the Lehigh Valley, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related consolidated notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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*, issues by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Action Committee of the Lehigh Valley, Inc. as of June 30, 2017 and 2016, 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.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The additional supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying 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*, is presented for purposes of additional analysis and is 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 audit 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 December 6, 2017, on our consideration of Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' internal control over financial reporting and compliance.



Allentown, Pennsylvania
December 6, 2017

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

Consolidated Statements of Financial Position
June 30, 2017 and 2016

ASSETS		
	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,657,575	\$ 2,842,736
Restricted cash	1,024,978	815,803
Grant receivable	1,339,064	1,360,265
Unconditional promises to give	345,564	520,277
Program loans receivable, net of loss reserve	177,301	172,528
Inventory	1,087,587	712,414
Property inventory, net of loss reserve	187,320	238,571
Prepaid expenses	89,383	61,222
TOTAL CURRENT ASSETS	6,908,772	6,723,816
PROPERTY AND EQUIPMENT		
Land	26,477	26,477
Land held in trust	255,137	248,637
Building	8,244,792	8,219,412
Leasehold improvements	856,744	856,744
Equipment	1,440,289	1,357,352
	10,823,439	10,708,622
Less: accumulated depreciation	3,749,985	3,484,654
TOTAL PROPERTY AND EQUIPMENT, NET	7,073,454	7,223,968
OTHER ASSETS		
Unconditional promises to give	342,282	710,776
Investments	147,619	111,272
Program loans receivable, net of current portion	1,472,304	1,276,944
TOTAL OTHER ASSETS	1,962,205	2,098,992
TOTAL ASSETS	\$ 15,944,431	\$ 16,046,776

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

**Consolidated Statements of Financial Position
June 30, 2017 and 2016**

LIABILITIES AND NET ASSETS		
	<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 314,277	\$ 256,327
Line of credit	70,345	70,345
Accounts payable	337,719	568,373
Accrued expenses	71,743	77,829
Accrued interest	3,797	4,297
Accrued wages	293,720	245,038
Compensated absences	98,345	85,417
Deferred revenue	141,466	119,446
TOTAL CURRENT LIABILITIES	<u>1,331,412</u>	<u>1,427,072</u>
NONCURRENT LIABILITIES		
Long-term debt, less current maturities	<u>2,369,040</u>	<u>3,014,967</u>
TOTAL LIABILITIES	<u>3,700,452</u>	<u>4,442,039</u>
NET ASSETS		
UNRESTRICTED		
Undesignated:		
CACLV	1,476,510	819,313
CADCA	15,205	110
CADCB	186,054	178,449
LVCLT	541,486	645,127
RTCLF	1,368,143	1,421,068
Board designated	1,549,156	1,495,156
Net investment in property, property inventory and equipment	<u>5,735,827</u>	<u>5,147,963</u>
TOTAL UNRESTRICTED	<u>10,872,381</u>	<u>9,707,186</u>
TEMPORARILY RESTRICTED	1,366,598	1,892,551
PERMANENTLY RESTRICTED		
Second Harvest Food Bank, Endowment	<u>5,000</u>	<u>5,000</u>
TOTAL NET ASSETS	<u>12,243,979</u>	<u>11,604,737</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,944,431</u>	<u>\$ 16,046,776</u>

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

Consolidated Statements of Activities
Years Ended June 30, 2017 and 2016

	2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT				
Contributions	\$ 2,384,862	\$ 1,745,457	\$ -	\$ 4,130,319
Grants	5,352,140	-	-	5,352,140
Donated food products	10,435,642	-	-	10,435,642
Shared maintenance fee	72,186	-	-	72,186
Program services	2,272,594	-	-	2,272,594
Program fees, net	47,104	-	-	47,104
Gain on sale of property	-	-	-	-
Interest income	134,589	-	-	134,589
TOTAL REVENUE AND SUPPORT	<u>20,699,117</u>	<u>1,745,457</u>	<u>-</u>	<u>22,444,574</u>
Net assets released to/from restrictions:				
For program operations	1,259,194	(1,259,194)	-	-
For capital additions	1,012,216	(1,012,216)	-	-
TOTAL NET ASSETS RELEASED TO/FROM RESTRICTIONS	<u>2,271,410</u>	<u>(2,271,410)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>22,970,527</u>	<u>(525,953)</u>	<u>-</u>	<u>22,444,574</u>
EXPENSES AND LOSSES				
Program	19,534,418	-	-	19,534,418
Supporting services:				
Management and general	1,852,484	-	-	1,852,484
Fundraising	403,336	-	-	403,336
TOTAL EXPENSES	<u>21,790,238</u>	<u>-</u>	<u>-</u>	<u>21,790,238</u>
Loss on sale of homes	15,094	-	-	15,094
TOTAL EXPENSES AND LOSSES	<u>21,805,332</u>	<u>-</u>	<u>-</u>	<u>21,805,332</u>
CHANGE IN NET ASSETS	<u>1,165,195</u>	<u>(525,953)</u>	<u>-</u>	<u>639,242</u>
NET ASSETS, beginning	<u>9,707,186</u>	<u>1,892,551</u>	<u>5,000</u>	<u>11,604,737</u>
NET ASSETS, ending	<u>\$ 10,872,381</u>	<u>\$ 1,366,598</u>	<u>\$ 5,000</u>	<u>\$ 12,243,979</u>

See Notes to Financial Statements.

2016			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 2,232,770	\$ 3,623,109	\$ -	\$ 5,855,879
4,189,037	-	-	4,189,037
9,178,294	-	-	9,178,294
67,806	-	-	67,806
3,428,103	-	-	3,428,103
64,103	-	-	64,103
253,559	-	-	253,559
111,817	-	-	111,817
<u>19,525,489</u>	<u>3,623,109</u>	<u>-</u>	<u>23,148,598</u>
1,006,440	(1,006,440)	-	-
<u>1,534,013</u>	<u>(1,534,013)</u>	<u>-</u>	<u>-</u>
<u>2,540,453</u>	<u>(2,540,453)</u>	<u>-</u>	<u>-</u>
<u>22,065,942</u>	<u>1,082,656</u>	<u>-</u>	<u>23,148,598</u>
18,945,880	-	-	18,945,880
1,825,916	-	-	1,825,916
345,641	-	-	345,641
<u>21,117,437</u>	<u>-</u>	<u>-</u>	<u>21,117,437</u>
<u>171,594</u>	<u>-</u>	<u>-</u>	<u>171,594</u>
<u>21,289,031</u>	<u>-</u>	<u>-</u>	<u>21,289,031</u>
776,911	1,082,656	-	1,859,567
<u>8,930,275</u>	<u>809,895</u>	<u>5,000</u>	<u>9,745,170</u>
<u>\$ 9,707,186</u>	<u>\$ 1,892,551</u>	<u>\$ 5,000</u>	<u>\$ 11,604,737</u>

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

**Consolidated Statements of Functional Expenses
Years Ended June 30, 2017 and 2016**

	2017			
	<u>Program</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total</u>
PERSONNEL:				
Salaries and wages	\$ 2,413,088	\$ 886,123	\$ 257,094	\$ 3,556,305
Employee benefits/payroll taxes	1,032,749	366,025	76,710	1,475,484
Conferences and training	35,445	16,668	6,915	59,028
Temporary employees	-	-	-	-
Travel	44,036	12,677	6,288	63,001
TOTAL PERSONNEL:	<u>3,525,318</u>	<u>1,281,493</u>	<u>347,007</u>	<u>5,153,818</u>
Advertising and promotion	4,744	180	-	4,924
Computer tech support	-	-	-	-
Contracted services/assistance	190,636	3,073	-	193,709
Depreciation	225,175	97,709	-	322,884
Dues and subscriptions	35,534	13,900	5,847	55,281
Equipment maintenance and repairs	35,258	11,112	-	46,370
Facility maintenance and utilities	422,165	100,184	-	522,349
Food distributions	10,060,469	-	-	10,060,469
Food purchases	1,055,543	-	-	1,055,543
Grants to affiliates	159,916	-	-	159,916
Grants - Southside Revitalization	-	3,267	-	3,267
Insurance	37,085	35,382	-	72,467
Interest	52,142	7,607	-	59,749
Loan loss reserve	18,668	-	-	18,668
Minor equipment purchase	22,542	23,159	5,710	51,411
Other expense	9,357	26,085	2,731	38,173
Payroll processing	-	1,963	-	1,963
Postage	67,895	4,990	12,364	85,249
Printing	56,654	13,127	13,023	82,804
Professional fees	1,757,598	159,688	-	1,917,286
Program contract costs and supplies	612,942	31	-	612,973
Project cost loss reserve	94,000	-	-	94,000
Real estate taxes	-	-	-	-
Rents	44,966	4,738	-	49,704
Subgrantee payments	159,920	10,000	-	169,920
Supplies	685,186	20,005	5,625	710,816
Telephone	63,942	34,010	11,029	108,981
Vehicle operation and repairs	136,763	781	-	137,544
TOTAL OTHER:	<u>16,009,100</u>	<u>570,991</u>	<u>56,329</u>	<u>16,636,420</u>
TOTAL EXPENSES	<u>\$ 19,534,418</u>	<u>\$ 1,852,484</u>	<u>\$ 403,336</u>	<u>\$ 21,790,238</u>

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

**Consolidated Statements of Functional Expenses
Years Ended June 30, 2017 and 2016**

	2016			
	<u>Program</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total</u>
PERSONNEL:				
Salaries and wages	\$ 2,382,782	\$ 854,847	\$ 209,557	\$ 3,447,186
Employee benefits/payroll taxes	983,179	327,975	70,660	1,381,814
Conferences and training	27,051	21,239	6,001	54,291
Temporary employees	-	13,575	-	13,575
Travel	42,290	16,077	7,341	65,708
TOTAL PERSONNEL:	<u>3,435,302</u>	<u>1,233,713</u>	<u>293,559</u>	<u>4,962,574</u>
Advertising and promotion	14,175	950	-	15,125
Computer tech support	213	97	-	310
Contracted services/assistance	314,134	-	-	314,134
Depreciation	229,470	100,357	-	329,827
Dues and subscriptions	37,724	16,906	6,096	60,726
Equipment maintenance and repairs	46,262	9,759	-	56,021
Facility maintenance and utilities	332,247	94,515	-	426,762
Food distributions	9,055,068	-	-	9,055,068
Food purchases	838,300	-	-	838,300
Grants to affiliates	158,907	-	-	158,907
Grants - Southside Revitalization	-	17,307	-	17,307
Insurance	44,332	40,915	-	85,247
Interest	58,934	13,456	-	72,390
Loan loss reserve	33,292	-	-	33,292
Minor equipment purchase	18,151	18,552	3,104	39,807
Other expense	8,025	25,728	2,151	35,904
Payroll processing	-	1,975	-	1,975
Postage	47,906	8,601	7,859	64,366
Printing	46,217	11,775	9,901	67,893
Professional fees	2,666,531	178,247	-	2,844,778
Program contract costs and supplies	590,529	2,158	-	592,687
Project cost loss reserve	108,000	-	-	108,000
Real estate taxes	44,267	-	-	44,267
Rents	49,641	955	-	50,596
Subgrantee payments	126,557	-	-	126,557
Supplies	447,966	20,488	14,125	482,579
Telephone	62,657	29,176	8,846	100,679
Vehicle operation and repairs	131,073	286	-	131,359
TOTAL OTHER:	<u>15,510,578</u>	<u>592,203</u>	<u>52,082</u>	<u>16,154,863</u>
TOTAL EXPENSES	<u>\$ 18,945,880</u>	<u>\$ 1,825,916</u>	<u>\$ 345,641</u>	<u>\$ 21,117,437</u>

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

Consolidated Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 639,242	\$ 1,859,567
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	322,884	329,827
Provision for loan losses	18,668	33,292
Gain on sale of property	-	(253,559)
Non-cash loss provision	(14,000)	(1,000)
(Increase) decrease in assets:		
Grant receivable	21,201	296,555
Unconditional promises to give	543,207	(906,539)
Inventory	(375,173)	(123,226)
Property inventory	65,251	182,313
Prepaid expenses	(28,161)	(40,547)
Increase (decrease) in liabilities:		
Accounts payable	(230,654)	45,027
Accrued wages	48,682	53,712
Accrued expense	(6,086)	(58,877)
Accrued interest	(500)	292
Compensated absences	12,928	(4,406)
Deferred revenue	22,020	2,323
Unemployment reserve	-	(22,870)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,039,509</u>	<u>1,391,884</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for land leases	(6,500)	(13,000)
Cash from sale of building	-	500,000
Purchase of investments	(36,347)	(49,791)
Program loans disbursed	(732,773)	(667,329)
Program loans repaid	513,972	333,869
Purchase of property and equipment	(165,870)	(578,615)
NET CASH USED IN INVESTING ACTIVITIES	<u>(427,518)</u>	<u>(474,866)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit, net of proceeds	-	(56,366)
Proceeds of notes payable	240,000	50,000
Payments on notes payable	(827,977)	(786,700)
NET CASH USED IN FINANCING ACTIVITIES	<u>(587,977)</u>	<u>(793,066)</u>

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

Consolidated Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,014	123,952
CASH AND CASH EQUIVALENTS:		
Beginning	<u>3,658,539</u>	<u>3,534,587</u>
Ending	<u>\$ 3,682,553</u>	<u>\$ 3,658,539</u>
Cash and cash equivalents	\$ 2,657,575	\$ 2,842,736
Restricted cash	<u>1,024,978</u>	<u>815,803</u>
	<u>\$ 3,682,553</u>	<u>\$ 3,658,539</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for:		
Interest	<u>\$ 59,749</u>	<u>\$ 72,390</u>

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Notes to the Financial Statements June 30, 2017 and 2016

NOTE 1. ORGANIZATION AND PURPOSE

Nature of operations:

Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries (the "Organization") consists of five not-for-profit organizations incorporated under the laws of the Commonwealth of Pennsylvania. Major program revenue consists of private funds from utility contracts, corporate, foundation and individual contributions and governmental contracts. It is understood that any grantor or contributor could be lost in the near term.

Consolidation policy:

The accompanying consolidated financial statements include the accounts of the following companies, all of which are under common control:

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. (CACLV):

CACLV is the parent corporation and a description of the Organization's programs is as follows:

Weatherization Program

The Weatherization Program is a collection of energy-related services designed to conserve energy and save money on home heating and cooling costs. The Program makes improvements to both single-family and multi-family homes, including infiltration prevention, water heater wraps, and insulation. To complement these physical improvements, the agency also educates residents in energy conservation and lead paint hazards. The Weatherization Program repairs or replaces heating systems in cold weather emergency situations for qualified low-income households.

OnTrack

CACLV administers PPL's Customer Assistance Program, OnTrack, which works with those low-income customers who accumulate an arrearage to establish a payment plan. During the households' participation in the program, the arrearage is forgiven and service maintained.

Sixth Street Shelter/Turner Street Apartments/Ferry Street Apartments

The Sixth Street Shelter provides temporary housing (up to 60 days) for homeless families with children. Shelter staff assists families to stabilize their crisis, save money, relocate to permanent housing, and obtain other appropriate services such as job training and child care.

Turner Street Apartments in Allentown and Ferry Street Apartments in Easton provide long-term transitional housing (up to two years) for families that have been homeless. Services are similar to those offered at the Sixth Street Shelter; however, families in these programs are expected to pursue vocational training or education as a condition of their stay, with an intended outcome of economic self-sufficiency.

Second Harvest Food Bank of the Lehigh Valley and Northeast Pennsylvania (SHFB)

Second Harvest Food Bank of Lehigh Valley and Northeast Pennsylvania (Second Harvest) distributes food to more than 200 non-profit "member" agencies that provide food assistance to people in need. These agencies include soup kitchens, day care centers, homeless shelters, residential rehabilitation services and emergency food pantries. As an affiliate of Feeding America (formerly America's Second Harvest), the national food bank network,

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Notes to the Financial Statements June 30, 2017 and 2016

Second Harvest has access to a portion of the millions of pounds of food solicited annually through the network. These foods consist of edible but unusable (improperly weighed or packaged) products, which would otherwise be discarded. Additionally, Second Harvest solicits donations from local food producers, retailers and private citizens.

Member agencies may acquire these products for free or for a shared maintenance fee of up to 16 cents per pound. Second Harvest is able to pick up donated product from donors and deliver the product to the member agencies.

Community Action Financial Services (CAFS)

Community Action Financial Services includes the Home Ownership Counseling Program, the Family Savings Account and Individual Development Account programs and foreclosure mitigation.

The Home Ownership Counseling Program reaches out to low-income households to encourage home ownership, conduct training seminars on the home-buying process and provide individual counseling. The Family Savings Account and Individual Development Account programs provide opportunities for individuals to save money for specific purposes such as paying for education, buying or renovating a home, buying a car, or starting a business. When the savings goal is reached, government funds offer a full match for the saved funds. Foreclosure mitigation assists homeowners at risk of foreclosure with a range of intervention techniques designed to protect the owners from losing their homes.

Work Ready

Work Ready, the Supported Work Program, is designed to assist individuals with making the transition from welfare to work. The program offers these individuals job placement, job hunting skills training, and caseworker support.

Custody/ Subcontract Services

CACLV operates a rental assistance clearinghouse to facilitate and monitor the distribution of payments of rental assistance for the counties of Lehigh and Northampton.

Racial and Ethnic Justice Program

The Campaign for Racial and Ethnic Justice was created to focus on the unique elements that hold people of color back in the pursuit of economic and social justice. Income and wealth disparity in our nation and community are too often drawn along color lines and CACLV created the campaign to seek remedies in the Lehigh Valley.

Slate Belt Rising

Slate Belt Rising (SBR) is CACLV's multi-municipal neighborhood partnership, the first of its kind in the Commonwealth of Pennsylvania, encompassing the boroughs of Wind Gap, Pen Argyl, Bangor and Portland. SBR's accomplishments in the first year include the beautification of Bangor's Business District, façade improvements, establishment of committees with community stakeholders, engagement of the region's youth, and relationship building with CACLV programs and other partners in the target areas.

West Ward Neighborhood Partnership (WWNP)

The West Ward Neighborhood Partnership works with the citizens of the West Ward in Easton to make improvements to their neighborhood to improve the quality of life through

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Notes to the Financial Statements June 30, 2017 and 2016

such community development initiatives as replacing sidewalks, rehabilitating houses, planting trees, developing community and backyard gardens, improving streetscapes, assisting small businesses, planning and carrying out youth development activities, and painting murals.

Administration

Administration includes the management of the staff, programs and finances of CACLV and the supportive services that accompany the agency's and subsidiaries' management. Community planning and advocacy are at the core of the agency's mission. Community Action Agencies have a historic purpose of promoting change and advocating for the interests of the poor. Funding for Administration and community planning and advocacy is provided primarily through the Community Services Block Grant (CSBG), although various other funding sources provide partial support.

COMMUNITY ACTION DEVELOPMENT CORPORATION OF THE LEHIGH VALLEY, INC. (D/B/A COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN (CADCA)):

The mission of this Subsidiary is to assist and promote neighborhood revitalization and community spirit by providing access to economic opportunity, creating and sustaining businesses owned and operated by its neighbors, and empowering people to have a voice in the decisions that affect their lives. CADCA is engaged in community economic development that includes providing technical assistance, facilitating start-up financing, assisting with research, preparing business plans, offering services as needed for the creation of new businesses, and working with residents to determine neighborhood business needs and opportunities in Allentown.

COMMUNITY ACTION DEVELOPMENT CORPORATION OF BETHLEHEM, INC. (CADCB):

The mission of this Subsidiary is to promote social and economic change by fostering business and other economic opportunities within the community of south Bethlehem. CADCB is engaged in community economic development that includes providing technical assistance, facilitating start-up financing, assisting with research, preparing business plans, offering services as needed for the creation of new businesses and working with residents to determine neighborhood business needs and opportunities.

LEHIGH VALLEY COMMUNITY LAND TRUST (LVCLT):

The mission of this Subsidiary is to create and preserve affordable homes for working families. LVCLT acquires homes and the land on which they are built through a variety of channels, renovates these homes in an energy-efficient manner and sells the homes to income-qualified applicants. The land is held permanently by the Subsidiary to ensure perpetual affordability. As such, LVCLT is committed to promoting long-term self-sufficiency and success with homeowners. Homeowner support is provided both before and after the purchase of a home.

RISING TIDE COMMUNITY LOAN FUND, INC. (RTCLF):

This Subsidiary is a certified Community Development Financial Institution (certified by the U.S. Department of the Treasury), and was created for the purpose of providing loans to small or start-up business ventures to improve the social welfare of economically depressed or blighted communities in the Lehigh Valley area.

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Notes to the Financial Statements June 30, 2017 and 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared on the accrual basis of accounting. The significant accounting policies are described below.

Basis of presentation

Unrestricted net assets

Net assets that are not subject to donor imposed stipulations are classified as unrestricted net assets. The Board of Directors can designate a portion of the unrestricted net assets as to its use in current operations. The designated net assets are primarily used for long-term investment purposes.

Temporarily restricted net assets

Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time are classified as temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions. Contributions for which the restriction expires in the year the funds are received are immediately released from restriction.

Permanently restricted net assets

Net assets, subject to permanent donor-imposed stipulations, that neither expire by passage of time nor can be removed by the actions of the Organization are permanently restricted. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on loans and the valuation of real estate inventory. In connection with the determination of the estimated losses on loans, management obtained independent appraisals for significant properties.

Advertising expense

Advertising costs are expensed as incurred and were \$4,924 and \$15,125 for years ended June 30, 2017 and 2016, respectively.

Cash and cash equivalents

Cash and cash equivalents, for the purposes of the Consolidated Statements of Cash Flows, includes short-term, highly liquid financial instruments with original maturities of 90 days or less.

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Notes to the Financial Statements June 30, 2017 and 2016

In kind contributions

Donated goods and services

A portion of the Organization's functions are conducted by unpaid volunteer officers and committees. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition. Gifts of donated food and grocery products over which the Organization has control (i.e. variance power) are reported as unrestricted public support and, shortly thereafter, as expense when granted to food rescue organizations.

Below market in-kind interest

RTCLF has several loans payable, as more fully described in Note 11, which are non-interest bearing or bear interest at a below market rate. Interest has been imputed on these loans at 1.45% and 1.41% for the years ended June 30, 2017 and 2016. The interest is recorded as an in-kind contribution and in-kind interest expense.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restriction. Contributed property and equipment is recorded at fair value at the date of the donation.

Promises to give

Unconditional written 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 estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Grants

A substantial portion of the Organization's revenue is derived from restricted grants and contracts from governmental agencies. These grants and contracts are recorded based on the terms of the grantor allotment, which generally provides that revenue is earned when the allowable costs or units of service of the specific grant provisions have been incurred or provided. Accordingly, revenue is recognized based on project expenses incurred. Amounts received but not yet earned are reported as deferred revenues.

Property and equipment

CACLV property and equipment of \$5,000 or more are recorded at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. All the other subsidiaries property and equipment of \$1,000 or more are recorded at cost and depreciated over their estimated useful lives on the straight-line basis.

Depreciation charged to expense is \$322,884 and \$329,827 for the years ended June 30, 2017 and 2016, respectively.

Interest expense capitalized was \$0 and \$8,863 for the years ended June 30, 2017 and 2016, respectively.

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Notes to the Financial Statements June 30, 2017 and 2016

Land held in trust

Land has been received through purchase, bargain purchase or donation. Land purchased at market value is recorded at the net present value of the ground rent. Land acquired by bargain purchase or donation is recorded at fair market value at the date received. Land is transferred from property inventory to land held in trust at the time property is acquired. As of June 30, 2017 and 2016 land held in trust was \$255,137 and \$248,637, respectively.

Property inventory

Property inventory represents costs incurred by the LVCLT for housing projects. Costs consist primarily of the initial property purchase (including the land cost), rehabilitation costs, and other carrying costs incurred during rehabilitation. Holding costs incurred after a house is ready for sale, such as utilities, maintenance, and interest are charged to expense.

Program loans receivable

Loans are reported for RTCLF at their recorded investment, which is the outstanding principal balance plus accrued interest and net of any unearned income, such as deferred fees or costs, charge-offs. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Loan loss reserve

The allowance for loan losses for RTCLF reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. The Organization uses a disciplined process and methodology to establish the allowance for loan losses each year. To determine the total allowance for loan losses, management estimates the reserves needed for each segment of the portfolio, including loans analyzed individually and loans analyzed on a collective basis.

To determine the balance of the allowance account, loans are pooled by portfolio segment and losses are modeled using historical experience and quantitative and other mathematical techniques over the loss emergence period and consideration of specific allowance amounts related to loans in excess of 60 days past due.

The establishment of the allowance for loan losses relies on a consistent process that requires multiple layers of management review and judgment and responds to changes in economic conditions, among other influences. From time to time, events or economic factors may affect the loan portfolio, causing management to provide additional amounts to or release balances from the loan loss reserve.

Management monitors differences between estimated and actual incurred loan losses. This monitoring process includes periodic assessments by management of individual loans and the methods used to estimate incurred losses on those loans. Additions to the loan loss reserve are made by charges to the provision for loan losses. Recoveries of previously charged off amounts are credited to the loan loss reserve.

Loan charge-offs

For program loans receivable, RTCLF generally fully or partially charges off the loan when repayment is deemed to be protracted beyond reasonable time frames.

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Notes to the Financial Statements June 30, 2017 and 2016

Compensated absences

All full-time and full benefit part-time employees earn annual leave benefits. Accordingly, the liability for employees' rights to receive compensation for future absences is recorded as a liability in the accompanying statements of financial position.

Income taxes

Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries is comprised of five not-for-profit corporations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization has adopted the provisions FASB ASC 740-10 related to uncertain tax positions. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings in determining any uncertain tax positions.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2017 and 2016.

The Parent Organization and each of its subsidiaries file Form 990 - Return of Organization Exempt From Income Tax annually. The Organization's returns for tax years 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Revenue recognition

Revenue is recognized in the period the service is performed.

Sales of real estate on LVCLT is recorded at the time of closing of the sale, when title to and possession of the property improvements are transferred to the buyer. Costs of sales are based on direct costs. Closing costs and sales expense are specifically identified with the house sold.

Functional allocation of expenses

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

Reclassifications

Certain reclassifications have been made to the 2016 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
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**Notes to the Financial Statements
June 30, 2017 and 2016**

Date of management's review

Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries has evaluated subsequent events through December 6, 2017, the date which the financial statements were available to be issued.

NOTE 3. RESTRICTED CASH

Restricted cash as of June 30, 2017 and 2016 was restricted for the following purposes:

	2017	2016
CACLV		
Family and resident savings	\$ 23,458	\$ 31,869
True endowment (SHFB)	5,000	5,000
	<u>28,458</u>	<u>36,869</u>
CADCA		
Development projects	<u>367,544</u>	<u>303,868</u>
CADCB		
Development projects	<u>82,160</u>	<u>129,873</u>
LVCLT		
Future property expenses	<u>72,160</u>	<u>70,640</u>
RTCLF		
Lending	12,001	79,870
Patient capital fund	50,000	-
City of Bethlehem fund	412,655	194,683
	<u>474,656</u>	<u>274,553</u>
	<u>\$ 1,024,978</u>	<u>\$ 815,803</u>

NOTE 4. PROMISES TO GIVE

Unconditional Promises to Give

Contributions arising from unconditional promises to give consist of the following:

	2017	2016
CACLV		
Temporarily restricted for cost of facilities, acquisition and improvement	\$ 715,846	\$ 1,281,053
Less: allowance for pledges receivable	21,000	38,000
Less: discounts for pledges receivable	7,000	12,000
	<u>\$ 687,846</u>	<u>\$ 1,231,053</u>

Unconditional promises to give are expected to be realized as follows:

	2017	2016
CACLV		
Less than one year	\$ 345,564	\$ 520,277
One to five years	<u>342,282</u>	<u>710,776</u>
	<u>\$ 687,846</u>	<u>\$ 1,231,053</u>

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Conditional Promises to Give

During the year ended June 30, 2017, CACLV subsidiaries received conditional pledges for various purposes. Since these pledges represent conditional promise to give, they are not recorded as contribution revenue until donor conditions are met.

CADCA has received conditional pledges totaling \$550,000 per year payable over the next three years, and \$50,000 in year four contingent upon future Commonwealth of Pennsylvania tax credits, under its Neighborhood Partnership Program. Pledge payments of \$550,000 and \$550,000 were received in 2017 and 2016, respectively.

CADCA has received conditional pledges from the Wells Fargo Regional Foundation in the amount of \$260,000 over the next three years for the Jordon Heights Neighborhood Implementation Project. Grant installments of \$37,500 and \$75,000 were received in 2017 and 2016, respectively from previous pledges. The remaining pledge at June 30, 2017 of \$260,000 is payable in semiannual installments through December 31, 2019, contingent each year upon the Organization achieving stated measurable outputs and raising remaining project budgets.

CADCB has received conditional pledges totaling \$175,000 per year payable over the next three years contingent upon future Commonwealth of Pennsylvania tax credits, under its Neighborhood Assistance Act Program. Pledge payments received against these commitments were \$200,000 and \$225,000 in 2017 and 2016, respectively.

NOTE 5. PROGRAM LOANS RECEIVABLE

Program loans receivable for RTCLF are comprised of various extensions of credit to small business owners and entrepreneurs of the community. Repayments are due monthly including interest at rates ranging from 4% to 11%. Original terms range from 18 to 180 months. Loans receivable are reported delinquent when they become 30 days past due. Loans over 90 days past due are considered delinquent for CDFI funding. Loans that are still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to loans receivable. Allowances for loan losses are established by management based on a review of the creditworthiness of the borrower and historical collections. Interest income received on loans was \$133,302 and \$110,652 for the years ended June 30, 2017 and 2016, respectively. Aggregate loans receivable at June 30 were comprised of the following:

	2017	2016
Micro Loans:		
CDFI funds	\$ -	\$ -
Government and corporate grants	26,348	38,166
Investor loan funds	311,264	315,554
Unrestricted funds	233,589	141,419
	<u>571,201</u>	<u>495,139</u>
Small Business Loans:		
CDFI funds	18,393	24,933
Government and corporate grants	401,825	585,769
Investor loan funds	322,941	344,506
Unrestricted funds	459,445	108,225
Total small business loans	<u>1,202,604</u>	<u>1,063,433</u>

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	<u>2017</u>	<u>2016</u>
Total loans outstanding	1,773,805	1,558,572
Loss reserve	<u>(124,200)</u>	<u>(109,100)</u>
	<u>\$ 1,649,605</u>	<u>\$ 1,449,472</u>

<u>Year ended June 30,</u>	
2018	\$ 301,501
2019	254,794
2020	299,555
2021	221,653
2022	211,307
Thereafter	<u>484,995</u>
	<u>\$ 1,773,805</u>

The Organization receives grant funding from the City of Bethlehem to fund loans. The funds must be returned to the loan fund upon repayment. The repayment of loans, interest and fees is restricted for lending or program activities. As of June 30, 2017 and 2016, the amount included in the City of Bethlehem loan fund is as follows:

	<u>2017</u>	<u>2016</u>
Repayment of loans, interest and fees	\$ 412,655	\$ 194,683
Outstanding loan balances	<u>428,173</u>	<u>623,935</u>
	<u>\$ 840,828</u>	<u>\$ 818,618</u>

The Organization has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the Organization's portfolio. For purposes of determining the allowance for loan losses, the Organization segments loans in its portfolio by product type. The Organization's loans are segmented into the following pools: Micro loans and small business loans. Each class of loan requires judgment to determine the estimation method that fits the credit risk characteristics of its portfolio segment.

The following are the factors the Organization uses to determine the balance of the allowance account for each class of loans.

Micro Loans and Small Business Loans

Micro loans and small business loans are evaluated collectively to determine a loss percentage to apply to loans. Loss percentages vary between classes. These loss percentages are based on historical loss experience. For the years ended June 30, 2017 and 2016 the loss percentage used for small business and micro loans was 7% for both years when evaluated collectively. The Organization considers the allowance for loan losses of \$124,200 and \$109,100 adequate to cover loan losses inherent in the loan portfolio, as of June 30, 2017 and 2016, respectively. The following table presents by portfolio segment, the changes in the allowance for loan losses and the recorded investment in loans.

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	Year Ended June 30, 2017	Micro Loans	Small Business Loans	Total
Loan loss reserve:				
Beginning balances		\$ 76,830	\$ 32,270	\$ 109,100
Charge-offs		(4,813)	-	(4,813)
Recoveries		-	1,245	1,245
Provision		(28,318)	46,986	18,668
Ending balances		<u>\$ 43,699</u>	<u>\$ 80,501</u>	<u>\$ 124,200</u>
Ending balance:				
Individually evaluated for impairment		\$ 12,000	\$ -	\$ 12,000
Collectively evaluated for impairment		31,699	80,501	112,200
		<u>\$ 43,699</u>	<u>\$ 80,501</u>	<u>\$ 124,200</u>
Program Loans Receivables:				
Ending balance:				
Individually evaluated for impairment		\$ 118,358	\$ -	\$ 118,358
Collectively evaluated for impairment		452,843	1,202,604	1,655,447
		<u>\$ 571,201</u>	<u>\$ 1,202,604</u>	<u>\$ 1,773,805</u>
	Year Ended June 30, 2016	Micro Loans	Small Business Loans	Total
Loan loss reserve:				
Beginning balances		\$ 73,694	\$ 15,792	\$ 89,486
Charge-offs		(20,134)	-	(20,134)
Recoveries		-	6,456	6,456
Provision		23,270	10,022	33,292
Ending balances		<u>\$ 76,830</u>	<u>\$ 32,270</u>	<u>\$ 109,100</u>
Ending balance:				
Individually evaluated for impairment		\$ 12,666	\$ -	\$ 12,666
Collectively evaluated for impairment		64,164	32,270	96,434
		<u>\$ 76,830</u>	<u>\$ 32,270</u>	<u>\$ 109,100</u>
Program Loans Receivables:				
Ending balance:				
Individually evaluated for impairment		\$ 45,927	\$ 112,182	\$ 158,109
Collectively evaluated for impairment		449,212	951,251	1,400,463
		<u>\$ 495,139</u>	<u>\$ 1,063,433</u>	<u>\$ 1,558,572</u>

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Credit Quality Information:

The following tables present the classes of the loan portfolio summarized by aggregate unclassified rating (loans not considered greater than normal risk) and classified ratings of substandard (well defined weakness) and doubtful (unlikely to be paid in full) within the Organization's internal risk rating system as of June 30, 2017 and 2016.

<u>June 30, 2017</u>	<u>Unclassified</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Total</u>
Micro Loans:				
CDFI funds	\$ -	\$ -	\$ -	\$ -
Government and				
Corporate grants	20,038	6,310	-	26,348
Investor loan funds	264,590	12,000	34,674	311,264
Unrestricted funds	168,215	22,755	42,619	233,589
Small Business Loans:				
CDFI funds	18,393	-	-	18,393
Government and				
Corporate grants	401,825	-	-	401,825
Investor loan funds	322,941	-	-	322,941
Unrestricted funds	459,445	-	-	459,445
	<u>\$ 1,655,447</u>	<u>\$ 41,065</u>	<u>\$ 77,293</u>	<u>\$ 1,773,805</u>
<u>June 30, 2016</u>	<u>Unclassified</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Total</u>
Micro Loans:				
CDFI funds	\$ -	\$ -	\$ -	\$ -
Government and				
Corporate grants	25,937	12,229	-	38,166
Investor loan funds	274,125	-	41,429	315,554
Unrestricted funds	82,895	8,087	50,437	141,419
Small Business Loans:				
CDFI funds	24,933	-	-	24,933
Government and				
Corporate grants	585,769	-	-	585,769
Investor loan funds	344,506	-	-	344,506
Unrestricted funds	108,225	-	-	108,225
	<u>\$ 1,446,390</u>	<u>\$ 20,316</u>	<u>\$ 91,866</u>	<u>\$ 1,558,572</u>

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Age Analysis of Past Due Financing Receivables by Class:

The following are tables which include an aging analysis of the recorded investment of past due term loans receivables as of June 30, 2017 and 2016.

			Greater		Total
	31-60 Days	61-90 Days	Than 90 Days	Total	Program Loans
<u>June 30, 2017</u>	<u>Past Due</u>	<u>Past Due</u>	<u>Past Due</u>	<u>Past Due</u>	<u>Receivables</u>
Micro Loans:					
CDFI funds	\$ -	\$ -	\$ -	\$ -	\$ -
Government and Corporate grants	24	-	-	24	26,348
Investor loan funds	624	635	8,115	9,374	311,264
Unrestricted funds	2,619	1,518	11,593	15,730	233,589
Small Business Loans:					
CDFI funds	-	-	-	-	18,393
Government and Corporate grants	-	-	-	-	401,825
Investor loan funds	-	-	-	-	322,941
Unrestricted funds	-	-	-	-	459,445
	<u>\$ 3,267</u>	<u>\$ 2,153</u>	<u>\$ 19,708</u>	<u>\$ 25,128</u>	<u>\$ 1,773,805</u>
			Greater		Total
	31-60 Days	61-90 Days	Than 90 Days	Total	Program Loans
<u>June 30, 2016</u>	<u>Past Due</u>	<u>Past Due</u>	<u>Past Due</u>	<u>Past Due</u>	<u>Receivables</u>
Micro Loans:					
CDFI funds	\$ -	\$ -	\$ -	\$ -	\$ -
Government and Corporate grants	479	48	-	527	38,166
Investor loan funds	1,031	1,000	10,736	12,767	315,554
Unrestricted funds	1,559	1,117	8,334	11,010	141,419
Small Business Loans:					
CDFI funds	-	-	-	-	24,933
Government and Corporate grants	407	407	468	1,282	585,769
Investor loan funds	-	-	-	-	344,506
Unrestricted funds	-	-	-	-	108,225
	<u>\$ 3,476</u>	<u>\$ 2,572</u>	<u>\$ 19,538</u>	<u>\$ 25,586</u>	<u>\$ 1,558,572</u>

NOTE 6. FOOD BANK INVENTORY

The approximate average wholesale value of one pound of donated food is estimated at \$1.73 and \$1.67 in 2017 and 2016, respectively, based upon amounts provided by Feeding America (formerly named America's Second Harvest). For 2017 and 2016, USDA and CSFP-TEFAP were valued at the USDA commodity's price list and State food was valued at the purchase price which is valued by the State commodity's price list. The Second Harvest Food Bank is the beneficiary of food contributions from individuals, corporations, and governmental agencies. The total pounds

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and valuation of food donated and purchased during the years ended June 30, 2017 and 2016 is as follows:

June 30, 2017			
Source	Total pounds	Value	Valuation Methodology
USDA/ CSFP-TEFAP	1,836,648	\$ 1,561,305	Commodity price list
Donated	5,129,675	8,874,337	\$1.73 per pound
Purchase	2,037,975	1,055,543	Cost
	<u>9,004,298</u>	<u>\$ 11,491,185</u>	
June 30, 2016			
Source	Total pounds	Value	Valuation Methodology
USDA/ CSFP-TEFAP	2,320,709	\$ 1,714,963	Commodity price list
Donated	4,469,061	7,463,331	\$1.67 per pound
Purchase	1,780,457	838,300	Cost
	<u>8,570,227</u>	<u>\$ 10,016,594</u>	

NOTE 7. INVESTMENTS

Investments are stated at fair value and consist of the following as of June 30, 2017 and 2016:

	June 30, 2017	
	Cost	Fair Value
Annuity contract	<u>\$ 126,974</u>	<u>\$ 147,619</u>
	June 30, 2016	
	Cost	Fair Value
Annuity contract	<u>\$ 100,793</u>	<u>\$ 111,272</u>

NOTE 8. ENDOWMENT

CACLV's endowment consists of an individual fund established for Second Harvest Food Bank. As of June 30, 2017 and 2016 the Organization has endowment funds of \$5,000.

The Organization has not adopted investment or spending policies for endowment assets. All endowments are considered to be conservatively invested in a bank account.

NOTE 9. LAND HELD IN TRUST

LVCLT maintains title to the land underlying the homes and the homeowner mortgages the physical housing structure. LVCLT leases the land to the homeowner at a monthly rate to be

BUCKNO LISICKY & COMPANY

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determined for a 99 year term. In addition, the Organization retains a right of first refusal to buy back the building.

LVCLT owns 25 lots and 24 lots at June 30, 2017 and 2016, respectively. There were 1 and 5 homes sold in 2017 and 2016, respectively.

NOTE 10. LINE OF CREDIT

CACLV has a \$2,000,000 revolving line of credit. Interest was at Prime Rate plus .75%, with a minimum interest rate of 4.25%. The line is secured by all the assets of the parent organization. The line of credit is renewed annually and currently expires on January 28, 2018. The balance outstanding on the line of credit was \$0 as of June 30, 2017 and 2016.

CACLV paid interest on the line of credit of \$0 and \$5,529 for the years ended June 30, 2017 and 2016.

LVCLT has a \$500,000 revolving line of credit with an interest rate of 4.25%. The Line is secured by two of the properties owned by LVCLT. The line of credit currently expires on August 6, 2018. The balance outstanding on the line of credit was \$70,345 and \$70,345 as of June 30, 2017 and 2016, respectively.

LVCLT paid interest on the line of credit of \$2,861 and \$2,874 for the years ended June 30, 2017 and 2016, respectively.

RTCLF has a \$150,000 unsecured revolving credit agreement with an interest rate of 5.00%. The balance on the line was \$0 as of June 30, 2017 and 2016. The line of credit expires November 15, 2018.

NOTE 11. NOTES PAYABLE

Long-term debt at June 30, 2017 and 2016 consists of the following:

	2017	2016
CACLV		
Mortgage payable to bank in monthly installments of \$2,537, including interest at 4.150%, due April 12, 2024, secured by real estate.	\$ 179,017	\$ 201,413
Mortgage payable to the City of Allentown in annual installments of \$700 or 50% of excess operating proceeds for the property for year ended June 30. Payments are due annually beginning August 1, 2016 with the entire payment attributable to principal. The note has 0% interest. After 15 years the loan will be forgiven as long as restriction use requirements are met and CACLV remains the owner.	314,300	315,000

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

**Notes to the Financial Statements
June 30, 2017 and 2016**

	2017	2016
Mortgage payable to bank, Beginning January 2015, 36 interest only monthly payments followed by 59 payments of principal and interest of \$11,493 based on the 30 day LIBOR rate plus 2.15%, not to exceed 4.75%. Variable interest rate at June 30, 2017 was 3.28%. All remaining principal and interest is due December 10, 2022. The loan is collateralized by the building and guaranteed by CACLV.	700,000	1,472,464
Auto loan to bank in monthly installments of \$695, paid September 2016, secured by vehicle.	-	2,417
TOTAL DEBT, CACLV	1,193,317	1,991,294
Less: current portion	24,277	26,327
TOTAL DEBT, CACLV, NON-CURRENT PORTION	1,169,040	1,964,967
RTCLF		
Loans payable to various banks, Interest varies from non-interest bearing to 2.5%. All loan payments are monthly with interest only payments. Final payments are due on demand or in various periods from August 2017 to March 2024.	1,335,000	1,125,000
Loans payable to various individuals, non-interest bearing. Final payments are due in five years from execution date in various periods from July 2017 through February 2022.	155,000	155,000
TOTAL DEBT, RTCLF	1,490,000	1,280,000
Less: current portion	290,000	230,000
TOTAL DEBT, RTCLF, NON-CURRENT PORTION	1,200,000	1,050,000
TOTAL DEBT, NON-CURRENT PORTION	<u>\$ 2,369,040</u>	<u>\$ 3,014,967</u>

Maturities of long-term debt are as follows:

	CACLV	RTCLF	Total
<u>Year Ending June 30,</u>			
2018	\$ 24,277	\$ 290,000	\$ 314,277
2019	25,155	545,000	570,155
2020	26,189	260,000	286,189
2021	27,267	75,000	102,267
2022	28,391	70,000	98,391
Thereafter	1,062,038	250,000	1,312,038
	<u>\$ 1,193,317</u>	<u>\$ 1,490,000</u>	<u>\$ 2,683,317</u>

Interest paid on long-term debt for the Organization was \$54,495 and \$67,330 for the years ended June 30, 2017 and 2016, respectively.

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**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

**Notes to the Financial Statements
June 30, 2017 and 2016**

The long-term debt is subject to several financial covenants. As of June 30, 2017, the Organization is in compliance with all financial covenants.

NOTE 12. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

The financial statements for the years ended June 30, 2017 and 2016 reflect donor restricted net assets as follows:

Temporarily Restricted Net Assets

CACLV

	June 30, 2017			
	Food Bank Building/ Equipment	Food Bank Operations	Program Operations	Total
Balance, July 1, 2016	\$ 1,325,661	\$ 70,115	\$ 63,034	\$ 1,458,810
Contributions	402,401	69,817	253,946	726,164
Releases for operating	-	(100,536)	(212,828)	(313,364)
Releases for property and equipment	(1,012,216)	-	-	(1,012,216)
Balance, June 30, 2017	<u>\$ 715,846</u>	<u>\$ 39,396</u>	<u>\$ 104,152</u>	<u>\$ 859,394</u>

CADCA

	June 30, 2017			
	Neighborhood Assistance Program	Jordan Heights Project	Other	Total
Balance, July 1, 2016	\$ 270,767	\$ 24,125	\$ 8,976	\$ 303,868
Contributions	550,000	80,833	130,960	761,793
Release from restriction	(520,266)	(61,625)	(116,226)	(698,117)
Balance, June 30, 2017	<u>\$ 300,501</u>	<u>\$ 43,333</u>	<u>\$ 23,710</u>	<u>\$ 367,544</u>

CADCB

	June 30, 2017		
	Neighborhood Assistance Program	Wells Fargo Community Day	Total
Balance, July 1, 2016	\$ 119,123	\$ 10,750	\$ 129,873
Contributions	200,000	-	200,000
Release from restriction	(239,463)	(8,250)	(247,713)
Balance, June 30, 2017	<u>\$ 79,660</u>	<u>\$ 2,500</u>	<u>\$ 82,160</u>

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

**Notes to the Financial Statements
June 30, 2017 and 2016**

LVCLT

June 30, 2017

	Project Costs	Total
Balance, July 1, 2016	\$ -	\$ -
Contributions	7,500	7,500
Release from restriction	-	-
Balance, June 30, 2017	<u>\$ 7,500</u>	<u>\$ 7,500</u>

RTCLF

June 30, 2017

	Patient Capital Fund	Total
Balance, July 1, 2016	\$ -	\$ -
Contributions	50,000	50,000
Release from restriction	-	-
Balance, June 30, 2017	<u>\$ 50,000</u>	<u>\$ 50,000</u>

TOTAL TEMPORARILY RESTRICTED NET ASSETS \$ 1,366,598

CACLV

June 30, 2016

	Food Bank Building/ Equipment	Food Bank Operations	Program Operations	Total
Balance, July 1, 2015	\$ 338,366	\$ 62,314	\$ 24,002	\$ 424,682
Contributions	1,597,323	931,786	104,000	2,633,109
Releases for operating	-	(923,985)	(64,968)	(988,953)
Releases for property and equipment	(610,028)	-	-	(610,028)
Balance, June 30, 2016	<u>\$ 1,325,661</u>	<u>\$ 70,115</u>	<u>\$ 63,034</u>	<u>\$ 1,458,810</u>

CADCA

June 30, 2016

	Neighborhood Assistance Program	Jordan Heights Project	Other	Total
Balance, July 1, 2015	\$ 276,020	\$ 16,971	\$ 5,447	\$ 298,438
Contributions	550,000	75,000	70,000	695,000
Release from restriction	(555,253)	(67,846)	(66,471)	(689,570)
Balance, June 30, 2016	<u>\$ 270,767</u>	<u>\$ 24,125</u>	<u>\$ 8,976</u>	<u>\$ 303,868</u>

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

**Notes to the Financial Statements
June 30, 2017 and 2016**

<u>CADCB</u>	June 30, 2016		
	Neighborhood Assistance Program	Wells Fargo Community Day	Total
Balance, July 1, 2015	\$ 86,775	\$ -	\$ 86,775
Contributions	225,000	70,000	295,000
Release from restriction	(192,652)	(59,250)	(251,902)
Balance, June 30, 2016	<u>\$ 119,123</u>	<u>\$ 10,750</u>	<u>\$ 129,873</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS			<u>\$ 1,892,551</u>

Permanently Restricted Net Assets

CACLV's permanently restricted net asset balance of \$5,000 as of June 30, 2017 and 2016 is for endowment on the Second Harvest Food Bank of the Lehigh Valley.

NOTE 13. RETIREMENT PLAN

The Organization has a defined contribution retirement plan which covers all employees having one year of service. The Plan provides for participants' pretax contributions to the Plan up to limits defined in Section 401 (k) of the Internal Revenue Code. Under the Plan, the Organization is required to make contributions to the Plan in an amount equal to 7% of eligible participants' compensation.

The Organization's contributions to the Plan were \$182,353 and \$180,564 for 2017 and 2016, respectively.

NOTE 14. BOARD DESIGNATED NET ASSETS

Unrestricted net assets that have a defined use or purpose as defined by the Organization's Board of Directors are Board designated net assets. Board designation of net assets does not imply donor restriction and the defined use may be changed by board action. Board designated net assets of the Organization relate to the following:

	2017	2016
CACLV		
Board designated for:		
Second Harvest Food Bank	\$ 351,151	\$ 351,151
Capital reserve	500,000	500,000
Operating reserve	500,000	500,000
	<u>1,351,151</u>	<u>1,351,151</u>
RTCLF		
Board designated for:		
Endowment	10,005	10,005
Loan repayment fund	188,000	134,000
	<u>198,005</u>	<u>144,005</u>
	<u>\$ 1,549,156</u>	<u>\$ 1,495,156</u>

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

**Notes to the Financial Statements
June 30, 2017 and 2016**

NOTE 15. RELATED PARTY TRANSACTIONS

The parent organization has the following related transactions with the subsidiaries as of June 30, 2017 and 2016. These transactions have been eliminated from the consolidated financial statements.

	June 30, 2017			
	Related party Receivable	Related party Payable	Management Fees	Subgrantee Payments
CACLV	\$ 70,423	\$ 79,803	\$ -	\$ -
CADCA	23,507	31,051	79,467	126,914
CADCB	23,558	14,174	73,930	130,001
LVCLT	32,815	16,762	76,863	232,178
RTCLF	-	8,513	38,941	-
	<u>\$ 150,303</u>	<u>\$ 150,303</u>	<u>\$ 269,201</u>	<u>\$ 489,093</u>

	June 30, 2016			
	Related party Receivable	Related party Payable	Management Fees	Subgrantee Payments
CACLV	\$ 44,206	\$ 74,519	\$ -	\$ -
CADCA	13,466	15,522	78,698	133,604
CADCB	19,431	14,774	63,786	129,505
LVCLT	41,623	8,804	45,000	99,958
RTCLF	-	5,107	34,783	-
	<u>\$ 118,726</u>	<u>\$ 118,726</u>	<u>\$ 222,267</u>	<u>\$ 363,067</u>

CADCA rents office space from CACLV. Rental expense for the years ended June 30, 2017 and 2016 was \$13,000 and \$0, respectively.

NOTE 16. LEASE COMMITMENT

CACLV and its subsidiaries lease facilities (including program space), parking space and transportation and office equipment under various operating lease agreements. Rent expense under these agreements was \$84,226 and \$79,617 in 2017 and 2016, respectively. Future lease commitments are as follows:

	CACLV	CADCA	CADCB	Total
<u>Year Ending June 30,</u>				
2018	\$ 62,534	\$ 3,400	\$ 12,700	\$ 78,634
2019	60,376	3,400	13,200	76,976
2020	53,599	-	11,000	64,599
2021	45,955	-	-	45,955
2022	32,856	-	-	32,856
Thereafter	54,760	-	-	54,760
	<u>\$ 310,080</u>	<u>\$ 6,800</u>	<u>\$ 36,900</u>	<u>\$ 353,780</u>

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

**Notes to the Financial Statements
June 30, 2017 and 2016**

NOTE 17. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in various bank deposit accounts which at times exceeds the federal insured limits. The financial institutions are considered high quality and the Organization has not experienced any losses in such accounts.

The Organization receives a substantial portion of its support in the form of annual grants from federal, state and local governmental agencies. This support is dependent on the Organization's continued qualifications for such funding, together with the amounts available to the governmental sources. Accordingly, reductions in this support could have a significant impact on the Organization's operations.

NOTE 18. FAIR VALUE MEASUREMENTS

The estimated fair value of the Organization's financial instruments measured on a recurring basis as of June 30, 2017 and 2016 are as follows:

	June 30, 2017	
	<u>Fair Value</u>	<u>Valuation (Level 3)</u>
Annuity contract	\$ 147,619	\$ 147,619

	June 30, 2016	
	<u>Fair Value</u>	<u>Valuation (Level 3)</u>
Annuity contract	\$ 111,272	\$ 111,272

The change in the Organization's financial instrument measured on a recurring basis as of June 30, 2017 and 2016 is as follows:

	<u>Balance June 30, 2016</u>	<u>Unrealized Gain</u>	<u>Additions</u>	<u>Balance June 30, 2017</u>
Annuity contract	\$ 111,272	\$ 10,166	\$ 26,181	\$ 147,619

	<u>Balance June 30, 2015</u>	<u>Unrealized Loss</u>	<u>Additions</u>	<u>Balance June 30, 2016</u>
Annuity contract	\$ 61,481	\$ (1,002)	\$ 50,793	\$ 111,272

Level 3 are assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Consolidating Statements of Financial Position

June 30, 2017

ASSETS

CURRENT ASSETS

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
Cash and cash equivalents	\$ 1,257,053	\$ 80,505	\$ 177,517	\$ 117,091	\$ 1,025,409	\$ -	\$ 2,657,575
Restricted cash	28,458	367,544	82,160	72,160	474,656	-	1,024,978
Grant receivable	1,190,888	19,106	20,300	100,808	7,962	-	1,339,064
Unconditional promises to give	345,564	-	-	-	-	-	345,564
Accounts receivable, subsidiaries	70,423	23,507	23,558	32,815	-	(150,303)	-
Program loans receivable, net of reserve of \$124,200	-	-	-	-	177,301	-	177,301
Inventory	1,087,587	-	-	-	-	-	1,087,587
Property inventory, less loss reserve of \$94,000	-	-	-	187,320	-	-	187,320
Prepaid expenses	87,376	-	902	-	1,105	-	89,383
TOTAL	4,067,349	490,662	304,437	510,194	1,686,433	(150,303)	6,908,772

PROPERTY AND

EQUIPMENT

Land	26,477	-	-	-	-	-	26,477
Land held in trust	-	-	-	255,137	-	-	255,137
Building	8,244,792	-	-	-	-	-	8,244,792
Leasehold improvements	856,744	-	-	-	-	-	856,744
Equipment	1,394,671	19,422	16,449	-	9,747	-	1,440,289
	10,522,684	19,422	16,449	255,137	9,747	-	10,823,439
Less accumulated depreciation	3,710,697	19,240	16,449	-	3,599	-	3,749,985
TOTAL	6,811,987	182	-	255,137	6,148	-	7,073,454

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Consolidating Statements of Financial Position

June 30, 2017

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
ASSETS (cont.)							
OTHER ASSETS							
Unconditional promises to give	342,282	-	-	-	-	-	342,282
Investments	147,619	-	-	-	-	-	147,619
Program loans receivable, net of current portion	-	-	-	-	1,472,304	-	1,472,304
TOTAL	489,901	-	-	-	1,472,304	-	1,962,205
TOTAL ASSETS	\$ 11,369,237	\$ 490,844	\$ 304,437	\$ 765,331	\$ 3,164,885	\$ (150,303)	\$ 15,944,431

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Consolidating Statements of Financial Position

June 30, 2017

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Current portion of long-term debt	\$ 24,277	\$ -	\$ -	\$ -	\$ 290,000	\$ -	\$ 314,277
Line of credit	-	-	-	70,345	-	-	70,345
Accounts payable	276,044	52,058	6,768	2,321	528	-	337,719
Accounts payable, subsidiaries	79,803	31,051	14,174	16,762	8,513	(150,303)	-
Accrued expenses	50,052	4,850	4,891	5,300	6,650	-	71,743
Accrued interest	-	-	-	-	3,797	-	3,797
Accrued wages	268,672	10,650	6,843	3,537	4,018	-	293,720
Compensated absences	80,621	9,304	3,547	1,105	3,768	-	98,345
Deferred revenue	110,003	-	-	-	31,463	-	141,466
TOTAL	889,472	107,913	36,223	99,370	348,737	(150,303)	1,331,412
NONCURRENT LIABILITIES							
Long-term debt, less current maturities	1,169,040	-	-	-	1,200,000	-	2,369,040
TOTAL	2,058,512	107,913	36,223	99,370	1,548,737	(150,303)	3,700,452

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Consolidating Statements of Financial Position

June 30, 2017

NET ASSETS	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
UNRESTRICTED							
Undesignated	1,476,510	15,205	186,054	541,486	1,368,143	-	3,587,398
Board designated	1,351,151	-	-	-	198,005	-	1,549,156
Net investment in property and equipment	5,618,670	182	-	116,975	-	-	5,735,827
TOTAL	8,446,331	15,387	186,054	658,461	1,566,148	-	10,872,381
TEMPORARILY RESTRICTED							
Second Harvest Food Bank	755,242	-	-	-	-	-	755,242
Other	104,152	367,544	82,160	7,500	50,000	-	611,356
TOTAL	859,394	367,544	82,160	7,500	50,000	-	1,366,598
PERMANENTLY RESTRICTED							
Second Harvest Food Bank, Endowment	5,000	-	-	-	-	-	5,000
TOTAL NET ASSETS	9,310,725	382,931	268,214	665,961	1,616,148	-	12,243,979
TOTAL LIABILITIES AND NET ASSETS	\$ 11,369,237	\$ 490,844	\$ 304,437	\$ 765,331	\$ 3,164,885	\$ (150,303)	\$ 15,944,431

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Consolidating Statements of Financial Position

June 30, 2016

ASSETS	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
CURRENT ASSETS							
Cash and cash equivalents	\$ 1,232,184	\$ 45,144	\$ 223,384	\$ 220,926	\$ 1,121,098	\$ -	\$ 2,842,736
Restricted cash	36,869	303,868	129,873	70,640	274,553	-	815,803
Grant receivable	1,167,505	20,391	54,500	88,243	29,626	-	1,360,265
Unconditional promises to give	520,277	-	-	-	-	-	520,277
Accounts receivable, subsidiaries	44,206	13,466	19,431	41,623	-	(118,726)	-
Program loans receivable, net of reserve of \$109,100	-	-	-	-	172,528	-	172,528
Inventory	712,414	-	-	-	-	-	712,414
Property inventory, less loss reserve of \$108,000	-	-	-	238,571	-	-	238,571
Prepaid expenses	59,387	159	946	-	730	-	61,222
TOTAL	3,772,842	383,028	428,134	660,003	1,598,535	(118,726)	6,723,816
PROPERTY AND EQUIPMENT							
Land	26,477	-	-	-	-	-	26,477
Land held in trust	-	-	-	248,637	-	-	248,637
Building	8,219,412	-	-	-	-	-	8,219,412
Leasehold improvements	856,744	-	-	-	-	-	856,744
Equipment	1,315,734	19,422	16,449	-	5,747	-	1,357,352
	10,418,367	19,422	16,449	248,637	5,747	-	10,708,622
Less accumulated depreciation	3,448,009	18,749	16,449	-	1,447	-	3,484,654
TOTAL	6,970,358	673	-	248,637	4,300	-	7,223,968

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Consolidating Statements of Financial Position

June 30, 2016

ASSETS (cont.)	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
OTHER ASSETS							
Unconditional promises to give	710,776	-	-	-	-	-	710,776
Investments	111,272	-	-	-	-	-	111,272
Program loans receivable, net of current portion	-	-	-	-	1,276,944	-	1,276,944
TOTAL	822,048	-	-	-	1,276,944	-	2,098,992
TOTAL ASSETS	\$ 11,565,248	\$ 383,701	\$ 428,134	\$ 908,640	\$ 2,879,779	\$ (118,726)	\$ 16,046,776

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Consolidating Statements of Financial Position

June 30, 2016

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Current portion of long-term debt	\$ 26,327	\$ -	\$ -	-	\$ 230,000	\$ -	\$ 256,327
Line of credit	-	-	-	70,345	-	-	70,345
Accounts payable	417,881	40,379	90,618	7,662	11,833	-	568,373
Accounts payable, subsidiaries	74,519	15,522	14,774	8,804	5,107	(118,726)	-
Accrued expenses	52,226	5,250	7,353	5,750	7,250	-	77,829
Accrued interest	-	-	-	-	4,297	-	4,297
Accrued wages	224,022	10,596	4,677	2,200	3,543	-	245,038
Compensated absences	72,522	7,303	2,390	526	2,676	-	85,417
Deferred revenue	119,446	-	-	-	-	-	119,446
TOTAL	986,943	79,050	119,812	95,287	264,706	(118,726)	1,427,072
NONCURRENT LIABILITIES							
Long-term debt, less current maturities	1,964,967	-	-	-	1,050,000	-	3,014,967
TOTAL	2,951,910	79,050	119,812	95,287	1,314,706	(118,726)	4,442,039

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Consolidating Statements of Financial Position

June 30, 2016

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
NET ASSETS							
UNRESTRICTED							
Undesignated	819,313	110	178,449	645,127	1,421,068	-	3,064,067
Board designated	1,351,151	-	-	-	144,005	-	1,495,156
Net investment in property and equipment	4,979,064	673	-	168,226	-	-	5,147,963
TOTAL	7,149,528	783	178,449	813,353	1,565,073	-	9,707,186
TEMPORARILY RESTRICTED							
Second Harvest Food Bank	1,395,776	-	-	-	-	-	1,395,776
Other	63,034	303,868	129,873	-	-	-	496,775
TOTAL	1,458,810	303,868	129,873	-	-	-	1,892,551
PERMANENTLY RESTRICTED							
Second Harvest Food Bank, Endowment	5,000	-	-	-	-	-	5,000
TOTAL NET ASSETS	8,613,338	304,651	308,322	813,353	1,565,073	-	11,604,737
TOTAL LIABILITIES AND NET ASSETS	\$ 11,565,248	\$ 383,701	\$ 428,134	\$ 908,640	\$ 2,879,779	\$ (118,726)	\$ 16,046,776

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Consolidating Statements of Activities

Year Ended June 30, 2017

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
UNRESTRICTED							
REVENUE AND SUPPORT							
Contributions	\$ 1,986,873	\$ 138,201	\$ 200,410	\$ 17,985	\$ 41,393	\$ -	\$ 2,384,862
Grants	5,244,112	153,889	138,946	272,744	31,542	(489,093)	5,352,140
Donated food products	10,435,642	-	-	-	-	-	10,435,642
Shared maintenance fee	72,186	-	-	-	-	-	72,186
Program services	2,554,795	-	-	-	-	(282,201)	2,272,594
Program fees, net	-	22,562	1,375	7,813	15,354	-	47,104
Gain on sale of property	-	-	-	-	-	-	-
Interest income	1,233	-	-	-	133,356	-	134,589
TOTAL	20,294,841	314,652	340,731	298,542	221,645	(771,294)	20,699,117

Net assets released from restrictions:

For program operations	313,364	698,117	247,713	-	-	-	1,259,194
For capital additions	1,012,216	-	-	-	-	-	1,012,216
TOTAL	1,325,580	698,117	247,713	-	-	-	2,271,410

TOTAL UNRESTRICTED

REVENUE AND SUPPORT	21,620,421	1,012,769	588,444	298,542	221,645	(771,294)	22,970,527
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EXPENSES

Program	18,127,800	899,505	472,354	354,336	173,016	(492,593)	19,534,418
Supporting services:							
Management and general	1,792,482	62,559	83,298	84,004	40,532	(210,391)	1,852,484
Fundraising	403,336	36,101	25,187	-	7,022	(68,310)	403,336
TOTAL	20,323,618	998,165	580,839	438,340	220,570	(771,294)	21,790,238

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Consolidating Statements of Activities

Year Ended June 30, 2017

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
Loss on sale of homes	-	-	-	15,094	-	-	15,094
TOTAL EXPENSES AND LOSSES	<u>20,323,618</u>	<u>998,165</u>	<u>580,839</u>	<u>453,434</u>	<u>220,570</u>	<u>(771,294)</u>	<u>21,805,332</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>1,296,803</u>	<u>14,604</u>	<u>7,605</u>	<u>(154,892)</u>	<u>1,075</u>	<u>-</u>	<u>1,165,195</u>
UNRESTRICTED							
Net assets, beginning	<u>7,149,528</u>	<u>783</u>	<u>178,449</u>	<u>813,353</u>	<u>1,565,073</u>	<u>-</u>	<u>9,707,186</u>
Net assets, ending	<u>\$ 8,446,331</u>	<u>\$ 15,387</u>	<u>\$ 186,054</u>	<u>\$ 658,461</u>	<u>\$ 1,566,148</u>	<u>\$ -</u>	<u>\$ 10,872,381</u>
TEMPORARILY RESTRICTED REVENUE AND SUPPORT							
Contributions	\$ 726,164	\$ 761,793	\$ 200,000	\$ 7,500	\$ 50,000	\$ -	\$ 1,745,457
Grants	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
TOTAL	<u>726,164</u>	<u>761,793</u>	<u>200,000</u>	<u>7,500</u>	<u>50,000</u>	<u>-</u>	<u>1,745,457</u>
Net assets released from restrictions:							
For program operations	(313,364)	(698,117)	(247,713)	-	-	-	(1,259,194)
For capital additions	<u>(1,012,216)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,012,216)</u>
TOTAL	<u>(1,325,580)</u>	<u>(698,117)</u>	<u>(247,713)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,271,410)</u>

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC. AND SUBSIDIARIES

Consolidating Statements of Activities

Year Ended June 30, 2017

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
TEMPORARILY RESTRICTED REVENUE AND SUPPORT							
TOTAL TEMPORARILY RESTRICTED REVENUE AND SUPPORT	(599,416)	63,676	(47,713)	7,500	50,000	-	(525,953)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(599,416)	63,676	(47,713)	7,500	50,000	-	(525,953)
TEMPORARILY RESTRICTED Net assets, beginning	1,458,810	303,868	129,873	-	-	-	1,892,551
Net assets, ending	\$ 859,394	\$ 367,544	\$ 82,160	\$ 7,500	\$ 50,000	\$ -	\$ 1,366,598
TOTAL CHANGE IN NET ASSETS	\$ 697,387	\$ 78,280	\$ (40,108)	\$ (147,392)	\$ 51,075	\$ -	\$ 639,242

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Activities

Year Ended June 30, 2016

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
UNRESTRICTED							
REVENUE AND SUPPORT							
Contributions	\$ 1,719,897	\$ 130,869	\$ 217,742	\$ 104,276	\$ 59,986	\$ -	\$ 2,232,770
Grants	3,672,185	158,604	134,303	287,909	299,103	(363,067)	4,189,037
Donated food products	9,178,294	-	-	-	-	-	9,178,294
Shared maintenance fee	67,806	-	-	-	-	-	67,806
Program services	3,650,370	-	-	-	-	(222,267)	3,428,103
Program fees, net	-	32,423	2,566	8,224	20,890	-	64,103
Gain on sale of property	253,559	-	-	-	-	-	253,559
Interest income	1,122	-	-	-	110,695	-	111,817
TOTAL	18,543,233	321,896	354,611	400,409	490,674	(585,334)	19,525,489
Net assets released from restrictions:							
For program operations	64,968	689,570	251,902	-	-	-	1,006,440
For capital additions	1,534,013	-	-	-	-	-	1,534,013
TOTAL	1,598,981	689,570	251,902	-	-	-	2,540,453
TOTAL UNRESTRICTED							
REVENUE AND SUPPORT	20,142,214	1,011,466	606,513	400,409	490,674	(585,334)	22,065,942
EXPENSES							
Program	17,461,655	931,648	477,699	259,972	177,973	(363,067)	18,945,880
Supporting services:							
Management and general	1,748,041	73,659	99,379	51,377	33,828	(180,368)	1,825,916
Fundraising	345,641	21,566	10,153	-	10,180	(41,899)	345,641
TOTAL	19,555,337	1,026,873	587,231	311,349	221,981	(585,334)	21,117,437

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Activities

Year Ended June 30, 2016

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
Loss on sale of homes	-	-	-	171,594	-	-	171,594
TOTAL EXPENSES AND LOSSES	<u>19,555,337</u>	<u>1,026,873</u>	<u>587,231</u>	<u>482,943</u>	<u>221,981</u>	<u>(585,334)</u>	<u>21,289,031</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>586,877</u>	<u>(15,407)</u>	<u>19,282</u>	<u>(82,534)</u>	<u>268,693</u>	<u>-</u>	<u>776,911</u>
UNRESTRICTED							
Net assets, beginning	<u>6,562,651</u>	<u>16,190</u>	<u>159,167</u>	<u>895,887</u>	<u>1,296,380</u>	<u>-</u>	<u>8,930,275</u>
Net assets, ending	<u>\$ 7,149,528</u>	<u>\$ 783</u>	<u>\$ 178,449</u>	<u>\$ 813,353</u>	<u>\$ 1,565,073</u>	<u>\$ -</u>	<u>\$ 9,707,186</u>
TEMPORARILY RESTRICTED REVENUE AND SUPPORT							
Contributions	\$ 2,633,109	\$ 695,000	\$ 295,000	\$ -	\$ -	\$ -	\$ 3,623,109
Grants	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
TOTAL	<u>2,633,109</u>	<u>695,000</u>	<u>295,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,623,109</u>
Net assets released from restrictions:							
For program operations	(64,968)	(689,570)	(251,902)	-	-	-	(1,006,440)
For capital additions	(1,534,013)	-	-	-	-	-	(1,534,013)
TOTAL	<u>(1,598,981)</u>	<u>(689,570)</u>	<u>(251,902)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,540,453)</u>

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Activities

Year Ended June 30, 2016

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
TEMPORARILY RESTRICTED REVENUE AND SUPPORT							
TOTAL TEMPORARILY RESTRICTED REVENUE							
AND SUPPORT	1,034,128	5,430	43,098	-	-	-	1,082,656
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS							
1,034,128	1,034,128	5,430	43,098	-	-	-	1,082,656
TEMPORARILY RESTRICTED Net assets, beginning	424,682	298,438	86,775	-	-	-	809,895
Net assets, ending	\$ 1,458,810	\$ 303,868	\$ 129,873	\$ -	\$ -	\$ -	\$ 1,892,551
TOTAL CHANGE IN NET ASSETS	\$ 1,621,005	\$ (9,977)	\$ 62,380	\$ (82,534)	\$ 268,693	\$ -	\$ 1,859,567

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Functional Expenses

Year Ended June 30, 2017

PROGRAM EXPENSES	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
PERSONNEL:							
Salaries and wages	\$ 1,854,008	\$ 263,004	\$ 129,303	\$ 81,884	\$ 84,889	\$ -	\$ 2,413,088
Employee benefits/ payroll taxes	808,730	114,956	45,697	27,371	35,995	-	1,032,749
Conferences and training	33,069	778	715	467	416	-	35,445
Travel	35,464	4,373	105	2,486	1,608	-	44,036
TOTAL PERSONNEL:	2,731,271	383,111	175,820	112,208	122,908	-	3,525,318
Advertising and promotion	-	3,428	78	1,238	-	-	4,744
Computer tech support	-	-	-	-	-	-	-
Contracted services/ assistance	190,636	-	-	-	-	-	190,636
Depreciation	223,023	-	-	-	2,152	-	225,175
Dues and subscriptions	24,377	3,459	-	175	7,523	-	35,534
Equipment maintenance and repairs	27,978	2,965	3,112	745	458	-	35,258
Facility maintenance and utilities	420,956	-	-	1,209	-	-	422,165
Food distributions	10,060,469	-	-	-	-	-	10,060,469
Food purchases	1,055,543	-	-	-	-	-	1,055,543
Grants to affiliates	-	-	159,916	-	-	-	159,916
Insurance	36,792	-	-	-	293	-	37,085
Interest	35,500	-	-	-	16,642	-	52,142
Loan loss reserve	-	-	-	-	18,668	-	18,668
Management fees	-	3,500	-	-	-	(3,500)	-
Minor equipment purchase	22,542	-	-	-	-	-	22,542
Other expense	3,205	1,539	510	2,975	1,128	-	9,357

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Functional Expenses Year Ended June 30, 2017

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
PROGRAM EXPENSES (CONT.)							
Postage	63,390	3,130	300	277	798	-	67,895
Printing	52,980	1,734	349	362	1,229	-	56,654
Professional fees	1,744,536	4,413	8,153	-	496	-	1,757,598
Program contract costs							
and supplies	-	472,230	-	140,712	-	-	612,942
Project cost loss reserve	-	-	-	94,000	-	-	94,000
Real estate taxes	-	-	-	-	-	-	-
Rents	25,800	6,727	12,439	-	-	-	44,966
Subgrantee payments	548,013	1,000	100,000	-	-	(489,093)	159,920
Supplies	679,016	2,133	3,550	435	52	-	685,186
Telephone	45,010	10,136	8,127	-	669	-	63,942
Vehicle operation and repairs	136,763	-	-	-	-	-	136,763
TOTAL OTHER:	15,396,529	516,394	296,534	242,128	50,108	(492,593)	16,009,100
TOTAL PROGRAM EXPENSES	\$ 18,127,800	\$ 899,505	\$ 472,354	\$ 354,336	\$ 173,016	\$ (492,593)	\$ 19,534,418

MANAGEMENT AND GENERAL EXPENSES PERSONNEL:

Salaries and wages	\$ 873,070	\$ 888	\$ 12,165	\$ -	\$ -	\$ -	\$ 886,123
Employee benefits/ payroll taxes	358,892	175	6,958	-	-	-	366,025
Conferences and training	16,508	160	-	-	-	-	16,668
Temporary employees	-	-	-	-	-	-	-
Travel	12,109	158	410	-	-	-	12,677
TOTAL PERSONNEL:	1,260,579	1,381	19,533	-	-	-	1,281,493

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Functional Expenses

Year Ended June 30, 2017

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
MANAGEMENT AND							
GENERAL EXPENSES (CONT.)							
Advertising and promotion	\$ -	\$ -	\$ 180	\$ -	\$ -	\$ -	180
Contracted services/assistance	3,073	-	-	-	-	-	3,073
Depreciation	97,218	491	-	-	-	-	97,709
Dues and subscriptions	12,689	721	490	-	-	-	13,900
Equipment maintenance and repairs	8,529	951	1,632	-	-	-	11,112
Facility maintenance and utilities	100,184	-	-	-	-	-	100,184
Grants - Southside							
Revitalization	-	-	3,267	-	-	-	3,267
Insurance	34,419	666	297	-	-	-	35,382
Interest	7,607	-	-	-	-	-	7,607
Management fees	-	39,866	48,743	76,863	31,919	(197,391)	-
Minor equipment							
purchase	23,159	-	-	-	-	-	23,159
Other expense	21,652	2,913	1,520	-	-	-	26,085
Payroll processing	-	-	-	-	1,963	-	1,963
Postage	4,990	-	-	-	-	-	4,990
Printing	13,127	-	-	-	-	-	13,127
Professional fees	144,863	480	554	7,141	6,650	-	159,688
Program contract costs							
and supplies	-	31	-	-	-	-	31
Rents	-	13,890	3,848	-	-	(13,000)	4,738
Subgrantee payments	10,000	-	-	-	-	-	10,000
Supplies	17,676	211	2,118	-	-	-	20,005
Telephone	31,936	958	1,116	-	-	-	34,010
Vehicle operation and repairs	781	-	-	-	-	-	781
TOTAL OTHER:	531,903	61,178	63,765	84,004	40,532	(210,391)	570,991

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Functional Expenses

Year Ended June 30, 2017

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
MANAGEMENT AND							
GENERAL EXPENSES (CONT.)							
TOTAL MANAGEMENT							
AND GENERAL	\$ 1,792,482	\$ 62,559	\$ 83,298	\$ 84,004	\$ 40,532	\$ (210,391)	\$ 1,852,484
FUND RAISING EXPENSES							
PERSONNEL:							
Salaries and wages	\$ 257,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 257,094
Employee benefits/ payroll taxes	76,710	-	-	-	-	-	76,710
Conferences and training	6,915	-	-	-	-	-	6,915
Travel	6,288	-	-	-	-	-	6,288
TOTAL PERSONNEL:	347,007	-	-	-	-	-	347,007
Dues and subscriptions	5,847	-	-	-	-	-	5,847
Management fees	-	36,101	25,187	-	7,022	(68,310)	-
Minor equipment purchase	5,710	-	-	-	-	-	5,710
Other expense	2,731	-	-	-	-	-	2,731
Postage	12,364	-	-	-	-	-	12,364
Printing	13,023	-	-	-	-	-	13,023
Supplies	5,625	-	-	-	-	-	5,625
Telephone	11,029	-	-	-	-	-	11,029
TOTAL OTHER:	56,329	36,101	25,187	-	7,022	(68,310)	56,329
TOTAL FUND RAISING							
EXPENSES	\$ 403,336	\$ 36,101	\$ 25,187	\$ -	\$ 7,022	\$ (68,310)	\$ 403,336

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

**Consolidating Statements of Functional Expenses
Year Ended June 30, 2016**

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
PROGRAM EXPENSES							
PERSONNEL:							
Salaries and wages	\$ 1,838,288	\$ 261,187	\$ 133,910	\$ 65,265	\$ 84,132	\$ -	\$ 2,382,782
Employee benefits/ payroll taxes	796,846	93,336	47,548	14,641	30,808	-	983,179
Conferences and training	22,443	1,619	1,499	632	858	-	27,051
Travel	34,343	3,047	-	1,268	3,632	-	42,290
TOTAL PERSONNEL:	2,691,920	359,189	182,957	81,806	119,430	-	3,435,302
Advertising and promotion	-	8,998	4,669	508	-	-	14,175
Computer Tech Support	-	-	-	189	24	-	213
Contracted services/ assistance	314,134	-	-	-	-	-	314,134
Depreciation	229,470	-	-	-	-	-	229,470
Dues and subscriptions	27,516	2,201	374	276	7,357	-	37,724
Equipment maintenance and repairs	38,594	3,670	2,998	431	569	-	46,262
Facility maintenance and utilities	330,733	-	-	1,514	-	-	332,247
Food distributions	9,055,068	-	-	-	-	-	9,055,068
Food purchases	838,300	-	-	-	-	-	838,300
Grants to affiliates	-	-	158,907	-	-	-	158,907
Insurance	44,005	-	-	-	327	-	44,332
Interest	45,855	-	-	-	13,079	-	58,934
Loan loss reserve	-	-	-	-	33,292	-	33,292
Management fees	-	-	-	-	-	-	-
Minor equipment purchase	18,151	-	-	-	-	-	18,151
Other expense	3,687	1,932	1,203	287	916	-	8,025

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Functional Expenses

Year Ended June 30, 2016

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
PROGRAM EXPENSES (CONT.)							
Payroll processing	-	-	-	-	-	-	-
Postage	45,498	1,253	236	254	665	-	47,906
Printing	42,592	2,160	445	548	472	-	46,217
Professional fees	2,655,935	4,746	4,813	-	1,037	-	2,666,531
Program contract costs							
and supplies	-	524,514	-	66,015	-	-	590,529
Project cost loss reserve	-	-	-	108,000	-	-	108,000
Real estate taxes	44,267	-	-	-	-	-	44,267
Rents	26,430	9,604	13,607	-	-	-	49,641
Subgrantee payments	388,874	750	100,000	-	-	(363,067)	126,557
Supplies	444,007	2,542	1,124	144	149	-	447,966
Telephone	45,546	10,089	6,366	-	656	-	62,657
Vehicle operation and repairs	131,073	-	-	-	-	-	131,073
TOTAL OTHER:	14,769,735	572,459	294,742	178,166	58,543	(363,067)	15,510,578
TOTAL PROGRAM EXPENSES	\$ 17,461,655	\$ 931,648	\$ 477,699	\$ 259,972	\$ 177,973	\$ (363,067)	\$ 18,945,880

MANAGEMENT AND GENERAL EXPENSES

PERSONNEL:

Salaries and wages	\$ 832,382	\$ 5,147	\$ 17,318	\$ -	\$ -	\$ -	\$ 854,847
Employee benefits/ payroll taxes	325,503	1,518	954	-	-	-	327,975
Conferences and training	20,621	177	441	-	-	-	21,239
Temporary employees	13,575	-	-	-	-	-	13,575
Travel	14,970	-	1,107	-	-	-	16,077
TOTAL PERSONNEL:	1,207,051	6,842	19,820	-	-	-	1,233,713

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Functional Expenses

Year Ended June 30, 2016

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
MANAGEMENT AND							
GENERAL EXPENSES (CONT.)							
Advertising and promotion	\$ -	\$ 830	\$ 120	\$ -	\$ -	\$ -	\$ 950
Computer tech support			97				97
Contracted services/assistance	-	-	-	-	-	-	-
Depreciation	99,508	606	243	-	-	-	100,357
Dues and subscriptions	15,561	721	624	-	-	-	16,906
Equipment maintenance and repairs	8,150	-	1,609	-	-	-	9,759
Facility maintenance and utilities	94,515	-	-	-	-	-	94,515
Grants - Southside Revitalization	-	-	17,307	-	-	-	17,307
Insurance	38,870	645	1,400	-	-	-	40,915
Interest	13,456	-	-	-	-	-	13,456
Management fees	-	57,132	53,633	45,000	24,603	(180,368)	-
Minor equipment purchase	18,552	-	-	-	-	-	18,552
Other expense	21,750	3,156	822	-	-	-	25,728
Payroll processing	-	-	-	-	1,975	-	1,975
Postage	8,538	7	56	-	-	-	8,601
Printing	11,775	-	-	-	-	-	11,775
Professional fees	163,243	908	469	6,377	7,250	-	178,247
Program contract costs and supplies	-	2,158	-	-	-	-	2,158
Rents	100	-	855	-	-	-	955
Supplies	19,356	246	886	-	-	-	20,488
Telephone	27,330	408	1,438	-	-	-	29,176
Vehicle operation and repairs	286	-	-	-	-	-	286
TOTAL OTHER:	540,990	66,817	79,559	51,377	33,828	(180,368)	592,203

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Functional Expenses

Year Ended June 30, 2016

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals
TOTAL MANAGEMENT AND GENERAL	\$ 1,748,041	\$ 73,659	\$ 99,379	\$ 51,377	\$ 33,828	\$ (180,368)	\$ 1,825,916
FUND RAISING EXPENSES							
PERSONNEL:							
Salaries and wages	\$ 209,557	\$ -	\$ -	-	\$ -	-	\$ 209,557
Employee benefits/ payroll taxes	70,660	-	-	-	-	-	70,660
Conferences and training	6,001	-	-	-	-	-	6,001
Travel	7,341	-	-	-	-	-	7,341
TOTAL PERSONNEL:	293,559	-	-	-	-	-	293,559
Dues and subscriptions	6,096	-	-	-	-	-	6,096
Management fees	-	21,566	10,153	-	10,180	(41,899)	-
Minor equipment purchase	3,104	-	-	-	-	-	3,104
Other expense	2,151	-	-	-	-	-	2,151
Postage	7,859	-	-	-	-	-	7,859
Printing	9,901	-	-	-	-	-	9,901
Supplies	14,125	-	-	-	-	-	14,125
Telephone	8,846	-	-	-	-	-	8,846
TOTAL OTHER:	52,082	21,566	10,153	-	10,180	(41,899)	52,082
TOTAL FUND RAISING EXPENSES	\$ 345,641	\$ 21,566	\$ 10,153	\$ -	\$ 10,180	\$ (41,899)	\$ 345,641

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Parent Company's Statement of Program Expenses

Year Ended June 30, 2017

PROGRAM EXPENSES

PERSONNEL:

Weatherization Program	Ontrack	Sixth Street Shelter	SHFB	CAFS	Work Ready Program	Custody Subcontractor	Racial and Ethnic Justice Program	Slate Belt Rising	WWNP	Total Program
Salaries and wages	\$ 396,190	\$ 270,541	\$ 526,070	\$ 191,042	\$ 144,514	\$ -	\$ 49,144	\$ 19,001	\$ 22,308	\$ 1,854,008
Employee benefits/ payroll taxes	184,292	107,003	229,905	76,272	53,937	-	24,194	5,954	8,053	808,730
Conferences and training	1,995	1,021	19,302	-	1,359	-	7,792	-	204	33,069
Travel	7,892	669	19,102	2,309	101	-	3,853	48	1,462	35,464
TOTAL PERSONNEL:	590,369	379,234	794,379	269,623	199,911	-	84,983	25,003	32,027	2,731,271

Contracted services/

assistance	-	11,827	-	-	-	164,253	2,510	11,976	70	190,636
Depreciation	-	122,995	99,898	130	-	-	-	-	-	223,023
Dues and subscriptions	1,227	657	17,141	5,132	140	-	-	25	55	24,377
Equipment maintenance	-	-	-	-	-	-	-	-	-	-
and repairs	2,518	338	14,323	4,889	3,830	-	1	-	-	27,978
Facility maintenance and utilities	-	-	186,455	234,501	-	-	-	-	-	420,956
Food distributions	-	-	10,060,469	-	-	-	-	-	-	10,060,469
Food purchases	-	-	1,055,543	-	-	-	-	-	-	1,055,543
Insurance	7,659	1,733	12,591	293	2,680	-	-	-	183	36,792
Interest	-	-	35,500	-	-	-	-	-	-	35,500
Minor equipment purchase	2,244	984	10,166	20	5,413	-	62	1,270	-	22,542
Other expense	2	-	1,437	(60)	-	-	1,500	-	(67)	3,205
Postage	1,771	10,281	41,880	3,954	89	-	48	2	5	63,390
Printing	-	1,513	34,733	2,385	75	-	274	2,451	25	52,980
Professional fees	1,726,748	50	1,095	-	9,122	-	4,034	2,032	665	1,744,536
Real estate taxes	-	-	-	-	-	-	-	-	-	-
Rents	-	-	-	-	25,800	-	-	-	-	25,800
Subgrantee payments	-	-	-	-	-	538,793	-	-	-	548,013
Supplies	552,398	2,546	96,250	3,736	13,117	-	3,450	204	2,001	679,016
Telephone	9,871	-	14,626	-	1,516	-	600	424	2,676	45,010
Vehicle operation and repairs	21,763	-	112,052	-	-	-	-	-	-	136,763
TOTAL OTHER:	2,326,201	17,445	11,842,205	20,479	61,782	703,046	12,479	18,384	5,613	15,396,529

TOTAL PROGRAM	\$ 2,916,570	\$ 373,187	\$ 12,636,584	\$ 290,102	\$ 261,693	\$ 703,046	\$ 97,462	\$ 43,387	\$ 37,640	\$ 18,127,980
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COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Parent Company's Statement of Program Expenses

Year Ended June 30, 2016

	Weatherization Program	Ontrack	Sixth Street Shelter	SHFB	CAFS	Work Ready Program	Custody Subcontractor	Racial and Ethnic Justice Program	WWNP	Total Program
PROGRAM EXPENSES										
PERSONNEL:										
Salaries and wages	\$ 399,057	\$ 215,184	\$ 265,231	\$ 519,811	\$ 213,275	\$ 158,112	\$ -	\$ 8,123	\$ 59,495	\$ 1,838,288
Employee benefits/ payroll taxes	186,201	104,035	121,549	227,617	77,260	54,306	-	2,042	23,836	796,846
Conferences and training	1,992	333	882	14,562	1,914	1,490	-	-	1,270	22,443
Travel	2,456	21	832	24,564	4,152	979	-	-	1,339	34,343
TOTAL PERSONNEL:	589,706	319,573	388,494	786,554	296,601	214,887	-	10,165	85,940	2,691,920
Contracted services/										
assistance	-	-	24,084	46,452	-	-	212,676	-	30,922	314,134
Depreciation	486	-	123,383	104,683	201	717	-	-	-	229,470
Dues and subscriptions	1,850	-	415	19,334	5,761	40	-	-	116	27,516
Equipment maintenance and repairs	4,266	384	1,459	24,250	4,455	3,341	-	-	439	38,594
Facility maintenance and utilities	-	86	118,023	211,478	-	-	-	-	1,146	330,733
Food distributions	-	-	-	9,055,068	-	-	-	-	-	9,055,068
Food purchases	-	-	-	838,300	-	-	-	-	-	838,300
Insurance	11,960	1,383	10,503	15,496	1,924	2,550	-	-	189	44,005
Interest	-	-	-	45,855	-	-	-	-	-	45,855
Minor equipment purchase	1,845	2,272	2,838	10,612	-	48	-	-	536	18,151
Other expense	-	-	171	3,140	-	376	-	-	-	3,687
Postage	1,680	8,952	3,837	26,559	4,155	66	-	-	249	45,498
Printing	75	1,407	5,616	32,242	2,258	150	-	-	844	42,592
Professional fees	2,638,907	208	1,109	8,510	-	6,474	-	8	719	2,655,935
Real Estate Taxes	-	-	-	44,267	-	-	-	-	-	44,267
Rents	-	-	-	-	-	25,800	-	-	630	26,430
Subgrantee payments	-	-	13,807	12,000	-	-	363,067	-	-	388,874
Supplies	364,981	2,820	7,352	45,562	4,585	11,846	-	2,058	4,803	444,007
Telephone	9,721	-	13,688	12,932	-	1,320	-	-	7,885	45,546
Vehicle operation and repairs	27,967	-	2,639	100,467	-	-	-	-	-	131,073
TOTAL OTHER:	3,063,738	17,512	328,924	10,657,207	23,339	52,728	575,743	2,066	48,478	14,769,735
TOTAL PROGRAM	\$ 3,653,444	\$ 337,085	\$ 717,418	\$ 11,443,761	\$ 319,940	\$ 267,615	\$ 575,743	\$ 12,231	\$ 134,418	\$ 17,461,655

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

<u>Federal Grantor Project Title</u>	<u>Federal CFDA#</u>	<u>Pass Through Grantor's Numbers</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Passed Through To Subrecipients</u>	<u>Accrued or (Deferred) Revenues At July 1, 2016</u>	<u>Revenue Recognized/ Expenditures</u>	<u>Accrued or (Deferred) Revenues At June 30, 2017</u>
<u>U.S. Department of Agriculture</u>									
<i>Passed Through the Pennsylvania Association of Rehabilitation Facilities</i>									
Commodity Supplemental Food Program (Administrative Costs)	10.565	N/A	10/1/15 - 9/30/16	\$ -	\$ 70,928	\$ -	\$ 34,091	\$ 36,837	\$ -
Commodity Supplemental Food Program (Administrative Costs)	10.565	N/A	10/1/16 - 9/30/17	-	77,830	-	-	120,164	42,334
Commodity Supplemental Food Program (Food Commodities)	10.565	N/A	7/01/15 - 6/30/16	-	554,499	-	160,324	553,573	159,398 #
Total Commodity Supplemental Food Program	10.565			-	703,257	-	194,415	710,574	201,732
<u>Passed Through Lehigh County, Pennsylvania</u>									
Emergency Food Assistance Program (Administrative Costs)	10.568	N/A	10/1/16 - 9/30/17	-	4,148	-	-	18,178	14,030
Emergency Food Assistance Program (Administrative Costs)	10.568	N/A	10/1/15 - 9/30/16	-	19,390	-	6,116	13,274	-
<u>Passed Through Northampton County, Pennsylvania</u>									
Emergency Food Assistance Program (Administrative Costs)	10.568	14-1066	10/1/16 - 9/30/17	-	3,590	-	-	14,543	10,953
Emergency Food Assistance Program (Administrative Costs)	10.568	15-1066	10/1/15 - 9/30/16	-	24,339	-	11,131	13,208	-
<u>Passed Through Carbon County, Pennsylvania</u>									
Emergency Food Assistance Program (Administrative Costs)	10.568	N/A	10/1/16 - 9/30/17	-	1,481	-	-	4,069	2,588
Emergency Food Assistance Program (Administrative Costs)	10.568	N/A	10/1/15 - 9/30/16	-	4,879	-	1,859	3,020	-
Total Emergency Food Assistance Program	10.568			-	57,827	-	19,106	66,292	27,571
<u>Passed Through Lehigh County, Pennsylvania</u>									
Emergency Food Assistance Program (Food Commodities)	10.569	N/A	10/1/16 - 9/30/17	-	688,947	-	20,803	745,862	77,718 #
<u>Passed Through Northampton County, Pennsylvania</u>									
Emergency Food Assistance Program (Food Commodities)	10.569	12-1066	10/1/16 - 9/30/17	-	167,121	-	11,552	216,367	60,798 #
<u>Passed Through Carbon County, Pennsylvania</u>									
Emergency Food Assistance Program (Food Commodities)	10.569	N/A	10/1/16 - 9/30/17	-	43,697	-	8,939	45,502	10,744 #
Total Emergency Food Assistance Program	10.569			-	899,765	-	41,294	1,007,731	149,260
Total Food Distribution Cluster				-	1,660,849	-	254,815	1,784,597	378,563
Total U.S. Department of Agriculture				-	1,660,849	-	254,815	1,784,597	378,563
<u>U.S. Department of Housing & Urban Development</u>									
<i>Passed Through the Pennsylvania Housing Finance Agency</i>									
Housing Counseling Assistance Program	14.169		8/1/13 - 3/31/15	50,000	-	-	(12,396)	1,031	(11,365)
<u>Passed Through the City of Allentown</u>									
Community Development Block Grant	14.218		7/1/16 - 6/30/17	10,000	10,000	-	-	10,000	-
<u>Passed Through the City of Bethlehem</u>									
Community Development Block Grant	14.218	CDBG-2015-7	1/1/15 - 12/31/16	15,000	10,996	-	3,559	7,437	-
<u>Passed Through the City of Easton</u>									
Community Development Block Grant	14.218		1/1/15 - 12/31/17	30,000	9,610	-	-	9,610	-

See Notes to Schedule of Expenditure of Federal Awards.

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Federal Grantor Project Title	Federal CFDA#	Pass Through Grantor's Numbers	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Passed Through To Subrecipients	Accrued or (Deferred) Revenues At July 1, 2016	Revenue Recognized/ Expenditures	Accrued or (Deferred) Revenues At June 30, 2017
<i>Passed Through Northampton County</i>									
Community Development Block Grant	14.218	B-12-US-42-0012	7/1/13 - 12/31/17	450,000	241,063	232,178	41,623	232,178	32,738
Community Development Block Grant	14.218		10/18/16 - 12/31/17	20,000	-	-	-	8,488	8,488
Community Development Block Grant	14.218		5/1/16 - 4/30/17	40,000	317	-	-	16,660	16,363
Community Development Block Grant	14.218		1/1/16 - 12/31/16	30,000	5,940	-	-	13,789	7,849
Community Development Block Grant	14.218		1/1/16 - 12/31/16	30,000	9,215	-	6,233	10,644	7,662
Total Community Development Block Grant	14.218			625,000	287,141	232,178	51,415	308,826	73,100
<i>Passed Through the City of Allentown</i>									
Emergency Solutions Grant Program	14.231		7/1/15 - 6/30/16	30,000	262	-	262	-	-
Emergency Solutions Grant Program	14.231		7/1/16 - 6/30/17	30,000	28,652	-	-	30,000	1,348
<i>Passed Through Lehigh County</i>									
Emergency Solutions Grant Program	14.231	C000064184	9/19/16 - 3/19/18	148,700	-	-	-	1,910	1,910
Total Emergency Solutions Grant Program	14.231			208,700	28,914	-	262	31,910	3,258
Supportive Housing Program	14.235	PA0209L3T091508	10/1/16 - 9/30/17	64,325	18,313	-	-	54,675	36,362
Supportive Housing Program	14.235	PA0209L3T091407	10/1/15 - 9/30/16	64,325	35,482	-	13,584	21,898	-
Total Supportive Housing Program	14.235			128,650	53,795	-	13,584	76,573	36,362
Total U.S. Department of Housing & Urban Development				1,012,350	369,850	232,178	52,865	418,340	101,355
<i>U.S. Department of Energy</i>									
<i>Passed Through the Pennsylvania</i>									
Department of Community & Economic Development	81.042	C000056906	7/1/16 - 6/30/17	6,598,856	151,125	-	-	234,118	82,993
Weatherization Assistance for Low-Income Persons	81.042	C000056906	7/1/15 - 6/30/17	6,947,728	179,393	-	79,619	99,486	(288)
Total U.S. Department of Energy	81.042			13,546,584	330,518	-	79,619	333,604	82,705
<i>U.S. Department of Health & Human Services</i>									
<i>Passed Through the Pennsylvania</i>									
Department of Public Welfare									
Temporary Assistance to Needy Families	93.558	4100064754	10/1/16 - 9/30/17	300,722	62,088	-	-	213,778	151,690
(Supported Work/Supported Engagement Program)									
Temporary Assistance to Needy Families	93.558	4100064754	10/1/15 - 9/30/16	300,722	155,228	-	76,556	78,672	-
(Supported Work/Supported Engagement Program)									
Total Temporary Assistance to Needy Families	93.558			601,444	217,316	-	76,556	292,450	151,690
<i>Passed Through the Pennsylvania</i>									
Department of Community & Economic Development									
Low-Income Home Energy Assistance	93.568	C000061716-4	10/1/16 - 9/30/17	999,818	806,058	-	-	838,035	31,977
Low-Income Home Energy Assistance	93.568	C000061716-2	10/1/15 - 6/30/17	999,818	186,270	-	27,268	168,682	9,680
Total Low-Income Home Energy Assistance	93.568			1,999,636	992,328	-	27,268	1,006,717	41,657

See Notes to Schedule of Expenditure of Federal Awards.

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Federal Grantor Project Title	Federal CFDA#	Pass Through Grantor's Numbers	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Passed Through To Subrecipients	Accrued or (Deferred) Revenues At July 1, 2016	Revenue Recognized/ Expenditures	Accrued or (Deferred) Revenues At June 30, 2017
<i>Passed Through the Pennsylvania</i>									
<i>Department of Community & Economic Development</i>									
Community Services Block Grant	93.569	C000057122	1/1/17 - 12/31/17	4,458,176	537,100	130,001	-	701,282	164,182
Community Services Block Grant	93.569	C000057122	1/1/16 - 12/31/16	4,458,176	790,880	126,914	164,906	625,974	-
Total Community Services Block Grant	93.569			8,916,352	1,327,980	256,915	164,906	1,327,256	164,182
Total U.S. Department of Health & Human Services				11,517,432	2,537,624	256,915	288,730	2,626,423	357,529
<i>U.S. Department of Homeland Security</i>									
<i>Passed Through the United Way of Lehigh Valley</i>									
Emergency Food and Shelter National Board Program	97.024	N/A	2/1/16 - 3/31/17	31,107	31,107	-	-	31,107	-
Total Emergency Food and Shelter National Board Program	97.024			31,107	31,107	-	-	31,107	-
Total U.S. Department of Homeland Security				31,107	31,107	-	-	31,107	-
Total Federal Awards				\$ 26,107,473	\$ 4,929,948	\$ 489,093	\$ 656,029	\$ 5,194,071	\$ 920,152

Beginning and ending accrued indicates beginning and ending inventory values of commodities.

See Notes to Schedule of Expenditure of Federal Awards.

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

**Notes to the Schedule of Federal Awards
Year Ended June 30, 2017**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Community Action Committee of the Lehigh Valley, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Community Action Committee of the Lehigh Valley, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Action Committee of the Lehigh Valley, Inc..

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, *Cost Principles for Non-profit Organizations*) wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

Community Action Committee of the Lehigh Valley, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. SUBRECEIPIENTS

The Organization provided federal awards to subrecipients, all of which are non-profit subsidiaries of the auditee, as follows:

<u>Program Title/ Recipient Agency</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
<u>Community Services Block Grant</u>	93.569	
Community Action Development Corporation of Allentown (CADCA)		\$ 126,914
Community Action Development Corporation of Bethlehem (CADCB)		130,001
		<u>\$ 256,915</u>
<u>Community Development Block Grant</u>	14.218	
Lehigh Valley Community Land Trust (LVCLT)		\$ 232,178
		<u>\$ 232,178</u>

NOTE 5. FOOD DISTRIBUTION CLUSTER

Emergency Food Assistance Program – CFDA 10.569 and Commodity Supplemental Food Program – CFDA #10.565

Nonmonetary assistance is reported in the schedule at the fair market value, as determined by the County funding agencies, of the commodities received and disbursed.

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

**Notes to the Schedule of Federal Awards
Year Ended June 30, 2017**

NOTE 6. NONCASH FEDERAL AWARDS EXPENDED

The following represents noncash federal awards expended include in the schedule of expenditures of federal awards:

Commodity Supplemental Food Program - Food Commodities (10.565)	\$ 553,573
Emergency Food Assistance Program - Food Commodities (10.569)	<u>1,007,731</u>
	<u>\$ 1,561,304</u>



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

To the Board of Directors
Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries
Bethlehem, 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 Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2017. The financial statements of the 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.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Buckno Lisicky & Co PC

Allentown, Pennsylvania
December 6, 2017



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries
Bethlehem, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' major federal programs for the year ended June 30, 2017. Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' compliance.

Opinion on Each Major Federal Program

In our opinion, Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for

each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' 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 control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Buckno Lisicky & Co PC

Allentown, Pennsylvania
December 6, 2017

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Section I: Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

* Material weaknesses identified? _____yes **X**no

* Significant deficiencies identified
that are not considered to be
material weaknesses? _____yes **X**none
reported

Noncompliance material to financial
statements noted? _____yes **X**no

Federal Awards:

Internal control over major programs:

* Material weaknesses identified? _____yes **X**no

* Significant deficiencies identified
that are not considered to be
material weaknesses? _____yes **X**none
reported

Type of auditors' report issued for
compliance for major programs: Unqualified

Any audit findings disclosed that are
required to be reported in accordance
with 2 CFR 200.516(a)? _____yes **X**no

Identification of major programs:

CFDA Number

10.565, 10.568 and 10.569
81.042

Name of Federal Program

Food Distribution Cluster
Weatherization Assistance for Low Income
Persons

Dollar threshold used to distinguish
between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Xyes ____no

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
AND SUBSIDIARIES**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Section II: Financial Statement Findings

No findings to be reported.

Section III: Federal Award Findings

No findings to be reported.