

**RIPPLE COMMUNITY INC.
and
RCI VILLAGE PROPERTIES
(Not-for-Profit Corporations)**

**Consolidated Financial Statements and
Independent Accountant's Review Report**

September 30, 2022

**CAMPBELL, RAPPOLD & YURASITS LLP
Certified Public Accountants
1033 South Cedar Crest Boulevard Allentown, PA 18103**

**RIPPLE COMMUNITY INC.
and
RCI VILLAGE PROPERTIES
(Not-for-Profit Corporations)
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Boards of Directors
Ripple Community Inc. and
RCI Village Properties
1335 W. Linden Street
Allentown, PA 18102

We have reviewed the accompanying consolidated financial statements of Ripple Community Inc. and RCI Village Properties (Not-for-Profit Corporations), which comprise the consolidated statement of financial position as of September 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Ripple Community Inc. and RCI Village Properties and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 6 to the consolidated financial statements, a change in accounting principle resulting in an overstatement of amounts previously reported for net assets as of September 30, 2021, were adjusted by management of the entity during the current year. Accordingly amounts reported for accounts receivable, prepaid expenses, accounts payable, accrued expenses, and net assets without donor restrictions have been restated as of October 1, 2021. Our conclusion is not modified with respect to that matter.

Congbell, Rappold & Yasaita LLP

February 10, 2023

**RIPPLE COMMUNITY INC.
and
RCI VILLAGE PROPERTIES
(Not-for-Profit Corporations)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
September 30, 2022**

	Ripple Community Inc.	RCI Village Properties	Eliminations	Total 2022
ASSETS				
Cash and Cash Equivalents	\$ 457,864	\$ 249,974	\$ -	\$ 707,838
Accounts Receivable	5,873	-	-	5,873
Pledges Receivable	10,413	-	-	10,413
Prepaid Expenses	2,270	-	-	2,270
Property and Equipment (Net of Accumulated Depreciation) (Note 4)	3,330	-	-	3,330
TOTAL ASSETS	479,750	249,974	-	729,724
LIABILITIES				
Accrued Payroll	25,778	-	-	25,778
TOTAL LIABILITIES	25,778	-	-	25,778
NET ASSETS				
Without Donor Restrictions				
Undesignated	420,022	9,985	-	430,007
With Donor Restrictions (Note 5)	33,950	239,989	-	273,939
TOTAL NET ASSETS	453,972	249,974	-	703,946
TOTAL LIABILITIES AND NET ASSETS	\$ 479,750	\$ 249,974	\$ -	\$ 729,724

See independent accountant's review report and notes to consolidated financial statements.

**RIPPLE COMMUNITY INC.
and
RCI VILLAGE PROPERTIES
(Not-for-Profit Corporations)
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022**

	Ripple Community Inc.	RCI Village Properties	Eliminations	Year Ended September 30, 2022
Changes in Net Assets Without Donor Restrictions:				
<i>Revenues and Public Support:</i>				
Contributions and Grants	\$ 288,982	\$ -	\$ -	\$ 288,982
Government Grants	20,200	-	-	20,200
Interest Income	76	-	-	76
Net Assets Released from Donor Restrictions	128,127	-	-	128,127
Total Revenues and Public Support	<u>437,385</u>	<u>-</u>	<u>-</u>	<u>437,385</u>
<i>Expenses:</i>				
Program Services	353,492	-	-	353,492
Supporting Services				
Management and General	52,543	15	-	52,558
Fundraising	21,221	-	-	21,221
Total Expenses	<u>427,256</u>	<u>15</u>	<u>-</u>	<u>427,271</u>
Changes in Net Assets Without Donor Restrictions	<u>10,129</u>	<u>(15)</u>	<u>-</u>	<u>10,114</u>
Changes in Net Assets With Donor Restrictions:				
Contributions and Grants	134,045	239,989	-	374,034
Net Assets Released from Donor Restrictions	(128,127)	-	-	(128,127)
Changes in Net Assets With Donor Restrictions	<u>5,918</u>	<u>239,989</u>	<u>-</u>	<u>245,907</u>
Increase in Net Assets	16,047	239,974	-	256,021
Net Assets, October 1, as Restated (Note 6)	<u>437,925</u>	<u>10,000</u>	<u>-</u>	<u>447,925</u>
Net Assets, September 30	<u>\$ 453,972</u>	<u>\$ 249,974</u>	<u>\$ -</u>	<u>\$ 703,946</u>

See independent accountant's review report and notes to consolidated financial statements.

RIPPLE COMMUNITY INC.
and
RCI VILLAGE PROPERTIES
(Not-for-Profit Corporations)
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2022

	Program Services	Management and General	Fundraising	Year Ended September 30, 2022
Salaries	\$ 213,027	\$ 26,314	\$ 11,526	\$ 250,867
Payroll Taxes	19,614	2,423	1,061	23,098
Employee Benefits	6,649	821	360	7,830
Total Salaries and Related Benefits	<u>239,290</u>	<u>29,558</u>	<u>12,947</u>	<u>281,795</u>
Advertising and Promotions	365	-	-	365
Dues and Subscriptions	2,163	1,066	187	3,416
Information Technology	637	2,869	1,006	4,512
Occupancy Costs -				
Rent	37,730	-	-	37,730
Insurance	2,633	-	-	2,633
Repairs and Maintenance	4,322	-	-	4,322
Utilities	207	-	-	207
Directors and Officers Insurance	-	1,544	-	1,544
Workers' Compensation Insurance	-	3,212	-	3,212
Professional Fees	16,394	11,996	5,972	34,362
Program Expenses	49,664	104	-	49,768
Operations, Supplies, and Postage	87	1,737	1,109	2,933
Depreciation	-	472	-	472
Total	<u>\$ 353,492</u>	<u>\$ 52,558</u>	<u>\$ 21,221</u>	<u>\$ 427,271</u>

See independent accountant's review report and notes to consolidated financial statements.

**RIPPLE COMMUNITY INC.
and
RCI VILLAGE PROPERTIES
(Not-for-Profit Corporations)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2022**

	Ripple Community Inc.	RCI Village Properties	Eliminations	Year Ended September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Changes in Net Assets	\$ 16,047	\$ 239,974	\$ -	\$ 256,021
Adjustment to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities				
Depreciation Expense	472	-	-	472
Contributed Stock Donation	(11,373)	(9,989)	-	(21,362)
Decrease in Accounts Receivable	294	-	-	294
Increase in Pledges Receivable	(10,413)	-	-	(10,413)
Increase in Prepaid Expenses	(356)	-	-	(356)
Decrease in Accounts Payable	(6,926)	-	-	(6,926)
Increase in Accrued Payroll	5,384	-	-	5,384
Net Cash Provided (Used) by Operating Activities	<u>(6,871)</u>	<u>229,985</u>	<u>-</u>	<u>223,114</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale of Investments	<u>11,373</u>	<u>9,989</u>	<u>-</u>	<u>21,362</u>
Net Cash Provided by Investing Activities	<u>11,373</u>	<u>9,989</u>	<u>-</u>	<u>21,362</u>
INCREASE IN CASH AND CASH EQUIVALENTS	4,502	239,974	-	244,476
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>453,362</u>	<u>10,000</u>	<u>-</u>	<u>463,362</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 457,864</u>	<u>\$ 249,974</u>	<u>\$ -</u>	<u>\$ 707,838</u>
<i>Non-Cash Financing Activities:</i>				
Donated Stock	<u>\$ 11,373</u>	<u>\$ 9,989</u>	<u>\$ -</u>	<u>\$ 21,362</u>

See independent accountant's review report and notes to consolidated financial statements.

RIPPLE COMMUNITY INC.
and
RCI VILLAGE PROPERTIES
(Not-for-Profit Corporations)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022

1. Nature of Activities

Ripple Community Inc. is a not-for-profit corporation incorporated under the laws of the Commonwealth of Pennsylvania to nurture community and connection in Allentown. The mission of the Organization is to cultivate connections across social boundaries to foster a sense of community among their neighbors who have traditionally been marginalized.

Ripple Community Inc.'s board of directors assists in the direction and control of the operations of RCI Village Properties. The Organization provides staff and other support services to both organizations. RCI Village Properties' general purpose is to support and benefit the mission and programs of Ripple Community Inc., which includes assisting people who are on the margins of society in Allentown, Pennsylvania, restore critical relationships, build community, and address their material and relational needs.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements have been prepared to focus on Ripple Community Inc. and RCI Village Properties, collectively, (the "Organization") as a whole since Ripple Community, Inc. has an economic interest in RCI Village Properties. All interorganizational balances and transactions have been eliminated. RCI Village Properties was created in May 2020 and began operations in January 2021.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other liabilities.

Net Asset Classifications

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or certain grantor restrictions. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

RIPPLE COMMUNITY INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022

2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Contributions

Contributions of cash and other assets, including pledges, are considered to be available for use without donor restrictions unless specifically restricted by the donor and are recognized as revenues in the period the pledge is made. Contributions to be given in future periods are discounted at an appropriate discount rate. Gifts of cash and other non-capital assets are reported as net assets with donor restrictions if the gifts are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of reporting cash and cash equivalents, cash is defined as cash on hand, and checking and savings accounts at financial institutions. Investments with an original maturity of three months or less are considered cash and cash equivalents for these purposes.

Accounts Receivable

Accounts receivable consist of amounts due from one source under a reimbursable agreement for the salary of one of the Organizations' staff members. Management evaluates accounts for collectability and writes off items deemed uncollectible. An allowance for uncollectible accounts is determined based on an analysis of individual accounts and the overall receivable balance. Balances greater than ninety (90) days are considered delinquent. There was no allowance for doubtful collections as of September 30, 2022.

Property and Equipment

Property and equipment is stated at cost or donated value. Depreciation is computed by use of the straight-line method based on estimated useful lives. Acquisitions in excess of \$1,000 are capitalized. The cost of maintenance and repairs is charged to operations as incurred.

RIPPLE COMMUNITY INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. Summary of Significant Accounting Policies (Continued)

Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their net realizable value. The discounts on those amounts are computed using a discount rate applicable to the year in which the pledge is made. Subsequent amortization of the discount is included in contribution revenue. All of the Organization's pledges receivable are current and full collection is expected. As such, management has not booked a discount or allowance for outstanding pledges at September 30, 2022.

Prepaid Expenses

Prepaid expenses consist of amounts paid on insurance policies which cover future periods.

Contributed Services

Many individuals volunteer their time to help the Organization with its support activities. During the year ended September 30, 2022, the Organization received volunteer hours that have not been recorded in the Consolidated Statement of Activities, as they do not meet the criteria for recognition.

Allocation of Expenses by Function

As reported in the Consolidated Statement of Functional Expenses, expenses of the Organization have been allocated to the following functional reporting classifications:

Program Services

Program service expenses include costs incurred for activities that ultimately result in the delivery of services that fulfill the Organization's charitable purposes.

Management and General

Management and general expenses include costs incurred for the overall direction of the Organization, general record keeping, business management, budgeting, general board activities, and related purposes.

Fundraising

Fundraising expenses include costs incurred for activities that ultimately result in inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Fundraising activities include publicizing and conducting fundraising campaigns, maintaining donor mailing lists, conducting special fundraising events, and conducting other activities involved with soliciting contributions from individuals, foundations, governments, and others.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022

2. Summary of Significant Accounting Policies (Continued)

Allocation of Expenses by Function (Continued)

The Organization's methods for allocating expenses among the functional reporting classifications which cannot be specifically identified as program or supporting service are based on estimates made for time spent by key personnel between functions, space occupied by function, consumption of supplies and postage by function, and other objective bases.

Income Taxes

Both entities are not-for-profit corporations organized under the laws of the Commonwealth of Pennsylvania and are exempt from the federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The accounting standard for uncertainty in income taxes addresses 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 benefits 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 such a 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 liabilities recorded for the fiscal year ended September 30, 2022.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Consolidated Statement of Financial Position, consist of the following:

	<u>September 30,</u> <u>2022</u>
Cash and Cash Equivalents	\$ 707,838
Accounts Receivable	5,873
Pledges Receivable	10,413
Net Assets With Donor Restrictions	<u>(273,939)</u>
	<u>\$ 450,185</u>

The Organization is supported mainly by contributions. The Organization believes that contributions along with the assets held at September 30, 2022, are sufficient to enable the Organization to operate for the upcoming year.

**RIPPLE COMMUNITY INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022**

4. Property and Equipment

Property and equipment consist of the following:

	Estimated Useful Life	September 30, 2022
Buildings and Improvements	5-30	\$ 4,473
Less: Accumulated Depreciation		(1,143)
		\$ 3,330

Depreciation charged to expense was \$472 for the year ended September 30, 2022.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions which are temporary in nature consist of the following as of September 30:

	September 30, 2022
<u>Ripple Community Inc.:</u>	
Adopt-an-Apartment	\$ 2,400
Racial Equity	4,000
RCI Village	13,500
Community Services Coordinator	14,050
	33,950
<u>RCI Village Properties:</u>	
Capital Projects	239,989
	\$ 273,939

**RIPPLE COMMUNITY INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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5. Net Assets With Donor Restrictions (Continued)

The following schedule summarizes net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors during the year ended September 30:

	September 30, 2022
<u>Ripple Community Inc.:</u>	
Adopt-an-Apartment	\$ 4,500
RCI Village	87,898
Community Services Coordinator	35,729
	\$ 128,127

6. Prior Period Adjustment

At September 30, 2021, the Organizations elected to convert from the modified cash basis of accounting to the accrual basis of accounting. As a result, net assets without donor restrictions were overstated by \$12,520. Adjustments were as follows:

	Modified Cash Basis September 30, 2021	Accrual Adjustments	Accrual Basis September 30, 2021
Cash and Cash Equivalents	\$ 463,362	\$ -	\$ 463,362
Accounts Receivable	-	6,167	6,167
Pledges Receivable	-	-	-
Prepaid Expenses	-	1,914	1,914
Property and Equipment, Net	3,802	-	3,802
Accounts Payable	6,719	207	6,926
Accrued Payroll	-	20,394	20,394
Net Assets Without Donor Restrictions	432,413	(12,520)	419,893
Net Assets With Donor Restrictions	28,032	-	28,032

7. Subsequent Events

Economic uncertainties have arisen as a result of the global pandemic due to the spread of the COVID-19 coronavirus. The pandemic has the potential to have a significant impact on all of the Organizations' operations. The full extent of the economic impact on the Organizations is unknown at this time.

Subsequent events have been evaluated through February 10, 2023, the date on which the consolidated financial statements were available to be issued.