



LOCH, ELSENBAUMER, NEWTON & CO.

A PROFESSIONAL CORPORATION

ACCOUNTANTS AND CONSULTANTS

LEHIGH COUNTY SPORTS FIELDS ASSOCIATION

FINANCIAL REPORT

DECEMBER 31, 2019 AND 2018

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LOCH, ELSENBAUMER, NEWTON & CO.
A PROFESSIONAL CORPORATION
ACCOUNTANTS AND CONSULTANTS
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Lehigh County Sports Fields Association
Allentown, PA

We have reviewed the accompanying financial statements of the Lehigh County Sports Fields Association (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2019 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2018 Financial Statements

The 2018 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated October 24, 2019. We have not performed any auditing procedures since that date.

Loch, Elsenbaumer, Newton & Co.

Allentown, PA
October 22, 2020

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LEHIGH COUNTY SPORTS FIELDS ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
SEE INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 96,482	\$ 114,523
Field and light use receivables	36,276	15,301
Auxiliary facilities and equipment, net	<u>246,114</u>	<u>280,158</u>
Total Assets	<u>\$ 378,872</u>	<u>\$ 409,982</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ <u>751</u>	\$ <u>956</u>
<u>NET ASSETS</u>		
Without donor restrictions:		
Operating, unreserved	365,401	396,306
Capital reserve fund	6,360	6,360
Operating reserve fund	<u>6,360</u>	<u>6,360</u>
Total Net Assets	<u>378,121</u>	<u>409,026</u>
Total Liabilities and Net Assets	<u>\$ 378,872</u>	<u>\$ 409,982</u>

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

LEHIGH COUNTY SPORTS FIELDS ASSOCIATION
STATEMENTS OF ACTIVITIES
SEE INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

	Years Ended December 31,	
	2019	2018
SUPPORT AND REVENUE		
Contributions and grants	\$ 1,599	\$ 12,500
Interest income	576	440
Field use income	60,020	60,733
Light use income	6,705	6,086
Refuse charges	2,040	2,400
Total Support and Revenue	<u>70,940</u>	<u>82,159</u>
EXPENSES		
Program services	91,848	90,511
Management and general	9,997	11,292
Total Expenses	<u>101,845</u>	<u>101,803</u>
INCREASE (DECREASE) IN NET ASSETS	(30,905)	(19,644)
NET ASSETS, JANUARY 1	<u>409,026</u>	<u>428,670</u>
NET ASSETS, DECEMBER 31	<u>\$ 378,121</u>	<u>\$ 409,026</u>

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

LEHIGH COUNTY SPORTS FIELDS ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
SEE INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

	Program Services	Management and General	Total
Seeding, landscaping and fertilizer	\$ 11,606	\$ -0-	\$ 11,606
Field and other operating services	12,090	6,214	18,304
Light expense	5,724	-0-	5,724
Paint and supplies	3,690	-0-	3,690
Depreciation	34,044	-0-	34,044
Taxes and fees	-0-	233	233
Professional fees	-0-	3,050	3,050
Insurance	9,087	-0-	9,087
Repairs and maintenance	7,924	-0-	7,924
Refuse expense	-0-	-0-	-0-
Bad debt expense	7,683	-0-	7,683
Transfers to Lehigh County	-0-	-0-	-0-
Other expenses	-0-	500	500
Total Expenses	<u>\$ 91,848</u>	<u>\$ 9,997</u>	<u>\$101,845</u>

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

LEHIGH COUNTY SPORTS FIELDS ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
SEE INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Seeding, landscaping and fertilizer	\$ 8,650	\$ -0-	\$ 8,650
Field and other operating services	10,694	7,730	18,424
Light expense	6,380	-0-	6,380
Paint and supplies	2,953	-0-	2,953
Depreciation	34,259	-0-	34,259
Taxes and fees	-0-	387	387
Professional fees	-0-	2,975	2,975
Insurance	9,860	-0-	9,860
Repairs and maintenance	2,235	-0-	2,235
Refuse expense	2,761	-0-	2,761
Bad debt expense	-0-	-0-	-0-
Transfers to Lehigh County	12,719	-0-	12,719
Other expenses	-0-	200	200
Total Expenses	<u>\$ 90,511</u>	<u>\$ 11,292</u>	<u>\$101,803</u>

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

LEHIGH COUNTY SPORTS FIELDS ASSOCIATION
STATEMENTS OF CASH FLOWS
SEE INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

	Years Ended December 31,	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$(30,905)	\$(19,644)
Adjustment to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	34,044	34,259
Change in:		
Field and light use receivables	(20,975)	22,547
Accounts payable	(205)	(50)
Net cash provided by (used in) operating activities	<u>(18,041)</u>	<u>37,112</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Payments for auxiliary facilities and equipment	<u>-0-</u>	(11,520)
Net cash used in investing activities	<u>-0-</u>	(11,520)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,041)	25,592
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>114,523</u>	<u>88,931</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 96,482</u>	<u>\$ 114,523</u>

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

LEHIGH COUNTY SPORTS FIELDS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

Lehigh County Sports Fields Association (the Association) was organized to manage and promote the Lehigh County Sports Fields and to assist the County in the construction of the fields. The Association's primary sources of revenue are fees paid by local soccer clubs and schools for the use of the fields and lights. The Association also receives contributions and grants, which can vary from year to year.

The fields are on land which is owned by Lehigh County. Therefore, services provided by third parties for the construction of the fields are not reported by the Association. Lehigh County provides the fields under a lease arrangement more fully described in Note 8 to the financial statements. Auxiliary facilities paid for by the Association or third parties are capitalized and depreciated over their estimated useful lives.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization 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-imposed stipulations. 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-imposed stipulations. Some donor 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 has been fulfilled, or both.

As of December 31, 2019 and 2018, there were no net assets with donor restrictions. Revenue received with donor restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions.

Use of Estimates

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

LEHIGH COUNTY SPORTS FIELDS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Donated Services

Contributed services are recorded if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A significant amount of time has been donated by volunteers and board members of the Organization, however, such services are typically not recorded.

Contributions

The Organization reports gifts of cash and other assets as restricted contributions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as an increase in net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of presentation in the statements of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Receivables

Field and light use, grants and other amounts receivable are presented at their net realizable value. Doubtful accounts are written off in the year in which they are deemed uncollectible. Subsequent collections of accounts previously written-off are recognized as income in the year in which payments are received. The effects of using this method approximate those of the allowance method. Interest is generally not accrued on outstanding amounts receivable.

Auxiliary Facilities and Equipment

Auxiliary facilities and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Equipment is depreciated using the straight-line method over a five year useful life. Site improvements and the pavilion are being depreciated using the straight-line method over a twenty year useful life. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the useful life of the assets are capitalized.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, short-term receivables and payables. The carrying value for all such instruments, considering the terms, approximates fair value at December 31, 2019 and 2018.

LEHIGH COUNTY SPORTS FIELDS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Income Taxes

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Association's Forms 990, Return of Organization Exempt from Income Tax, for the years 2017, 2018 and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or support service are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated based on estimates made for time spent by key personnel between functions and other objective bases.

Reclassifications

Prior period financial statement amounts have been reclassified to conform to current period presentation.

Adoption of New Accounting Standards

The Organization has adopted provisions of ASU No. 2016-14 Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* effective fiscal year ended December 31, 2018.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following:

	December 31,	
	2019	2018
Bank interest bearing checking account, unreserved	\$ 79,203	\$ 100,090
Bank interest bearing checking account, reserved	12,720	12,720
Undeposited funds	4,559	1,713
	<u>\$ 96,482</u>	<u>\$ 114,523</u>

At December 31, 2019 and 2018, the Organization has reserved \$6,360 of its cash and cash equivalents in a capital reserve fund and \$6,360 of its cash and cash equivalents in an operating reserve fund as required by the lease agreement with Lehigh County more fully described in Note 8.

LEHIGH COUNTY SPORTS FIELDS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

3. AUXILIARY FACILITIES AND EQUIPMENT

	December 31,	
	2019	2018
Site improvements	\$ 653,456	\$ 653,456
Pavilion	40,750	40,750
Equipment	51,380	51,380
	<u>745,586</u>	<u>745,586</u>
Less accumulated depreciation	499,472	465,428
	<u>\$ 246,114</u>	<u>\$ 280,158</u>

At December 31, 2019 and 2018, site improvements with a cost of \$13,487 were not placed in service and are therefore not currently being depreciated.

4. FIELD AND LIGHT USE RECEIVABLE

Receivables for field and light use are primarily from local soccer clubs and schools for the use of the fields and lights. Amounts outstanding in excess of 90 days at December 31, 2019 and 2018 amounted to \$4,415 and \$10,178, respectively.

5. PROMISES TO GIVE

There were no outstanding promises to give at December 31, 2019 and 2018.

6. RESTRICTED NET ASSETS

At December 31, 2019 and 2018, all net assets were without donor restrictions. All other contributions, if any, recognized during the years ended December 31, 2019 and 2018 were without donor restrictions.

7. CONCENTRATION OF CREDIT RISK

Cash and cash equivalents includes cash in a bank account which at times, may exceed federally insured limits.

LEHIGH COUNTY SPORTS FIELDS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

8. LEASE AGREEMENT

On January 1, 2005, the Association entered into a written lease agreement with Lehigh County to lease from the County a portion of the property known as the Sports Fields of Lehigh County (the facility). The lease is for a term of twenty years and requires an annual rent of one dollar per year. Under the terms of the lease, the Association will develop, use and operate the facilities in accordance with the best interests of Lehigh County for the benefit of the citizens of Lehigh County and the general public. Revenues charged by the Association for the use of the facility may only be used for the promotion, operation and improvement of the facility.

The terms of the lease require if at the end of any calendar year, the amount of the Associations cash balances (exclusive of balances from endowments, trusts, restricted gifts or bequests), exceeds the total of the calendar year's operating expenses, the Association will add one-half of such excess to a capital reserve fund and one-half to an operating reserve fund. Amounts reserved under the provisions of the lease amounted to \$12,720 at December 31, 2019 and 2018.

Upon termination of the lease, any improvements installed by the Association shall remain with the leased property and become the sole and exclusive property of Lehigh County.

9. RELATED PARTY TRANSACTION

During the year ended December 31, 2018, the Association transferred \$12,719 to Lehigh County in order for the County to purchase a mower on more favorable terms than the Association could obtain. The Association can use the mower to maintain the fields.

10. SUBSEQUENT EVENTS

As a result of the COVID-19 outbreak in the United States, economic uncertainties have arisen that could negatively impact gross revenues and income. Voluntary, and then subsequently mandatory, shelter-in-place orders necessitated temporary business closing as the uncertainty continues. Though the extent of disruption is expected to be temporary, the extent of the financial impact and other possible impacting matters are unknown at this time.

The Organization has evaluated subsequent events through October 22, 2020, the date on which the financial statements were available to be issued.