

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

**FINANCIAL AND
SINGLE AUDIT REPORTS**

June 30, 2019

**BUCKNO
LISICKY 
& COMPANY**

BUCKNOLISICKY.COM

A Professional Corporation

Certified Public Accountants • Business Consultants

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Table of Contents

June 30, 2019 and 2018

	<u>Page</u>
Independent Auditors' Report on the Financial Statements	1-2
Financial Statements	
Consolidated statements of financial position	3-4
Consolidated statements of activities	5-6
Consolidated statements of functional expenses	7-8
Consolidated statements of cash flows	9-10
Notes to consolidated financial statements	11-33
Supplementary Information	
Consolidating statements of financial position	34-36
Consolidating statements of activities	37-38
Consolidating statements of functional expenses	39-42
Parent company's statement of program expenses	43-44
Schedule of expenditures of federal awards	45-47
Notes to schedule of expenditures of federal awards	48-49
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 <i>Governmental Auditing Standards</i>.	50-51
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	52-53
Summary of Auditors' Results	
Schedule of findings and questioned costs	54
Financial statement findings	55
Federal award findings	55



Certified Public Accountants | Business Consultants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated 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, 2019 and 2018, 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, 2019 and 2018, 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 12, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Action Committee of the Lehigh Valley, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Buckno Lisicky & Co PC

Allentown, Pennsylvania
December 12, 2019

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

Consolidated Statements of Financial Position

June 30, 2019 and 2018

ASSETS	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,617,505	\$ 3,243,668
Restricted cash	1,129,782	1,148,831
Grant receivable	1,122,156	1,603,383
Unconditional promises to give	29,110	164,819
Program loans receivable, net of loss reserve	404,837	515,546
Inventory	901,471	1,052,234
Property inventory, net of loss reserve	698,485	380,042
Prepaid expenses	232,583	115,324
TOTAL CURRENT ASSETS	8,135,929	8,223,847
PROPERTY AND EQUIPMENT		
Land	26,477	26,477
Land held in trust	295,247	282,143
Building	8,454,750	8,419,418
Leasehold improvements	856,744	856,744
Equipment	1,580,965	1,455,126
	11,214,183	11,039,908
Less: accumulated depreciation	4,436,348	4,099,031
TOTAL PROPERTY AND EQUIPMENT, NET	6,777,835	6,940,877
OTHER ASSETS		
Unconditional promises to give	93,522	11,719
Investments	213,892	179,272
Program loans receivable, net of current portion	2,110,331	2,031,649
TOTAL OTHER ASSETS	2,417,745	2,222,640
TOTAL ASSETS	\$ 17,331,509	\$ 17,387,364

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

**Consolidated Statements of Financial Position (cont'd)
June 30, 2019 and 2018**

LIABILITIES AND NET ASSETS		
	2019	2018
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 347,206	\$ 920,155
Line of credit	70,418	150,418
Accounts payable	493,644	509,813
Accrued expenses	79,570	571,557
Accrued interest	9,551	4,477
Accrued wages	371,907	337,273
Compensated absences	114,991	97,529
Deferred revenue	454,504	245,674
TOTAL CURRENT LIABILITIES	1,941,791	2,836,896
NONCURRENT LIABILITIES		
Long-term debt, less current maturities	2,631,997	1,834,270
TOTAL NONCURRENT LIABILITIES	2,631,997	1,834,270
TOTAL LIABILITIES	4,573,788	4,671,166
NET ASSETS		
WITHOUT DONOR RESTRICTIONS		
CACLV	8,850,924	8,603,839
CADCA	53,278	44,396
CADCB	198,277	152,983
LVCLT	504,858	586,335
RTCLF	1,685,915	1,432,126
BOARD DESIGNATED	510,005	745,772
TOTAL WITHOUT DONOR RESTRICTIONS	11,803,257	11,565,451
WITH DONOR RESTRICTIONS		
CACLV	554,407	699,013
CADCA	303,980	375,700
CADCB	96,077	76,034
LVCLT	-	-
RTCLF	-	-
TOTAL WITH DONOR RESTRICTIONS	954,464	1,150,747
TOTAL NET ASSETS	12,757,721	12,716,198
TOTAL LIABILITIES AND NET ASSETS	\$ 17,331,509	\$ 17,387,364

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

**Consolidated Statements of Activities
Year Ended June 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 2,458,097	\$ 1,898,965	\$ 4,357,062
Grants	6,094,272	-	6,094,272
Donated food products	11,052,511	-	11,052,511
Shared maintenance fee	107,062	-	107,062
Program services	2,436,543	-	2,436,543
Program fees, net	33,313	-	33,313
Interest income	228,698	-	228,698
	<u>22,410,496</u>	<u>1,898,965</u>	<u>24,309,461</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
For program operations	1,923,421	(1,923,421)	-
For capital additions	171,827	(171,827)	-
	<u>2,095,248</u>	<u>(2,095,248)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>24,505,744</u>	<u>(196,283)</u>	<u>24,309,461</u>
EXPENSES AND GAINS			
Program	21,843,515	-	21,843,515
Supporting services:			
Management and general	1,845,544	-	1,845,544
Fundraising	518,273	-	518,273
TOTAL EXPENSES	<u>24,207,332</u>	<u>-</u>	<u>24,207,332</u>
Gain on sale of homes	60,606	-	60,606
TOTAL EXPENSES AND GAINS	<u>24,267,938</u>	<u>-</u>	<u>24,267,938</u>
CHANGE IN NET ASSETS	237,806	(196,283)	41,523
NET ASSETS, beginning	11,565,451	1,150,747	12,716,198
NET ASSETS, ending	<u>\$ 11,803,257</u>	<u>\$ 954,464</u>	<u>\$ 12,757,721</u>

See Notes to Financial Statements.

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

**Consolidated Statements of Activities
Year Ended June 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 2,663,586	\$ 1,821,388	\$ 4,484,974
Grants	5,648,996	-	5,648,996
Donated food products	10,674,696	-	10,674,696
Shared maintenance fee	129,264	-	129,264
Program services	2,853,395	-	2,853,395
Program fees, net	65,434	-	65,434
Interest income	181,732	-	181,732
	<u>22,217,103</u>	<u>1,821,388</u>	<u>24,038,491</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
For program operations	1,512,694	(1,512,694)	-
For capital additions	529,545	(529,545)	-
	<u>2,042,239</u>	<u>(2,042,239)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>24,259,342</u>	<u>(220,851)</u>	<u>24,038,491</u>
EXPENSES AND LOSSES			
Program	21,306,873	-	21,306,873
Supporting services:			
Management and general	1,799,673	-	1,799,673
Fundraising	465,967	-	465,967
TOTAL EXPENSES	<u>23,572,513</u>	<u>-</u>	<u>23,572,513</u>
Loss on sale of homes	(6,241)	-	(6,241)
TOTAL EXPENSES AND LOSSES	<u>23,566,272</u>	<u>-</u>	<u>23,566,272</u>
CHANGE IN NET ASSETS	693,070	(220,851)	472,219
NET ASSETS, beginning	10,872,381	1,371,598	12,243,979
NET ASSETS, ending	<u>\$ 11,565,451</u>	<u>\$ 1,150,747</u>	<u>\$ 12,716,198</u>

See Notes to Financial Statements.

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

Consolidated Statements of Functional Expenses

Year Ended June 30, 2019

	2019			
	Program	Management & General	Fund Raising	Total
PERSONNEL:				
Salaries and wages	\$ 2,688,227	\$ 877,862	\$ 281,490	\$ 3,847,579
Employee benefits/payroll taxes	1,186,369	391,677	106,895	1,684,941
Conferences and training	77,064	28,613	7,549	113,226
Travel	39,017	12,011	5,463	56,491
TOTAL PERSONNEL	<u>3,990,677</u>	<u>1,310,163</u>	<u>401,397</u>	<u>5,702,237</u>
Advertising and promotion	488	-	-	488
Computer tech support	83	-	-	83
Contracted services/assistance	448,045	-	-	448,045
Costs of completed or disposed capital projects	4,404	-	-	4,404
Depreciation	260,555	87,316	-	347,871
Dues and subscriptions	36,643	21,333	6,989	64,965
Equipment maintenance and repairs	56,319	8,766	-	65,085
Facility maintenance and utilities	312,526	87,973	-	400,499
Food distributions	11,203,273	-	-	11,203,273
Food purchases	1,284,321	-	-	1,284,321
Grants - Southside Revitalization	144,525	-	-	144,525
Insurance	53,311	41,765	-	95,076
Interest	42,717	6,086	-	48,803
Loan loss reserve	56,292	-	-	56,292
Management fees	-	-	-	-
Minor equipment purchase	13,101	24,629	4,555	42,285
Miscellaneous	6,890	-	-	6,890
Occupancy	27,263	19,496	4,698	51,457
Other expense	26,698	-	-	26,698
Payroll processing	2,198	4,037	-	6,235
Postage	16,328	-	27,970	44,298
Printing	31,223	6,074	55,913	93,210
Professional fees	1,972,547	173,117	-	2,145,664
Program contract costs and supplies	535,177	-	-	535,177
Programming and software	-	-	-	-
Project cost loss reserve	279,000	-	-	279,000
Subgrantee payments	86,342	-	-	86,342
Supplies	683,237	15,775	4,659	703,671
Telephone	67,951	37,989	12,092	118,032
Utilities	895	-	-	895
Vehicle operation and repairs	174,686	1,025	-	175,711
TOTAL OTHER	<u>17,852,838</u>	<u>535,381</u>	<u>116,876</u>	<u>18,505,095</u>
TOTAL EXPENSES	<u>\$ 21,843,515</u>	<u>\$ 1,845,544</u>	<u>\$ 518,273</u>	<u>\$ 24,207,332</u>

See Notes to Financial Statements.

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

Consolidated Statements of Functional Expenses

Year Ended June 30, 2018

	2018			
	Program	Management & General	Fund Raising	Total
PERSONNEL:				
Salaries and wages	\$ 2,594,970	\$ 843,368	\$ 244,468	\$ 3,682,806
Employee benefits/payroll taxes	1,166,993	401,863	76,832	1,645,688
Conferences and training	41,552	23,468	4,921	69,941
Travel	40,005	14,148	5,925	60,078
TOTAL PERSONNEL	3,843,520	1,282,847	332,146	5,458,513
Advertising and promotion	4,382	-	-	4,382
Computer tech support	242	-	-	242
Contracted services/assistance	536,919	-	-	536,919
Costs of completed or disposed capital projects	67,484	-	-	67,484
Depreciation	252,838	96,208	-	349,046
Dues and subscriptions	34,286	24,691	7,018	65,995
Equipment maintenance and repairs	39,706	5,384	7,508	52,598
Facility maintenance and utilities	362,756	50,816	-	413,572
Food distributions	10,710,050	-	-	10,710,050
Food purchases	1,234,845	-	-	1,234,845
Grants - Southside Revitalization	182,226	-	-	182,226
Insurance	44,451	36,453	-	80,904
Interest	46,097	5,922	-	52,019
Loan loss reserve	91,500	-	-	91,500
Management fees	-	-	-	-
Minor equipment purchase	41,350	26,093	-	67,443
Miscellaneous	2,980	-	-	2,980
Occupancy	26,892	-	-	26,892
Other expense	12,489	22,621	2,821	37,931
Payroll processing	-	-	-	-
Postage	18,373	3,273	31,478	53,124
Printing	17,205	14,853	69,106	101,164
Professional fees	2,132,093	178,743	-	2,310,836
Program contract costs and supplies	696,314	-	-	696,314
Programming and software	1,380	-	-	1,380
Project cost loss reserve	87,000	-	-	87,000
Subgrantee payments	22,353	-	-	22,353
Supplies	585,016	17,577	4,900	607,493
Telephone	64,922	33,704	10,990	109,616
Utilities	944	-	-	944
Vehicle operation and repairs	146,260	488	-	146,748
TOTAL OTHER	17,463,353	516,826	133,821	18,114,000
TOTAL EXPENSES	\$ 21,306,873	\$ 1,799,673	\$ 465,967	\$ 23,572,513

See Notes to Financial Statements.

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

**Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 41,523	\$ 472,219
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	347,871	349,046
Provision for loan losses	56,292	91,500
Non-cash loss provision	279,000	(7,000)
(Increase) decrease in assets:		
Grant receivable	481,227	(264,319)
Unconditional promises to give	53,906	511,308
Inventory	150,763	35,353
Property inventory	(597,443)	(185,722)
Prepaid expenses	(117,259)	(25,941)
Increase (decrease) in liabilities:		
Accounts payable	(16,169)	172,094
Accrued wages	34,634	43,553
Accrued expense	(491,987)	499,814
Accrued interest	5,074	680
Compensated absences	17,462	(816)
Deferred revenue	208,830	104,208
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>453,724</u>	<u>1,795,977</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for land leases	(13,104)	(27,006)
Purchase of investments	(34,620)	(31,653)
Program loans disbursed	(808,322)	(1,440,257)
Program loans repaid	784,056	451,167
Purchase of property and equipment	(171,724)	(189,463)
NET CASH USED IN INVESTING ACTIVITIES	<u>(243,714)</u>	<u>(1,237,212)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on line of credit, net of payments	(80,000)	80,073
Proceeds of notes payable	825,000	750,000
Payments on notes payable	(600,222)	(678,892)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>144,778</u>	<u>151,181</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	354,788	709,946
CASH AND CASH EQUIVALENTS:		
Beginning	4,392,499	3,682,553
Ending	<u>\$ 4,747,287</u>	<u>\$ 4,392,499</u>

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

Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 3,617,505	\$ 3,243,668
Restricted cash	<u>1,129,782</u>	<u>1,148,831</u>
	<u>\$ 4,747,287</u>	<u>\$ 4,392,499</u>

**SUPPLEMENTARY DISCLOSURE OF CASH FLOW
INFORMATION**

Cash payments for:

Interest	<u>\$ 48,803</u>	<u>\$ 52,019</u>
----------	------------------	------------------

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

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, intercompany transactions have been eliminated from the consolidated financial statements:

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,

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

residential rehabilitation services and emergency food pantries. As an affiliate of Feeding America (formerly America's Second Harvest), the national food bank network, Second Harvest has access to a portion of the millions of pounds of food solicited annually through the network. The food becomes available for a variety of reasons, including corporate generosity, food that is improperly weighed or packaged, product that is approaching the expiration date and producer's need for warehouse space. 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.

SHE (Self-Esteem, Health, Education)

SHE (Self-Esteem, Health, Education) is a strength-based empowerment program that assists girls to develop life skills that promote academic achievement, well-being, healthy relationships, resilience, teamwork, and leadership. The mission of SHE is to create an educational and inspirational environment in which girls build self-esteem, are empowered to change the dynamics in their personal relationships and the greater community, and seize control of their futures, ensuring healthy, fulfilling, and self-sufficient lives. The SHE program works with fifth grade girls at a local elementary school and is expanding to provide programming for middle school students.

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.

Housing Rehabilitation Program

CACLV is creating a new housing program that will incorporate some of its existing programs – home ownership counseling, the land trust, and weatherization – into a new structure consisting for now of a Construction Management Unit with a Construction Manager.

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.

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

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 focus includes the beautification of business districts, 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.

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.

The subsidiaries of Community Action Committee of the Lehigh Valley are as follows:

**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

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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 and food inventory. In connection with the determination of the estimated losses on loans, management obtained independent appraisals for significant properties.

Revenue Recognition

Revenue is recognized in the period the service is performed.

Sales of real estate on CACLV and LVCLT are 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.

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

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

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 12, which are non-interest bearing or bear interest at a below market rate. Interest has been imputed on these loans at 1.58% and 2.17% for the years ended June 30, 2019 and 2018. The interest is recorded as an in-kind contribution and in-kind interest expense.

Net Assets

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. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. Their governing boards have designated certain net assets as of June 30, 2019 and 2018, detail included in Note 15.

Net Assets With Donor Restrictions – Net assets subject to donor or 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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. Detail of net assets with donor restrictions is included in Note 13.

Advertising Expense

Advertising costs are expensed as incurred and were \$488 and \$4,382 for years ended June 30, 2019 and 2018, 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.

Contributions

Contributions received are recorded as revenue with or without donor restriction 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

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

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 donor 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 \$347,871 and \$349,046 for the years ended June 30, 2019 and 2018, respectively.

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, 2019 and 2018 land held in trust was \$295,247 and \$282,143, respectively.

Property Inventory

Property inventory represents costs incurred by the CACLV and 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. Property inventory as of June 30, 2019, net of loss reserves, is \$514,772 and \$183,713 for CACLV and LVCLT, respectively. Property inventory as of June 30, 2018, net of loss reserves, is \$121,364 and \$258,678 for CACLV and LVCLT, respectively.

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, and 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.

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

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 fully or partially charges off the loan when repayment is deemed to be protracted beyond reasonable time frames.

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 2019 and 2018.

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 2016, 2017 and 2018 are subject to examination by the IRS, generally for three years after they were filed.

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

Reclassifications

Certain reclassifications have been made to the 2018 financial statements presentation to correspond to current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Date of Management's Review

Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries has evaluated subsequent events through December 12, 2019, the date which the financial statements were available to be issued.

NOTE 3. LIQUIDITY AND AVAILABILITY

Management and Board of Directors regularly monitors liquidity needed to meet the agency's operating needs and other contractual commitments. The agency regularly manages cash resources to maximize any interest earnings and minimize the cost of borrowing. It also has various sources of liquidity at its disposal, including cash and cash equivalents, lines of credit and contractually obligated short-term receivables.

For the purposes of analyzing short-term liquidity needs, the agency strives to maintain sufficient liquid financial assets to cover two to three months of operating expenses. In addition to the financial assets available, the agency operates with a balanced budget and anticipates collecting sufficient revenues to cover general operating expenditures.

The breakdown of financial resources as of June 30, 2019 and 2018, available to meet general expenditures within one year of the balance sheet date are listed below:

	2019	2018
Cash and cash equivalents	\$ 4,747,287	\$ 4,392,499
Grant receivable	1,122,156	1,603,383
Unconditional promises to give	29,110	164,819
Program loans receivable, net of loss reserve	404,837	515,546
Less: Contractual or donor-imposed restriction making financial assets unavailable for general expenditure	(1,679,189)	(1,842,844)
	<u>\$ 4,624,201</u>	<u>\$ 4,833,403</u>

NOTE 4. RESTRICTED CASH

Restricted cash as of June 30, 2019 and 2018 was restricted for the following purposes:

	2019	2018
CACLV		
Family and resident savings	\$ 21,701	\$ 44,738
True endowment (SHFB)	5,000	5,000
	<u>26,701</u>	<u>49,738</u>

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
CADCA		
Development projects	<u>303,981</u>	<u>375,700</u>
CADCB		
Development projects	<u>96,077</u>	<u>76,034</u>
LVCLT		
Future property expenses	<u>104,020</u>	<u>64,660</u>
RTCLF		
Lending	173,000	192,345
CDFI fund	-	24,528
City of Bethlehem fund	<u>426,003</u>	<u>390,354</u>
	<u>599,003</u>	<u>582,699</u>
	<u>\$ 1,129,782</u>	<u>\$ 1,148,831</u>

NOTE 5. PROMISES TO GIVE

Unconditional Promises to Give

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

	<u>2019</u>	<u>2018</u>
CACLV		
Donor restricted for program costs and facilities and equipment	\$ 124,110	\$ 187,538
Less: allowance for pledges receivable	1,000	6,000
Less: discounts for pledges receivable	<u>478</u>	<u>5,000</u>
	<u>\$ 122,632</u>	<u>\$ 176,538</u>

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

	<u>2019</u>	<u>2018</u>
CACLV		
Less than one year	\$ 29,110	\$ 164,819
One to five years	<u>93,522</u>	<u>11,719</u>
	<u>\$ 122,632</u>	<u>\$ 176,538</u>

Conditional Promises to Give

During the year ended June 30, 2019, 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 for the next year, and \$50,000 in year two contingent upon future Commonwealth of Pennsylvania tax credits, under its Neighborhood

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

Partnership Program. Pledge payments of \$550,000 and \$550,000 were received in 2019 and 2018, respectively.

CADCA has received a conditional pledge from the Wells Fargo Regional Foundation in the amount of \$43,333 for next year for the Jordon Heights Neighborhood Implementation Project. Grant installments of \$86,667 and \$86,666 were received in 2019 and 2018, respectively from previous pledges. The remaining pledge at June 30, 2019 of \$43,333 is payable in semiannual installments through December 31, 2019, contingent upon the Organization achieving stated measurable outputs and raising remaining project budgets.

CADCB has received conditional pledges totaling \$200,000 for the next year contingent upon future Commonwealth of Pennsylvania tax credits, under its Neighborhood Assistance Act Program. Pledge payments received against these commitments were \$200,000 in both 2019 and 2018.

NOTE 6. PROGRAM AND FORGIVABLE 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 \$226,896 and \$180,624 for the years ended June 30, 2019 and 2018, respectively. Aggregate loans receivable at June 30, 2019 and 2018 were comprised of the following:

	<u>2019</u>	<u>2018</u>
Micro Loans:		
CDFI funds	\$ -	\$ 12,354
Government and corporate grants	42,861	49,500
Investor loan funds	568,300	516,928
Unrestricted funds	<u>559,245</u>	<u>636,396</u>
	<u>1,170,406</u>	<u>1,215,178</u>
Small Business Loans:		
CDFI funds	-	-
Government and corporate grants	428,856	477,596
Investor loan funds	632,640	557,628
Unrestricted funds	<u>542,266</u>	<u>512,493</u>
	<u>1,603,762</u>	<u>1,547,717</u>
Total loans outstanding	2,774,168	2,762,895
Loss reserve	<u>(259,000)</u>	<u>(215,700)</u>
	<u>\$ 2,515,168</u>	<u>\$ 2,547,195</u>

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

Scheduled annual maturities of term loans receivable at June 30, 2019 are as follows:

2020	\$ 663,837
2021	417,373
2022	393,727
2023	354,706
2024	278,435
Thereafter	<u>666,090</u>
	<u>\$ 2,774,168</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, 2019 and 2018, the amount included in the City of Bethlehem loan fund is as follows:

	<u>2019</u>	<u>2018</u>
Repayment of loans, interest and fees	\$ 426,003	\$ 365,826
Outstanding loan balances	<u>471,717</u>	<u>527,096</u>
	<u>\$ 897,720</u>	<u>\$ 892,922</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, 2019 and 2018 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 \$259,000 and \$215,700 adequate to cover loan losses inherent in the loan portfolio, as of June 30, 2019 and 2018, respectively. The following table presents by portfolio segment, the changes in the allowance for loan losses and the recorded investment in loans.

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

	Year Ended June 30, 2019	Micro Loans	Small Business Loans	Total
Loan loss reserve:				
Beginning balances		\$ 117,899	\$ 97,801	\$ 215,700
Charge-offs		(12,992)	-	(12,992)
Recoveries		-	-	-
Provision		60,851	(4,559)	56,292
Ending balances		<u>\$ 165,758</u>	<u>\$ 93,242</u>	<u>\$ 259,000</u>
Ending balances:				
Individually evaluated for impairment		\$ 102,606	\$ 20,382	\$ 122,988
Collectively evaluated for impairment		63,152	72,860	136,012
		<u>\$ 165,758</u>	<u>\$ 93,242</u>	<u>\$ 259,000</u>
Program Loans Receivables:				
Ending balances:				
Individually evaluated for impairment		\$ 166,611	\$ 187,945	\$ 354,556
Collectively evaluated for impairment		1,003,795	1,415,817	2,419,612
		<u>\$ 1,170,406</u>	<u>\$ 1,603,762</u>	<u>\$ 2,774,168</u>

	Year Ended June 30, 2018	Micro Loans	Small Business Loans	Total
Loan loss reserve:				
Beginning balances		\$ 77,835	\$ 46,365	\$ 124,200
Charge-offs		-	-	-
Recoveries		-	-	-
Provision		40,064	51,436	91,500
Ending balances		<u>\$ 117,899</u>	<u>\$ 97,801</u>	<u>\$ 215,700</u>
Ending balances:				
Individually evaluated for impairment		\$ 51,693	\$ -	\$ 51,693
Collectively evaluated for impairment		66,206	97,801	164,007
		<u>\$ 117,899</u>	<u>\$ 97,801</u>	<u>\$ 215,700</u>
Program Loans Receivables:				
Ending balances:				
Individually evaluated for impairment		\$ 160,334	\$ 16,437	\$ 176,771
Collectively evaluated for impairment		1,054,844	1,531,280	2,586,124
		<u>\$ 1,215,178</u>	<u>\$ 1,547,717</u>	<u>\$ 2,762,895</u>

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, 2019 and 2018.

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

<u>June 30, 2019</u>	<u>Unclassified</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Total</u>
Micro Loans:				
CDFI funds	\$ -	\$ -	\$ -	\$ -
Government and				
Corporate grants	42,861	-	-	42,861
Investor loan funds	540,536	-	27,764	568,300
Unrestricted funds	420,399	92,269	46,577	559,245
Small Business Loans:				
CDFI funds	-	-	-	-
Government and				
Corporate grants	428,856	-	-	428,856
Investor loan funds	572,528	12,170	47,942	632,640
Unrestricted funds	414,433	127,833	-	542,266
	<u>\$ 2,419,613</u>	<u>\$ 232,272</u>	<u>\$ 122,283</u>	<u>\$ 2,774,168</u>
<u>June 30, 2018</u>	<u>Unclassified</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Total</u>
Micro Loans:				
CDFI funds	\$ 12,354	\$ -	\$ -	\$ 12,354
Government and				
Corporate grants	49,500	-	-	49,500
Investor loan funds	473,394	36,284	7,250	516,928
Unrestricted funds	519,596	36,313	80,487	636,396
Small Business Loans:				
CDFI funds	-	-	-	-
Government and				
Corporate grants	477,596	-	-	477,596
Investor loan funds	541,191	16,437	-	557,628
Unrestricted funds	512,493	-	-	512,493
	<u>\$ 2,586,124</u>	<u>\$ 89,034</u>	<u>\$ 87,737</u>	<u>\$ 2,762,895</u>

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

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, 2019 and 2018.

			Greater		Total
	31-60 Days	61-90 Days	Than 90 Days	Total	Program Loans
<u>June 30, 2019</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	-	-	-	-	42,861
Investor loan funds	898	400	11,180	12,478	568,300
Unrestricted funds	2,758	2,002	10,234	14,994	559,245
Small Business Loans:					
CDFI funds	-	-	-	-	-
Government and Corporate grants	-	-	-	-	428,856
Investor loan funds	1,567	1,502	10,062	13,131	632,640
Unrestricted funds	1,734	1,734	6,378	9,846	542,266
	<u>\$ 6,957</u>	<u>\$ 5,638</u>	<u>\$ 37,854</u>	<u>\$ 50,449</u>	<u>\$ 2,774,168</u>
			Greater		Total
	31-60 Days	61-90 Days	Than 90 Days	Total	Program Loans
<u>June 30, 2019</u>	<u>Past Due</u>	<u>Past Due</u>	<u>Past Due</u>	<u>Past Due</u>	<u>Receivables</u>
Micro Loans:					
CDFI funds	\$ -	\$ -	\$ -	\$ -	\$ 12,354
Government and Corporate grants	-	-	-	-	49,500
Investor loan funds	1,659	1,063	7,272	9,994	516,928
Unrestricted funds	3,799	3,145	11,565	18,509	636,396
Small Business Loans:					
CDFI funds	-	-	-	-	-
Government and Corporate grants	-	-	-	-	477,596
Investor loan funds	906	906	1,629	3,441	557,628
Unrestricted funds	-	-	-	-	512,493
	<u>\$ 6,364</u>	<u>\$ 5,114</u>	<u>\$ 20,466</u>	<u>\$ 31,944</u>	<u>\$ 2,762,895</u>

Forgivable loans receivable consist of loans given under the Allentown Retail Mosaic Self-Forgiving Loan Program. The loans contain terms that allow the loans to be completely forgiven after five years have passed and the borrower has met certain conditions including job creation provisions. Due to the nature of the loans, the loans have been completely allowed for at loan inception and the related expense included in program costs. Total forgivable loans outstanding as of June 30, 2019 and 2018 are \$30,000 and \$15,000, respectively. The outstanding loans are scheduled to mature at \$15,000 each year for the years ended June 30, 2023 and 2024.

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

NOTE 7. FOOD BANK INVENTORY

Food bank inventory consists of both donated and purchased food. The approximate average wholesale value of one pound of donated food is estimated at \$1.62 and \$1.68 in 2019 and 2018, respectively, based upon amounts provided by Feeding America (formerly named America's Second Harvest). For 2019 and 2018, 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 and valuation of food donated and purchased during the years ended June 30, 2019 and 2018 is as follows:

June 30, 2019			
Source	Total pounds	Value	Valuation Methodology
USDA/ CSFP-TEFAP	2,091,360	\$ 1,723,246	Commodity price list
Donated	5,758,805	9,329,265	\$1.62 per pound
Purchase	2,120,910	1,284,321	Cost
	<u>9,971,075</u>	<u>\$ 12,336,832</u>	

June 30, 2018			
Source	Total pounds	Value	Valuation Methodology
USDA/ CSFP-TEFAP	1,747,813	\$ 1,652,903	Commodity price list
Donated	5,370,115	9,021,793	\$1.68 per pound
Purchase	2,301,407	1,234,845	Cost
	<u>9,419,335</u>	<u>\$ 11,909,541</u>	

NOTE 8. INVESTMENTS

Investments are stated at fair value and consist of the following as of June 30, 2019 and 2018:

June 30, 2019		
	Cost	Fair Value
Annuity contract	<u>\$ 181,144</u>	<u>\$ 213,892</u>
June 30, 2018		
	Cost	Fair Value
Annuity contract	<u>\$ 153,658</u>	<u>\$ 179,272</u>

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

NOTE 9. ENDOWMENT

CACLV's endowment consists of an individual fund established for Second Harvest Food Bank. As of June 30, 2019 and 2018 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 10. 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 determined for a 99 year term. In addition, the Organization retains a right of first refusal to buy back the building.

LVCLT owns 27 lots and 26 lots at June 30, 2019 and 2018, respectively. There was one home sold in both 2019 and 2018.

NOTE 11. 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 5.25%. The line is secured by all the assets of the parent organization. The line of credit is renewed annually and currently expires on February 14, 2020. The balance outstanding on the line of credit was \$0 as of June 30, 2019 and 2018.

LVCLT has a \$500,000 revolving line of credit with an interest rate of 4.25%. The Line is secured by the properties owned by LVCLT. The line of credit currently expires on August 6, 2020. The balance outstanding on the line of credit was \$70,418 and \$150,418 as of June 30, 2019 and 2018, respectively.

LVCLT paid interest on the line of credit of \$4,277 and \$5,771 for the years ended June 30, 2019 and 2018, 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, 2019 and 2018. The line of credit expires November 13, 2020.

NOTE 12. NOTES PAYABLE

Long-term debt at June 30, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
CACLV		
Mortgage payable to bank in monthly installments of \$2,537, including interest at 4.150%, due April 12, 2024, secured by real estate.	\$ 131,303	\$ 155,661

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
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.	312,900	312,900
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, 2018 was 4.20%. All remaining principal and interest is due December 10, 2022. The loan is collateralized by the building and guaranteed by CACLV.	<u>-</u>	<u>175,864</u>
TOTAL DEBT, CACLV	444,203	644,425
Less: current portion	<u>27,206</u>	<u>25,155</u>
TOTAL DEBT, CACLV, NON-CURRENT PORTION	<u>416,997</u>	<u>619,270</u>
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 July 2018 to June 2025.	2,400,000	1,975,000
Loans payable to various individuals, non-interest bearing. Final payments are due in five years from execution date in various periods from December 2018 through February 2023.	<u>135,000</u>	<u>135,000</u>
TOTAL DEBT, RTCLF	2,535,000	2,110,000
Less: current portion	<u>320,000</u>	<u>895,000</u>
TOTAL DEBT, RTCLF, NON-CURRENT PORTION	<u>2,215,000</u>	<u>1,215,000</u>
TOTAL DEBT, NON-CURRENT PORTION	<u>\$ 2,631,997</u>	<u>\$ 1,834,270</u>

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

Maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>CACLV</u>	<u>RTCLF</u>	<u>Total</u>
2020	\$ 27,206	\$ 320,000	\$ 347,206
2021	27,267	-	27,267
2022	28,391	70,000	98,391
2023	29,563	485,000	514,563
2024	23,076	1,160,000	1,183,076
Thereafter	308,700	500,000	808,700
	<u>\$ 444,203</u>	<u>\$ 2,535,000</u>	<u>\$ 2,979,203</u>

Interest paid on long-term debt for the Organization was \$48,803 and \$52,097 for the years ended June 30, 2019 and 2018, respectively.

The long-term debt is subject to several financial covenants. As of June 30, 2019, the Organization is in compliance with all financial covenants.

NOTE 13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, including assets that were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors, for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
<i>Subject to expenditure for specific purpose:</i>		
<u>CACLV</u>		
<i>General program operations</i>		
Balance, beginning	223,740	104,152
Donor restricted contributions	532,400	360,323
Less: satisfaction of purpose restrictions:	<u>(499,548)</u>	<u>(240,735)</u>
Balance, ending	<u>256,592</u>	<u>223,740</u>
<i>Second Harvest Food Bank operations</i>		
Balance, beginning	177,932	39,396
Donor restricted contributions	391,047	448,359
Less: satisfaction of purpose restrictions:	<u>(466,678)</u>	<u>(309,823)</u>
Balance, ending	<u>102,301</u>	<u>177,932</u>

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<i>Second Harvest Food Bank building and equipment</i>		
Balance, beginning	292,341	715,846
Donor restricted contributions	70,000	106,040
Less: satisfaction of purpose restrictions:	<u>(171,827)</u>	<u>(529,545)</u>
Balance, ending	<u>190,514</u>	<u>292,341</u>
	<u>549,407</u>	<u>694,013</u>
<u>CADCA</u>		
<i>General program operations</i>		
Balance, beginning	7,111	23,710
Donor restricted contributions	64,500	70,000
Less: satisfaction of purpose restrictions:	<u>(38,687)</u>	<u>(86,599)</u>
Balance, ending	<u>32,924</u>	<u>7,111</u>
<i>Neighborhood Assistance Program</i>		
Balance, beginning	321,486	300,501
Donor restricted contributions	554,352	550,000
Less: satisfaction of purpose restrictions:	<u>(653,739)</u>	<u>(529,015)</u>
Balance, ending	<u>222,099</u>	<u>321,486</u>
<i>Jordan Heights project</i>		
Balance, beginning	47,103	43,333
Donor restricted contributions	86,666	86,666
Less: satisfaction of purpose restrictions:	<u>(84,812)</u>	<u>(82,896)</u>
Balance, ending	<u>48,957</u>	<u>47,103</u>
	<u>303,980</u>	<u>375,700</u>
<u>CADCB</u>		
<i>Neighborhood Assistance Program</i>		
Balance, beginning	76,034	79,660
Donor restricted contributions	200,000	200,000
Less: satisfaction of purpose restrictions:	<u>(179,957)</u>	<u>(203,626)</u>
Balance, ending	<u>96,077</u>	<u>76,034</u>
<i>Endowments not subject to spending policy or appropriation:</i>		
<u>CACLV</u>		
Second Harvest Food Bank perpetual trust	<u>5,000</u>	<u>5,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 954,464</u>	<u>\$ 1,150,747</u>

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

NOTE 14. 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 \$250,728 and \$219,753 for 2019 and 2018, respectively.

NOTE 15. BOARD DESIGNATED NET ASSETS

Net assets without donor restriction 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:

	<u>2019</u>	<u>2018</u>
CACLV		
Board designated for:		
Capital reserve	\$ 250,000	\$ 250,000
Operating reserve	<u>250,000</u>	<u>250,000</u>
	<u>500,000</u>	<u>500,000</u>
 RTCLF		
Board designated for:		
Endowment	\$ 10,005	\$ 10,005
Loan repayment fund	<u>-</u>	<u>235,767</u>
	<u>10,005</u>	<u>245,772</u>
	<u>\$ 510,005</u>	<u>\$ 745,772</u>

NOTE 16. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, interest, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

NOTE 17. RELATED PARTY TRANSACTIONS

The parent organization has the following related transactions with the subsidiaries as of June 30, 2019 and 2018. These transactions have been eliminated from the consolidated financial statements.

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

	June 30, 2019			
	Related party Receivable	Related party Payable	Management Fees	Subgrantee Payments
CACLV	\$ 89,486	\$ 44,814	\$ -	\$ -
CADCA	22,532	39,311	79,184	130,000
CADCB	22,283	28,875	54,059	130,000
LVCLT	-	12,246	38,144	-
RTCLF	-	9,055	39,933	-
	<u>\$ 134,301</u>	<u>\$ 134,301</u>	<u>\$ 211,320</u>	<u>\$ 260,000</u>

	June 30, 2018			
	Related party Receivable	Related party Payable	Management Fees	Subgrantee Payments
CACLV	\$ 52,305	\$ 55,319	\$ -	\$ -
CADCA	22,313	23,322	84,034	130,000
CADCB	33,006	10,954	71,827	129,999
LVCLT	-	10,484	60,856	49,700
RTCLF	-	7,545	45,552	-
	<u>\$ 107,624</u>	<u>\$ 107,624</u>	<u>\$ 262,269</u>	<u>\$ 309,699</u>

CADCA rents office space from CACLV. Rental expense for the years ended June 30, 2019 and 2018 was \$13,000 and \$13,000, respectively.

NOTE 18. 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 \$76,861 and \$76,580 in 2019 and 2018, respectively. Future lease commitments are as follows:

	CACLV	CADCB	Total
<u>Year Ending June 30,</u>			
2020	\$ 60,918	\$ 11,000	\$ 71,918
2021	58,482	-	58,482
2022	57,444	-	57,444
2023	57,444	-	57,444
2024	56,388	-	56,388
Thereafter	99,470	-	99,470
	<u>\$ 390,146</u>	<u>\$ 11,000</u>	<u>\$ 401,146</u>

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

**Notes to the Financial Statements
June 30, 2019 and 2018**

NOTE 19. 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 20. FAIR VALUE MEASUREMENTS

The estimated fair value of the Organization's financial instruments measured on a recurring basis as of June 30, 2019 and 2018 are as follows:

June 30, 2019		
	<u>Fair Value</u>	<u>Valuation (Level 3)</u>
Annuity contract	<u>\$ 213,892</u>	<u>\$ 213,892</u>

June 30, 2018		
	<u>Fair Value</u>	<u>Valuation (Level 3)</u>
Annuity contract	<u>\$ 179,272</u>	<u>\$ 179,272</u>

The change in the Organization's financial instrument measured on a recurring basis as of June 30, 2019 and 2018 is as follows:

	<u>Balance June 30, 2018</u>	<u>Unrealized Gain</u>	<u>Additions</u>	<u>Balance June 30, 2019</u>
Annuity contract	<u>\$ 179,272</u>	<u>\$ 7,134</u>	<u>\$ 27,486</u>	<u>\$ 213,892</u>

	<u>Balance June 30, 2017</u>	<u>Unrealized Gain</u>	<u>Additions</u>	<u>Balance June 30, 2018</u>
Annuity contract	<u>\$ 147,619</u>	<u>\$ 4,969</u>	<u>\$ 26,684</u>	<u>\$ 179,272</u>

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**

**Notes to the Financial Statements
June 30, 2019 and 2018**

NOTE 21. SUBSEQUENT EVENTS

CACLV's Second Harvest Food Bank program merged with The Seed Farm program on August 5th, 2019. Total net assets were transferred to CACLV in the amount of \$24,258.

CACLV acquired the Lehigh and Northampton County Revolving Loan Fund as a subsidiary, effective July 1st, 2019. Assets acquired were \$520,166, which include cash and loans receivable.

Due to financial concerns, CACLV's administration of the OnTrack program was ended on September 30th, 2019.

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

Consolidating Statements of Financial Position

June 30, 2019

(With Summarized Totals for June 30, 2018)

ASSETS	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals	
							2019	2018
CURRENT ASSETS								
Cash and cash equivalents	\$ 2,169,014	\$ 82,645	\$ 210,771	\$ 1,756	\$ 1,153,319	\$ -	\$ 3,617,505	\$ 3,243,668
Restricted cash	26,701	303,981	96,077	104,020	599,003	-	1,129,782	1,148,831
Grant receivable	973,706	75,797	10,551	61,954	148	-	1,122,156	1,603,383
Unconditional promises to give	29,110	-	-	-	-	-	29,110	164,819
Accounts receivable, subsidiaries	89,486	22,532	22,283	-	-	(134,301)	-	-
Program loans receivable,								
net of reserve of \$259,000	-	-	-	-	404,837	-	404,837	515,546
Inventory	901,471	-	-	-	-	-	901,471	1,052,234
Property inventory, less								
loss reserve of \$366,000	514,772	-	-	183,713	-	-	698,485	380,042
Prepaid expenses	227,395	2,583	879	518	1,208	-	232,583	115,324
TOTAL	4,931,655	487,538	340,561	351,961	2,158,515	(134,301)	8,135,929	8,223,847
PROPERTY AND EQUIPMENT								
Land	26,477	-	-	-	-	-	26,477	26,477
Land held in trust	-	-	-	295,247	-	-	295,247	282,143
Building	8,454,750	-	-	-	-	-	8,454,750	8,419,418
Leasehold improvements	856,744	-	-	-	-	-	856,744	856,744
Equipment	1,544,638	16,021	10,559	-	9,747	-	1,580,965	1,455,126
	10,882,609	16,021	10,559	295,247	9,747	-	11,214,183	11,039,908
Less accumulated depreciation	4,401,863	14,794	10,559	-	9,132	-	4,436,348	4,099,031
TOTAL	6,480,746	1,227	-	295,247	615	-	6,777,835	6,940,877

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

Consolidating Statements of Financial Position

June 30, 2019

(With Summarized Totals for June 30, 2018)

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals	
							2019	2018
OTHER ASSETS								
Unconditional promises to give	\$ 93,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,522	\$ 11,719
Investments	213,892	-	-	-	-	-	213,892	179,272
Forgivable loans receivable, net of reserve of \$30,000	-	-	-	-	-	-	-	-
Program loans receivable, net of current portion	-	-	-	-	2,110,331	-	2,110,331	2,031,649
TOTAL	307,414	-	-	-	2,110,331	-	2,417,745	2,222,640
TOTAL ASSETS								
	\$ 11,719,815	\$ 488,765	\$ 340,561	\$ 647,208	\$ 4,269,461	\$ (134,301)	\$ 17,331,509	\$ 17,387,364

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of								
long-term debt	\$ 27,206	\$ -	\$ -	\$ -	\$ 320,000	\$ -	\$ 347,206	\$ 920,155
Line of credit	-	-	-	70,418	-	-	70,418	150,418
Accounts payable	386,685	70,598	2,002	31,300	3,059	-	493,644	509,813
Accounts payable, subsidiaries	44,814	39,311	28,875	12,246	9,055	(134,301)	-	-
Accrued expenses	56,029	5,250	5,291	5,750	7,250	-	79,570	571,557
Accrued interest	-	-	-	-	9,551	-	9,551	4,477
Accrued wages	348,571	8,559	7,143	3,309	4,325	-	371,907	337,273
Compensated absences	99,005	7,789	2,896	-	5,301	-	114,991	97,529
Deferred revenue	435,177	-	-	19,327	-	-	454,504	245,674
TOTAL	1,397,487	131,507	46,207	142,350	358,541	(134,301)	1,941,791	2,836,896

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

Consolidating Statements of Financial Position

June 30, 2019

(With Summarized Totals for June 30, 2018)

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals	
							2019	2018
NONCURRENT LIABILITIES								
Long-term debt, less								
current maturities	\$ 416,997	\$ -	\$ -	\$ -	\$ 2,215,000	\$ -	\$ 2,631,997	\$ 1,834,270
TOTAL LIABILITIES	1,814,484	131,507	46,207	142,350	2,573,541	(134,301)	4,573,788	4,671,166
NET ASSETS								
Without donor restrictions:								
Undesignated	8,850,924	53,278	198,277	504,858	1,685,915	-	11,293,252	10,819,679
Board designated	500,000	-	-	-	10,005	-	510,005	745,772
With donor restrictions	554,407	303,980	96,077	-	-	-	954,464	1,150,747
TOTAL NET ASSETS	9,905,331	357,258	294,354	504,858	1,695,920	-	12,757,721	12,716,198
TOTAL LIABILITIES								
AND NET ASSETS	\$ 11,719,815	\$ 488,765	\$ 340,561	\$ 647,208	\$ 4,269,461	\$ (134,301)	\$ 17,331,509	\$ 17,387,364

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

Consolidating Statements of Activities

Year Ended June 30, 2019

(With Summarized Totals for June 30, 2018)

REVENUE AND SUPPORT								Totals	
								Totals	2018
WITHOUT DONOR RESTRICTIONS									
Contributions	\$ 2,092,364	\$ 106,216	\$ 131,698	\$ 44,078	\$ 83,741	\$ -	\$ 2,458,097	\$ 2,663,586	
Grants	5,822,780	158,976	200,055	266,456	41,005	(395,000)	6,094,272	5,648,996	
Donated food products	11,052,511	-	-	-	-	-	11,052,511	10,674,696	
Shared maintenance fee	107,062	-	-	-	-	-	107,062	129,264	
Program services	2,660,863	-	-	-	-	(224,320)	2,436,543	2,853,395	
Program fees, net	-	1,852	1,025	10,324	20,112	-	33,313	65,434	
Interest income	1,557	-	-	-	227,141	-	228,698	181,732	
TOTAL	21,737,137	267,044	332,778	320,858	371,999	(619,320)	22,410,496	22,217,103	
NET ASSETS RELEASED FROM RESTRICTIONS									
For program operations	966,226	777,238	179,957	-	-	-	1,923,421	1,512,694	
For capital additions	171,827	-	-	-	-	-	171,827	529,545	
TOTAL	1,138,053	777,238	179,957	-	-	-	2,095,248	2,042,239	
	22,875,190	1,044,282	512,735	320,858	371,999	(619,320)	24,505,744	24,259,342	
EXPENSES									
Program	20,217,498	957,073	418,053	380,249	308,183	(437,541)	21,843,515	21,306,873	
Supporting services:									
Management and general	1,827,197	39,250	29,875	23,589	41,093	(115,460)	1,845,544	1,799,673	
Fundraising	518,273	39,077	19,513	3,028	4,701	(66,319)	518,273	465,967	
TOTAL	22,562,968	1,035,400	467,441	406,866	353,977	(619,320)	24,207,332	23,572,513	
(Gain) loss on sale of homes	65,137	-	-	(4,531)	-	-	60,606	(6,241)	
	22,628,105	1,035,400	467,441	402,335	353,977	(619,320)	24,267,938	23,566,272	

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

Consolidating Statements of Activities

Year Ended June 30, 2019

(With Summarized Totals for June 30, 2018)

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals	
							2019	2018
CHANGE IN NET ASSETS								
WITHOUT DONOR								
RESTRICTIONS	\$ 247,085	\$ 8,882	\$ 45,294	\$ (81,477)	\$ 18,022	\$ -	\$ 237,806	\$ 693,070
WITHOUT DONOR RESTRICTIONS								
NET ASSETS, beginning	9,103,839	44,396	152,983	586,335	1,677,898	-	11,565,451	10,872,381
NET ASSETS, ending	\$ 9,350,924	\$ 53,278	\$ 198,277	\$ 504,858	\$ 1,695,920	\$ -	\$ 11,803,257	\$ 11,565,451
REVENUE AND SUPPORT								
WITH DONOR RESTRICTIONS								
Contributions	993,447	705,518	200,000	-	-	-	1,898,965	1,821,388
TOTAL	993,447	705,518	200,000	-	-	-	1,898,965	1,821,388
NET ASSETS RELEASED FROM								
RESTRICTIONS								
For program operations	(966,226)	(777,238)	(179,957)	-	-	-	(1,923,421)	(1,512,694)
For capital additions	(171,827)	-	-	-	-	-	(171,827)	(529,545)
TOTAL	(1,138,053)	(777,238)	(179,957)	-	-	-	(2,095,248)	(2,042,239)
CHANGE IN NET ASSETS								
WITH DONOR								
RESTRICTIONS	(144,606)	(71,720)	20,043	-	-	-	(196,283)	(220,851)
WITH DONOR RESTRICTIONS								
NET ASSETS, beginning	699,013	375,700	76,034	-	-	-	1,150,747	1,376,598
NET ASSETS, ending	\$ 554,407	\$ 303,980	\$ 96,077	\$ -	\$ -	\$ -	\$ 954,464	\$ 1,155,747
TOTAL CHANGE IN								
NET ASSETS	\$ 102,479	\$ (62,838)	\$ 65,337	\$ (81,477)	\$ 18,022	\$ -	\$ 41,523	\$ 472,219

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Functional Expenses

Year Ended June 30, 2019

(With Summarized Totals for June 30, 2018)

PROGRAM EXPENSES	CACL	CADCA	CADC	LVCL	RTCL	Eliminations	Totals	
							2019	2018
PERSONNEL:								
Salaries and wages	\$ 2,105,283	\$ 248,322	\$ 143,130	\$ 81,406	\$ 110,086	\$ -	\$ 2,688,227	\$ 2,594,970
Employee benefits/ payroll taxes	915,576	116,443	65,998	29,258	59,094	-	1,186,369	1,166,993
Conferences and training	72,822	2,626	366	-	1,250	-	77,064	41,552
Travel	30,510	4,297	70	2,069	2,071	-	39,017	40,005
TOTAL PERSONNEL	3,124,191	371,688	209,564	112,733	172,501	-	3,990,677	3,843,520
Advertising and promotion	-	233	255	-	-	-	488	4,382
Computer tech support	-	21	21	41	-	-	83	242
Contracted services/ assistance	448,045	-	-	-	-	-	448,045	536,919
Costs of completed or disposed capital projects	4,404	-	-	-	-	-	4,404	67,484
Depreciation	257,739	49	-	-	2,767	-	260,555	252,838
Dues and subscriptions	24,524	2,938	828	150	8,203	-	36,643	34,286
Equipment maintenance and repairs	48,434	4,891	1,872	640	482	-	56,319	39,706
Facility maintenance and utilities	312,526	-	-	-	-	-	312,526	362,756
Food distributions	11,203,273	-	-	-	-	-	11,203,273	10,710,050
Food purchases	1,284,321	-	-	-	-	-	1,284,321	1,234,845
Grants - Southside Revitalization	-	-	144,525	-	-	-	144,525	182,226
Insurance	51,313	689	623	-	686	-	53,311	44,451
Interest	3,595	-	-	-	39,122	-	42,717	46,097
Loan loss reserve	-	-	-	-	56,292	-	56,292	91,500
Management fees	-	6,132	4,743	17,277	1,389	(29,541)	-	-
Minor equipment purchases	13,101	-	-	-	-	-	13,101	41,350
Miscellaneous	-	-	-	6,008	882	-	6,890	2,980
Occupancy	-	21,052	19,211	-	-	(13,000)	27,263	26,892
Other expense	19,714	4,691	2,293	-	-	-	26,698	12,489
Payroll processing fees	-	-	-	-	2,198	-	2,198	-
Postage	14,964	333	101	188	742	-	16,328	18,373
Printing	29,122	608	184	40	1,269	-	31,223	17,205
			39					

(With Summarized Totals for June 30, 2018)

BUCKNO LISICKY & COMPANY

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Functional Expenses

Year Ended June 30, 2019

(With Summarized Totals for June 30, 2018)

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals	
							2019	2018
MANAGEMENT AND								
GENERAL EXPENSES (CONT.)								
Insurance	\$ 41,765	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,765	\$ 36,453
Interest	6,086	-	-	-	-	-	6,086	5,922
Management fees	-	33,975	29,803	17,839	33,843	(115,460)	-	-
Minor equipment purchase	24,629	-	-	-	-	-	24,629	26,093
Other expense	19,496	-	-	-	-	-	19,496	22,621
Payroll processing	4,037	-	-	-	-	-	4,037	-
Postage	-	-	-	-	-	-	-	3,273
Printing	6,074	-	-	-	-	-	6,074	14,853
Professional fees	154,770	5,275	72	5,750	7,250	-	173,117	178,743
Program contract costs								
and supplies	-	-	-	-	-	-	-	-
Rents	-	-	-	-	-	-	-	-
Subgrantee payments	-	-	-	-	-	-	-	-
Supplies	15,775	-	-	-	-	-	15,775	17,577
Telephone	37,989	-	-	-	-	-	37,989	33,704
Vehicle operation and repairs	1,025	-	-	-	-	-	1,025	488
TOTAL OTHER	517,034	39,250	29,875	23,589	41,093	(115,460)	535,381	516,826
TOTAL MANAGEMENT								
AND GENERAL	\$ 1,827,197	\$ 39,250	\$ 29,875	\$ 23,589	\$ 41,093	\$ (115,460)	\$ 1,845,544	\$ 1,799,673

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Functional Expenses

Year Ended June 30, 2019

(With Summarized Totals for June 30, 2018)

	CACLV	CADCA	CADCB	LVCLT	RTCLF	Eliminations	Totals	
							2019	2018
FUND RAISING EXPENSES								
PERSONNEL:								
Salaries and wages	\$ 281,490	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 281,490	\$ 244,468
Employee benefits/ payroll taxes	106,895	-	-	-	-	-	106,895	76,832
Conferences and training	7,549	-	-	-	-	-	7,549	4,921
Travel	5,463	-	-	-	-	-	5,463	5,925
TOTAL PERSONNEL	401,397	-	-	-	-	-	401,397	332,146
Dues and subscriptions	6,989	-	-	-	-	-	6,989	7,018
Equipment maintenance and repairs	-	-	-	-	-	-	-	7,508
Management fees	-	39,077	19,513	3,028	4,701	(66,319)	-	-
Minor equipment purchases	4,555	-	-	-	-	-	4,555	-
Other expense	4,698	-	-	-	-	-	4,698	2,821
Postage	27,970	-	-	-	-	-	27,970	31,478
Printing	55,913	-	-	-	-	-	55,913	69,106
Supplies	4,659	-	-	-	-	-	4,659	4,900
Telephone	12,092	-	-	-	-	-	12,092	10,990
TOTAL OTHER	116,876	39,077	19,513	3,028	4,701	(66,319)	116,876	133,821
TOTAL FUND RAISING EXPENSES	\$ 518,273	\$ 39,077	\$ 19,513	\$ 3,028	\$ 4,701	\$ (66,319)	\$ 518,273	\$ 465,967
TOTAL EXPENSES	\$ 22,562,968	\$ 1,035,400	\$ 467,441	\$ 406,866	\$ 353,977	\$ (619,320)	\$ 24,207,332	\$ 23,572,513

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Parent Company's Statement of Program Expenses

Year Ended June 30, 2019

	Weatherization Program	Ontrack	Sixth Street Shelter	SHFB	CAFS	SHE	Work Ready Program
PROGRAM EXPENSES							
PERSONNEL:							
Salaries and wages	\$ 376,505	\$ 220,727	\$ 298,555	\$ 642,190	\$ 178,890	\$ 57,760	\$ 117,979
Employee benefits/ payroll taxes	178,653	98,830	114,425	316,997	71,407	11,965	44,218
Conferences and training	2,970	1,325	1,353	16,125	2,339	31,315	7,378
Travel	2,624	-	1,127	15,385	3,521	2,055	2,061
TOTAL PERSONNEL	560,752	320,882	415,460	990,697	256,157	103,095	171,636
Contracted services/ assistance	82	-	6,466	-	-	9,960	-
Costs of completed or disposed capital projects	-	-	-	-	-	-	-
Depreciation	-	-	132,200	125,539	-	-	-
Dues and subscriptions	1,824	-	911	17,563	2,935	50	1,231
Equipment maintenance and repairs	3,168	383	720	34,968	4,079	42	4,987
Facility maintenance and utilities	-	-	135,584	176,652	-	-	290
Food distributions	-	-	-	11,203,273	-	-	-
Food purchases	-	-	-	1,284,321	-	-	-
Insurance	9,076	2,138	15,695	18,828	1,527	223	3,021
Interest	-	-	-	3,595	-	-	-
Minor equipment purchase	661	-	1,309	5,965	3,240	-	35
Other expense	-	-	351	10,800	-	26	-
Postage	1,169	195	1,959	9,407	1,716	430	61
Printing	150	75	766	23,049	3,429	150	673
Professional fees	1,863,932	368	6,441	63,802	257	7,510	10,126
Project cost loss reserve	-	-	-	-	-	-	-
Rents	-	-	-	-	-	-	-
Subgrantee payments	-	-	-	-	-	-	25,800
Supplies	547,436	3,627	11,513	89,690	1,865	5,971	12,550
Telephone	6,725	250	19,786	11,699	8	1,196	955
Vehicle operation and repairs	19,250	-	4,049	143,587	-	3,777	-
TOTAL OTHER	2,453,473	7,036	337,750	13,222,738	19,056	29,335	59,729
TOTAL PROGRAM	\$ 3,014,225	\$ 327,918	\$ 753,210	\$ 14,213,435	\$ 275,213	\$ 132,430	\$ 231,365

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Parent Company's Statement of Program Expenses (Cont'd)

Year Ended June 30, 2019

PROGRAM EXPENSES

PERSONNEL:

Salaries and wages	\$ 63,577	\$ 20,854	\$ 76,773	\$ 51,473	\$ 2,105,283
Employee benefits/ payroll taxes	22,917	8,686	29,593	17,885	915,576
Conferences and training	206	-	9,423	388	72,822
Travel	1,174	-	1,775	788	30,510
TOTAL PERSONNEL	87,874	29,540	117,564	70,534	3,124,191

Contracted services/ assistance	-	362,142	258	69,137	448,045
Costs of completed or disposed capital projects	4,404	-	-	-	4,404
Depreciation	-	-	-	-	257,739
Dues and subscriptions	10	-	-	-	24,524
Equipment maintenance and repairs	-	-	65	22	48,434
Facility maintenance and utilities	-	-	-	-	312,526
Food distributions	-	-	-	-	11,203,273
Food purchases	-	-	-	-	1,284,321
Insurance	-	-	223	582	51,313
Interest	-	-	-	-	3,595
Minor equipment purchase	1,550	-	251	90	13,101
Other expense	-	-	2	8,535	19,714
Postage	-	-	20	7	14,964
Printing	75	-	339	416	29,122
Professional fees	25	-	5,642	1,453	1,959,556
Project cost loss reserve	203,000	-	-	-	203,000
Rents	-	-	-	-	25,800
Subgrantee payments	27,953	264,450	-	-	292,403
Supplies	53	-	5,805	113	678,623
Telephone	898	-	1,416	1,231	44,164
Vehicle operation and repairs	-	-	4,023	-	174,686
TOTAL OTHER	237,968	626,592	18,044	81,586	17,093,307
TOTAL PROGRAM	\$ 325,842	\$ 656,132	\$ 135,608	\$ 152,120	\$ 20,217,498

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

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, 2018	Revenue Recognized/ Expenditures	Accrued or (Deferred) Revenues At June 30, 2019
<u>U.S. Department of Agriculture</u>									
<u>Passed Through the Pennsylvania</u>									
<u>Association of Rehabilitation Facilities</u>									
Commodity Supplemental Food Program (Administrative)	10.565	N/A	10/01/16 - 09/30/17	\$ -	881	\$ -	\$ 881	\$ -	\$ -
Commodity Supplemental Food Program (Administrative)	10.565	N/A	10/01/17 - 09/30/18	-	129,381	-	85,790	43,591	-
Commodity Supplemental Food Program (Administrative)	10.565	N/A	10/01/18 - 09/30/19	-	56,634	-	-	127,425	70,791
Commodity Supplemental Food Program (Commodities)	10.565	N/A	07/01/18 - 06/30/19	-	569,841	-	130,164	611,436	171,759 #
Total Commodity Supplemental Food Program	10.565			-	756,737	-	216,835	782,452	242,550
<u>Passed Through Lehigh County, Pennsylvania</u>									
Emergency Food Assistance Program (Administrative)	10.568	N/A	10/01/18 - 09/30/19	-	8,060	-	-	19,565	11,505
Emergency Food Assistance Program (Administrative)	10.568	N/A	10/01/17 - 09/30/18	-	41,215	-	16,275	24,940	-
<u>Passed Through Northampton County, Pennsylvania</u>									
Emergency Food Assistance Program (Administrative)	10.568	18-1066	10/01/18 - 09/30/19	-	4,382	-	-	13,758	9,376
Emergency Food Assistance Program (Administrative)	10.568	17-1066	10/01/17 - 09/30/18	-	24,041	-	9,798	14,243	-
<u>Passed Through Carbon County, Pennsylvania</u>									
Emergency Food Assistance Program (Administrative)	10.568	N/A	10/01/18 - 09/30/19	-	1,762	-	-	4,168	2,406
Emergency Food Assistance Program (Administrative)	10.568	N/A	10/01/17 - 09/30/18	-	6,733	-	2,601	4,132	-
TOTAL	10.568			-	86,193	-	28,674	80,806	23,287
<u>Passed Through Lehigh County, Pennsylvania</u>									
Emergency Food Assistance Program (Commodities)	10.569	N/A	07/01/18 - 06/30/19	-	577,044	-	91,433	563,012	77,401 #
<u>Passed Through Northampton County, Pennsylvania</u>									
Emergency Food Assistance Program (Commodities)	10.569	17-1066	07/01/18 - 06/30/19	-	162,097	-	46,450	157,420	41,773 #
Emergency Food Assistance Program (Commodities)	10.569	Trade Mitigation	07/01/18 - 06/30/19	-	245,581	-	-	349,536	103,955 #
<u>Passed Through Carbon County, Pennsylvania</u>									
Emergency Food Assistance Program (Commodities)	10.569	N/A	07/01/18 - 06/30/19	-	51,655	-	15,632	41,841	5,818 #
TOTAL	10.569			-	1,036,377	-	153,515	1,111,809	228,947
Total Food Distribution Cluster				-	1,879,307	-	399,024	1,975,067	494,784
Total U.S. Department of Agriculture				-	1,879,307	-	399,024	1,975,067	494,784
<u>U.S. Department of Housing & Urban Development</u>									
<u>Passed Through the Pennsylvania Housing Finance Agency</u>									
Housing Counseling Assistance Program	14.169		10/01/18 - 06/30/19	-	15,763	-	2,117	27,027	13,381
TOTAL	14.169			-	15,763	-	2,117	27,027	13,381
<u>Passed Through the City of Allentown</u>									
Community Development Block Grant	14.218		01/01/19 - 12/31/19	10,000	-	-	-	5,951	5,951
Community Development Block Grant	14.218		01/01/18 - 12/31/18	10,000	10,000	-	4,008	5,992	-

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, 2019

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, 2018	Revenue Recognized/ Expenditures	Accrued or (Deferred) Revenues At June 30, 2019
<i>Passed Through Northampton County</i>									
Community Development Block Grant	14.218		10/18/18 - 12/31/19	30,000	2,387	-	-	15,738	13,351
Community Development Block Grant	14.218		01/01/17 - 07/31/18	30,000	2,701	-	2,701	-	-
Community Development Block Grant	14.218		10/18/17 - 12/31/18	30,513	30,513	-	5,730	24,783	-
Community Development Block Grant	14.218		10/01/18 - 12/31/19	15,000	-	-	-	2,494	2,494
Community Development Block Grant	14.218		10/01/16 - 07/31/18	20,000	-	-	(20,000)	20,000	-
Community Development Block Grant	14.218		10/01/17 - 12/31/18	20,000	20,000	-	394	19,606	-
Community Development Block Grant	14.218		10/01/18 - 12/31/19	30,000	-	-	-	11,405	11,405
Community Development Block Grant	14.218		10/01/17 - 12/31/18	20,000	20,000	-	10,446	9,554	-
TOTAL	14.218			215,513	85,601	-	3,279	115,523	33,201
<i>Passed Through the City of Allentown</i>									
Emergency Solutions Grant Program	14.231		01/01/19 - 12/31/19	-	-	-	-	16,015	16,015
Emergency Solutions Grant Program	14.231		01/01/18 - 12/31/18	25,518	25,518	-	9,975	15,543	-
<i>Passed Through Lehigh County</i>									
Emergency Solutions Grant Program	14.231	C000064184	09/19/16 - 03/19/18	148,700	16,430	-	-	14,520	(1,910)
TOTAL	14.231			174,218	41,948	-	9,975	46,078	14,105
<i>Passed Through the City of Allentown</i>									
Home Investment Partnerships Program (HRP Allentown)	14.239		05/01/18 - 07/30/19	130,833	130,834	-	90,120	40,714	-
<i>Passed Through the City of Bethlehem</i>									
Home Investment Partnerships Program (HRP Bethlehem)	14.239		05/01/18 - 07/30/19	400,000	242,671	-	-	168,979	(73,692)
TOTAL	14.239			530,833	373,505	-	90,120	209,693	(73,692)
Total U.S. Department of Housing & Urban Development				920,564	516,817	-	105,491	398,321	(13,005)
<i>U.S. Department of Justice</i>									
Fair Housing Testing Program	16.xxx		8/30/18 - 8/29/19	13,598	6,079	-	-	6,079	-
Total U.S. Department of Justice	16.xxx			13,598	6,079	-	-	6,079	-
<i>U.S. Department of Energy</i>									
<i>Passed Through the Pennsylvania</i>									
Department of Community & Economic Development	81.042	C000056906	07/01/18 - 06/30/19	395,365	328,882	-	-	392,656	63,774
Weatherization Assistance for Low-Income Persons	81.042	C000066455	07/01/17 - 06/30/18	355,562	76,648	-	76,648	-	-
Weatherization Assistance for Low-Income Persons	81.042			750,927	405,530	-	76,648	392,656	63,774
Total U.S. Department of Energy						-			

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, 2019

<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, 2018</u>	<u>Revenue Recognized/ Expenditures</u>	<u>Accrued or (Deferred) Revenues At June 30, 2019</u>
<i>U.S. Department of Health & Human Services Passed Through the Pennsylvania Department of Public Welfare</i>									
Temporary Assistance to Needy Families (Supported Work/Supported Engagement Program)	93.558	4100064754	01/01/19 - 09/30/19	225,541	59,572	-	-	128,865	69,293
Temporary Assistance to Needy Families (Supported Work/Supported Engagement Program)	93.558	4100064754	10/01/18 - 12/31/18	75,181	58,121	-	-	58,121	-
Temporary Assistance to Needy Families (Supported Work/Supported Engagement Program)	93.558	4100064754	10/01/17 - 9/30/18	300,722	149,340	-	83,001	66,339	-
TOTAL	93.558			<u>601,444</u>	<u>267,033</u>	<u>-</u>	<u>83,001</u>	<u>253,325</u>	<u>69,293</u>
<i>Passed Through the Pennsylvania Department of Community & Economic Development</i>									
Low-Income Home Energy Assistance	93.568	C000061716	10/01/18 - 9/30/19	3,501,146	817,762	-	-	898,872	81,110
Low-Income Home Energy Assistance	93.568	C000061716	10/01/17 - 9/30/18	2,587,516	155,877	-	41,611	114,266	-
TOTAL	93.568			<u>6,088,662</u>	<u>973,639</u>	<u>-</u>	<u>41,611</u>	<u>1,013,138</u>	<u>81,110</u>
<i>Passed Through the Pennsylvania Department of Community & Economic Development</i>									
Community Services Block Grant	93.569	C000067069	01/01/19 - 12/31/19	2,673,870	501,380	130,000	-	628,428	127,048
Community Services Block Grant	93.569	C000067069	01/01/18 - 12/31/18	740,674	968,811	130,000	269,473	699,338	-
TOTAL	93.569			<u>3,414,544</u>	<u>1,470,191</u>	<u>260,000</u>	<u>269,473</u>	<u>1,327,766</u>	<u>127,048</u>
Total U.S. Department of Health & Human Services				<u>10,104,650</u>	<u>2,710,863</u>	<u>260,000</u>	<u>394,085</u>	<u>2,594,229</u>	<u>277,451</u>
Total Federal Awards				<u>\$ 11,789,739</u>	<u>\$ 5,518,596</u>	<u>\$ 260,000</u>	<u>\$ 975,248</u>	<u>\$ 5,366,352</u>	<u>\$ 823,004</u>

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, 2019**

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, 2019. 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 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. SUBRECIPIENTS

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)		\$ 130,000
Community Action Development Corporation of Bethlehem (CADCB)		130,000
		<u>\$ 260,000</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, 2019**

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)	\$ 611,436
Emergency Food Assistance Program - Food Commodities (10.569)	<u>1,111,809</u>
	<u>\$ 1,723,245</u>



Certified Public Accountants | Business Consultants

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, 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, and have issued our report thereon dated December 12, 2019. 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 12, 2019



Certified Public Accountants | Business Consultants

**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, 2019. 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, 2019.

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 12, 2019

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

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I: Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

* Material weaknesses identified?

____yes Xno

* Significant deficiencies identified
that are not considered to be
material weaknesses?

____yes Xnone
reported

Noncompliance material to financial
statements noted?

____yes Xno

Federal Awards:

Internal control over major programs:

* Material weaknesses identified?

____yes Xno

* Significant deficiencies identified
that are not considered to be
material weaknesses?

____yes Xnone
reported

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

Unmodified

Any audit findings disclosed that are
required to be reported in accordance
with 2 CFR 200.516(a)?

____yes Xno

Identification of major programs:

CFDA Number

93.558
93.569

Name of Federal Program

Temporary Assistance to Needy Families
Community Services Block Grant

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, 2019**

Section II: Financial Statement Findings

No findings to be reported.

Section III: Federal Award Findings

No findings to be reported.