

Attachment C:
CALV Audited Financial Statement 2020-2021

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

**FINANCIAL AND
SINGLE AUDIT REPORTS**

June 30, 2021



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COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

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June 30, 2021 and 2020

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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, 2021 and 2020, 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*, issued 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. and Subsidiaries as of June 30, 2021 and 2020, 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

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements and parent company's statement of program expenses presented on pages 35 to 44 are presented for purposes of additional analysis and are 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 also 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 August 31, 2022, 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. and Subsidiaries' 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
August 31, 2022

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

**Consolidated Statements of Financial Position
June 30, 2021 and 2020**

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 12,195,205	\$ 7,317,532
Restricted cash	12,983,492	858,255
Grant receivable	1,356,825	791,114
Accounts receivable, other	431,158	54,076
Unconditional promises to give	24,291	289,743
Program loans receivable, net of loss reserve	592,792	590,578
Inventory	1,897,039	1,064,523
Property inventory, net of loss reserve	497,642	537,197
Prepaid expenses	290,807	176,156
TOTAL CURRENT ASSETS	30,269,251	11,679,174
PROPERTY AND EQUIPMENT		
Land	26,477	26,477
Land held in trust	329,547	312,747
Building	8,614,265	8,546,465
Leasehold improvements	856,744	856,744
Equipment	2,702,067	2,108,245
	12,529,100	11,850,678
Less: accumulated depreciation	5,236,044	4,792,489
TOTAL PROPERTY AND EQUIPMENT, NET	7,293,056	7,058,189
OTHER ASSETS		
Unconditional promises to give	11,225	16,054
Investments	319,683	208,477
Program loans receivable, net of current portion	1,672,016	2,517,185
TOTAL OTHER ASSETS	2,002,924	2,741,716
TOTAL ASSETS	\$ 39,565,231	\$ 21,479,079

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

**Consolidated Statements of Financial Position (cont'd)
June 30, 2021 and 2020**

LIABILITIES AND NET ASSETS		
	2021	2020
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 155,983	\$ 169,084
Line of credit	100,000	100,000
Accounts payable	530,477	496,727
Accrued expenses	132,869	84,659
Accrued interest	9,875	12,500
Accrued wages	542,612	381,295
Compensated absences	132,108	131,231
Refundable advances	12,927,044	1,952,934
Custodial funds	53,635	47,936
TOTAL CURRENT LIABILITIES	14,584,603	3,376,366
NONCURRENT LIABILITIES		
Long-term debt, less current maturities	2,621,338	2,684,729
TOTAL NONCURRENT LIABILITIES	2,621,338	2,684,729
TOTAL LIABILITIES	17,205,941	6,061,095
NET ASSETS		
Without donor restrictions	13,954,651	11,896,605
With donor restrictions	8,404,639	3,521,379
TOTAL NET ASSETS	22,359,290	15,417,984
TOTAL LIABILITIES AND NET ASSETS	\$ 39,565,231	\$ 21,479,079

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

**Consolidated Statements of Activities
Year Ended June 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants, private	\$ 1,375,897	\$ 9,213,973	\$ 10,589,870
Grants, government	14,871,668	-	14,871,668
Donated food products	14,712,860	-	14,712,860
Shared maintenance fee	131,080	-	131,080
Program services	1,930,222	-	1,930,222
Other income	20,760	-	20,760
Interest income	202,986	16,223	219,209
Gain on sale of homes	787	-	787
	<u>33,246,260</u>	<u>9,230,196</u>	<u>42,476,456</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
For program operations	4,299,661	(4,299,661)	-
For capital additions	47,275	(47,275)	-
	<u>4,346,936</u>	<u>(4,346,936)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>37,593,196</u>	<u>4,883,260</u>	<u>42,476,456</u>
EXPENSES			
Program	31,778,258	-	31,778,258
Supporting services:			
Management and general	3,134,005	-	3,134,005
Fundraising	622,887	-	622,887
TOTAL EXPENSES	<u>35,535,150</u>	<u>-</u>	<u>35,535,150</u>
CHANGE IN NET ASSETS	2,058,046	4,883,260	6,941,306
NET ASSETS, beginning	11,896,605	3,521,379	15,417,984
NET ASSETS, ending	<u>\$ 13,954,651</u>	<u>\$ 8,404,639</u>	<u>\$ 22,359,290</u>

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

**Consolidated Statements of Activities
Year Ended June 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants, private	\$ 4,793,599	\$ 2,857,427	\$ 7,651,026
Grants, government	5,200,527	-	5,200,527
Donated food products	14,498,764	-	14,498,764
Shared maintenance fee	86,687	-	86,687
Program services	1,728,914	-	1,728,914
Other income	30,154	-	30,154
Interest income	228,924	24,369	253,293
	<u>26,567,569</u>	<u>2,881,796</u>	<u>29,449,365</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
For program operations	1,343,666	(1,343,666)	-
For capital additions	480,648	(480,648)	-
	<u>1,824,314</u>	<u>(1,824,314)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>28,391,883</u>	<u>1,057,482</u>	<u>29,449,365</u>
EXPENSES AND LOSSES			
Program	24,148,690	-	24,148,690
Supporting services:			
Management and general	2,453,372	-	2,453,372
Fundraising	562,318	-	562,318
TOTAL EXPENSES	<u>27,164,380</u>	<u>-</u>	<u>27,164,380</u>
Loss on sale of homes	145,174	-	145,174
TOTAL EXPENSES AND LOSSES	<u>27,309,554</u>	<u>-</u>	<u>27,309,554</u>
CHANGE IN NET ASSETS	1,082,329	1,057,482	2,139,811
NET ASSETS, beginning	10,814,276	1,943,445	12,757,721
Acquisition of subsidiary	-	520,452	520,452
NET ASSETS, ending	<u>\$ 11,896,605</u>	<u>\$ 3,521,379</u>	<u>\$ 15,417,984</u>

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

**Consolidated Statements of Functional Expenses
Year Ended June 30, 2021**

	2021			
	Program	Management & General	Fund Raising	Total
PERSONNEL:				
Salaries and wages	\$ 2,540,390	\$ 1,401,431	\$ 283,396	\$ 4,225,217
Employee benefits/payroll taxes	1,223,303	624,888	127,389	1,975,580
Conferences and training	18,067	9,645	2,032	29,744
Travel	15,219	4,991	1,475	21,685
TOTAL PERSONNEL	<u>3,796,979</u>	<u>2,040,955</u>	<u>414,292</u>	<u>6,252,226</u>
Advertising and promotion	411	-	-	411
Bad debt expense	-	52,701	-	52,701
Computer tech support	1,442	-	-	1,442
Contracted services/assistance	6,910,475	315,968	-	7,226,443
Depreciation	335,080	108,474	-	443,554
Dues and subscriptions	44,385	25,948	8,432	78,765
Equipment maintenance and repairs	103,840	9,142	22,373	135,355
Facility maintenance and utilities	334,247	95,622	-	429,869
Food distributions	13,778,368	-	-	13,778,368
Food purchases	2,192,416	-	-	2,192,416
Grants - Southside Revitalization	107,348	-	-	107,348
Insurance	74,985	54,211	-	129,196
Interest	39,173	3,952	-	43,125
Provision for loan losses	(65,431)	-	-	(65,431)
Minor equipment purchase	58,603	100,568	-	159,171
Miscellaneous	3,646	-	-	3,646
Occupancy	29,756	21,886	9,317	60,959
Other expense	43,896	-	-	43,896
Payroll processing	1,691	-	-	1,691
Postage	26,996	4,401	27,254	58,651
Printing	11,002	969	74,204	86,175
Professional fees	2,041,221	226,935	-	2,268,156
Program contract costs and supplies	679,100	-	-	679,100
Project cost loss reserve	72,000	-	-	72,000
Rents	6,450	-	-	6,450
Subgrantee payments	148,727	-	-	148,727
Supplies	823,017	26,800	51,880	901,697
Telephone	73,817	45,435	15,135	134,387
Vehicle operation and repairs	104,618	38	-	104,656
TOTAL OTHER	<u>27,981,279</u>	<u>1,093,050</u>	<u>208,595</u>	<u>29,282,924</u>
TOTAL EXPENSES	<u>\$ 31,778,258</u>	<u>\$ 3,134,005</u>	<u>\$ 622,887</u>	<u>\$ 35,535,150</u>

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

**Consolidated Statements of Functional Expenses
Year Ended June 30, 2020**

	2020			
	<u>Program</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total</u>
PERSONNEL:				
Salaries and wages	\$ 2,709,242	\$ 1,062,604	\$ 126,607	\$ 3,898,453
Employee benefits/payroll taxes	1,220,625	323,051	283,574	1,827,250
Conferences and training	37,940	26,973	5,809	70,722
Travel	36,431	8,062	2,823	47,316
TOTAL PERSONNEL	<u>4,004,238</u>	<u>1,420,690</u>	<u>418,813</u>	<u>5,843,741</u>
Advertising and promotion	3,588	-	-	3,588
Computer tech support	1,166	-	-	1,166
Contracted services/assistance	271,684	418,587	-	690,271
Depreciation	262,655	93,485	-	356,140
Dues and subscriptions	32,741	25,122	6,987	64,850
Equipment maintenance and repairs	71,923	15,637	12,995	100,555
Facility maintenance and utilities	261,757	70,458	-	332,215
Food distributions	14,335,712	-	-	14,335,712
Food purchases	1,518,110	-	-	1,518,110
Grants - Southside Revitalization	146,013	-	-	146,013
Insurance	67,393	45,010	-	112,403
Interest	40,641	5,054	-	45,695
Provision for loan losses	95,519	-	-	95,519
Minor equipment purchase	23,201	18,810	-	42,011
Miscellaneous	1,090	-	-	1,090
Occupancy	26,330	-	-	26,330
Other expense	26,538	22,409	6,646	55,593
Payroll processing	2,342	-	-	2,342
Postage	24,783	4,764	16,647	46,194
Printing	8,067	5,079	62,945	76,091
Professional fees	1,685,838	244,198	-	1,930,036
Program contract costs and supplies	410,562	-	-	410,562
Project cost loss reserve	19,000	-	-	19,000
Rents	25,800	-	-	25,800
Subgrantee payments	24,049	-	-	24,049
Supplies	531,539	23,368	25,252	580,159
Telephone	68,755	38,743	12,033	119,531
Utilities	2,464	-	-	2,464
Vehicle operation and repairs	155,192	1,958	-	157,150
TOTAL OTHER	<u>20,144,452</u>	<u>1,032,682</u>	<u>143,505</u>	<u>21,320,639</u>
TOTAL EXPENSES	<u>\$ 24,148,690</u>	<u>\$ 2,453,372</u>	<u>\$ 562,318</u>	<u>\$ 27,164,380</u>

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

**Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,941,306	\$ 2,139,811
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	443,554	356,140
Provision for loan losses	(65,431)	95,519
Non-cash loss provision	72,000	(144,000)
Unrealized (gain) loss on investment	(83,647)	5,415
(Increase) decrease in assets:		
Grant receivable	(565,711)	(11,492)
Accounts receivable, other	(377,082)	278,269
Unconditional promises to give	270,281	(172,976)
Inventory	(832,516)	(163,052)
Property inventory	(32,445)	305,288
Prepaid expenses	(114,651)	56,427
Increase (decrease) in liabilities:		
Accounts payable	33,750	3,083
Accrued wages	161,317	9,389
Accrued expense	48,210	5,089
Accrued interest	(2,625)	2,949
Compensated absences	877	16,240
Refundable advances	10,974,110	1,520,131
Custodial funds	5,699	26,235
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>16,876,996</u>	<u>4,328,465</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for land leases	(16,800)	(17,500)
Assets received on subsidiary acquisition	-	340,774
Purchase of investments	(27,559)	-
Program loans disbursed	(536,000)	(1,490,919)
Program loans repaid	1,394,386	982,483
Purchase of property and equipment	(661,622)	(618,995)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>152,405</u>	<u>(804,157)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	-	(70,418)
Proceeds from notes payable	10,000	-
Payments on notes payable	(36,491)	(25,390)
NET CASH USED IN FINANCING ACTIVITIES	<u>(26,491)</u>	<u>(95,808)</u>

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

**Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
EQUIVALENTS	17,002,910	3,428,500
CASH AND CASH EQUIVALENTS:		
Beginning	<u>8,175,787</u>	<u>4,747,287</u>
Ending	<u>\$ 25,178,697</u>	<u>\$ 8,175,787</u>
Cash and cash equivalents	\$ 12,195,205	\$ 7,317,532
Restricted cash	<u>12,983,492</u>	<u>858,255</u>
	<u>\$ 25,178,697</u>	<u>\$ 8,175,787</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for:		
Interest	<u>\$ 43,125</u>	<u>\$ 45,695</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Program loans acquired in subsidiary acquisition	<u>\$ -</u>	<u>\$ 179,678</u>

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

**Notes to the Financial Statements
June 30, 2021 and 2020**

NOTE 1. ORGANIZATION AND PURPOSE

Nature of Operations

Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries (the "Organization") consists of six 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.

Sixth Street Shelter/Turner Street Apartments/Ferry Street Apartments

The Sixth Street Shelter provides temporary housing (60-90 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 who 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 the Lehigh Valley and Northeast Pennsylvania (Second Harvest) distributes food to more than 200 non-profit "member" agencies that provide food assistance to people in need. These agencies include soup kitchens, day care centers, homeless shelters, residential rehabilitation services and emergency food pantries. As an affiliate of Feeding America (formerly America's Second Harvest), the national food bank network, 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

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

**Notes to the Financial Statements
June 30, 2021 and 2020**

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.

- The Seed Farm provides affordable access to critical and otherwise prohibitively expensive resources—such as land, infrastructure, equipment, and mentoring—thereby lowering the barriers to farm entry so that beginning farmers may pursue careers in agriculture. Since 2010, The Seed Farm has provided intensive, full-season training in production, marketing, business planning, and equipment operation to dozens of beginning farmers looking to start farms.

Housing Counseling Program (HCP)

Housing Counseling Program aims to increase homeownership, stabilize neighborhoods and build community wealth, particularly for minorities and low-to-moderate income households. This is accomplished through the provision of home ownership opportunities, which includes the Home Ownership Counseling Program that provides first-time homebuyer educational seminars; pre-purchase counseling; pre-settlement counseling; financial literacy education; and the Home Ownership Savings Account Program, which requires the participant to save \$20 per week for two years, for a total of \$2,000 that will be matched for a combined total of \$4,000 to be used toward purchasing an owner-occupied home. HCP also provides foreclosure prevention services through the Foreclosure Mitigation Counseling Program, which provides counseling services to homeowners in default, at risk of default, or facing foreclosure. In addition, the Mortgage Foreclosure Diversion Program, operated by both Lehigh and Northampton County Court of Common Pleas, is a mediation program in the court systems available to owners of single-family homes in foreclosure.

Work Ready Program

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.

Community Action Better Homes (CABH)

Community Action Better Homes will focus resources in targeted areas of the City of Allentown, City of Bethlehem, Northampton County, and Lehigh County in order to undertake the following projects: acquisition/rehab/resale, owner-occupied rehab, owner-occupied facades, multi-unit facades, investor-owned rehabs, commercial facades, “porch paint” projects, and Land Trust duplexes from de-conversions. These improvements will be made to enhance the health, well-being and quality of life of neighborhood residents; increase property values in the surrounding neighborhoods; and create wealth for the residents and revenue for the cities and counties. Our Lehigh Valley Community Land Trust, Housing Counseling Program, and Weatherization programs are all part of Community Action Better Homes.

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.

CACLV also operates as a fiscal agent for the Lehigh County Emergency Rental Assistance Program to facilitate and monitor the distribution of payments.

CACLV partners with United Way of the Greater Lehigh Valley to provide professional support for the Lehigh Valley Food Policy Council, a collective impact group to address the root causes

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

**Notes to the Financial Statements
June 30, 2021 and 2020**

of hunger and food insecurity, lack of access to fresh food, diminishing farmland, and barrier prohibiting success of local food producers.

Campaign for 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.

- Generation Next is a strategy designed to correct disparities in education by ensuring that underserved students have increased access to opportunities to attend post-secondary schools to further their educations.
- SHE (an acronym for Self-Esteem, Health and 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.
- Color Outside the Lines initiative engages the Lehigh Valley in a conversation about race and ethnicity that eliminates barriers to fairness and opportunity, strengthens our community, and leaves no one behind.

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 elevate and empower residents by actively promoting neighborhood revitalization which strengthens the neighborhood economy, improves the quality of life and is inclusive of all residents. The Organization is engaged in community economic development that includes providing technical assistance, facilitating start-up financing, assisting with research, preparing business plans, and offering services as needed for the

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creation of new businesses and working with residents to determine neighborhood business needs and opportunities.

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 communities of South Bethlehem and Northside 2027. CADCB works toward neighborhood stabilization through engaging in community economic development that consists of connecting residents and business owners to mainstream economic opportunities, resulting in expanded income, employment, and ownership opportunities; working in partnership with the City of Bethlehem to implement the Southside Vision 2014-2024 Master Plan and Northside 2027 Plan, resulting in a more economically viable South Bethlehem and North Bethlehem; and promoting policies that increase economic opportunities for residents of South Bethlehem and the Northside 2027 neighborhood.

LEHIGH VALLEY COMMUNITY LAND TRUST (LVCLT)

The mission of CACLV's subsidiary, Lehigh Valley Community Land Trust (LVCLT), is to create and preserve affordable homes for working families. Once properties have been acquired and rehabbed through Community Action Better Homes. LVCLT acquires and holds land for the benefit of the community and provides secure, affordable access to land and housing for low-income residents who may otherwise not have the opportunity to achieve homeownership. 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. The mission of this Subsidiary is to identify small business and community development credit needs that may stifle the creation of economic opportunity in low to moderate-income communities of the Lehigh Valley and to meet those needs with affordable credit products. The main goal of the program is to assist residents in starting and/or stabilizing their own business, in order to enhance their opportunities for self-sustaining jobs. The intent is to fill credit gaps, not to duplicate services already available, and to prepare borrower to become bankable at some point in time.

LEHIGH AND NORTHAMPTON COUNTIES REVOLVING LOAN FUND, INC. (LNCRLF)

The Revolving Loan Fund became a subsidiary of CACLV on July 1, 2019. The Revolving Loan Fund is a program administered by the Economic Development Administration, a bureau within the U.S. Department of Commerce, whose purpose is to make loans to small businesses that cannot otherwise obtain traditional bank financing. These loans provide access to capital as gap financing that enables businesses to grow in economically disadvantaged areas.

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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 and Revenue Recognition

Revenue is recognized when earned. Program service income and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. For the years ended June 30, 2021 and 2020 there is no deferred revenue for program service income. Accounts receivable related to program service income for the years ended June 30, 2021 and 2020 and 2019 are \$431,158, \$54,076 and \$332,345, respectively.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Consequently, at June 30, 2021, contributions approximating \$3,350,000, have not been recognized in the accompanying statement of activities because the condition on which they depend has not yet been met. Detail of the promises to give and conditional promises to give are contained in Note 5.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. As of June 30, 2021 and 2020, the Organization has refundable advances of \$12,927,044 and \$1,952,934, respectively. Refundable advances as of June 30, 2020 includes \$1,038,505 that was received under the Payment Protection Program (PPP) that is expected to be forgiven with additional detail in Note 13. Revenue under the grant contracts for the years ended June 30, 2021 and 2020 was \$14,871,668 and \$5,200,527, respectively. Receivables related to grant contracts of the Organization as of June 30, 2021, 2020 and 2019 are \$1,356,825, \$791,114 and \$779,622, respectively.

Additionally, sales of real estate included in revenue of 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 and shown as a direct reduction to the sales receipts.

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In Kind Contributions

Donated Goods and Services

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

Below Market In-Kind Interest

RTCLF has several loans payable, as more fully described in Note 12, which are non-interest bearing or bear interest at a below market rate. Interest has been imputed on the RTCLF loans at 0.73% and 1.02% for the years ended June 30, 2021 and 2020.

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, 2021 and 2020, 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 14.

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

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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.

Property and Equipment

CACLV's property and equipment with acquisition costs 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 with acquisition costs of \$1,000 or more are recorded at cost and depreciated over their estimated useful lives of the assets on the straight-line basis ranging from 3 to 7 years.

Depreciation charged to expense is \$443,554 and \$356,140 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020 land held in trust was \$329,547 and \$312,747, respectively.

Property Inventory

Property inventory represents costs incurred by CACLV for housing rehabilitation 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, 2021 and 2020, net of loss reserves, is \$497,642 and \$537,197, respectively.

Program Loans Receivable

Loans are reported for RTCLF and LNCRLF 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 and LNCRLF reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. The Organizations use 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 portfolios, including loans analyzed individually and loans analyzed on a collective basis.

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

The establishment of the allowance for loan losses relies on a consistent process that requires multiple layers of management review and judgment and responds to changes in economic conditions, among other influences. From time to time, events or economic factors may affect the

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loan portfolios, 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 and LNCRLF fully or partially charges off a 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 six not-for-profit corporations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization has adopted 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 2021 and 2020.

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 2018, 2019 and 2020 are subject to examination by the IRS, generally for three years after they were filed.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements presentation to correspond to current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

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Date of Management's Review

Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries has evaluated subsequent events through August 31, 2022, 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 Organization's operating needs and other contractual commitments. The Organization 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 Organization strives to maintain sufficient liquid financial assets to cover two to three months of operating expenses. In addition to the financial assets available, the Organization operates with a balanced budget and anticipates collecting sufficient revenues to cover general operating expenditures.

The breakdown of financial resources as of June 30, 2021 and 2020, available to meet general expenditures within one year of the balance sheet date are listed below:

	2021	2020
Cash and cash equivalents	\$ 25,178,697	\$ 8,175,787
Grant receivable	1,356,825	791,114
Unconditional promises to give	24,291	289,743
Accounts receivable, other	431,158	54,076
Program loans receivable, net of loss reserve	592,792	590,578
Less: Contractual or donor-imposed restriction making financial assets unavailable for general expenditure	(21,385,318)	(5,522,249)
	<u>\$ 6,198,445</u>	<u>\$ 4,379,049</u>

NOTE 4. RESTRICTED CASH

Restricted cash as of June 30, 2021 and 2020 was restricted for the following purposes:

	2021	2020
CACLV		
Family and resident savings	\$ 53,635	\$ 47,936
Lehigh County emergency rental assistance program	4,015,797	-
True endowment (SHFB)	5,000	5,000
	<u>4,074,432</u>	<u>52,936</u>
LVCLT		
Program expenses	104,020	-
	<u>104,020</u>	<u>-</u>

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	2021	2020
LNCLF		
Lending	454,263	399,259
	<u>454,263</u>	<u>399,259</u>
RTCLF		
Lending	180,500	4,385
Northampton County, COVID-19 fund	-	6,000
City of Bethlehem fund	485,852	395,675
Truist	5,000	-
Century Fund	65,192	-
Lehigh County CHIRP	4,169,270	-
Northampton County CHIRP	3,444,963	-
	<u>8,350,777</u>	<u>406,060</u>
	<u>\$ 12,983,492</u>	<u>\$ 858,255</u>

NOTE 5. PROMISES TO GIVE

Unconditional Promises to Give

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

	2021	2020
CACLV		
Donor restricted for program costs and facilities and equipment	\$ 36,793	\$ 157,243
CADCA		
Donor restricted for program costs and facilities	-	150,000
	<u>36,793</u>	<u>307,243</u>
Less: allowance for pledges receivable	500	1,208
Less: discounts for pledges receivable	777	238
	<u>\$ 35,516</u>	<u>\$ 305,797</u>

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

	2021	2020
Less than one year	\$ 24,291	\$ 289,743
One to five years	11,225	16,054
	<u>\$ 35,516</u>	<u>\$ 305,797</u>

Conditional Promises to Give

During the year ended June 30, 2021, CACLV and its 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.

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CACLV has received conditional pledges related to Slate Belt Rising from local corporations and have remaining pledge commitments of \$100,000 payable over the next year as of June 30, 2021. The pledges are contingent upon future Commonwealth of Pennsylvania tax credits and approvals under its Neighborhood Partnership Program. Pledge payments under the program were \$100,000 in 2021 and 2020, respectively.

CADCA has received conditional pledges from local corporations and have remaining pledge commitments of \$650,000 per year payable over the next five years totaling \$3,250,000 as of June 30, 2021. The pledges are contingent upon future Commonwealth of Pennsylvania tax credits and approvals under its Neighborhood Partnership Program. Pledge payments under the program were \$650,000 and \$550,000 in 2021 and 2020, respectively. Unconditional promises to give related to the pledges were \$0 and \$150,000 as of June 30, 2021 and 2020, respectively.

CADCB has received conditional pledges from local corporations and have made pledge commitments contingent upon future Commonwealth of Pennsylvania tax credits, under its Neighborhood Partnership Program. Pledge payments received against these commitments were \$0 and \$200,000 as of June 30, 2021 and 2020. There are no contingent pledges for future periods as of June 30, 2021.

NOTE 6. PROGRAM AND FORGIVABLE LOANS RECEIVABLE

On July 1, 2019, CACLV began operation of the Lehigh and Northampton County Revolving Loan Fund (LNCRLF). The acquisition consisted of cash and loans receivable of \$520,166 which included \$179,393 of cash and \$340,774 in outstanding loans receivable.

Program loans receivable for RTCLF and LNCRLF 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 \$216,004 and \$249,286 for the years ended June 30, 2021 and 2020, respectively. Aggregate loans receivable at June 30, 2021 and 2020 were comprised of the following:

	2021	2020
Micro Loans:		
CDFI funds	\$ -	\$ -
LNCRLF	68,312	124,179
Government and corporate grants	82,450	281,709
Investor loan funds	147,759	317,118
Unrestricted funds	404,681	617,813
	<u>703,202</u>	<u>1,340,819</u>

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	<u>2021</u>	<u>2020</u>
Small Business Loans:		
CDFI funds	-	-
LNCRLF	-	-
Government and corporate grants	407,866	478,157
Investor loan funds	305,619	570,745
Unrestricted funds	991,121	1,028,342
	<u>1,704,606</u>	<u>2,077,244</u>
Total loans outstanding	2,407,808	3,418,063
Loss reserve	<u>(143,000)</u>	<u>(310,300)</u>
	<u>\$ 2,264,808</u>	<u>\$ 3,107,763</u>

Scheduled annual maturities of term loans receivable at June 30, 2021 are as follows:

<u>Year ended June 30,</u>	
2022	\$ 735,792
2023	372,383
2024	327,858
2025	328,538
2026	273,206
Thereafter	370,031
	<u>\$ 2,407,808</u>

RTCLF 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, 2021 and 2020, the amount included in the net assets with donor restrictions is included in Note 14.

The Organizations have an established a methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the Organization's portfolios. For purposes of determining the allowance for loan losses, the Organizations segment loans in their portfolios 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 Organizations use 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, 2021 and 2020 the loss percentage used for small business and micro loans was 4%-10%, for both years when evaluated collectively. The Organizations consider the allowance for loan losses of \$143,000 and \$310,300 adequate to cover loan losses inherent in the loan portfolios, as of June 30, 2021 and 2020, respectively. The following table presents by portfolio segment, the changes in the allowance for loan losses and the recorded investment in loans.

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LNCRLF micro loans are federally funded and pose no risk of loss. Loans are still collectively evaluated for impairment but any write off will be charged directly to the Fund so there is no risk of loss and no allowance recognized. The balance of LNCRLF federally funded loans collectively evaluated for impairment as of June 30, 2021 and 2020 was \$68,313 and \$124,179, respectively.

	Year Ended June 30, 2021	Micro Loans	Small Business Loans	Total
Loan loss reserve:				
Beginning balances		\$ 185,281	\$ 125,019	\$ 310,300
Charge-offs		(17,057)	(87,812)	(104,869)
Recoveries		3,000	-	3,000
Provision		(125,695)	60,264	(65,431)
Ending balances		<u>\$ 45,529</u>	<u>\$ 97,471</u>	<u>\$ 143,000</u>
Ending balances:				
Individually evaluated for impairment		\$ 7,230	\$ -	\$ 7,230
Collectively evaluated for impairment		38,299	97,471	135,770
		<u>\$ 45,529</u>	<u>\$ 97,471</u>	<u>\$ 143,000</u>
Program Loans Receivables:				
Ending balances:				
Individually evaluated for impairment		\$ 48,947	\$ 84,484	\$ 133,431
Collectively evaluated for impairment		654,255	1,620,122	2,274,377
		<u>\$ 703,202</u>	<u>\$ 1,704,606</u>	<u>\$ 2,407,808</u>
	Year Ended June 30, 2020	Micro Loans	Small Business Loans	Total
Loan loss reserve:				
Beginning balances		\$ 165,758	\$ 93,242	\$ 259,000
Charge-offs		-	(46,483)	(46,483)
Recoveries		2,264	-	2,264
Provision		17,259	78,260	95,519
Ending balances		<u>\$ 185,281</u>	<u>\$ 125,019</u>	<u>\$ 310,300</u>
Ending balances:				
Individually evaluated for impairment		\$ 110,573	\$ 15,532	\$ 126,105
Collectively evaluated for impairment		74,708	109,487	184,195
		<u>\$ 185,281</u>	<u>\$ 125,019</u>	<u>\$ 310,300</u>
Program Loans Receivables:				
Ending balances:				
Individually evaluated for impairment		\$ 133,857	\$ 135,501	\$ 269,358
Collectively evaluated for impairment		1,206,962	1,941,743	3,148,705
		<u>\$ 1,340,819</u>	<u>\$ 2,077,244</u>	<u>\$ 3,418,063</u>

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Credit Quality Information:

The following tables present the classes of the loan portfolio summarized by aggregate unclassified rating (loans not considered greater than normal risk) and classified ratings of substandard (well defined weakness) and doubtful (unlikely to be paid in full) within the Organization's internal risk rating system as of June 30, 2021 and 2020.

<u>June 30, 2021</u>	<u>Unclassified</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Total</u>
Micro Loans:				
CDFI funds	\$ -	\$ -	\$ -	\$ -
LNCRLF	68,312	-	-	68,312
Government and				
Corporate grants	34,450	24,000	24,000	82,450
Investor loan funds	125,654	-	22,105	147,759
Unrestricted funds	312,492	50,462	41,727	404,681
Small Business Loans:				
CDFI funds	-	-	-	-
LNCRLF	-	-	-	-
Government and				
Corporate grants	407,866	-	-	407,866
Investor loan funds	247,794	57,825	-	305,619
Unrestricted funds	954,608	36,513	-	991,121
	<u>\$ 2,151,176</u>	<u>\$ 168,800</u>	<u>\$ 87,832</u>	<u>\$ 2,407,808</u>
<u>June 30, 2020</u>	<u>Unclassified</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Total</u>
Micro Loans:				
CDFI funds	\$ -	\$ -	\$ -	\$ -
LNCRLF	124,179	-	-	124,179
Government and				
Corporate grants	281,709	-	-	281,709
Investor loan funds	292,264	-	24,854	317,118
Unrestricted funds	508,810	64,275	44,728	617,813
Small Business Loans:				
CDFI funds	-	-	-	-
LNCRLF	-	-	-	-
Government and				
Corporate grants	478,157	-	-	478,157
Investor loan funds	555,213	-	15,532	570,745
Unrestricted funds	908,373	119,969	-	1,028,342
	<u>\$ 3,148,705</u>	<u>\$ 184,244</u>	<u>\$ 85,114</u>	<u>\$ 3,418,063</u>

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Age Analysis of Past Due Financing Receivables by Class:

The following are tables which include an aging analysis of the recorded investment of past due term loans receivables as of June 30, 2021 and 2020.

<u>June 30, 2021</u>	<u>31-60 Days Past Due</u>	<u>61-90 Days Past Due</u>	<u>Greater Than 90 Days Past Due</u>	<u>Total Past Due</u>	<u>Total Program Loans Receivables</u>
Micro Loans:					
CDFI funds	\$ -	\$ -	\$ -	\$ -	\$ -
LNCRLF	-	-	-	-	68,312
Government and Corporate grants	-	-	-	-	82,450
Investor loan funds	400	400	9,579	10,379	147,759
Unrestricted funds	1,051	1,051	-	2,102	404,681
Small Business Loans:					
CDFI funds	-	-	-	-	-
LNCRLF	-	-	-	-	-
Government and Corporate grants	-	-	-	-	407,866
Investor loan funds	1,301	1,301	-	2,602	305,619
Unrestricted funds	-	-	-	-	991,121
	<u>\$ 2,752</u>	<u>\$ 2,752</u>	<u>\$ 9,579</u>	<u>\$ 15,083</u>	<u>\$ 2,407,808</u>

<u>June 30, 2020</u>	<u>31-60 Days Past Due</u>	<u>61-90 Days Past Due</u>	<u>Greater Than 90 Days Past Due</u>	<u>Total Past Due</u>	<u>Total Program Loans Receivables</u>
Micro Loans:					
CDFI funds	\$ -	\$ -	\$ -	\$ -	\$ -
LNCRLF	-	-	-	-	124,179
Government and Corporate grants	-	-	-	-	281,709
Investor loan funds	400	400	10,680	11,480	317,118
Unrestricted funds	1,197	1,197	5,126	7,520	617,813
Small Business Loans:					
CDFI funds	-	-	-	-	-
LNCRLF	-	-	-	-	-
Government and Corporate grants	-	-	-	-	478,157
Investor loan funds	-	-	-	-	570,745
Unrestricted funds	2,755	2,231	8,339	13,325	1,028,342
	<u>\$ 4,352</u>	<u>\$ 3,828</u>	<u>\$ 24,145</u>	<u>\$ 32,325</u>	<u>\$ 3,418,063</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

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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, 2021 and 2020 are \$45,000 and \$30,000, respectively. The outstanding loans are scheduled to mature at \$15,000 each year for the years ended June 30, 2023, 2024 and 2026.

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 \$1.79 and \$1.74 in 2021 and 2020, respectively, based upon amounts provided by Feeding America (formerly named America's Second Harvest). For 2021 and 2020, 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 or the identified donated value.

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, 2021 and 2020 is as follows:

June 30, 2021			
Source	Total pounds	Value	Valuation Methodology
USDA/ CSFP-TEFAP	3,871,190	\$ 5,099,269	Commodity price list
Donated	4,565,833	7,343,083	\$1.79 per pound
Purchase	2,667,067	2,270,508	Cost
	<u>11,104,090</u>	<u>\$ 14,712,860</u>	
June 30, 2020			
Source	Total pounds	Value	Valuation Methodology
USDA/ CSFP-TEFAP	3,774,707	\$ 3,551,463	Commodity price list
Donated	6,303,878	10,947,301	\$1.74 per pound
Purchase	2,397,765	1,518,110	Cost
	<u>12,476,350</u>	<u>\$ 16,016,874</u>	

NOTE 8. INVESTMENTS

Investments are stated at fair value and consist of the following as of June 30, 2021 and 2020:

	June 30, 2021		June 30, 2020	
	Cost	Fair Value	Cost	Fair Value
Annuity contract	<u>\$ 237,488</u>	<u>\$ 319,683</u>	<u>\$ 181,144</u>	<u>\$ 208,477</u>

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NOTE 9. ENDOWMENT

CACLV's endowment consists of an individual fund established for Second Harvest Food Bank. As of June 30, 2021 and 2020 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 31 lots and 29 lots at June 30, 2021 and 2020, respectively. CACLV and LVCLT sold two homes and four homes in 2021 and 2020, respectively.

NOTE 11. LINE OF CREDIT

CACLV has a \$2,000,000 revolving line of credit. Interest was at Prime Rate plus 0.75%, with a minimum interest rate of 4.00%. The line is secured by all the assets of the parent organization. The line of credit is renewed annually and currently expires on March 14, 2022. The balance outstanding on the line of credit was \$0 as of June 30, 2021 and 2020.

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 has expired on August 6, 2021 and was not renewed. The balance outstanding on the line of credit was \$0 and \$0 as of June 30, 2021 and 2020, respectively.

LVCLT paid interest on the line of credit of \$0 and \$1,846 for the years ended June 30, 2021 and 2020, respectively.

RTCLF has a \$150,000 secured revolving credit agreement with an interest rate of 5.00% and a \$100,000 unsecured credit line with a rate of 2%. The credit lines expire on June 22, 2022 and March 31, 2022, respectively. The balance on the lines was \$100,000 as of June 30, 2021 and 2020.

NOTE 12. NOTES PAYABLE

Long-term debt at June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</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.	\$ 79,421	\$ 105,913

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	2021	2020
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
TOTAL DEBT, CACLV	392,321	418,813
Less: current portion	30,983	29,084
TOTAL DEBT, CACLV, NON-CURRENT PORTION	361,338	389,729
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 March 2020 to December 2030.	2,250,000	2,300,000
Loans payable to various individuals, non-interest bearing. Final payments are due in five years from execution date in various periods from August 2021 through October 2024.	135,000	135,000
TOTAL DEBT, RTCLF	2,385,000	2,435,000
Less: current portion	125,000	140,000
TOTAL DEBT, RTCLF, NON-CURRENT PORTION	2,260,000	2,295,000
TOTAL DEBT, NON-CURRENT PORTION	<u>\$ 2,621,338</u>	<u>\$ 2,684,729</u>

Maturities of long-term debt are as follows:

Year Ending June 30,	CACLV	RTCLF	Total
2022	\$ 30,983	\$ 125,000	\$ 155,983
2023	29,563	485,000	514,563
2024	23,075	1,160,000	1,183,075
2025	700	215,000	215,700
2026	308,000	-	308,000
Thereafter	-	400,000	400,000
	<u>\$ 392,321</u>	<u>\$ 2,385,000</u>	<u>\$ 2,777,321</u>

Interest expense on debt for the Organization was \$43,125 and \$45,695 for the years ended June 30, 2021 and 2020, respectively.

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The long-term debt is subject to several financial covenants. As of June 30, 2021, the Bank waived a net asset ratio covenant violation for RTCLF due to the large amount of refundable advances for the RTCLF program that was just beginning at year end.

NOTE 13. REFUNDABLE ADVANCES

The Organization receives funds under cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Funds received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Refundable advances as of June 30, 2021 and 2020 are shown in the table below.

	<u>2021</u>	<u>2020</u>
<u>CACLV</u>		
Lehigh County Emergency Rental Assistance Program	\$ 3,972,324	\$ -
Second Harvest Food Bank	963,797	346,103
Community Action Better Homes	278,826	532,711
Custody Subcontract Services	-	35,615
Paycheck Protection Program loan	-	1,038,505
	<u>5,214,947</u>	<u>1,952,934</u>
<u>RTCLF</u>		
Lehigh County COVID-19 Hospitality Recovery Program	4,183,030	-
Northampton County COVID-19 Hospitality Recovery Program	3,457,769	-
Other	71,298	-
	<u>7,712,097</u>	<u>-</u>
TOTAL REFUNDABLE ADVANCES	<u><u>\$ 12,927,044</u></u>	<u><u>\$ 1,952,934</u></u>

CACLV was granted a \$1,038,505 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. CACLV initially recorded the loan as a refundable advance and has recorded the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if CACLV maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. The loan was fully forgiven May 26, 2021 and is included in government grant revenue on the Consolidated Statement of Activities for the year ended June 30, 2021.

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**Notes to the Financial Statements
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NOTE 14. 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, 2021 and 2020 are as follows:

	2021	2020
<i>Subject to expenditure for specific purpose:</i>		
<u>CACLV</u>		
Specific program operation	\$ 308,323	\$ 385,769
Second Harvest Food Bank operations	5,014,785	265,703
Second Harvest Food Bank building and equipment	46,799	94,074
Second Harvest Food Bank COVID-19 operations	686,351	446,000
	<u>6,056,258</u>	<u>1,191,546</u>
<u>CADCA</u>		
Specific program operation	18,000	77,645
Neighborhood Assistance Program	345,018	342,510
	<u>363,018</u>	<u>420,155</u>
<u>CADCB</u>		
Neighborhood Assistance Program	50,420	115,301
COVID-19 support	-	985
Bethlehem Commercial Rent Subsidy Program	50,000	-
Other Programs	9,000	-
	<u>109,420</u>	<u>116,286</u>
<u>LVCLT</u>		
Property development	104,020	104,020
<u>RTCLF</u>		
Bethlehem Revolving Loan Fund	922,668	911,690
Northampton County Revolving Loan Fund	250,000	250,000
Other Programs	72,809	-
	<u>1,245,477</u>	<u>1,161,690</u>
<u>LNCRLF</u>		
Revolving loan fund	521,446	522,682
<i>Endowments not subject to spending policy or appropriation:</i>		
<u>CACLV</u>		
Second Harvest Food Bank perpetual trust	5,000	5,000
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u><u>\$ 8,404,639</u></u>	<u><u>\$ 3,521,379</u></u>

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Net assets were released from donor restrictions for the years ended June 30, 2021 and 2020 as follows:

	2021	2020
<i>Satisfaction of purpose restriction:</i>		
<u>CACLV</u>		
Specific program operation	\$ 1,273,774	\$ 505,785
Second Harvest Food Bank operations	1,659,307	55,976
Second Harvest Food Bank building and equipment	47,275	480,648
Second Harvest Food Bank COVID-19 operations	27,440	-
	<u>3,007,796</u>	<u>1,042,409</u>
<u>CADCA</u>		
Specific program operation	77,645	54,779
Neighborhood Partnership Program	647,492	430,889
Jordan Heights project	-	92,292
	<u>725,137</u>	<u>577,960</u>
<u>CADCB</u>		
Neighborhood Assistance Program	164,881	180,776
Covid-19 support	985	-
	<u>165,866</u>	<u>180,776</u>
<u>RTCLF</u>		
Bethlehem Revolving Loan Fund	-	1,500
COVID-19 operational	-	15,000
COVID-19 Small business, loan loss, and debt relief	438,384	-
Other programs	3,272	-
	<u>441,656</u>	<u>16,500</u>
<u>LNCRLF</u>		
Revolving loan fund	6,481	6,669
	<u>6,481</u>	<u>6,669</u>
TOTAL RELEASED FROM DONOR RESTRICTIONS	<u>\$ 4,346,936</u>	<u>\$ 1,824,314</u>

NOTE 15. NET ASSETS WITHOUT DONOR RESTRICTIONS

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:

	2021	2020
Undesignated	\$ 13,444,646	\$ 11,386,600
Board designated for:		
Capital reserve (CACLV)	250,000	250,000
Operating reserve (CACLV)	250,000	250,000
Endowment (RTCLF)	10,005	10,005
	<u>\$ 13,954,651</u>	<u>\$ 11,896,605</u>

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
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**Notes to the Financial Statements
June 30, 2021 and 2020**

NOTE 16. 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 plan contributions in an amount equal to 7% of eligible participants' compensation.

The Organization's contributions to the Plan were \$192,225 and \$251,093 for the years ended June 30, 2021 and 2020, respectively.

NOTE 17. 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 18. RELATED PARTY TRANSACTIONS

The parent organization has the following related transactions with the subsidiaries as of and for the years ended June 30, 2021 and 2020. These transactions have been eliminated from the consolidated financial statements.

	June 30, 2021			
	Related party Receivable	Related party Payable	Management Fees	Subgrantee Payments
CACLV	\$ 128,446	\$ 132,757	\$ -	\$ -
CADCA	34,083	43,199	66,631	144,048
CADCB	54,587	46,706	60,355	190,171
LVCLT	-	209	-	-
RTCLF	52,700	45,816	249,579	96,074
LNCRLF	-	1,129	3,347	-
	<u>\$ 269,816</u>	<u>\$ 269,816</u>	<u>\$ 379,912</u>	<u>\$ 430,293</u>
	June 30, 2020			
	Related party Receivable	Related party Payable	Management Fees	Subgrantee Payments
CACLV	\$ 48,369	\$ 73,131	\$ -	\$ -
CADCA	30,481	37,177	59,574	128,989
CADCB	14,611	10,530	76,017	104,524
LVCLT	-	442	-	-
RTCLF	28,575	-	35,282	-
LNCRLF	-	756	1,535	-
	<u>\$ 122,036</u>	<u>\$ 122,036</u>	<u>\$ 172,408</u>	<u>\$ 233,513</u>

**COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.
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CADCA rented office space from CACLV. Rental expense for the years ended June 30, 2021 and 2020 was \$0 and \$13,000 for the years ended June 30, 2021 and 2020, respectively.

NOTE 19. 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 \$92,435 and \$97,489 in 2021 and 2020, respectively. Future lease commitments are as follows:

<u>Year Ending June 30,</u>	<u>CACLV</u>
2022	\$ 90,087
2023	85,983
2024	76,008
2025	55,204
2026	12,745
Thereafter	17,490
	<u>\$ 337,517</u>

NOTE 20. 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 21. FAIR VALUE MEASUREMENTS

The estimated fair value of the Organization's financial instruments measured on a recurring basis as of June 30, 2021 and 2020 are as follows:

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Fair Value</u>	<u>Valuation (Level 3)</u>	<u>Fair Value</u>	<u>Valuation (Level 3)</u>
Annuity contract	<u>\$ 319,683</u>	<u>\$ 319,683</u>	<u>\$ 208,477</u>	<u>\$ 208,477</u>

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The change in the Organization's financial instrument measured on a recurring basis as of June 30, 2021 and 2020 is as follows:

	Balance June 30, 2020	Unrealized Gain (Loss)	Additions	Balance June 30, 2021
Annuity contract	\$ 208,477	\$ 83,647	\$ 27,559	\$ 319,683
	Balance June 30, 2019	Unrealized Gain (Loss)	Additions	Balance June 30, 2020
Annuity contract	\$ 213,892	\$ (5,415)	\$ -	\$ 208,477

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.

NOTE 22. CONTINGENCY

The Organization's operations have been affected by the ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to the Organization's revenue sources, its workforce and its ability to provide services. In addition, as discussed previously, the program loan portfolio already experienced a delay in return of principal. The future effects of these issues are unknown.

NOTE 23. SUBSEQUENT EVENTS

The recently enacted Reinvigorating Lending for the Future Act authorizes the Economic Development Administration (EDA), part of the US Department of Commerce, to release its federal interest in certain Revolving Loan Fund (RLF) awards that have operated satisfactorily for seven years beyond the disbursement of grant funds. By authorizing EDA to release its federal interest in certain RLF awards, the Act will reduce RLF recipient administrative burden and allow RLF award funds to be used for broader economic development purposes.

In a letter dated September 16, 2021, CACLV requested that EDA release its federal interest in the LNCRLF. EDA has evaluated the request and determined that the RLF award is eligible for release of EDA's federal interest. Defederalization has occurred on September 22, 2021.

As of June 30, 2021, LVCLT has begun offering existing homeowners the option to purchase the land that was originally leased to them from LVCLT under previous agreements, which are further described in Note 10. The new ownership option contains restrictions on selling the home and land in exchange for the full ownership of the land. Land will be sold back to homebuyers for \$1 plus all recording and transfer costs. As of August 31, 2022, two previous homebuyers have successfully purchased land from LVCLT.

As of January 1, 2022, CACLV has become the primary subrecipient and fiscal and administrative agent for the Lehigh County's Emergency Rental Assistance Program.

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

Consolidating Statements of Financial Position

June 30, 2021

(With Summarized Totals for June 30, 2020)

	CACLV	CADCA	CADCB	LVCLT	RTCLF	LNCRLF	Eliminations	Totals	
								2021	2020
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	\$ 8,928,229	\$ 564,392	\$ 312,456	\$ 83,341	\$ 2,306,787	\$ -	\$ -	\$ 12,195,205	\$ 7,317,532
Restricted cash	4,074,432	-	-	104,020	8,350,777	454,263	-	12,983,492	858,255
Grant receivable	1,354,865	180	986	-	794	-	-	1,356,825	791,114
Accounts receivable, other	431,158	-	-	-	-	-	-	431,158	54,076
Unconditional promises to give	24,291	-	-	-	-	-	-	24,291	289,743
Accounts receivable, subsidiaries	128,446	34,083	54,587	-	52,700	-	(269,816)	-	-
Program loans receivable, net of 2021 reserves of \$143,000	-	-	-	-	566,079	26,713	-	592,792	590,578
Inventory	1,897,039	-	-	-	-	-	-	1,897,039	1,064,523
Property inventory, net of 2021 reserves of \$134,000	497,642	-	-	-	-	-	-	497,642	537,197
Prepaid expenses	289,684	21	1,102	-	-	-	-	290,807	176,156
TOTAL	17,625,786	598,676	369,131	187,361	11,277,137	480,976	(269,816)	30,269,251	11,679,174
PROPERTY AND EQUIPMENT									
Land	26,477	-	-	-	-	-	-	26,477	26,477
Land held in trust	-	-	-	329,547	-	-	-	329,547	312,747
Building	8,614,265	-	-	-	-	-	-	8,614,265	8,546,465
Leasehold improvements	856,744	-	-	-	-	-	-	856,744	856,744
Equipment	2,658,713	16,021	10,559	-	16,774	-	-	2,702,067	2,108,245
	12,156,199	16,021	10,559	329,547	16,774	-	-	12,529,100	11,850,678
Less accumulated depreciation	5,198,821	15,635	10,559	-	11,029	-	-	5,236,044	4,792,489
TOTAL	6,957,378	386	-	329,547	5,745	-	-	7,293,056	7,058,189

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

Consolidating Statements of Financial Position (cont'd)

June 30, 2021

(With Summarized Totals for June 30, 2020)

	CACLV	CADCA	CADCB	LVCLT	RTCLF	LNCRLF	Eliminations	Totals	
								2021	2020
OTHER ASSETS									
Unconditional promises to give	11,225	-	-	-	-	-	-	11,225	16,054
Investments	319,683	-	-	-	-	-	-	319,683	208,477
Forgivable loans receivable, net of reserve of \$30,000	-	-	-	-	-	-	-	-	-
Program loans receivable, net of current portion	-	-	-	-	1,630,417	41,599	-	1,672,016	2,517,185
TOTAL	330,908	-	-	-	1,630,417	41,599	-	2,002,924	2,741,716
TOTAL ASSETS	\$ 24,914,072	\$ 599,062	\$ 369,131	\$ 516,908	\$ 12,913,299	\$ 522,575	\$ (269,816)	\$ 39,565,231	\$ 21,479,079

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of									
long-term debt	\$ 30,983	\$ -	\$ -	\$ -	\$ 125,000	\$ -	\$ -	\$ 155,983	\$ 169,084
Line of credit	-	-	-	-	100,000	-	-	100,000	100,000
Accounts payable	511,219	7,819	7,423	-	4,016	-	-	530,477	496,727
Accounts payable, subsidiaries	132,757	43,199	46,706	209	45,816	1,129	(269,816)	-	-
Accrued expenses	114,662	5,612	5,345	-	7,250	-	-	132,869	84,659
Accrued interest	-	-	-	-	9,875	-	-	9,875	12,500
Accrued wages	518,873	3,153	8,526	-	12,060	-	-	542,612	381,295
Compensated absences	118,056	3,381	3,776	-	6,895	-	-	132,108	131,231
Refundable advances	5,214,947	-	-	-	7,712,097	-	-	12,927,044	1,952,934
Custodial funds	53,635	-	-	-	-	-	-	53,635	47,936
TOTAL	6,695,132	63,164	71,776	209	8,023,009	1,129	(269,816)	14,584,603	3,376,366

NONCURRENT LIABILITIES

Long-term debt, less current maturities	361,338	-	-	-	2,260,000	-	-	2,621,338	2,684,729
TOTAL LIABILITIES	7,056,470	63,164	71,776	209	10,283,009	1,129	(269,816)	17,205,941	6,061,095

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

Consolidating Statements of Financial Position (cont'd)

June 30, 2021

(With Summarized Totals for June 30, 2020)

	CACLV	CADCA	CADCB	LVCLT	RTCLF	LNCRLF	Eliminations	Totals	
								2021	2020
NET ASSETS									
Without donor restrictions:									
Undesignated	11,296,344	172,880	187,935	412,679	1,374,808	-	-	13,444,646	11,386,600
Board designated	500,000	-	-	-	10,005	-	-	510,005	510,005
With donor restrictions	6,061,258	363,018	109,420	104,020	1,245,477	521,446	-	8,404,639	3,521,379
TOTAL NET ASSETS	<u>17,857,602</u>	<u>535,898</u>	<u>297,355</u>	<u>516,699</u>	<u>2,630,290</u>	<u>521,446</u>	<u>-</u>	<u>22,359,290</u>	<u>15,417,984</u>
TOTAL LIABILITIES									
AND NET ASSETS	<u>\$ 24,914,072</u>	<u>\$ 599,062</u>	<u>\$ 369,131</u>	<u>\$ 516,908</u>	<u>\$ 12,913,299</u>	<u>\$ 522,575</u>	<u>\$ (269,816)</u>	<u>\$ 39,565,231</u>	<u>\$ 21,479,079</u>

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

Consolidating Statements of Activities

Year Ended June 30, 2021

(With Summarized Totals for June 30, 2020)

	CACLV	CADCA	CADCB	LVCLT	RTCLF	LNCRLF	Eliminations	Totals	
								2021	2020
REVENUE AND SUPPORT									
WITHOUT DONOR RESTRICTIONS									
Contributions and grants, private	\$ 705,601	\$ 88,509	\$ 43,328	\$ 17,300	\$ 521,159	\$ -	\$ -	\$ 1,375,897	\$ 4,793,599
Grants, government	14,781,379	120,803	164,945	-	234,834	-	(430,293)	14,871,668	5,200,527
Donated food products	14,712,860	-	-	-	-	-	-	14,712,860	14,498,764
Shared maintenance fee	131,080	-	-	-	-	-	-	131,080	86,687
Program services	2,310,134	-	-	-	-	-	(379,912)	1,930,222	1,728,914
Other income	311	900	452	9,079	10,018	-	-	20,760	30,154
Interest income	1,781	-	-	-	201,205	-	-	202,986	228,924
TOTAL	32,643,146	210,212	208,725	26,379	967,216	-	(810,205)	33,245,473	26,567,569
NET ASSETS RELEASED FROM RESTRICTIONS									
For program operations	2,960,521	725,137	165,866	-	441,656	6,481	-	4,299,661	1,343,666
For capital additions	47,275	-	-	-	-	-	-	47,275	480,648
TOTAL	3,007,796	725,137	165,866	-	441,656	6,481	-	4,346,936	1,824,314
	35,650,942	935,349	374,591	26,379	1,408,872	6,481	(810,205)	37,592,409	28,391,883
EXPENSES AND LOSSES									
Program	30,517,745	795,271	341,098	6,350	594,427	6,481	(483,114)	31,778,258	24,148,690
Supporting services:									
Management and general	3,121,505	39,084	37,219	-	198,369	-	(262,172)	3,134,005	2,453,372
Fundraising	622,887	28,841	20,441	-	15,637	-	(64,919)	622,887	562,318
TOTAL	34,262,137	863,196	398,758	6,350	808,433	6,481	(810,205)	35,535,150	27,164,380
(Gain) loss on sale of homes	(2,239)	-	-	1,452	-	-	-	(787)	145,174
TOTAL	34,259,898	863,196	398,758	7,802	808,433	6,481	(810,205)	35,534,363	27,309,554
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS									
	1,391,044	72,153	(24,167)	18,577	600,439	-	-	2,058,046	1,082,329

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

Consolidating Statements of Activities

Year Ended June 30, 2021

(With Summarized Totals for June 30, 2020)

	CACLV	CADCA	CADCB	LVCLT	RTCLF	LNCRLF	Eliminations	Totals	
								2021	2020
WITHOUT DONOR RESTRICTIONS									
NET ASSETS, beginning	10,405,300	100,727	212,102	394,102	784,374	-	-	11,896,605	10,814,276
NET ASSETS, ending	\$ 11,796,344	\$ 172,880	\$ 187,935	\$ 412,679	\$ 1,384,813	\$ -	\$ -	\$ 13,954,651	\$ 11,896,605
REVENUE AND SUPPORT									
WITH DONOR RESTRICTIONS									
Contributions and grants, private	7,872,508	668,000	159,000	-	514,465	-	-	9,213,973	2,857,427
Interest income	-	-	-	-	10,978	5,245	-	16,223	24,369
TOTAL	7,872,508	668,000	159,000	-	525,443	5,245	-	9,230,196	2,881,796
NET ASSETS RELEASED FROM RESTRICTIONS									
For program operations	(2,960,521)	(725,137)	(165,866)	-	(441,656)	(6,481)	-	(4,299,661)	(1,343,666)
For capital additions	(47,275)	-	-	-	-	-	-	(47,275)	(480,648)
TOTAL	(3,007,796)	(725,137)	(165,866)	-	(441,656)	(6,481)	-	(4,346,936)	(1,824,314)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	4,864,712	(57,137)	(6,866)	-	83,787	(1,236)	-	4,883,260	1,057,482
WITHOUT DONOR RESTRICTIONS									
NET ASSETS, beginning	1,196,546	420,155	116,286	104,020	1,161,690	522,682	-	3,521,379	1,943,445
Acquisition of subsidiary	-	-	-	-	-	-	-	-	520,452
NET ASSETS, ending	\$ 6,061,258	\$ 363,018	\$ 109,420	\$ 104,020	\$ 1,245,477	\$ 521,446	\$ -	\$ 4,883,260	\$ 3,521,379
TOTAL CHANGE IN NET ASSETS	\$ 6,255,756	\$ 15,016	\$ (31,033)	\$ 18,577	\$ 684,226	\$ (1,236)	\$ -	\$ 6,941,306	\$ 2,139,811

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Functional Expenses

Year Ended June 30, 2021

(With Summarized Totals for June 30, 2020)

	CACLV	CADCA	CADCB	LVCLT	RTCLF	LNCRLF	Eliminations	Totals	
								2021	2020
PROGRAM EXPENSES									
PERSONNEL:									
Salaries and wages	\$ 2,105,267	\$ 78,982	\$ 114,072	\$ -	\$ 239,914	\$ 2,155	\$ -	\$ 2,540,390	\$ 2,709,242
Employee benefits/ payroll taxes	1,020,790	33,956	51,618	-	115,909	1,030	-	1,223,303	1,220,625
Conferences and training	18,031	-	22	-	14	-	-	18,067	37,940
Travel	13,636	877	82	-	624	-	-	15,219	36,431
TOTAL PERSONNEL	3,157,724	113,815	165,794	-	356,461	3,185	-	3,796,979	4,004,238
Advertising and promotion	-	253	158	-	-	-	-	411	3,588
Computer tech support	-	243	-	-	1,199	-	-	1,442	1,166
Contracted services/ assistance	6,910,475	-	-	-	-	-	-	6,910,475	271,684
Depreciation	333,378	420	-	-	1,282	-	-	335,080	262,655
Dues and subscriptions	28,788	4,718	773	90	10,016	-	-	44,385	32,741
Equipment maintenance and repairs	96,083	3,642	3,503	-	573	39	-	103,840	71,923
Facility maintenance and utilities	334,247	-	-	-	-	-	-	334,247	261,757
Food distributions	13,778,368	-	-	-	-	-	-	13,778,368	14,335,712
Food purchases	2,192,416	-	-	-	-	-	-	2,192,416	1,518,110
Grants - Southside Revitalization	-	-	107,348	-	-	-	-	107,348	146,013
Insurance	67,123	857	637	5,640	728	-	-	74,985	67,393
Interest	-	-	-	-	39,173	-	-	39,173	40,641
Provision for loan losses	-	-	-	-	(65,431)	-	-	(65,431)	95,519
Management fees	-	3,956	2,695	-	42,823	3,347	(52,821)	-	-
Minor equipment purchases	58,603	-	-	-	-	-	-	58,603	23,201
Miscellaneous	-	-	-	-	3,646	-	-	3,646	1,090
Occupancy	-	9,635	20,121	-	-	-	-	29,756	26,330
Other expense	37,238	4,713	1,665	189	-	91	-	43,896	26,538
Payroll processing fees	-	-	-	-	1,691	-	-	1,691	2,342
Postage	26,058	228	39	6	665	-	-	26,996	24,783
Printing	10,271	-	138	-	593	-	-	11,002	8,067
Professional fees	1,997,432	22	23,529	425	19,994	(181)	-	2,041,221	1,685,838
Program contract costs and supplies	-	501,571	-	-	177,529	-	-	679,100	410,562

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Functional Expenses

Year Ended June 30, 2021

(With Summarized Totals for June 30, 2020)

	CACLV	CADCA	CADCB	LVCLT	RTCLF	LNCRLF	Eliminations	Totals	
								2021	2020
PROGRAM EXPENSES (CONT.)									
Project cost loss reserve	72,000	-	-	-	-	-	-	72,000	19,000
Rents	6,450	-	-	-	-	-	-	6,450	25,800
Subgrantee payments	435,487	138,533	5,000	-	-	-	(430,293)	148,727	24,049
Supplies	816,764	3,332	756	-	2,165	-	-	823,017	531,539
Telephone	54,222	9,333	8,942	-	1,320	-	-	73,817	68,755
Utilities	-	-	-	-	-	-	-	-	2,464
Vehicle operation and repairs	104,618	-	-	-	-	-	-	104,618	155,192
TOTAL OTHER	27,360,021	681,456	175,304	6,350	237,966	3,296	(483,114)	27,981,279	20,144,452
TOTAL PROGRAM									
EXPENSES	\$ 30,517,745	\$ 795,271	\$ 341,098	\$ 6,350	\$ 594,427	\$ 6,481	\$ (483,114)	\$ 31,778,258	\$ 24,148,690

MANAGEMENT AND

GENERAL EXPENSES

PERSONNEL:

Salaries and wages	1,401,431	-	-	-	-	-	-	1,401,431	1,062,604
Employee benefits/ payroll taxes	624,888	-	-	-	-	-	-	624,888	323,051
Conferences and training	9,645	-	-	-	-	-	-	9,645	26,973
Travel	4,991	-	-	-	-	-	-	4,991	8,062
TOTAL PERSONNEL	2,040,955	-	-	-	-	-	-	2,040,955	1,420,690
Bad debt expense	52,701	-	-	-	-	-	-	52,701	-
Contracted services/ assistance	315,968	-	-	-	-	-	-	315,968	418,587
Depreciation	108,474	-	-	-	-	-	-	108,474	93,485
Dues and subscriptions	25,948	-	-	-	-	-	-	25,948	25,122
Equipment maintenance and repairs	9,142	-	-	-	-	-	-	9,142	15,637
Facility maintenance and utilities	95,622	-	-	-	-	-	-	95,622	70,458
Insurance	54,211	-	-	-	-	-	-	54,211	45,010
Interest	3,952	-	-	-	-	-	-	3,952	5,054
Management fees	-	33,834	37,219	-	191,119	-	(262,172)	-	-
Minor equipment purchase	100,568	-	-	-	-	-	-	100,568	18,810
Other expense	21,886	-	-	-	-	-	-	21,886	22,409
Payroll processing	-	-	-	-	-	-	-	-	-
Postage	4,401	-	-	-	-	-	-	4,401	4,764

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Consolidating Statements of Functional Expenses

Year Ended June 30, 2021

(With Summarized Totals for June 30, 2020)

	CACLV	CADCA	CADCB	LVCLT	RTCLF	LNCRLF	Eliminations	Totals	
								2021	2020
MANAGEMENT AND GENERAL EXPENSES (CONT.)									
Printing	969	-	-	-	-	-	-	969	5,079
Professional fees	214,435	5,250	-	-	7,250	-	-	226,935	244,198
Supplies	26,800	-	-	-	-	-	-	26,800	23,368
Telephone	45,435	-	-	-	-	-	-	45,435	38,743
Vehicle operation and repairs	38	-	-	-	-	-	-	38	1,958
TOTAL OTHER	1,080,550	39,084	37,219	-	198,369	-	(262,172)	1,093,050	1,032,682
TOTAL MANAGEMENT AND GENERAL	\$ 3,121,505	\$ 39,084	\$ 37,219	\$ -	\$ 198,369	\$ -	\$ (262,172)	\$ 3,134,005	\$ 2,453,372
FUND RAISING EXPENSES									
PERSONNEL:									
Salaries and wages	\$ 283,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283,396	\$ 126,607
Employee benefits/ payroll taxes	127,389	-	-	-	-	-	-	127,389	283,574
Conferences and training	2,032	-	-	-	-	-	-	2,032	5,809
Travel	1,475	-	-	-	-	-	-	1,475	2,823
TOTAL PERSONNEL	414,292	-	-	-	-	-	-	414,292	418,813
Dues and subscriptions	8,432	-	-	-	-	-	-	8,432	6,987
Equipment maintenance and repairs	22,373	-	-	-	-	-	-	22,373	12,995
Management fees	-	28,841	20,441	-	15,637	-	(64,919)	-	-
Other expense	9,317	-	-	-	-	-	-	9,317	6,646
Postage	27,254	-	-	-	-	-	-	27,254	16,647
Printing	74,204	-	-	-	-	-	-	74,204	62,945
Supplies	51,880	-	-	-	-	-	-	51,880	25,252
Telephone	15,135	-	-	-	-	-	-	15,135	12,033
TOTAL OTHER	208,595	28,841	20,441	-	15,637	-	(64,919)	208,595	143,505
TOTAL FUND RAISING EXPENSES	\$ 622,887	\$ 28,841	\$ 20,441	\$ -	\$ 15,637	\$ -	\$ (64,919)	\$ 622,887	\$ 562,318
TOTAL EXPENSES	\$ 34,262,137	\$ 863,196	\$ 398,758	\$ 6,350	\$ 808,433	\$ 6,481	\$ (810,205)	\$ 35,535,150	\$ 27,164,380

COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

**Parent Company's Statement of Program Expenses
Year Ended June 30, 2021**

PROGRAM EXPENSES

PERSONNEL:

Salaries and wages	\$ 363,955	\$ 314,152	\$ 765,379	\$ 201,205	\$ 34,968
Employee benefits/ payroll taxes	221,339	113,429	384,246	91,869	19,911
Conferences and training	2,431	224	3,619	33	-
Travel	219	128	3,552	312	-
TOTAL PERSONNEL	587,944	427,933	1,156,796	293,419	54,879

Contracted services/ assistance	-	27,910	87,694	6,000	-
Depreciation	9,209	93,162	227,975	3,032	-
Dues and subscriptions	-	894	21,302	3,810	-
Equipment maintenance and repairs	1,591	1,290	84,141	7,966	744
Facility maintenance and utilities	-	160,921	173,326	-	-
Food distributions	-	-	13,778,368	-	-
Food purchases	-	-	2,192,416	-	-
Insurance	20,402	17,449	21,585	3,078	1,694
Minor equipment purchase	-	18,452	33,249	113	-
Other expense	1,920	1,445	26,096	67	7
Postage	1,054	1,793	22,391	293	2
Printing	492	366	7,791	119	-
Professional fees	1,942,610	1,367	25,628	-	-
Project cost loss reserve	-	-	-	-	-
Rents	-	-	-	-	6,450
Subgrantee payments	-	-	-	-	-
Supplies	600,635	25,194	171,732	980	-
Telephone	6,539	27,792	12,554	-	-
Vehicle operation and repairs	18,024	3,307	83,287	-	-
TOTAL OTHER	2,602,476	381,342	16,969,535	25,458	8,897

TOTAL PROGRAM	\$ 3,190,420	\$ 809,275	\$ 18,126,331	\$ 318,877	\$ 63,776
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COMMUNITY ACTION COMMITTEE OF THE LEHIGH VALLEY, INC.

Parent Company's Statement of Program Expenses (cont'd)
Year Ended June 30, 2021

PROGRAM EXPENSES

PERSONNEL:

	Community Action Homes	Custody Subcontractor	Racial and Ethnic Justice Program	Slate Belt Rising	Total Program
Salaries and wages	\$ 175,048	\$ -	\$ 196,231	\$ 54,329	\$ 2,105,267
Employee benefits/ payroll taxes	64,291	-	89,525	36,180	1,020,790
Conferences and training	340	-	11,384	-	18,031
Travel	8,412	-	762	251	13,636
TOTAL PERSONNEL	248,091	-	297,902	90,760	3,157,724
Contracted services/ assistance	642,345	6,048,912	3,777	93,837	6,910,475
Depreciation	-	-	-	-	333,378
Dues and subscriptions	22	-	2,695	65	28,788
Equipment maintenance and repairs	111	-	207	33	96,083
Facility maintenance and utilities	-	-	-	-	334,247
Food distributions	-	-	-	-	13,778,368
Food purchases	-	-	-	-	2,192,416
Insurance	1,057	-	1,799	59	67,123
Minor equipment purchase	467	-	6,095	227	58,603
Other expense	1,541	-	4,162	2,000	37,238
Postage	111	-	322	92	26,058
Printing	-	-	1,334	169	10,271
Professional fees	330	-	27,497	-	1,997,432
Project cost loss reserve	72,000	-	-	-	72,000
Rents	-	-	-	-	6,450
Subgrantee payments	-	435,487	-	-	435,487
Supplies	1,351	-	16,872	-	816,764
Telephone	3,281	-	3,440	616	54,222
Vehicle operation and repairs	-	-	-	-	104,618
TOTAL OTHER	722,616	6,484,399	68,200	97,098	27,360,021
TOTAL PROGRAM	\$ 970,707	\$ 6,484,399	\$ 366,102	\$ 187,858	\$ 30,517,745

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor Project Title	Federal CFDA#	Additional Award Identification	Grant Period Beginning/ Ending Dates	Pass Through Grantor's Numbers	Total Received for Year	Accrued or (Deferred) Revenues At July 1, 2020	Revenue Recognized/ Expenditures	Accrued or (Deferred) Revenues At June 30, 2021
U.S. Department of Agriculture								
<i>Passed Through Hunger Free Pennsylvania</i>								
Commodity Supplemental Food Program (Administrative)	10.565		10/01/19 - 09/30/20	N/A	28,183	13,972	14,211	-
Commodity Supplemental Food Program (Administrative)	10.565		10/01/20 - 09/30/21	N/A	135,347	-	148,817	13,470
Commodity Supplemental Food Program (Commodities)	10.565		10/01/20 - 09/30/21	N/A	662,596	260,879	680,125	278,408 #
TOTAL	10.565				826,126	274,851	843,153	291,878
Passed Through Pennsylvania Department of Agriculture								
Covid-19 - Emergency Food Assistance Program (Administrative)	10.568	COVID -19	10/01/19 - 09/30/20	N/A	-	(221,188)	-	(221,188)
Covid-19 - Emergency Food Assistance Program (Administrative)	10.568	COVID -19	10/01/18 - 09/30/23	N/A	223,101	-	-	(223,101)
Passed Through Lehigh County, Pennsylvania								
Emergency Food Assistance Program (Administrative)	10.568		10/01/19 - 09/30/20	N/A	25,653	16,462	9,191	-
Emergency Food Assistance Program (Administrative)	10.568		10/01/20 - 09/30/21	N/A	-	-	5,390	5,390
Passed Through Northampton County, Pennsylvania								
Emergency Food Assistance Program (Administrative)	10.568		10/01/19 - 09/30/20	17-1066	13,178	10,067	3,111	-
Emergency Food Assistance Program (Administrative)	10.568		10/01/20 - 09/30/21	17-1066	2,178	-	2,178	-
Emergency Food Assistance Program (Administrative)	10.568		10/01/18 - 09/30/23	N/A	61,495	(73,893)	13,968	(121,420)
Passed Through Carbon County, Pennsylvania								
Emergency Food Assistance Program (Administrative)	10.568		10/01/19 - 09/30/20	N/A	2,468	1,503	965	-
Emergency Food Assistance Program (Administrative)	10.568		10/01/20 - 09/30/21	N/A	782	-	1,144	362
TOTAL	10.568				328,855	(267,049)	35,947	(559,957)
Passed Through Pennsylvania Department of Agriculture								
Covid-19 - Emergency Food Assistance Program (Commodities)	10.569	COVID -19	03/27/20 - 09/30/20	N/A	456,614	-	480,296	23,682 #
Covid-19 - Emergency Food Assistance Program (Administrative)	10.569	COVID -19	03/27/20 - 09/30/20	N/A	331,783	-	220,583	(111,200)
Covid-19 - Emergency Food Assistance Program (Commodities)	10.569	COVID -19	10/01/19 - 09/30/20	N/A	530,357	-	809,227	278,870 #
Covid-19 - Emergency Food Assistance Program (Commodities)	10.569	COVID -19	03/01/21 -12/31/21	N/A	406	-	16,231	15,825 #
Passed Through Lehigh County, Pennsylvania								
Emergency Food Assistance Program (Commodities)	10.569		07/01/20 - 06/30/21	N/A	1,598,836	68,776	1,933,872	403,812 #
Passed Through Northampton County, Pennsylvania								
Emergency Food Assistance Program (Commodities)	10.569		07/01/20 - 06/30/21	17-1066	68,568	117	127,853	59,402 #
Emergency Food Assistance Program (Commodities)	10.569		07/01/20 - 06/30/21	Trade Mitigation	977,026	263	989,982	13,219 #
Passed Through Carbon County, Pennsylvania								
Emergency Food Assistance Program (Commodities)	10.569		07/01/20 - 06/30/21	N/A	46,907	-	61,681	14,774 #
TOTAL	10.569				4,010,497	69,156	4,639,725	698,384
Total Food Distribution Cluster					5,165,478	76,958	5,518,825	430,305
Total U.S. Department of Agriculture					5,165,478	76,958	5,518,825	430,305

See Notes to Schedule of Expenditures of Federal Awards.

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor Project Title	Federal CFDA#	Additional Award Identification	Grant Period Beginning/ Ending Dates	Pass Through Grantor's Numbers	Total Received for Year	Accrued or (Deferred) Revenues At July 1, 2020	Revenue Recognized/ Expenditures	Accrued or (Deferred) Revenues At June 30, 2021
<u>U.S. Department of Commerce</u>								
Economic Adjustment Assistance	11.307		N/A	01-39-02815	-	-	352,880	-
Total U.S. Department of Commerce	11.307				-	-	352,880	-
<u>U.S. Department of Housing & Urban Development</u>								
<i>Passed Through the Pennsylvania Housing Finance Agency</i>								
Housing Counseling Assistance Program	14.169		10/01/20 - 06/30/21	N/A	33,363	26,959	9,665	3,261
TOTAL	14.169				33,363	26,959	9,665	3,261
<i>Passed Through the City of Allentown</i>								
Community Development Block Grant	14.218		01/01/20 - 12/31/20	N/A	10,000	4,284	5,716	-
Community Development Block Grant	14.218		01/01/21 - 12/31/21	N/A	-	-	7,499	7,499
Community Development Block Grant	14.218		09/01/19 - 12/31/20	N/A	48,420	-	48,420	-
Covid-19 - Community Development Block Grant	14.218	COVID -19	01/01/21 - 12/31/21	N/A	53,931	-	54,896	965
<i>Passed Through the City of Bethlehem</i>								
Community Development Block Grant	14.218		01/01/20 - 12/31/21	N/A	5,183	-	12,931	7,748
<i>Passed Through Lehigh County</i>								
Community Development Block Grant	14.218		01/01/20 - 12/31/21	N/A	-	-	75,000	75,000
Community Development Block Grant	14.218		01/01/21 - 09/15/22	N/A	-	-	40,578	40,578
<i>Passed Through Northampton County</i>								
Community Development Block Grant	14.218		10/18/18 - 12/31/19	N/A	-	1,760	-	1,760
Community Development Block Grant	14.218		10/01/19 - 12/31/20	N/A	203,431	13,071	199,847	9,487
Community Development Block Grant	14.218		01/01/20 - 12/31/20	N/A	10,300	10,300	-	-
Community Development Block Grant	14.218		10/18/16 - 12/31/20	N/A	40,000	-	40,000	-
Community Development Block Grant	14.218		01/01/21 - 12/31/21	N/A	19,701	-	35,675	15,974
Community Development Block Grant	14.218		01/01/21 - 09/15/22	N/A	-	-	49,812	49,812
Covid-19 - Community Development Block Grant	14.218	COVID -19	07/01/20 - 12/31/21	N/A	16,917	-	20,915	3,998
TOTAL	14.218				407,883	29,415	591,289	212,821
<i>Passed Through the City of Allentown</i>								
Emergency Solutions Grant Program	14.231		01/01/20 - 12/31/20	N/A	43,172	6,198	36,974	-
Emergency Solutions Grant Program	14.231		01/01/21 - 12/31/21	N/A	-	-	18,839	18,839
TOTAL	14.231				43,172	6,198	55,813	18,839
<i>Passed Through the City of Bethlehem</i>								
Home Investment Partnerships Program (HRP Bethlehem)	14.239		05/01/18 - 07/30/19	N/A	-	(19,216)	21,957	2,741
TOTAL	14.239				-	(19,216)	21,957	2,741
Total U.S. Department of Housing & Urban Development					484,418	43,356	678,724	237,662
<u>U.S. Department of the Treasury</u>								
<i>Passed Through United Way</i>								
Coronavirus Relief Fund	21.019	COVID -19	03/01/20 - 12/31/21	N/A	158,700	-	158,700	-
TOTAL	21.019				158,700	-	158,700	-

See Notes to Schedule of Expenditures of Federal Awards.

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor Project Title	Federal CFDA#	Additional Award Identification	Grant Period Beginning/ Ending Dates	Pass Through Grantor's Numbers	Total Received for Year	Accrued or (Deferred) Revenues At July 1, 2020	Revenue Recognized/ Expenditures	Accrued or (Deferred) Revenues At June 30, 2021
<i>Passed Through Lehigh County</i>								
Emergency Rental Assistance Program	21.023	COVID -19	03/10/20 - 09/30/22	N/A	10,021,236	-	6,048,912	(3,972,324)
TOTAL	21.023				10,021,236	-	6,048,912	(3,972,324)
Total U.S. Department of the Treasury					10,179,936	-	6,207,612	(3,972,324)
<i>U.S. Department of Energy</i>								
<i>Passed Through the Pennsylvania</i>								
<i>Department of Community & Economic Development</i>								
Weatherization Assistance for Low-Income Persons	81.042		07/01/19 - 06/30/21	C000066455	74,919	17,954	60,747	3,782
Weatherization Assistance for Low-Income Persons	81.042		07/01/20 - 06/30/22	C000066455	225,892	-	304,906	79,014
Total U.S. Department of Energy	81.042				300,811	17,954	365,653	82,796
<i>U.S. Department of Health & Human Services</i>								
<i>Passed Through the Pennsylvania</i>								
<i>Department of Public Welfare</i>								
Temporary Assistance to Needy Families	93.558		10/01/19 - 09/30/20	4100064754	193,570	193,570	-	-
(Supported Work/Supported Engagement Program)	93.558		10/01/20 - 09/30/21	4100064754	59,855	-	59,855	-
Temporary Assistance to Needy Families	93.558		10/01/20 - 09/30/21	4100064754	253,425	193,570	59,855	-
TOTAL								
<i>Passed Through the Pennsylvania</i>								
<i>Department of Community & Economic Development</i>								
Low-Income Home Energy Assistance	93.568		10/01/19 - 09/30/21	C000061716	71,398	22,089	77,593	28,284
Low-Income Home Energy Assistance	93.568		05/18/20 - 09/30/21	C000061716	172,946	-	180,490	7,544
Low-Income Home Energy Assistance	93.568		10/01/20 - 09/30/21	C000073877	593,346	-	855,835	262,489
TOTAL	93.568				837,690	22,089	1,113,918	298,317
<i>Passed Through the Pennsylvania</i>								
<i>Department of Community & Economic Development</i>								
Community Services Block Grant	93.569		01/01/20 - 12/31/20	C000067069	956,151	190,082	766,069	-
Community Services Block Grant	93.569		10/01/19 - 10/31/20	C000067069	83,605	2,873	80,732	-
Community Services Block Grant	93.569		01/01/21 - 12/31/21	C000067069	333,488	-	668,318	334,830
Community Services Block Grant	93.569		05/01/20 - 09/30/21	C000067069	40,000	-	40,000	-
Covid-19 - Community Services Block Grant	93.569	COVID -19	01/01/21 - 09/30/22	C000067069	-	-	29,705	29,705
Covid-19 - Community Services Block Grant	93.569	COVID -19	04/01/20 - 09/30/22	C000067069	407,313	-	623,878	216,565
TOTAL	93.569				1,820,557	192,955	2,208,702	581,100
Total U.S. Department of Health & Human Services					2,911,672	408,614	3,382,475	879,417
Total Federal Awards					\$ 19,042,315	\$ 546,882	\$ 16,506,169	\$ (2,342,144)

Beginning and ending accrued indicates beginning and ending inventory values of commodities.
See Notes to Schedule of Expenditures of Federal Awards.

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

**Notes to the Schedule of Federal Awards
Year Ended June 30, 2021**

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. and Subsidiaries under programs of the federal government for the year ended June 30, 2021. 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. and Subsidiaries, 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. and Subsidiaries have elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. SUBRECIPIENTS

The Combined Organization provides no federal awards to subrecipients.

NOTE 5. FOOD DISTRIBUTION CLUSTER

Emergency Food Assistance Program – CFDA# 10.568 and 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.

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)	\$	680,126
Emergency Food Assistance Program - Food Commodities (10.569)		4,419,143
	\$	<u>5,099,269</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 consolidated financial statements of Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' Response to Findings

Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
August 31, 2022



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, 2021. 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 federal statutes, regulations, and the 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, 2021.

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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2021-003 that we consider to be a material weaknesses.

Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Action Committee of the Lehigh Valley, Inc. and Subsidiaries' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Allentown, Pennsylvania
August 31, 2022

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

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I: Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

* Material weaknesses identified? X yes no

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

Noncompliance material to financial statements noted? yes X no

Federal Awards:

Internal control over major programs:

* Material weaknesses identified? X yes no

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

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

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

Identification of major programs:

CFDA Number

10.565, 10.568 & 10.569
21.023
93.568

Name of Federal Program

Food Distribution Cluster
Emergency Rental Assistance Program
Low-Income Energy Assistance Program

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

\$750,000

Auditee qualified as low-risk auditee?

 yes X no

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

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

Section II: Financial Statement Findings

Finding 2021-001 - Material Weakness

Condition: The Organization's internal control over financial reporting did not allow certain audit information to be accurately and timely prepared in accordance with generally accepted accounting principles and federal financial reporting requirements. This information included grant and inventory amounts that included federal grant funding.

Criteria: The Organization's internal control over financial reporting should allow for the accurate and timely preparation of audit information to complete the financial statement audit and related federal compliance audit.

Cause: Those individuals tasked with the Organization's financial reporting required additional training and support to properly prepare the audit information in accordance with generally accepted accounting principles and federal financial reporting requirements.

Effect: The general ledger and related account analysis provided to the auditor required significant adjustments to be presented in accordance with generally accepted accounting principles and federal financial reporting requirements.

Recommendation: The Organization should provide additional training and support for those individuals tasked with financial reporting responsibilities to allow for accurate and timely financial reporting.

View of Responsible Officials and Planned Corrective Action: The Organization agrees with the finding and plans to implement the recommended action.

Section III: Federal Award Findings

Finding 2021-002 - Material Weakness

U.S. Department of Agriculture

Passed through Lehigh, Northampton and Carbon counties from Commonwealth of Pennsylvania

Program: Food Distribution Cluster- CFDA# 10.565, 10.568 & 10.569

Condition: The Organization did not have proper internal controls in place to accurately report commodity inventory levels in the Organization's inventory management system. Commodity receipts were not accurately or timely entered to the inventory management system to allow for proper and timely periodic reconciliation of commodity inventory quantities and proper valuation of the commodity inventory.

Criteria: The Organization's inventory management system internal controls should require timely data entry of all commodity receipts to allow for timely periodic reconciliation of inventory quantities and proper valuation of the commodity inventory.

Cause: The timely data entry of commodity receipts into the inventory management system was not prioritized by the Organization which did not allow for proper periodic reconciliation of inventory quantities and inventory

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

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

valuation and individuals tasked with using the inventory management system require additional training to properly capture inventory activity.

Effect: Significant audit reconciliations and adjustments were required to properly report the commodity inventory and federal commodity activity in accordance with generally accepted accounting principles and federal financial reporting requirements.

Questioned Costs: None.

Recommendation: The Organization should prioritize the timely data entry of commodity receipts to the inventory management system to allow for periodic reconciliation of inventory quantities and valuation. Additionally, the Organization should provide additional training on the inventory management system to responsible personnel. This will allow for accurate and timely reporting of the Organization's commodity inventory levels and activity for financial reporting purposes.

View of Responsible Officials and Planned Corrective Action: The Organization agrees with the finding and plans to implement the recommended action.

Finding 2021-003 - Material Weakness

U.S. Department of Agriculture

Passed through Lehigh, Northampton and Carbon counties from Commonwealth of Pennsylvania

Program: Food Distribution Cluster- CFDA# 10.565, 10.568 & 10.569

Condition: The Organization did not have proper internal controls in place to monitor the food distributed in a timely manner.

Criteria: The Organization's internal control should monitor the eligibility of recipients for food distributed during the fiscal year to participating agencies.

Cause: Due to Covid-19 changes in the ability to perform on-site monitoring and employee turnover in supervisory positions of the program, the Organization did not collect data from participating agencies on a timely basis during the year to establish eligibility of the recipients of food distributed.

Effect: The Organization collected data and monitored participating agencies after year end and without the ability to modify food distributions if any ineligible participants were discovered during the program year. No ineligible distributions were determined based on subsequent monitoring activities.

Questioned Costs: None.

Recommendation: The Organization should prioritize the timely monitoring of participating agencies to allow for changes in food distributions if any ineligible participants are discovered.

View of Responsible Officials and Planned Corrective Action: The Organization agrees with the finding and plans to resume on-site monitoring and update regular monitoring activities

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

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021**

Finding 2020-001 - Material Weakness

U.S. Department of Agriculture

Passed through Lehigh, Northampton and Carbon counties from Commonwealth of Pennsylvania

Program: Food Distribution Cluster- CFDA# 10.565, 10.568 & 10.569

Condition: The Organization distributed food to an ineligible participant agency under the Emergency Food Assistance Program.

Questioned Costs: \$57,605.

Recommendation: The Organization should revise the control procedures that allowed the federal commodities to be distributed to an ineligible agency. Additional controls over the program should be implemented to be sure the proper eligibility documentation is on file before these food commodities are distributed. The Organization should contact their oversight agency for instructions on how to correct the questioned costs.

Current Status: The Organization implemented control procedures and no similar finding was noted during the 2021 audit. The questioned cost was resolved with the grantor agency.

FIGHTING FOR GOOD



CORRECTIVE ACTION PLAN

August 31, 2022

U.S. Department of Agriculture – Passed through Pennsylvania Department of Agriculture and Lehigh/ Northampton and Carbon Counties, Pennsylvania – Food Distribution Cluster – CFDA# 10.565, 10.568 & 10.569

Community Action Committee of the Lehigh Valley, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

Buckno Lisicky & Company
645 Hamilton Street, Ste 204
Allentown, PA 18101

Audit period: Year Ended June 30, 2021.

The findings from the June 30, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Financial Statement Findings

Finding 2021-001 – Material Weakness

Recommendation:

The Organization should provide additional training and support for those individuals tasked with financial reporting responsibilities to allow for accurate and timely financial reporting.

Corrective Action:

CACLV agrees with the recommendation. In January 2022, the Executive Director and the Deputy Executive Director of Operations engaged a financial consultant to provide additional training and support to the individuals responsible for financial reporting responsibilities. In addition to contracting with a financial consultant, we hired additional staff to ensure accurate and timely financial reporting.

Financial Statement Findings

Finding 2021-002 – Material Weakness

Recommendation:

The Organization should prioritize the timely data entry of commodity receipts to the inventory management system to allow for periodic reconciliation of inventory quantities and valuation. Additionally, the Organization should provide additional training on the inventory management system to responsible personnel. This will allow for accurate and timely reporting of the Organization's commodity inventory levels and activity for financial reporting purposes.

Corrective Action:

CACLV agrees with the recommendation. The Food Bank Operations Manager has and continues to develop policies and procedures for inventory management at Second Harvest Food Bank. This includes continuing education and training on the inventory management system for any responsible personnel. The Senior Accountant will continue to do monthly reconciliation to ensure accurate and timely reports of the commodity inventory levels.

Finding 2021-003 – Material Weakness

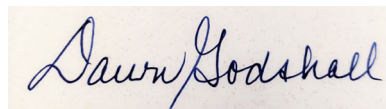
Recommendation:

The Organization should prioritize the timely monitoring of participating agencies to allow for changes in food distributions if any ineligible participants are discovered.

Corrective Action:

CACLV will monitor participating agencies to ensure food distributions are to eligible participants only. The Food Bank's Agency Relations Coordinators will review the eligibility of the nonprofits affiliated with the Second Harvest Food Bank through monthly data collection reports. In April 2021, new agency relations staff began reviewing the eligibility of the nonprofits on a consistent monthly basis. The Food Bank's Agency Relations staff also resumed onsite monitoring in August 2021 and completed a site assessment form to ensure affiliated nonprofits are complying, which includes confirmation of obtaining eligibility determination from food recipients.

Sincerely,

A handwritten signature in blue ink that reads "Dawn Godshall". The signature is written in a cursive, flowing style.

Dawn Godshall
Executive Director