

Attachment C:
CADA Audited Financial Statement 2020-2021

**COMMUNITY ACTION DEVELOPMENT
CORPORATION OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT
CORPORATION OF ALLENTOWN)**

FINANCIAL REPORT

June 30, 2021



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A Professional Corporation

Certified Public Accountants | Business Consultants

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

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June 30, 2021 and 2020

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Certified Public Accountants | Business Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Action Development Corporation of the Lehigh Valley, Inc.
(DBA Community Action Development Corporation of Allentown, Inc.)
Allentown, Pennsylvania

We have audited the accompanying financial statements of Community Action Development Corporation of the Lehigh Valley, Inc. (DBA Community Action Development Corporation of Allentown) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Community Action Development Corporation of the Lehigh Valley, Inc. (DBA Community Action Development Corporation of Allentown) 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.

Buckno Lisicky & Co PC

Allentown, Pennsylvania
October 29, 2021

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

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

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 564,392	\$ 349,801
Grants receivable	180	62,426
Unconditional promises to give	-	150,000
Accounts receivable, affiliates	34,083	30,481
Prepaid expenses	21	513
TOTAL CURRENT ASSETS	598,676	593,221
PROPERTY AND EQUIPMENT		
Office equipment	16,021	16,021
Less: accumulated depreciation	15,635	15,215
TOTAL PROPERTY AND EQUIPMENT, NET	386	806
TOTAL ASSETS	\$ 599,062	\$ 594,027
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 7,819	\$ 21,337
Accounts payable, affiliate	43,199	37,177
Compensated absences	3,381	1,608
Accrued expenses	5,612	5,250
Accrued wages	3,153	7,707
Other current liabilities	-	66
TOTAL LIABILITIES	63,164	73,145
NET ASSETS		
Without donor restrictions	172,880	100,727
With donor restrictions	363,018	420,155
TOTAL NET ASSETS	535,898	520,882
TOTAL LIABILITIES AND NET ASSETS	\$ 599,062	\$ 594,027

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

Statements of Activities

Years Ended June 30, 2021 and 2020

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
REVENUES			
Program fees	\$ 900	\$ -	\$ 900
TOTAL REVENUES	<u>900</u>	<u>-</u>	<u>900</u>
SUPPORT			
Contributions and grants, private	88,509	668,000	756,509
Grants, government	<u>120,803</u>	<u>-</u>	<u>120,803</u>
TOTAL SUPPORT	<u>209,312</u>	<u>668,000</u>	<u>877,312</u>
Net assets released from restrictions	<u>725,137</u>	<u>(725,137)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>935,349</u>	<u>(57,137)</u>	<u>878,212</u>
EXPENSES			
Program services	795,271	-	795,271
Management and general	39,084	-	39,084
Fund raising	<u>28,841</u>	<u>-</u>	<u>28,841</u>
TOTAL EXPENSES	<u>863,196</u>	<u>-</u>	<u>863,196</u>
CHANGE IN NET ASSETS	72,153	(57,137)	15,016
NET ASSETS, beginning	<u>100,727</u>	<u>420,155</u>	<u>520,882</u>
NET ASSETS, ending	<u>\$ 172,880</u>	<u>\$ 363,018</u>	<u>\$ 535,898</u>

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

**Statements of Activities (cont'd)
Years Ended June 30, 2021 and 2020**

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
REVENUES			
Program fee, net	\$ 300	\$ -	\$ 300
TOTAL REVENUES	<u>300</u>	<u>-</u>	<u>300</u>
SUPPORT			
Contributions and grants, private	124,519	694,135	818,654
Grants, government	<u>161,357</u>	<u>-</u>	<u>161,357</u>
TOTAL SUPPORT	<u>285,876</u>	<u>694,135</u>	<u>980,011</u>
Net assets released from restrictions	<u>577,960</u>	<u>(577,960)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>864,136</u>	<u>116,175</u>	<u>980,311</u>
EXPENSES			
Program services	756,729	-	756,729
Management and general	35,759	-	35,759
Fund raising	<u>24,199</u>	<u>-</u>	<u>24,199</u>
TOTAL EXPENSES	<u>816,687</u>	<u>-</u>	<u>816,687</u>
CHANGE IN NET ASSETS	47,449	116,175	163,624
NET ASSETS, beginning	<u>53,278</u>	<u>303,980</u>	<u>357,258</u>
NET ASSETS, ending	<u>\$ 100,727</u>	<u>\$ 420,155</u>	<u>\$ 520,882</u>

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
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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	\$ 15,016	\$ 163,624
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	420	420
(Increase) decrease in assets:		
Grants receivable	62,246	13,371
Unconditional promises to give	150,000	(150,000)
Accounts receivable, affiliates	(3,602)	(7,949)
Prepaid expenses	492	2,070
Increase (decrease) in liabilities:		
Accounts payable	(13,518)	(49,261)
Accounts payable, affiliates	6,022	(2,134)
Compensated absences	1,773	(6,181)
Accrued expenses	362	-
Accrued wages	(4,554)	(851)
Other current liabilities	(66)	66
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>214,591</u>	<u>(36,825)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 214,591	 (36,825)
 CASH AND CASH EQUIVALENTS		
Beginning	<u>349,801</u>	<u>386,626</u>
Ending	<u>\$ 564,392</u>	<u>\$ 349,801</u>

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
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Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services			
	Business	Allentown's	Other	
	Development	Future	Programs	Total
PERSONNEL				
Salaries	\$ 63,723	\$ 15,259	\$ -	\$ 78,982
Employee benefits and payroll taxes	28,827	5,129	-	33,956
Travel	877	-	-	877
TOTAL PERSONNEL	93,427	20,388	-	113,815
OTHER				
Advertising and promotion	-	253	-	253
Computer tech support	-	158	85	243
Depreciation	-	-	420	420
Dues and subscriptions	2,891	781	1,046	4,718
Equipment maintenance	89	-	3,553	3,642
Insurance	-	-	857	857
Legal, audit and professional fees	-	-	22	22
Management fees	-	-	3,956	3,956
Occupancy	7,843	1,700	92	9,635
Other expense	924	-	3,789	4,713
Postage	222	-	6	228
Program contract costs and supplies	-	495,737	5,834	501,571
Subgrantee payments	72,353	66,180	-	138,533
Supplies	988	2,293	51	3,332
Telephone	9,025	308	-	9,333
TOTAL OTHER	94,335	567,410	19,711	681,456
TOTAL EXPENSES	\$ 187,762	\$ 587,798	\$ 19,711	\$ 795,271

Management & General	Fund Raising	Total
\$ -	\$ -	\$ 78,982
-	-	33,956
-	-	877
-	-	113,815
-	-	253
-	-	243
-	-	420
-	-	4,718
-	-	3,642
-	-	857
5,250	-	5,272
33,834	28,841	66,631
-	-	9,635
-	-	4,713
-	-	228
-	-	501,571
-	-	138,533
-	-	3,332
-	-	9,333
39,084	28,841	749,381
\$ 39,084	\$ 28,841	\$ 863,196

**COMMUNITY ACTION DEVELOPMENT CORPORATION
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**Statement of Functional Expenses
Year Ended June 30, 2020**

	Program Services			
	Business	Upside	Other	
	Development	Allentown	Programs	Total
PERSONNEL				
Salaries	\$ 88,237	\$ 88,551	\$ 65,037	\$ 241,825
Employee benefits and payroll taxes	43,764	35,215	37,885	116,864
Meetings and training	1,074	842	344	2,260
Travel	2,329	190	63	2,582
TOTAL PERSONNEL	135,404	124,798	103,329	363,531
OTHER				
Advertising and promotion	2,825	572	1	3,398
Computer tech support	8	-	903	911
Depreciation	-	-	420	420
Dues and subscriptions	1,716	978	250	2,944
Equipment maintenance	2,341	130	2,125	4,596
Insurance	-	-	832	832
Legal, audit and professional fees	-	-	-	-
Management fees	-	-	5,432	5,432
Occupancy	14,100	-	6,740	20,840
Other expense	1,697	-	2,736	4,433
Postage	221	-	58	279
Printing	53	-	-	53
Program contract costs and supplies	2,625	284,042	22,818	309,485
Subgrantee payments	-	22,465	-	22,465
Supplies	3,616	-	856	4,472
Telephone	12,362	-	276	12,638
TOTAL OTHER	41,564	308,187	43,447	393,198
TOTAL EXPENSES	\$ 176,968	\$ 432,985	\$ 146,776	\$ 756,729

Management		
<u>& General</u>	<u>Fund Raising</u>	<u>Total</u>
\$ -	\$ -	\$ 241,825
-	-	116,864
-	-	2,261
-	-	2,582
-	-	363,532
-	-	3,397
-	-	911
-	-	420
-	-	2,944
-	-	4,596
-	-	832
5,816	-	5,816
29,943	24,199	59,574
-	-	20,840
-	-	4,433
-	-	279
-	-	53
-	-	309,485
-	-	22,465
-	-	4,472
-	-	12,638
35,759	24,199	453,155
<u>\$ 35,759</u>	<u>\$ 24,199</u>	<u>\$ 816,687</u>

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

NOTE 1. NATURE OF THE ORGANIZATION AND BUSINESS ACTIVITY

Nature of Operations

The Community Action Development Corporation of the Lehigh Valley, Inc. (DBA Community Action Development Corporation of Allentown) (the "Organization") is a not-for-profit tax-exempt corporation. The Organization is a subsidiary of Community Action Committee of the Lehigh Valley, Inc.

The mission of the Community Action Development Corporation of Allentown 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 creation of new businesses and working with residents to determine neighborhood business needs and opportunities.

CADCA's governing body is a Board of Directors made up of representatives of the target neighborhood and representatives of the business community as well as local funding sources. By design, the Board will always draw half of its membership from the neighborhood it serves and will include representatives from traditionally under-represented groups.

CADCA fulfills its mission through the operation of the following programs:

Neighborhood Partnership Program (Allentown's Future)

Allentown's Future is a comprehensive strategy to provide opportunities for education, vocation, health and recreation, and citizenship to the youth of Center City Allentown. By interrupting the cycles of poverty and violence experienced by the City's youth, it is the goal of this plan to ensure they succeed at becoming healthy and productive community members while developing their roles in the future workforce of the City. This is an initiative of the Community Action Development Corporation of Allentown (CADCA), a subsidiary of Community Action Committee of the Lehigh Valley (CACLV), and is administered in partnership with several youth serving community organizations.

Small Business Development and Support

CADCA provides business training classes which are structured into four modules which are each four weeks in duration thereby providing sixteen weeks of training not only for emerging entrepreneurs but also allow existing business owners to attend a particular module to help improve their business performance. Topic specific workshops are also offered in addition to one-on-one technical assistance to deal with issues such as completing business plans, zoning applications, leasing and business financing. Marketing assistance is also provided to create, develop, or upgrade websites and establish or improve social media promotional efforts. Forums are also provided for start-up and existing business owners to network and develop beneficial

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

business relationships. The Organization has ceased the small business development and support program during the year ended June 30, 2021.

Major sources of revenue are governmental grants and contributions. It is always considered at least reasonably possible that grantors and contributors could be lost in the near term.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables and payables.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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. 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 \$3,250,000, 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 conditional promises to give is contained in Note 8.

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 no refundable advances. Revenue under the grant contracts for the years ended June 30, 2021 and 2020 was \$175,803 and \$243,857, respectively. Receivables related to grant contracts of the Organization as of June 30, 2021, 2020 and 2019 are \$180, \$62,426 and \$75,797, respectively.

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**Notes to the Financial Statements
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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. There are no board designated net assets as of June 30, 2021 and 2020.

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.

Donated Services

Donated services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization's functions that are accomplished through unpaid volunteer time do not meet the criteria for recognition and accordingly, no donated services have been recorded for the years ended June 30, 2021 and 2020.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all investments, not restricted for the purchase of noncurrent assets, with a maturity of three months or less to be cash equivalents.

Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and improvements over \$1,000 that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' useful lives which range between 3 and 7 years. Depreciation expense was \$420 and \$420 for the years ended June 30, 2021 and 2020, respectively.

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**Notes to the Financial Statements
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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 statements of financial position.

Income Taxes

The Organization is a nonprofit organization incorporated in the Commonwealth of Pennsylvania and exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

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 Organization would recognize accrued interest and penalties associated with any uncertain tax positions as part of the income tax provision. The Organization files a Return of Organization Exempt from Income Tax annually. The Organization's returns for 2018, 2019 and 2020 are subject to examination by the IRS, generally for three years after they were filed.

Advertising Expense

Advertising costs are expensed as incurred and were \$253 and \$3,397 for 2021 and 2020, respectively.

Reclassifications

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

Date of Management's Review

The Organization has evaluated subsequent events through October 29, 2021, 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 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 three months of operating expenses. In

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

addition to the financial assets available, the Organization operates with a balanced budget and anticipates collecting sufficient revenues to cover operating expenses.

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	\$ 564,392	\$ 349,801
Grants receivable	180	62,426
Unconditional promises to give	-	150,000
Accounts receivable, affiliates	34,083	30,481
Less; Contractual or donor-imposed restriction making financial assets unavailable for general expenditure.	(363,018)	(420,155)
	<u>\$ 235,637</u>	<u>\$ 172,553</u>

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020 are restricted for the following purposes as follows:

	Neighborhood Assistance Program	Jordan Heights Project	Other	Total
BALANCE, July 1, 2019	\$ 222,099	\$ 48,957	\$ 32,924	\$ 303,980
Revenue	551,300	43,335	99,500	694,135
Released from restrictions	(430,889)	(92,292)	(54,779)	(577,960)
BALANCE, June 30, 2020	342,510	-	77,645	420,155
Revenue	650,000	-	18,000	668,000
Released from restrictions	(647,492)	-	(77,645)	(725,137)
BALANCE, June 30, 2021	<u>\$ 345,018</u>	<u>\$ -</u>	<u>\$ 18,000</u>	<u>\$ 363,018</u>

NOTE 5. 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 administrative and occupancy costs charged under management fees. Administrative

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costs are allocated primarily on the basis of estimated time and effort and occupancy expenses are allocated on a square footage basis. All other expenses that are split between program and supporting functions are directly charged.

NOTE 6. RELATED PARTY TRANSACTIONS AND COMMITMENTS

The Organization received government grants of \$115,548 and \$128,989 in 2021 and 2020, respectively, passed through from the Community Action Committee of the Lehigh Valley, Inc. (CACLV). The Organization also received \$28,500 and \$34,260 of public contributions passed through from CACLV in 2021 and 2020, respectively. The Organization has also disbursed \$71,081 and \$0 in grant funds to affiliates for the years ended June 30, 2021 and 2020, respectively.

The Organization paid \$66,631 and \$59,574 in 2021 and 2020, respectively, to CACLV for management services provided under an annual contract. Additionally, the Organization paid rentals to CACLV for the Organization's main office of \$0 and \$13,000 for the years ended June 30, 2021 and 2020, respectively.

Funds are periodically passed through between the related non-profit entities that provide similar services and are managed by the same personnel as Community Action Development Corporation of Allentown. These fund transfers often pertain to an allocation of a combined donation or reimbursable managerial overhead and are shown as a related party receivable or payable. As of June 30, 2021 and 2020, the amounts due to/from related parties is as follows:

<u>Related Party</u>	<u>2021</u>		<u>2020</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Receivable</u>	<u>Payable</u>
Community Action Committee of the Lehigh Valley (CACLV)	<u>\$ 34,083</u>	<u>\$ 43,199</u>	<u>\$ 30,481</u>	<u>\$ 37,177</u>

NOTE 7. RETIREMENT PLAN

The Organization maintains a 401(k) retirement plan which covers all employees 21 years of age and having one year of service. The Plan provides for participants' pretax contributions to the Plan up to limits defined by Section 401(k) of the Internal Revenue Code.

The Organization makes contributions to the Plan in an amount equal to 7% of eligible participants' compensation. The Organization's contributions to the Plan were \$4,831 and \$13,646 for 2021 and 2020, respectively.

NOTE 8. CONTINGENT PLEDGES

Local corporations 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

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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.

NOTE 9. FUNDING DEPENDENCY

The Organization receives a substantial portion of its support in the form of annual grants from federal, state and local governmental agencies, as well as from public contributions under Commonwealth of Pennsylvania tax credit programs. 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 10. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances with a financial institution that is insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, cash deposited in the financial institution may exceed the insured limits. No losses have been experienced as a result of uninsured cash balances.

NOTE 11. 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. The future effects of these issues are unknown.

Attachment D:
CADA Audited Financial Statement 2019-2020

**COMMUNITY ACTION DEVELOPMENT
CORPORATION OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT
CORPORATION OF ALLENTOWN)**

FINANCIAL REPORT

June 30, 2020

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& COMPANY**

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A Professional Corporation

Certified Public Accountants • Business Consultants

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

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June 30, 2020 and 2019

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Certified Public Accountants | Business Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Action Development Corporation of the Lehigh Valley, Inc.
(DBA Community Action Development Corporation of Allentown, Inc.)
Allentown, Pennsylvania

We have audited the accompanying financial statements of Community Action Development Corporation of the Lehigh Valley, Inc. (DBA Community Action Development Corporation of Allentown) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Community Action Development Corporation of the Lehigh Valley, Inc. (DBA Community Action Development Corporation of Allentown) as of June 30, 2020 and 2019, 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.

Buckno Lisicky & Co PC

Allentown, Pennsylvania
February 19, 2021

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

**Statements of Financial Position
June 30, 2020 and 2019**

ASSETS		2020	2019
CURRENT ASSETS			
Cash and cash equivalents	\$	349,801	\$ 386,626
Grants receivable		62,426	75,797
Unconditional promises to give		150,000	-
Accounts receivable, affiliates		30,481	22,532
Prepaid expenses		513	2,583
TOTAL CURRENT ASSETS		593,221	487,538
PROPERTY AND EQUIPMENT			
Office equipment		16,021	16,021
Less: accumulated depreciation		15,215	14,794
TOTAL PROPERTY AND EQUIPMENT, NET		806	1,227
TOTAL ASSETS	\$	594,027	\$ 488,765
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$	21,337	\$ 70,598
Accounts payable, affiliate		37,177	39,311
Compensated absences		1,608	7,789
Accrued expenses		5,250	5,250
Accrued wages		7,707	8,559
Other current liabilities		66	-
TOTAL LIABILITIES		73,145	131,507
NET ASSETS			
Without donor restrictions		100,727	53,278
With donor restrictions		420,155	303,980
TOTAL NET ASSETS		520,882	357,258
TOTAL LIABILITIES AND NET ASSETS	\$	594,027	\$ 488,765

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

Statements of Activities

Years Ended June 30, 2020 and 2019

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
REVENUES			
Program fees	\$ 300	\$ -	\$ 300
TOTAL REVENUES	<u>300</u>	<u>-</u>	<u>300</u>
SUPPORT			
Contributions	42,019	551,300	593,319
Grants	<u>243,857</u>	<u>142,835</u>	<u>386,692</u>
TOTAL SUPPORT	<u>285,876</u>	<u>694,135</u>	<u>980,011</u>
Net assets released from restrictions	<u>577,960</u>	<u>(577,960)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>864,136</u>	<u>116,175</u>	<u>980,311</u>
EXPENSES			
Program services	756,729	-	756,729
Management and general	35,759	-	35,759
Fund raising	<u>24,199</u>	<u>-</u>	<u>24,199</u>
TOTAL EXPENSES	<u>816,687</u>	<u>-</u>	<u>816,687</u>
CHANGE IN NET ASSETS	47,449	116,175	163,624
NET ASSETS, beginning	<u>53,278</u>	<u>303,980</u>	<u>357,258</u>
NET ASSETS, ending	<u>\$ 100,727</u>	<u>\$ 420,155</u>	<u>\$ 520,882</u>

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

Statements of Activities (cont'd)

Years Ended June 30, 2020 and 2019

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
REVENUES			
Program fee, net	\$ 1,852	\$ -	\$ 1,852
TOTAL REVENUES	<u>1,852</u>	<u>-</u>	<u>1,852</u>
SUPPORT			
Contributions	50,466	554,352	604,818
Grants	<u>214,726</u>	<u>151,166</u>	<u>365,892</u>
TOTAL SUPPORT	<u>265,192</u>	<u>705,518</u>	<u>970,710</u>
Net assets released from restrictions	<u>777,238</u>	<u>(777,238)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>1,044,282</u>	<u>(71,720)</u>	<u>972,562</u>
EXPENSES			
Program services	957,073	-	957,073
Management and general	39,250	-	39,250
Fund raising	<u>39,077</u>	<u>-</u>	<u>39,077</u>
TOTAL EXPENSES	<u>1,035,400</u>	<u>-</u>	<u>1,035,400</u>
CHANGE IN NET ASSETS	8,882	(71,720)	(62,838)
NET ASSETS, beginning	<u>44,396</u>	<u>375,700</u>	<u>420,096</u>
NET ASSETS, ending	<u>\$ 53,278</u>	<u>\$ 303,980</u>	<u>\$ 357,258</u>

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 163,624	\$ (62,838)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	420	49
(Increase) decrease in assets:		
Grants receivable	13,371	(43,975)
Unconditional promises to give	(150,000)	-
Accounts receivable, affiliates	(7,949)	(219)
Prepaid expenses	2,070	2,484
Increase (decrease) in liabilities:		
Accounts payable	(49,261)	52,208
Accounts payable, affiliates	(2,134)	15,989
Compensated absences	(6,181)	938
Accrued expenses	-	(520)
Accrued wages	(851)	(2,074)
Payroll taxes withheld and accrued	-	(386)
Other current liabilities	66	(336)
NET CASH USED IN OPERATING ACTIVITIES	<u>(36,825)</u>	<u>(38,680)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(1,262)
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>(1,262)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(36,825)	(39,942)
CASH AND CASH EQUIVALENTS		
Beginning	386,626	426,568
Ending	<u><u>\$ 349,801</u></u>	<u><u>\$ 386,626</u></u>

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services			
	Business	Upside	Other	
	Development	Allentown	Programs	Total
PERSONNEL				
Salaries	\$ 88,237	\$ 88,551	\$ 65,037	\$ 241,825
Employee benefits and payroll taxes	43,764	35,215	37,885	116,864
Meetings and training	1,074	842	344	2,260
Travel	2,329	190	63	2,582
TOTAL PERSONNEL	135,404	124,798	103,329	363,531
OTHER				
Advertising and promotion	2,825	572	1	3,398
Computer tech support	8	-	903	911
Depreciation	-	-	420	420
Dues and subscriptions	1,716	978	250	2,944
Equipment maintenance	2,341	130	2,125	4,596
Insurance	-	-	832	832
Legal, audit and professional fees	-	-	-	-
Management fees	-	-	5,432	5,432
Occupancy	14,100	-	6,740	20,840
Other expense	1,697	-	2,736	4,433
Postage	221	-	58	279
Printing	53	-	-	53
Program contract costs and supplies	2,625	284,042	22,818	309,485
Subgrantee payments	-	22,465	-	22,465
Supplies	3,616	-	856	4,472
Telephone	12,362	-	276	12,638
TOTAL OTHER	41,564	308,187	43,447	393,198
TOTAL EXPENSES	\$ 176,968	\$ 432,985	\$ 146,776	\$ 756,729

Management		
& General	Fund Raising	Total
\$ -	\$ -	\$ 241,825
-	-	116,864
-	-	2,260
-	-	2,582
-	-	363,531
-	-	3,398
-	-	911
-	-	420
-	-	2,944
-	-	4,596
-	-	832
5,816	-	5,816
29,943	24,199	59,574
-	-	20,840
-	-	4,433
-	-	279
-	-	53
-	-	309,485
-	-	22,465
-	-	4,472
-	-	12,638
35,759	24,199	453,156
\$ 35,759	\$ 24,199	\$ 816,687

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

**Statement of Functional Expenses
Year Ended June 30, 2019**

	Program Services			
	Business	Upside	Other	
	Development	Allentown	Programs	Total
PERSONNEL				
Salaries	\$ 81,022	\$ 100,846	\$ 66,454	\$ 248,322
Employee benefits and payroll taxes	47,019	38,842	30,582	116,443
Meetings and training	478	1,795	353	2,626
Travel	2,015	919	1,363	4,297
TOTAL PERSONNEL	130,534	142,402	98,752	371,688
OTHER				
Advertising and promotion	232	-	-	232
Computer tech support	-	-	21	21
Depreciation	-	-	49	49
Dues and subscriptions	1,007	270	1,662	2,939
Equipment maintenance	2,411	271	2,209	4,891
Insurance	-	-	689	689
Legal, audit and professional fees	-	175	51	226
Management fees	-	-	6,132	6,132
Occupancy	13,280	-	7,772	21,052
Other expense	1,671	-	3,020	4,691
Postage	156	140	37	333
Printing	550	-	58	608
Program contract costs and supplies	333	478,191	11,132	489,656
Subgrantee payments	-	38,003	-	38,003
Supplies	2,532	-	513	3,045
Telephone	11,495	-	1,323	12,818
TOTAL OTHER	33,667	517,050	34,668	585,385
TOTAL EXPENSES	\$ 164,201	\$ 659,452	\$ 133,420	\$ 957,073

See Notes to Financial Statements.

Management & General	Fund Raising	Total
\$ -	\$ -	\$ 248,322
-	-	116,443
-	-	2,626
-	-	4,297
-	-	371,688
-	-	232
-	-	21
-	-	49
-	-	2,939
-	-	4,891
-	-	689
5,275	-	5,501
33,975	39,077	79,184
-	-	21,052
-	-	4,691
-	-	333
-	-	608
-	-	489,656
-	-	38,003
-	-	3,045
-	-	12,818
39,250	39,077	663,712
\$ 39,250	\$ 39,077	\$ 1,035,400

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

**Notes to the Financial Statements
June 30, 2020 and 2019**

NOTE 1. NATURE OF THE ORGANIZATION AND BUSINESS ACTIVITY

Nature of Operations

The Community Action Development Corporation of the Lehigh Valley, Inc. (DBA Community Action Development Corporation of Allentown) (the "Organization") is a not-for-profit tax-exempt corporation. The Organization is a subsidiary of Community Action Committee of the Lehigh Valley, Inc.

The mission of the Organization is to assist and promote neighborhood revitalization and community spirit by providing access to economic opportunity, creating and sustaining businesses owned and operated by its neighbors, and empowering people to have a voice in the decisions that affect their lives. 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 creation of new businesses and working with residents to determine neighborhood business needs and opportunities.

CADCA's governing body is a Board of Directors made up of representatives of the target neighborhood and representatives of the business community as well as local funding sources. By design, the Board will always draw half of its membership from the neighborhood it serves and will include representatives from traditionally under-represented groups.

CADCA fulfills its mission through the operation of the following programs:

Neighborhood Partnership Program (Upside Allentown)

Upside Allentown is a community revitalization effort focused on Center City Neighborhoods which include Jordan Heights, Old Allentown, Old Fairgrounds and the 7th Street commercial corridor. The program focuses on making physical enhancements to both commercial and residential properties; improving public safety; creating and holding events to help residents become educated and informed on how to improve their quality of life; funding resident engagement activities such as community fairs, block parties and youth summer camps; promoting and developing local arts and culture initiatives which increase cultural awareness and highlight the City's diversity; and improving the streetscape in the target area by encouraging residents to conduct beautification projects in their neighborhoods.

Small Business Development and Support

CADCA provides business training classes which are structured into four modules which are each four weeks in duration thereby providing sixteen weeks of training not only for emerging entrepreneurs but also allow existing business owners to attend a particular module to help improve their business performance. Topic specific workshops are also offered in addition to one-on-one technical assistance to deal with issues such as completing business plans, zoning applications, leasing and business financing. Marketing assistance is also provided to create, develop or upgrade

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
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**Notes to the Financial Statements
June 30, 2020 and 2019**

websites and establish or improve social media promotional efforts. Forums are also provided for start-up and existing business owners to network and develop beneficial business relationships.

Major sources of revenue are governmental grants and contributions. It is always considered at least reasonably possible that grantors and contributors could be lost in the near term.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables and payables.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue and Revenue Recognition

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

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. 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, 2020, contributions approximating \$3,900,000, 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 conditional promises to give is contained in Note 8.

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, 2020 and 2019, the Organization has no refundable

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
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**Notes to the Financial Statements
June 30, 2020 and 2019**

advances. Revenue under the grant contracts for the years ended June 30, 2020 and 2019 was \$386,692 and \$365,892, respectively. Receivables related to grant contracts of the Organization as of June 30, 2020, 2019 and 2018 are \$62,426, \$75,797 and \$31,822, respectively.

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. There are no board designated net assets as of June 30, 2020 and 2019.

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.

Donated Services

Donated services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization's functions that are accomplished through unpaid volunteer time do not meet the criteria for recognition and accordingly, no donated services have been recorded for the years ended June 30, 2020 and 2019.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all investments, not restricted for the purchase of noncurrent assets, with a maturity of three months or less to be cash equivalents.

**COMMUNITY ACTION DEVELOPMENT CORPORATION
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**Notes to the Financial Statements
June 30, 2020 and 2019**

Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and improvements over \$1,000 that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' useful lives which range between 3 and 7 years. Depreciation expense was \$420 and \$49 for the years ended June 30, 2020 and 2019, respectively.

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 statements of financial position.

Income Taxes

The Organization is a nonprofit organization incorporated in the Commonwealth of Pennsylvania and exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

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 Organization would recognize accrued interest and penalties associated with any uncertain tax positions as part of the income tax provision.

The Organization files a Return of Organization Exempt from Income Tax annually. The Organization's returns for 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Advertising Expense

Advertising costs are expensed as incurred and were \$3,398 and \$232 for 2020 and 2019, respectively.

Reclassifications

Certain reclassifications have been made to the 2019 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to the reclassifications.

Date of Management's Review

The Organization has evaluated subsequent events through February 19, 2021, the date which the financial statements were available to be issued.

**COMMUNITY ACTION DEVELOPMENT CORPORATION
OF THE LEHIGH VALLEY, INC.
(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

**Notes to the Financial Statements
June 30, 2020 and 2019**

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 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, 2020 and 2019, available to meet general expenditures within one year of the balance sheet date are listed below:

	2020	2019
Cash and cash equivalents	\$ 349,801	\$ 386,626
Grants receivable	62,426	75,797
Unconditional promises to give	150,000	-
Accounts receivable, affiliates	30,481	22,532
Less; Contractual or donor-imposed restriction making financial assets unavailable for general expenditure.	(420,155)	(303,980)
	<u>\$ 172,553</u>	<u>\$ 180,975</u>

NOTE 4. 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 administrative and occupancy costs charged under management fees. Administrative costs are allocated primarily on the basis of estimated time and effort and occupancy expenses are allocated on a square footage basis. All other expenses that are split between program and supporting functions are directly charged.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 and 2019 are restricted for the following purposes as follows:

**COMMUNITY ACTION DEVELOPMENT CORPORATION
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(DBA COMMUNITY ACTION DEVELOPMENT CORPORATION OF ALLENTOWN)**

**Notes to the Financial Statements
June 30, 2020 and 2019**

	<u>Neighborhood Assistance Program</u>	<u>Jordan Heights Project</u>	<u>Other</u>	<u>Total</u>
BALANCE, July 1, 2018	\$ 321,486	\$ 47,103	\$ 7,111	\$ 375,700
Revenue	554,352	86,666	64,500	705,518
Released from restrictions	<u>(653,739)</u>	<u>(84,812)</u>	<u>(38,687)</u>	<u>(777,238)</u>
BALANCE, June 30, 2019	222,099	48,957	32,924	303,980
Revenue	551,300	43,335	99,500	694,135
Released from restrictions	<u>(430,889)</u>	<u>(92,292)</u>	<u>(54,779)</u>	<u>(577,960)</u>
BALANCE, June 30, 2020	<u>\$ 342,510</u>	<u>\$ -</u>	<u>\$ 77,645</u>	<u>\$ 420,155</u>

NOTE 6. RELATED PARTY TRANSACTIONS AND COMMITMENTS

The Organization received government grants of \$128,989 and \$130,000 in 2020 and 2019, respectively, passed through from the Community Action Committee of the Lehigh Valley, Inc. (CACLV). The Organization also received \$34,260 and \$28,000 of public contributions passed through from CACLV in 2020 and 2019, respectively.

The Organization paid \$59,574 and \$79,184 in 2020 and 2019, respectively, to CACLV for management services provided under an annual contract. Additionally, the Organization paid rentals to CACLV for the Organization's main office of \$13,000 for the years ended June 30, 2020 and 2019.

Funds are periodically passed through between the related non-profit entities that provide similar services and are managed by the same personnel as Community Action Development Corporation of Allentown. These fund transfers often pertain to an allocation of a combined donation or reimbursable managerial overhead and are shown as a related party receivable or payable. As of June 30, 2020 and 2019, the amounts due to/from related parties is as follows:

<u>Related Party</u>	<u>2020</u>		<u>2019</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Receivable</u>	<u>Payable</u>
Community Action Committee of the Lehigh Valley (CACLV)	<u>\$ 30,481</u>	<u>\$ 37,177</u>	<u>\$ 22,532</u>	<u>\$ 39,311</u>

NOTE 7. RETIREMENT PLAN

The Organization maintains a 401(k) retirement plan which covers all employees 21 years of age and having one year of service. The Plan provides for participants' pretax

**COMMUNITY ACTION DEVELOPMENT CORPORATION
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**Notes to the Financial Statements
June 30, 2020 and 2019**

contributions to the Plan up to limits defined by Section 401(k) of the Internal Revenue Code.

The Organization makes contributions to the Plan in an amount equal to 7% of eligible participants' compensation. The Organization's contributions to the Plan were \$13,646 and \$12,802 for 2020 and 2019, respectively.

NOTE 8. CONTINGENT PLEDGES

Local corporations have remaining pledge commitments of \$650,000 per year payable over the next six years totaling \$3,900,000 as of June 30, 2020. The pledges are contingent upon future Commonwealth of Pennsylvania tax credits and approvals under its Neighborhood Partnership Program. Pledge payments under the program were \$550,000 in both 2020 and 2019. Unconditional promises to give related to the pledges were \$150,000 and \$0 as of June 30, 2020 and 2019, respectively.

NOTE 9. FUNDING DEPENDENCY

The Organization receives a substantial portion of its support in the form of annual grants from federal, state and local governmental agencies, as well as from public contributions under Commonwealth of Pennsylvania tax credit programs. 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 10. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances with a financial institution that is insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, cash deposited in the financial institution may exceed the insured limits. No losses have been experienced as a result of uninsured cash balances.

NOTE 11. CONTINGENCY

The Organization's operations have been affected by the recent and 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. The future effects of these issues are unknown.