

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**

**BUCKNO  
LISICKY**   
**& COMPANY**

**BUCKNOLISICKY.COM**

*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**

| <b>ASSETS</b>                               | <u>2021</u>                  | <u>2020</u>                  |
|---|------------------------------|------------------------------|
| <b>CURRENT ASSETS</b>                       |                              |                              |
| 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                          |
| <b>TOTAL CURRENT ASSETS</b>                 | <u>598,676</u>               | <u>593,221</u>               |
| <b>PROPERTY AND EQUIPMENT</b>               |                              |                              |
| Office equipment                            | 16,021                       | 16,021                       |
| Less: accumulated depreciation              | 15,635                       | 15,215                       |
| <b>TOTAL PROPERTY AND EQUIPMENT, NET</b>    | <u>386</u>                   | <u>806</u>                   |
| <br><b>TOTAL ASSETS</b>                     | <br><u><b>\$ 599,062</b></u> | <br><u><b>\$ 594,027</b></u> |
| <br><b>LIABILITIES AND NET ASSETS</b>       |                              |                              |
| <b>LIABILITIES</b>                          |                              |                              |
| 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                           |
| <b>TOTAL LIABILITIES</b>                    | <u>63,164</u>                | <u>73,145</u>                |
| <b>NET ASSETS</b>                           |                              |                              |
| Without donor restrictions                  | 172,880                      | 100,727                      |
| With donor restrictions                     | 363,018                      | 420,155                      |
| <b>TOTAL NET ASSETS</b>                     | <u>535,898</u>               | <u>520,882</u>               |
| <br><b>TOTAL LIABILITIES AND NET ASSETS</b> | <br><u><b>\$ 599,062</b></u> | <br><u><b>\$ 594,027</b></u> |

**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**

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

**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**

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

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

**Statements of Cash Flows**

**Years Ended June 30, 2021 and 2020**

|  | <u>2021</u>              | <u>2020</u>              |
|--|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                          |                          |
| Change in net assets   | \$ 15,016                | \$ 163,624               |
| Adjustments to reconcile change in net assets<br>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                       |
| <b>NET CASH PROVIDED BY (USED IN)<br/>    OPERATING ACTIVITIES</b>                                       | <u>214,591</u>           | <u>(36,825)</u>          |
| <br><b>NET INCREASE (DECREASE) IN CASH<br/>AND CASH EQUIVALENTS</b>                                      | <br><b>214,591</b>       | <br><b>(36,825)</b>      |
| <br><b>CASH AND CASH EQUIVALENTS</b>   |                          |                          |
| Beginning  | <u>349,801</u>           | <u>386,626</u>           |
| <b>Ending</b>  | <b><u>\$ 564,392</u></b> | <b><u>\$ 349,801</u></b> |

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

**Statement of Functional Expenses  
Year Ended June 30, 2021**

|                                     | <b>Program Services</b> |                    |                  | <b>Total</b>      |
|-------------------------------------|-------------------------|--------------------|------------------|-------------------|
|                                     | <b>Business</b>         | <b>Allentown's</b> | <b>Other</b>     |                   |
|                                     | <u>Development</u>      | <u>Future</u>      | <u>Programs</u>  |                   |
| <b>PERSONNEL</b>                    |                         |                    |                  |                   |
| Salaries                            | \$ 63,723               | \$ 15,259          | \$ -             | \$ 78,982         |
| Employee benefits and payroll taxes | 28,827                  | 5,129              | -                | 33,956            |
| Travel                              | 877                     | -                  | -                | 877               |
| <b>TOTAL PERSONNEL</b>              | <u>93,427</u>           | <u>20,388</u>      | <u>-</u>         | <u>113,815</u>    |
| <b>OTHER</b>                        |                         |                    |                  |                   |
| 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             |
| <b>TOTAL OTHER</b>                  | <u>94,335</u>           | <u>567,410</u>     | <u>19,711</u>    | <u>681,456</u>    |
| <b>TOTAL EXPENSES</b>               | <u>\$ 187,762</u>       | <u>\$ 587,798</u>  | <u>\$ 19,711</u> | <u>\$ 795,271</u> |

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| <b>Management<br/>&amp; General</b> | <b>Fund Raising</b>     | <b>Total</b>             |
|-------------------------------------|-------------------------|--------------------------|
| \$ -                                | \$ -                    | \$ 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                    |
| <u>39,084</u>                       | <u>28,841</u>           | <u>749,381</u>           |
| <b><u>\$ 39,084</u></b>             | <b><u>\$ 28,841</u></b> | <b><u>\$ 863,196</u></b> |

**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**

|                                     | <b>Program Services</b> |                   |                   |                   |
|-------------------------------------|-------------------------|-------------------|-------------------|-------------------|
|                                     | <b>Business</b>         | <b>Upside</b>     | <b>Other</b>      | <b>Total</b>      |
|                                     | <b>Development</b>      | <b>Allentown</b>  | <b>Programs</b>   |                   |
| <b>PERSONNEL</b>                    |                         |                   |                   |                   |
| 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             |
| <b>TOTAL PERSONNEL</b>              | <u>135,404</u>          | <u>124,798</u>    | <u>103,329</u>    | <u>363,531</u>    |
| <b>OTHER</b>                        |                         |                   |                   |                   |
| 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            |
| <b>TOTAL OTHER</b>                  | <u>41,564</u>           | <u>308,187</u>    | <u>43,447</u>     | <u>393,198</u>    |
| <b>TOTAL EXPENSES</b>               | <u>\$ 176,968</u>       | <u>\$ 432,985</u> | <u>\$ 146,776</u> | <u>\$ 756,729</u> |

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| <b>Management<br/>&amp; General</b> | <b>Fund Raising</b>     | <b>Total</b>             |
|-------------------------------------|-------------------------|--------------------------|
| \$ -                                | \$ -                    | \$ 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                   |
| <u>35,759</u>                       | <u>24,199</u>           | <u>453,155</u>           |
| <b><u>\$ 35,759</u></b>             | <b><u>\$ 24,199</u></b> | <b><u>\$ 816,687</u></b> |

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

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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

**COMMUNITY ACTION DEVELOPMENT CORPORATION  
OF THE LEHIGH VALLEY, INC.  
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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.

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

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**Notes to the Financial Statements  
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. 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.

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

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

**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**

In 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:

|   | <u>2021</u>       | <u>2020</u>       |
|---|-------------------|-------------------|
| 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. | <u>(363,018)</u>  | <u>(420,155)</u>  |
|   | <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:

|                               | <u>Neighborhood<br/>Assistance<br/>Program</u> | <u>Jordan<br/>Heights<br/>Project</u> | <u>Other</u>            | <u>Total</u>             |
|-------------------------------|--|---------------------------------------|-------------------------|--------------------------|
| BALANCE, July 1, 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        | 342,510  | -                                     | 77,645                  | 420,155                  |
| Revenue                       | 650,000  | -                                     | 18,000                  | 668,000                  |
| Released from restrictions    | <u>(647,492)</u>                               | <u>-</u>                              | <u>(77,645)</u>         | <u>(725,137)</u>         |
| <b>BALANCE, June 30, 2021</b> | <b><u>\$ 345,018</u></b>                       | <b><u>\$ -</u></b>                    | <b><u>\$ 18,000</u></b> | <b><u>\$ 363,018</u></b> |

**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

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

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

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

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

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**

**BUCKNO  
LISICKY   
& COMPANY**

**BUCKNOLISICKY.COM**

*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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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**

| <b>ASSETS</b>                               | <u>2020</u>                  | <u>2019</u>                  |
|---|------------------------------|------------------------------|
| <b>CURRENT ASSETS</b>                       |                              |                              |
| 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                        |
| <b>TOTAL CURRENT ASSETS</b>                 | <u>593,221</u>               | <u>487,538</u>               |
| <b>PROPERTY AND EQUIPMENT</b>               |                              |                              |
| Office equipment                            | 16,021                       | 16,021                       |
| Less: accumulated depreciation              | 15,215                       | 14,794                       |
| <b>TOTAL PROPERTY AND EQUIPMENT, NET</b>    | <u>806</u>                   | <u>1,227</u>                 |
| <br><b>TOTAL ASSETS</b>                     | <br><u><b>\$ 594,027</b></u> | <br><u><b>\$ 488,765</b></u> |
| <br><b>LIABILITIES AND NET ASSETS</b>       |                              |                              |
| <b>LIABILITIES</b>                          |                              |                              |
| 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                           | -                            |
| <b>TOTAL LIABILITIES</b>                    | <u>73,145</u>                | <u>131,507</u>               |
| <b>NET ASSETS</b>                           |                              |                              |
| Without donor restrictions                  | 100,727                      | 53,278                       |
| With donor restrictions                     | 420,155                      | 303,980                      |
| <b>TOTAL NET ASSETS</b>                     | <u>520,882</u>               | <u>357,258</u>               |
| <br><b>TOTAL LIABILITIES AND NET ASSETS</b> | <br><u><b>\$ 594,027</b></u> | <br><u><b>\$ 488,765</b></u> |

**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**

|  | <b>2020</b>                           |                                    |                          |
|--|---------------------------------------|------------------------------------|--------------------------|
|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>             |
| <b>REVENUES AND SUPPORT</b>              |                                       |                                    |                          |
| <b>REVENUES</b>                          |                                       |                                    |                          |
| Program fees                             | \$ 300                                | \$ -                               | \$ 300                   |
| <b>TOTAL REVENUES</b>                    | <u>300</u>                            | <u>-</u>                           | <u>300</u>               |
| <b>SUPPORT</b>                           |                                       |                                    |                          |
| Contributions                            | 42,019                                | 551,300                            | 593,319                  |
| Grants                                   | <u>243,857</u>                        | <u>142,835</u>                     | <u>386,692</u>           |
| <b>TOTAL SUPPORT</b>                     | <u>285,876</u>                        | <u>694,135</u>                     | <u>980,011</u>           |
| Net assets released from<br>restrictions | <u>577,960</u>                        | <u>(577,960)</u>                   | <u>-</u>                 |
| <b>TOTAL REVENUE AND SUPPORT</b>         | <u>864,136</u>                        | <u>116,175</u>                     | <u>980,311</u>           |
| <b>EXPENSES</b>                          |                                       |                                    |                          |
| 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>            |
| <b>TOTAL EXPENSES</b>                    | <u>816,687</u>                        | <u>-</u>                           | <u>816,687</u>           |
| <b>CHANGE IN NET ASSETS</b>              | <b>47,449</b>                         | <b>116,175</b>                     | <b>163,624</b>           |
| NET ASSETS, beginning                    | <u>53,278</u>                         | <u>303,980</u>                     | <u>357,258</u>           |
| <b>NET ASSETS, ending</b>                | <u><b>\$ 100,727</b></u>              | <u><b>\$ 420,155</b></u>           | <u><b>\$ 520,882</b></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<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>             |
| <b>REVENUES AND SUPPORT</b>              |                                       |                                    |                          |
| <b>REVENUES</b>                          |                                       |                                    |                          |
| Program fee, net                         | \$ 1,852                              | \$ -                               | \$ 1,852                 |
| <b>TOTAL REVENUES</b>                    | <u>1,852</u>                          | <u>-</u>                           | <u>1,852</u>             |
| <b>SUPPORT</b>                           |                                       |                                    |                          |
| Contributions                            | 50,466                                | 554,352                            | 604,818                  |
| Grants                                   | <u>214,726</u>                        | <u>151,166</u>                     | <u>365,892</u>           |
| <b>TOTAL SUPPORT</b>                     | <u>265,192</u>                        | <u>705,518</u>                     | <u>970,710</u>           |
| Net assets released from<br>restrictions | <u>777,238</u>                        | <u>(777,238)</u>                   | <u>-</u>                 |
| <b>TOTAL REVENUE AND SUPPORT</b>         | <u>1,044,282</u>                      | <u>(71,720)</u>                    | <u>972,562</u>           |
| <b>EXPENSES</b>                          |                                       |                                    |                          |
| 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>            |
| <b>TOTAL EXPENSES</b>                    | <u>1,035,400</u>                      | <u>-</u>                           | <u>1,035,400</u>         |
| <b>CHANGE IN NET ASSETS</b>              | <b>8,882</b>                          | <b>(71,720)</b>                    | <b>(62,838)</b>          |
| NET ASSETS, beginning                    | <u>44,396</u>                         | <u>375,700</u>                     | <u>420,096</u>           |
| <b>NET ASSETS, ending</b>                | <u><b>\$ 53,278</b></u>               | <u><b>\$ 303,980</b></u>           | <u><b>\$ 357,258</b></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>              |
|--|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                          |                          |
| Change in net assets   | \$ 163,624               | \$ (62,838)              |
| Adjustments to reconcile change in net assets<br>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)                    |
| <b>NET CASH USED IN<br/>    OPERATING ACTIVITIES</b>                                       | <u>(36,825)</u>          | <u>(38,680)</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                          |                          |
| Purchase of property and equipment   | -                        | (1,262)                  |
| <b>NET CASH USED IN<br/>    INVESTING ACTIVITIES</b>                                       | <u>-</u>                 | <u>(1,262)</u>           |
| <b>NET DECREASE IN CASH<br/>AND CASH EQUIVALENTS</b>                                       | <b>(36,825)</b>          | <b>(39,942)</b>          |
| <b>CASH AND CASH EQUIVALENTS</b>   |                          |                          |
| Beginning  | <u>386,626</u>           | <u>426,568</u>           |
| Ending   | <u><b>\$ 349,801</b></u> | <u><b>\$ 386,626</b></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  |                   |                   | Total             |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                     | Business          | Upside            | Other             |                   |
|                                     | Development       | Allentown         | Programs          |                   |
| 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             |
| <b>TOTAL PERSONNEL</b>              | <b>135,404</b>    | <b>124,798</b>    | <b>103,329</b>    | <b>363,531</b>    |
| 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            |
| <b>TOTAL OTHER</b>                  | <b>41,564</b>     | <b>308,187</b>    | <b>43,447</b>     | <b>393,198</b>    |
| <b>TOTAL EXPENSES</b>               | <b>\$ 176,968</b> | <b>\$ 432,985</b> | <b>\$ 146,776</b> | <b>\$ 756,729</b> |

| <b>Management<br/>&amp; General</b> | <b>Fund Raising</b>     | <b>Total</b>             |
|-------------------------------------|-------------------------|--------------------------|
| \$ -                                | \$ -                    | \$ 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                   |
| <u>35,759</u>                       | <u>24,199</u>           | <u>453,156</u>           |
| <b><u>\$ 35,759</u></b>             | <b><u>\$ 24,199</u></b> | <b><u>\$ 816,687</u></b> |

**COMMUNITY ACTION DEVELOPMENT CORPORATION  
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**Statement of Functional Expenses  
Year Ended June 30, 2019**

|                                     | <b>Program Services</b> |                   |                   |                   |
|-------------------------------------|-------------------------|-------------------|-------------------|-------------------|
|                                     | <b>Business</b>         | <b>Upside</b>     | <b>Other</b>      | <b>Total</b>      |
|                                     | <b>Development</b>      | <b>Allentown</b>  | <b>Programs</b>   |                   |
| <b>PERSONNEL</b>                    |                         |                   |                   |                   |
| 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             |
| <b>TOTAL PERSONNEL</b>              | <b>130,534</b>          | <b>142,402</b>    | <b>98,752</b>     | <b>371,688</b>    |
| <b>OTHER</b>                        |                         |                   |                   |                   |
| 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            |
| <b>TOTAL OTHER</b>                  | <b>33,667</b>           | <b>517,050</b>    | <b>34,668</b>     | <b>585,385</b>    |
| <b>TOTAL EXPENSES</b>               | <b>\$ 164,201</b>       | <b>\$ 659,452</b> | <b>\$ 133,420</b> | <b>\$ 957,073</b> |

See Notes to Financial Statements.

| <b>Management<br/>&amp; General</b> | <b>Fund Raising</b> | <b>Total</b>        |
|-------------------------------------|---------------------|---------------------|
| \$ -                                | \$ -                | \$ 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              |
| <u>39,250</u>                       | <u>39,077</u>       | <u>663,712</u>      |
| <b>\$ 39,250</b>                    | <b>\$ 39,077</b>    | <b>\$ 1,035,400</b> |

**COMMUNITY ACTION DEVELOPMENT CORPORATION  
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**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 7<sup>th</sup> 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

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**Notes to the Financial Statements  
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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

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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.

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**Notes to the Financial Statements  
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**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.

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**Notes to the Financial Statements  
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**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<br>restriction making financial assets<br>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:

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

|                               | <u>Neighborhood<br/>Assistance<br/>Program</u> | <u>Jordan<br/>Heights<br/>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>         |
| <b>BALANCE, June 30, 2020</b> | <b><u>\$ 342,510</u></b>                       | <b><u>\$ -</u></b>                    | <b><u>\$ 77,645</u></b> | <b><u>\$ 420,155</u></b> |

**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

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**Notes to the Financial Statements  
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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.