

**FINANCIAL STATEMENTS AND
AUDITORS' REPORT**

**DELAWARE AND LEHIGH NATIONAL
HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)
DECEMBER 31, 2020**

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)

DECEMBER 31, 2020

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Delaware and Lehigh National Heritage Corridor, Inc.
Easton, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Delaware and Lehigh National Heritage Corridor, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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' judgement, 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 the Delaware and Lehigh National Heritage Corridor, Inc. as of December 31, 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, on our consideration of the Delaware and Lehigh National Heritage Corridor, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Delaware and Lehigh National Heritage Corridor, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delaware and Lehigh National Heritage Corridor, Inc.'s internal control over financial reporting and compliance.

France, Anderson, Basile + Company, P.C.

Emmaus, Pennsylvania
November 10, 2021

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2020	2019
ASSETS		
Cash & Cash Equivalents	\$ 2,087,191	\$ 2,058,782
Grants & Accounts Receivable	275,182	179,175
Inventory	94,348	98,770
Prepaid Expenses	12,506	28,883
Investments	350,416	44,636
Fixed Assets, Net	2,743,992	2,855,174
TOTAL ASSETS	\$ 5,563,635	\$ 5,265,420
LIABILITIES & NET ASSETS		
LIABILITIES		
Accounts Payable & Accrued Expenses	\$ 46,178	\$ 25,048
Notes Payable	251,009	128,060
Refundable Advances	416,308	299,597
TOTAL LIABILITIES	713,495	452,705
NET ASSETS		
Without Donor Restrictions		
Undesignated	855,479	780,647
Board Designated	985,835	900,000
Invested in Fixed Assets	2,689,472	2,727,114
Total Without Donor Restrictions	4,530,786	4,407,761
With Donor Restrictions	319,354	404,954
TOTAL NET ASSETS	4,850,140	4,812,715
TOTAL LIABILITIES & NET ASSETS	\$ 5,563,635	\$ 5,265,420

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

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total December 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total December 31, 2019
<u>Operating Activities:</u>						
Support, Revenue & Reclassifications						
Government Grants	\$ 1,173,228	\$ -	\$ 1,173,228	\$ 1,614,837	\$ -	\$ 1,614,837
Membership Dues	27,731	-	27,731	34,678	-	34,678
Contributions	498,259	130,000	628,259	136,037	221,100	357,137
Special Events (Net of Costs of \$18,906)	36,210	-	36,210	34,089	-	34,089
Admissions	14,634	-	14,634	96,596	-	96,596
Program Revenue	2,810	-	2,810	37,795	-	37,795
Merchandise Sales	21,494	-	21,494	30,560	-	30,560
Miscellaneous	1,301	-	1,301	110	-	110
Net Assets Released from Restrictions	<u>215,600</u>	<u>(215,600)</u>	<u>-</u>	<u>252,746</u>	<u>(252,746)</u>	<u>-</u>
Total Support, Revenue & Reclassifications	<u>1,991,267</u>	<u>(85,600)</u>	<u>1,905,667</u>	<u>2,237,448</u>	<u>(31,646)</u>	<u>2,205,802</u>
Expenses						
Program Services	1,391,674	-	1,391,674	1,854,480	-	1,854,480
Management & General	454,714	-	454,714	450,846	-	450,846
Fundraising	<u>86,557</u>	<u>-</u>	<u>86,557</u>	<u>79,173</u>	<u>-</u>	<u>79,173</u>
Total Expenses	<u>1,932,945</u>	<u>-</u>	<u>1,932,945</u>	<u>2,384,499</u>	<u>-</u>	<u>2,384,499</u>
Change in Net Assets from Operating Activities	<u>58,322</u>	<u>(85,600)</u>	<u>(27,278)</u>	<u>(147,051)</u>	<u>(31,646)</u>	<u>(178,697)</u>
<u>Nonoperating Activities:</u>						
Interest Income	13,540	-	13,540	22,037	-	22,037
Interest Expense	(4,960)	-	(4,960)	(5,787)	-	(5,787)
Investment Return, net	<u>56,123</u>	<u>-</u>	<u>56,123</u>	<u>10,071</u>	<u>-</u>	<u>10,071</u>
Change in Net Assets from Nonoperating Activities	<u>64,703</u>	<u>-</u>	<u>64,703</u>	<u>26,321</u>	<u>-</u>	<u>26,321</u>
Change in Net Assets	123,025	(85,600)	37,425	(120,730)	(31,646)	(152,376)
Net Assets at Beginning of Year	4,407,761	404,954	4,812,715	4,528,491	436,600	4,965,091
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets at End of Year	<u>\$ 4,530,786</u>	<u>\$ 319,354</u>	<u>\$ 4,850,140</u>	<u>\$ 4,407,761</u>	<u>\$ 404,954</u>	<u>\$ 4,812,715</u>

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

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF CASH FLOWS

	<u>Year Ended</u> <u>December 31, 2020</u>	<u>Year Ended</u> <u>December 31, 2019</u>
<u>Cash Flows from Operating Activities</u>		
CHANGE IN NET ASSETS	\$ 37,425	\$ (152,376)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Depreciation & Amortization	125,347	121,645
Unrealized (Gain) Loss on Investments	(47,574)	(8,056)
(Increase) Decrease in Receivables	(96,007)	(64,341)
(Increase) Decrease in Inventory	4,422	(9,321)
(Increase) Decrease in Prepaid Expenses	16,377	(17,108)
Increase (Decrease) in Accounts Payable, Accrued Expenses & Refundable Advances	137,841	(146,426)
Net Cash Provided by Operating Activities	177,831	(275,983)
<u>Cash Flows from Investing Activities</u>		
Purchase of Investments	(258,206)	502,705
Purchase of capital items	(14,165)	(117,795)
Net Cash (Used in) Investing Activities	(272,371)	384,910
<u>Cash Flows from Financing Activities</u>		
PPP Borrowing	196,489	-
Principal payments on long-term debt	(73,540)	(72,713)
Net Cash Provided by (Used in) Financing Activities	122,949	(72,713)
Net Increase (Decrease) in Cash and Cash Equivalents	28,409	36,214
Cash and Cash Equivalents at Beginning of Year	2,058,782	2,022,568
Cash and Cash Equivalents at End of Year	\$ 2,087,191	\$ 2,058,782

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

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 1 Reporting Entity

The Delaware and Lehigh National Heritage Corridor, Inc. was incorporated on October 22, 2003. The Organization’s mission is to work with government entities, non-profit agencies, commercial entities, residents and visitors to the Delaware and Lehigh National Heritage Corridor to: conserve the historic transportation system of canals and overland railroads and amplify the recreational and educational opportunities based on them; broadly tell the story of the region by strengthening the infrastructure for interpretation and education; establish a framework for stewardship which will preserve significant historic sites; enhance recreation and conserve the natural and cultural environment; and provide opportunities for capitalizing on the Corridor’s rich heritage as a means for community development and revitalization.

On January 20, 2017, the Board of Directors approved the merger of the Organization with Hugh Moore Historical Park and Museums, Inc. The merger was completed on April 1, 2017.

The Organization is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 Summary of Significant Accounting Policies

Nature of Operations

The Delaware and Lehigh National Heritage Corridor, Inc. is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania for the purpose of serving the charitable, educational and civic needs of all the residents in its area.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for Profit Organizations” (the “Guide”), (ASC) 958-205.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020 and 2019

NOTE 2 Summary of Significant Accounting Policies (Continued)

Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Contributions:

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Investments:

Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020 and 2019

NOTE 2 Summary of Significant Accounting Policies (Continued)

Measure of Operations:

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Delaware and Lehigh National Heritage Corridor, Inc.'s ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Adoption of New Accounting Standards

The Financial Accounting Standards Board (FASB) issued two Accounting Standards Updates that affect Delaware and Lehigh National Heritage Corridor, Inc.'s revenue recognition, as noted below. The Updates became effective for fiscal years beginning after December 15, 2018. However, with the ongoing COVID-19 global pandemic, FASB deferred the effective date of ASU No. 2014-09 (Topic 606) to fiscal years beginning after December 15, 2019. Delaware and Lehigh National Heritage Corridor, Inc. has elected to implement each Update during the fiscal year ended December 31, 2020 and both Updates were retrospectively applied to the fiscal year ended December 31, 2019.

Delaware and Lehigh National Heritage Corridor, Inc. has adopted the provisions of ASU No. 2014-09 Not-for-Profit Entities (Topic 606): *Revenue from Contracts with Customers* and all subsequent amendments to the ASU, which affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. This Update requires entities to make new judgements and estimates and provide expanded disclosure about revenue.

Delaware and Lehigh National Heritage Corridor, Inc. has also adopted Accounting Standards Update 2018-08 Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions.

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020 and 2019

NOTE 2 Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Standards (Continued)

Delaware and Lehigh National Heritage Corridor, Inc.'s revenues from grants and investment income are outside the scope of ASC 606. Delaware and Lehigh National Heritage Corridor, Inc. has determined that the implementation of the Updates did not significantly impact the financial statements and therefore, there were no required prior period adjustments. Refer to *Revenue from Contracts with Customers within the Nature of Activities and Summary of Significant Accounting Policies* (Note 1), for further discussion of Delaware and Lehigh National Heritage Corridor, Inc.'s accounting policies for revenue sources within the scope of ASC 606.

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.

Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. The Organization is exempt from state income taxes under similar provisions. The Organization's Form 990 *Return of Organization Exempt from Income Tax*, for the 2016 through current tax year are subject to examination by the IRS, generally for three years after they were filed.

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020 and 2019

NOTE 2 Summary of Significant Accounting Policies (Continued)

Grants Receivable

Grants receivable are primarily unsecured amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding grants receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Property and Equipment

Property and equipment are recorded at cost or at estimated fair value at the date of a gift. The policy is to capitalize all acquisitions of property, plant and equipment in excess of \$ 5,000 with an estimated useful life of more than two years. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	5 - 30	years
Furniture and fixtures	5 - 10	years
Equipment	3 - 7	years

Normal repair and maintenance costs are not capitalized because they neither add to value of the property nor materially prolong its useful life.

Grant Revenue

Grant Revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Organization's management believes that costs are ultimately disallowed, if any, would not materially affect the financial position of the Organization.

Concentration of Credit Risk

During the year, the Organization's cash in bank balance exceeded federally insured limits. Historically, they have not experienced any credit related losses.

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020 and 2019

NOTE 2 Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Costs common to multiple functions have been allocated among the various functions benefited.

Accounting for the Paycheck Protection Program (PPP)

Delaware and Lehigh National Heritage Corridor, Inc. may account for a Paycheck Protection Program (PPP) loan as a financial liability in accordance with FASB ASC Topic 470, *Debt*, or under other models, if certain conditions are met. If the Organization expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven, the Organization may account for the PPP loan in accordance with the ASC Subtopic 958-605 as a conditional contribution. As of December 31, 2020, management has not submitted the application for full forgiveness of the loan. For this reason, the Organization has elected the debt method. Under this method, the Organization recorded a debt liability on the Balance Sheet and will subsequently recognize revenue from the extinguishment of debt once forgiveness has been determined by the Small Business Administration. On April 14, 2020, the Organization received \$196,489 under the Paycheck Protection Program. On May 19, 2021, the entire balance of the loan was forgiven by the Small Business Administration.

NOTE 3 Inventory

Inventory is stated at cost or the value of the property at the time it was contributed. Inventory consisted of:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Publications	\$ 84,986	\$ 93,452
Gift Shop	<u>9,362</u>	<u>5,318</u>
	<u>\$ 94,348</u>	<u>\$ 98,770</u>

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020 and 2019

NOTE 4 Land, Buildings and Equipment

Land, Buildings and Equipment consist of the following as of December 31, 2020 and 2019:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land	\$ 5,624	\$ 5,624
Building	191,650	191,650
Equipment	128,473	128,473
Vehicles	19,544	19,544
Furniture, Fixtures & Equipment	42,461	42,461
Canal Boat	232,351	232,351
Exhibits	1,582,319	1,582,319
Building Improvements	<u>3,827,263</u>	<u>3,813,098</u>
	6,029,685	6,015,520
Accumulated Depreciation	<u>3,285,693</u>	<u>3,160,346</u>
	<u><u>\$ 2,743,992</u></u>	<u><u>\$ 2,855,174</u></u>

Depreciation expense of \$ 125,347 and \$ 121,645 was charged to expense for the years ended December 31, 2020 and 2019, respectively.

NOTE 5 Collections

Because the values of the existing collections and continuing acquisitions are not readily determinable, the Organization has not capitalized them. The Organization does, however, have in place a specialized system for tracking individual items in the collection.

NOTE 6 Investments

The fair market value of the Organization's investments as of December 31, 2020, and 2019 was \$ 350,416 and \$ 44,636.

Fair market guidance emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Fair value measurements are disclosed by level within that hierarchy.

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020 and 2019

NOTE 6 Investments (Continued)

This guidance requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, management performs a detailed analysis of the assets and liabilities that are subject to FASB ASC 820. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2020 and 2019:

	<u>12/31/2020</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Mutual Funds	<u>\$ 350,416</u>	<u>\$ 350,416</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>12/31/2019</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Mutual Funds	<u>\$ 44,636</u>	<u>\$ 44,636</u>	<u>\$ -</u>	<u>\$ -</u>

Investment income (loss) from cash and cash equivalents and investments was comprised of the following for the years ended December 31, 2020 and 2019:

<u>Year Ended</u> <u>December 31, 2020</u>	<u>Unrestricted</u>	<u>Temporarily</u> <u>Restricted</u>	<u>Total</u>
Dividends	\$ 8,549	\$ -	\$ 8,549
Net unrealized gain	<u>47,574</u>	<u>-</u>	<u>47,574</u>
Total Investment Income	<u>\$ 56,123</u>	<u>\$ -</u>	<u>\$ 56,123</u>
<u>Year Ended</u> <u>December 31, 2019</u>	<u>Unrestricted</u>	<u>Temporarily</u> <u>Restricted</u>	<u>Total</u>
Dividends	\$ 2,015	\$ -	\$ 2,015
Net unrealized gain	<u>8,056</u>	<u>-</u>	<u>8,056</u>
Total Investment Income	<u>\$ 10,071</u>	<u>\$ -</u>	<u>\$ 10,071</u>

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020 and 2019

NOTE 7 Refundable Advances

The Organization has been awarded grants to provide services consistent with its mission. These grants are considered to be exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity consisted of the following for the years ended December 31, 2020 and 2019:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Refundable advances, beginning of year	\$ 299,597	\$ 440,534
Grant receipts	<u>1,289,939</u>	<u>1,300,356</u>
	1,589,536	1,740,890
Less: Grant expenditures	<u>1,173,228</u>	<u>1,441,293</u>
Refundable advances, end of year	<u>\$ 416,308</u>	<u>\$ 299,597</u>

NOTE 8 Governmental Grants

Grant revenue consisted of the following for the years ended December 31, 2020 and 2019:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
State & local grants	\$ 440,402	\$ 1,054,145
Federal grants	<u>732,826</u>	<u>560,692</u>
	<u>\$ 1,173,228</u>	<u>\$ 1,614,837</u>

NOTE 9 Restrictions and Limitations on Net Assets

Donor Restricted Net Assets

Donor restricted net assets were available for the following purposes at December 31, 2020 and 2019:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
2021 Program Expenses	\$ 130,000	\$ 215,600
2020 Program Expenses	-	-
Canal Museum	<u>189,354</u>	<u>189,354</u>
	<u>\$ 319,354</u>	<u>\$ 404,954</u>

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020 and 2019

NOTE 9 Restrictions and Limitations on Net Assets (Continued)

For the year ended December 31, 2020 net assets totaling \$ 215,600 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors.

Board Designated Net Assets

The Board of Directors has designated net assets without donor restrictions for the following purposes at December 31, 2020 and 2019:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Operating Reserve	\$ 500,000	\$ 500,000
Education Reserve	250,000	200,000
Capital Reserve	<u>235,835</u>	<u>200,000</u>
	<u>\$ 985,835</u>	<u>\$ 900,000</u>

NOTE 10 Notes Payable

Notes Payable as of December 31, 2020 and 2019 consists of:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
1.0% Note Payable to Provident Bank through the Paycheck Protection Program backed by the United States Small Business Administration. The Note is forgivable under certain circumstances; Repayment terms of the Note, if not forgiven, would be eighteen (18) monthly payments of \$11,002, including interest from November 2020 through April 2022.	\$ 196,489	\$ -
3% Note due March 2032. Interest and principal are payable monthly in the amount of \$2,375	<u>54,520</u>	<u>128,060</u>
	251,009	128,060
Less: Current maturities	<u>155,200</u>	<u>23,872</u>
	<u>\$ 95,809</u>	<u>\$ 104,188</u>

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020 and 2019

NOTE 10 Notes Payable (Continued)

Long-term debt maturities for the next five years are as follows:

Years ending December 31, 2021	\$ 155,200
2022	90,417
2023	<u>5,392</u>
Total	<u>\$ 251,009</u>

Interest payments of \$ 4,960 and \$ 5,787 were charged to expense for the year ended December 31, 2020 and 2019, respectively.

NOTE 11 Commitments and Contingencies

The Organization receives a substantial amount of its support from state and local governmental units. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Organization's programs and activities.

NOTE 12 Pension Plan

The Organization provides a 403(b), TIAA-CREF, pension plan for all full-time employees and part-time employees with over 1,000 hours of service. The Organization contributes 6% of eligible employees' salaries. Pension expense was \$ 28,978 and \$ 34,127 for the years ending December 31, 2020 and 2019, respectively.

NOTE 13 Federal Awards

For the year ended December 31, 2020, the amount of federal financial assistance was below the level which require an audit in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The audit has been performed in accordance with *Government Auditing Standards* in order to comply with certain federal and state grant requirements.

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.
(A Not-for-Profit Corporation)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2020 and 2019

NOTE 14 Subsequent Events

Management is required to consider and investigate the existence of transactions or events that would qualify as subsequent events in relation to their internal and external financial statements. In 2019, a novel strain of coronavirus surfaced in China and has spread around the world, resulting in ongoing business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of Delaware and Lehigh National Heritage Corridor, Inc. could be materially adversely affected. The extent of which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain or treat its impact, among others.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Stimulus Act of 2020 (the “CARES Act”) was signed. Title I of the CARES Act establishes, among other things, the Paycheck Protection Program (the “Paycheck Program”) which provided business concerns with loans backed by the United States Small Business Administration (SBA) that are forgivable under certain circumstances. The Paycheck Program is a short-term program for the covered period from February 15, 2020 until June 30, 2020 (extended to December 31, 2020) and loans are capped at the lesser of 2.5x a borrower’s LTM average monthly payroll consisting of no more than \$100,000 per employee plus health and retirement benefits, or \$10,000,000 per borrower. Delaware and Lehigh National Heritage Corridor, Inc. received \$70,700 related to this program. As discussed in Note 2, during May 2021, Delaware and Lehigh National Heritage Corridor, Inc. was notified that the entire Paycheck Program loan was forgiven.

Subsequent events have been evaluated through November 10, 2021, which was the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.

(A Not-for-Profit Corporation)

SCHEDULES OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for Year Ended December 31, 2019

	Program Services	Management & General	Fundraising	Years Ended December 31, 2020 Total	2019 Total
<i><u>Salaries & Wage Expenses</u></i>					
Salaries & Wages	\$ 511,066	\$ 179,039	\$ 44,759	\$ 734,864	\$ 797,551
Benefits & Payroll Taxes	<u>138,655</u>	<u>47,901</u>	<u>15,967</u>	<u>202,523</u>	<u>212,953</u>
	649,721	226,940	60,726	937,387	1,010,504
<i><u>Operating Expenses</u></i>					
Grant & Program Expenses	628,743	-	-	628,743	1,003,073
Cost of Goods Sold	12,466	-	-	12,466	13,484
Supplies	3,493	6,033	1,376	10,902	14,132
Postage & Freight	1,765	2,008	670	4,443	5,226
Professional Fees	6,390	17,180	3,690	27,260	20,416
Rent & Maintenance	34,944	17,472	5,824	58,240	64,670
Travel, Dues & Conferences	7,185	6,714	1,679	15,578	30,432
Insurance	-	27,996	-	27,996	22,958
Printing & Advertising	14,197	1,717	7,197	23,111	14,585
Technology & Telephone Expense	32,770	21,588	5,395	59,753	56,161
Depreciation & Amortization	-	125,347	-	125,347	121,645
Miscellaneous	<u>-</u>	<u>1,719</u>	<u>-</u>	<u>1,719</u>	<u>7,213</u>
	<u>741,953</u>	<u>227,774</u>	<u>25,831</u>	<u>995,558</u>	<u>1,373,995</u>
Total Expenses	<u>\$ 1,391,674</u>	<u>\$ 454,714</u>	<u>\$ 86,557</u>	<u>\$ 1,932,945</u>	<u>\$ 2,384,499</u>

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Delaware and Lehigh National Heritage Corridor, Inc.
Easton, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Delaware and Lehigh National Heritage Corridor, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Delaware and Lehigh National Heritage Corridor, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Delaware and Lehigh National Heritage Corridor, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Delaware and Lehigh National Heritage Corridor, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delaware and Lehigh National Heritage Corridor, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

France, Anderson, Basile & Company, P.C.

Emmaus, Pennsylvania
November 10, 2021