

**FINANCIAL STATEMENTS AND  
AUDITORS' REPORT**

---

**DELAWARE AND LEHIGH NATIONAL  
HERITAGE CORRIDOR, INC.  
(A Not-for-Profit Corporation)  
DECEMBER 31, 2021**

---

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

**DECEMBER 31, 2021**

**CONTENTS**

	<b><u>Page (s)</u></b>
<b>Independent Auditors' Report</b>	1 - 3
<b>Financial Statements</b>	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 20
<b>Other Reports</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21 - 22

FRANCE, ANDERSON, BASILE and COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

903 Chestnut Street  
Emmaus, Pennsylvania 18049

610-967-1200 Phone  
610-966-6669 Fax  
www.fabandco.com

**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the 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, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Delaware and Lehigh National Heritage Corridor, Inc. as of December 31, 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.

**Basis for Opinion**

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Delaware and Lehigh National Heritage Corridor, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Delaware and Lehigh National Heritage Corridor, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Delaware and Lehigh National Heritage Corridor, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Delaware and Lehigh National Heritage Corridor, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022, on our consideration of 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 11, 2022

**DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.**

**(A Not-for-Profit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2021	2020
<b>ASSETS</b>		
Cash & Cash Equivalents	\$ 1,932,203	\$ 2,087,191
Grants & Accounts Receivable	295,946	275,182
Inventory	81,396	94,348
Prepaid Expenses	8,772	12,506
Investments	395,927	350,416
Fixed Assets, Net	2,626,017	2,743,992
<b>TOTAL ASSETS</b>	<b>\$ 5,340,261</b>	<b>\$ 5,563,635</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable & Accrued Expenses	\$ 26,607	\$ 46,178
Notes Payable	-	251,009
Refundable Advances	354,856	416,308
<b>TOTAL LIABILITIES</b>	<b>381,463</b>	<b>713,495</b>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	1,002,510	855,479
Board Designated	1,068,440	985,835
Invested in Fixed Assets	2,626,017	2,689,472
Total Without Donor Restrictions	4,696,967	4,530,786
With Donor Restrictions	261,831	319,354
<b>TOTAL NET ASSETS</b>	<b>4,958,798</b>	<b>4,850,140</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 5,340,261</b>	<b>\$ 5,563,635</b>

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, 2021		Year Ended December 31, 2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b><u>Operating Activities:</u></b>				
<b>Support, Revenue &amp; Reclassifications</b>				
Government Grants	\$ 1,023,400	\$ -	\$ 1,173,228	\$ -
PPP COVID Grant	196,489	-	-	-
Membership Dues	29,041	-	27,731	-
Contributions	407,050	78,000	498,259	130,000
Special Events (Net of Costs of \$48,376)	38,264	-	36,210	-
Admissions	63,825	-	14,634	-
Program Revenue	7,148	-	2,810	-
Merchandise Sales	49,427	-	21,494	-
Miscellaneous	15,645	-	1,301	-
Net Assets Released from Restrictions	135,523	(135,523)	215,600	(215,600)
Total Support, Revenue & Reclassifications	1,965,812	(57,523)	1,991,267	(85,600)
<b>Expenses</b>				
Program Services	1,256,628	-	1,391,674	-
Management & General	498,432	-	454,714	-
Fundraising	93,944	-	86,557	-
Total Expenses	1,849,004	-	1,932,945	-
<b>Change in Net Assets from Operating Activities</b>	116,808	(57,523)	58,322	(85,600)
<b>Nonoperating Activities:</b>				
Interest Income	3,908	-	13,540	-
Interest Expense	-	-	(4,960)	-
Investment Return, net	45,465	-	56,123	-
<b>Change in Net Assets from Nonoperating Activities</b>	49,373	-	64,703	-
<b>Change in Net Assets</b>	166,181	(57,523)	123,025	(85,600)
Net Assets at Beginning of Year	4,530,786	319,354	4,407,761	404,954
<b>Net Assets at End of Year</b>	<b>\$ 4,696,967</b>	<b>\$ 261,831</b>	<b>\$ 4,530,786</b>	<b>\$ 319,354</b>

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 FUNCTIONAL EXPENSES**

	Program Services	Management & General	Fundraising	Year Ended December 31, 2021 Total
<u>Salaries &amp; Wage Expenses</u>				
Salaries & Wages	\$ 558,357	\$ 191,204	\$ 47,800	\$ 797,361
Benefits & Payroll Taxes	131,931	57,813	14,453	204,197
	<u>690,288</u>	<u>249,017</u>	<u>62,253</u>	<u>1,001,558</u>
<u>Operating Expenses</u>				
Grant & Program Expenses	416,099	-	-	416,099
Cost of Goods Sold	22,421	-	-	22,421
Office	4,274	10,920	2,730	17,924
Postage & Freight	772	4,754	1,252	6,778
Professional Fees	30,494	26,060	3,535	60,089
Facilities & Maintenance	39,222	7,845	1,961	49,028
Travel, Dues & Conferences	1,092	13,932	3,483	18,507
Insurance	-	35,543	-	35,543
Printing & Advertising	14,197	1,717	12,690	28,604
Technology & Telephone Expense	37,769	24,160	6,040	67,969
Depreciation & Amortization	-	121,555	-	121,555
Miscellaneous	-	2,929	-	2,929
	<u>566,340</u>	<u>249,415</u>	<u>31,691</u>	<u>847,446</u>
Total Expenses	<u>\$ 1,256,628</u>	<u>\$ 498,432</u>	<u>\$ 93,944</u>	<u>\$ 1,849,004</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 FUNCTIONAL EXPENSES (Continued)**

	Program Services	Management & General	Fundraising	Year Ended December 31, 2020 Total
<u>Salaries &amp; Wage Expenses</u>				
Salaries & Wages	\$ 511,066	\$ 179,039	\$ 44,759	\$ 734,864
Benefits & Payroll Taxes	138,655	47,901	15,967	202,523
	<u>649,721</u>	<u>226,940</u>	<u>60,726</u>	<u>937,387</u>
<u>Operating Expenses</u>				
Grant & Program Expenses	628,743	-	-	628,743
Cost of Goods Sold	12,466	-	-	12,466
Supplies	3,493	6,033	1,376	10,902
Postage & Freight	1,765	2,008	670	4,443
Professional Fees	6,390	17,180	3,690	27,260
Facilities & Maintenance	34,944	17,472	5,824	58,240
Travel, Dues & Conferences	7,185	6,714	1,679	15,578
Insurance	-	27,996	-	27,996
Printing & Advertising	14,197	1,717	7,197	23,111
Technology & Telephone Expense	32,770	21,588	5,395	59,753
Depreciation & Amortization	-	125,347	-	125,347
Miscellaneous	-	1,719	-	1,719
	<u>741,953</u>	<u>227,774</u>	<u>25,831</u>	<u>995,558</u>
Total Expenses	<u>\$ 1,391,674</u>	<u>\$ 454,714</u>	<u>\$ 86,557</u>	<u>\$ 1,932,945</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, 2021</u>	<u>Year Ended</u> <u>December 31, 2020</u>
<b><u>Cash Flows from Operating Activities</u></b>		
CHANGE IN NET ASSETS	\$ 108,658	\$ 37,425
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Depreciation & Amortization	121,555	125,347
Unrealized (Gain) Loss on Investments	(34,807)	(47,574)
(Increase) Decrease in Receivables	(20,764)	(96,007)
(Increase) Decrease in Inventory	12,952	4,422
(Increase) Decrease in Prepaid Expenses	3,734	16,377
Increase (Decrease) in Accounts Payable, Accrued Expenses & Refundable Advances	(81,023)	137,841
Net Cash Provided by Operating Activities	110,305	177,831
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of Investments	(10,704)	(258,206)
Purchase of capital items	(3,580)	(14,165)
Net Cash (Used in) Investing Activities	(14,284)	(272,371)
<b><u>Cash Flows from Financing Activities</u></b>		
PPP Borrowing	(196,489)	196,489
Principal payments on long-term debt	(54,520)	(73,540)
Net Cash Provided by (Used in) Financing Activities	(251,009)	122,949
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(154,988)	28,409
Cash and Cash Equivalents at Beginning of Year	2,087,191	2,058,782
<b>Cash and Cash Equivalents at End of Year</b>	\$ 1,932,203	\$ 2,087,191

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, 2021 and 2020**

**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, 2021 and 2020**

**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, 2021 and 2020**

**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.

Significant New Accounting Pronouncement

In January 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 will be effective for Delaware and Lehigh National Heritage Corridor, Inc. beginning in the year ending December 31, 2022. The adoption of this ASU is not expected to have a material effect on the financial statements.

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.

**DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.**  
**(A Not-for-Profit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2021 and 2020**

**NOTE 2 Summary of Significant Accounting Policies (Continued)**

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 2017 through current tax year are subject to examination by the IRS, generally for three years after they were filed.

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	20 - 40 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.

**DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.**  
**(A Not-for-Profit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2021 and 2020**

**NOTE 2 Summary of Significant Accounting Policies (Continued)**

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.

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. 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 and recorded as grant revenue.

**DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.**  
**(A Not-for-Profit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2021 and 2020**

**NOTE 3 Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statement of Financial Position, consist of the following:

	December 31, 2021	December 31, 2020
Cash and Cash Equivalents	\$ 1,670,372	\$ 1,767,837
Grants and Accounts Receivable	295,946	275,182
Investments	395,927	350,416
	\$ 2,362,245	\$ 2,393,435

**NOTE 4 Inventory**

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

	December 31, 2021	December 31, 2020
Publications	\$ 72,537	\$ 84,986
Gift Shop	8,859	9,362
	\$ 81,396	\$ 94,348



**DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.**  
**(A Not-for-Profit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2021 and 2020**

**NOTE 5 Land, Buildings and Equipment**

Land, Buildings and Equipment consist of the following as of December 31, 2021 and 2020:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land	\$ 5,624	\$ 5,624
Building	191,650	191,650
Equipment	132,054	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>3,827,263</u>
	6,033,266	6,029,685
Accumulated Depreciation	<u>3,407,249</u>	<u>3,285,693</u>
	<u>\$ 2,626,017</u>	<u>\$ 2,743,992</u>

Depreciation expense of \$ 121,555 and \$ 125,347 was charged to expense for the years ended December 31, 2021 and 2020, respectively.

**NOTE 6 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 7 Investments**

The fair market value of the Organization's investments as of December 31, 2021, and 2020 was \$ 395,927 and \$ 350,416.

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.**  
**(A Not-for-Profit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2021 and 2020**

**NOTE 7 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, 2021 and 2020:

	12/31/2021	(Level 1)	(Level 2)	(Level 3)
Mutual Funds	\$ 395,927	\$ 395,927	\$ -	\$ -
	12/31/2020	(Level 1)	(Level 2)	(Level 3)
Mutual Funds	\$ 350,416	\$ 350,416	\$ -	\$ -

Investment income (loss) from cash and cash equivalents and investments was comprised of the following for the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021		
	Unrestricted	Restricted	Total
Dividends	\$ 10,758	\$ -	\$ 10,758
Net unrealized gain	34,807	-	34,807
Total Investment Income	\$ 45,565	\$ -	\$ 45,565

	Year Ended December 31, 2020		
	Unrestricted	Restricted	Total
Dividends	\$ 8,549	\$ -	\$ 8,549
Net unrealized gain	47,574	-	47,574
Total Investment Income	\$ 56,123	\$ -	\$ 56,123

**DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.**  
**(A Not-for-Profit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2021 and 2020**

**NOTE 8 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, 2021 and 2020:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Refundable advances, beginning of year	\$ 416,308	\$ 299,597
Grant receipts	1,158,437	1,289,939
	<u>1,574,745</u>	<u>1,589,536</u>
Less: Grant expenditures	1,219,889	1,173,228
Refundable advances, end of year	<u>\$ 354,856</u>	<u>\$ 416,308</u>

**NOTE 9 Governmental Grants**

Grant revenue consisted of the following for the years ended December 31, 2021 and 2020:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
State & local grants	\$ 517,606	\$ 440,402
Federal grants	505,794	732,826
PPP COVID grant	196,489	-
	<u>\$ 1,219,889</u>	<u>\$ 1,173,228</u>

**NOTE 10 Restrictions and Limitations on Net Assets**

Donor Restricted Net Assets

Donor restricted net assets were available for the following purposes at December 31, 2021 and 2020:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
2021 Program Expenses	\$ -	\$ 130,000
Trail Projects	25,577	-
Canal Museum	236,254	189,354
	<u>\$ 261,831</u>	<u>\$ 319,354</u>

**DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.**  
**(A Not-for-Profit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2021 and 2020**

**NOTE 10 Restrictions and Limitations on Net Assets (Continued)**

For the year ended December 31, 2021 net assets totaling \$ 91,693 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, 2021 and 2020:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Operating Reserve	\$ 500,000	\$ 500,000
Museum Reserve	337,156	250,000
Capital Reserve	<u>231,285</u>	<u>235,835</u>
	<u>\$ 1,068,441</u>	<u>\$ 985,835</u>

**NOTE 11 Notes Payable**

Notes Payable as of December 31, 2021 and 2020 consists of:

	<u>December 31, 2021</u>	<u>December 31, 2020</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>
	-	251,009
Less: Current maturities	-	<u>155,200</u>
	<u>\$ -</u>	<u>\$ 95,809</u>

**DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR, INC.**  
**(A Not-for-Profit Corporation)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2021 and 2020**

**NOTE 11 Notes Payable (Continued)**

Interest payments of \$ 0 and \$ 4,960 were charged to expense for the year ended December 31, 2021 and 2020, respectively.

**NOTE 12 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 13 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 \$ 31,266 and \$ 28,978 for the years ending December 31, 2021 and 2020, respectively.

**NOTE 14 Federal Awards**

For the year ended December 31, 2021, 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, 2021 and 2020**

**NOTE 15 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 \$196,489 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 1, 2022, which was the date the financial statements were available to be issued.

FRANCE, ANDERSON, BASILE and COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

903 Chestnut Street  
Emmaus, Pennsylvania 18049

610-967-1200 Phone  
610-966-6669 Fax  
www.fabandco.com

**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 the Delaware and Lehigh National Heritage Corridor, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2021, 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 11, 2022.

**Report on 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 or significant deficiencies may exist that were not identified.

## **Report on 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 11, 2022