

*Greater Lehigh Valley  
Chamber of Commerce  
and Controlled Entity*

*June 30, 2018 and 2017*

*Consolidated Financial Statements  
and Independent Auditors' Report*

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
**AND CONTROLLED ENTITY**  
**JUNE 30, 2018 AND 2017**

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**INDEPENDENT AUDITORS' REPORT**

To the Boards of Governors of  
Greater Lehigh Valley Chamber of Commerce  
and Controlled Entity

We have audited the accompanying consolidated financial statements of the Greater Lehigh Valley Chamber of Commerce and Controlled Entity (a nonprofit organization, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Consolidated Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Greater Lehigh Valley Chamber of Commerce and Controlled Entity as of June 30, 2018 and 2017, 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.

*Concannon, Miller + Co., P.C.*

Bethlehem, PA  
December 17, 2018

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
**AND CONTROLLED ENTITY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>	
<b><u>ASSETS</u></b>	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 223,332	\$ 255,345
Investments, at fair value	1,818,802	1,723,616
Accounts receivable, net of allowance of \$61,500 and \$21,500, respectively	446,777	445,470
Grants receivable	25,192	14,996
Contributions receivable, current portion	950	7,300
Prepaid expenses	58,511	32,974
Total Current Assets	2,573,564	2,479,701
 <b>PROPERTY AND EQUIPMENT, NET</b>	40,511	50,858
 <b>OTHER ASSETS</b>		
Restricted cash	263,185	254,002
Contributions receivable, net of current portion	400	1,350
Total Other Assets	263,585	255,352
Total Assets	\$ 2,877,660	\$ 2,785,911
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 91,357	\$ 90,917
Grants payable	21,226	22,212
Dues paid in advance	24,449	28,589
Accrued payroll expenses and other liabilities	85,712	80,136
Special projects in progress	350,654	280,498
Deferred revenues, members' dues	661,493	663,354
Deferred grant revenue	89,952	100,003
Total Current Liabilities	1,324,843	1,265,709
 <b>LONG-TERM LIABILITIES</b>		
Deferred rent expense	5,443	3,369
Total Liabilities	1,330,286	1,269,078
 <b>NET ASSETS</b>		
Unrestricted		
Operations	1,466,847	1,457,325
Fixed assets	40,511	50,858
Total Unrestricted Net Assets	1,507,358	1,508,183
Temporarily restricted	40,016	8,650
Total Net Assets	1,547,374	1,516,833
Total Liabilities and Net Assets	\$ 2,877,660	\$ 2,785,911

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

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
**AND CONTROLLED ENTITY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**

	<b>Years Ended</b>	
	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>UNRESTRICTED NET ASSETS</b>		
<b>Revenue and Support</b>		
Membership dues	\$ 1,103,756	\$ 1,100,368
Council programs and special projects	2,412,943	2,434,002
Program support	561,042	528,257
Sale of publications	6,725	8,220
Grant income	23,250	17,500
In-kind contributions	249,767	309,952
Dividend and interest income, net	26,243	16,457
Unrealized gain (loss) on investments	(18,219)	24,261
Realized gain on investments	88,740	73,757
Other income	8,649	20,199
	4,462,896	4,532,973
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	25,800	19,770
Total Revenue and Support	4,488,696	4,552,743
<b>Expenses</b>		
Program services	3,431,755	3,461,941
General and administrative	1,057,766	976,717
Total Expenses	4,489,521	4,438,658
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	(825)	114,085
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	57,166	6,000
Net assets released from restrictions	(25,800)	(19,770)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	31,366	(13,770)
<b>CHANGE IN NET ASSETS</b>	30,541	100,315
<b>NET ASSETS, JULY 1</b>	1,516,833	1,416,518
<b>NET ASSETS, JUNE 30</b>	\$ 1,547,374	\$ 1,516,833

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

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
**AND CONTROLLED ENTITY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended	
	June 30,	
	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 30,541	\$ 100,315
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	19,664	34,265
Unrealized (gain) loss on investments	18,219	(24,261)
Realized gain on investments	(88,740)	(73,757)
Bad debt expense	40,948	877
Changes in assets and liabilities		
Accounts receivable	(42,255)	(81,354)
Grants receivable	(10,196)	1,533
Contributions receivable	7,300	13,922
Prepaid expenses	(25,537)	11,082
Accounts payable	440	(23,586)
Grants payable	(986)	(1,503)
Dues paid in advance	(4,140)	(1,144)
Accrued payroll expenses and other liabilities	5,576	9,523
Special projects in progress	70,156	(51,637)
Deferred revenues, members' dues	(1,861)	23,158
Deferred grant revenue	(10,051)	(17,645)
Deferred rent expense	2,074	(1,991)
Net Cash Provided by (Used in) Operating Activities	<u>11,152</u>	<u>(82,203)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(446,354)	(460,211)
Proceeds from sale of investments	421,689	444,555
Purchases of property and equipment	(9,317)	(20,473)
Net Cash Used in Investing Activities	<u>(33,982)</u>	<u>(36,129)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(22,830)	(118,332)
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	<u>509,347</u>	<u>627,679</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u>\$ 486,517</u>	<u>\$ 509,347</u>
<b><u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u></b>		
<b>NON CASH OPERATING ACTIVITIES</b>		
In-kind contribution of services	<u>\$ 249,767</u>	<u>\$ 309,952</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>		
Unrestricted balance	\$ 223,332	\$ 255,345
Restricted to special projects in progress	263,185	254,002
	<u>\$ 486,517</u>	<u>\$ 509,347</u>

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

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
**AND CONTROLLED ENTITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1 Nature of Operations and Purpose of the Organization**

The Greater Lehigh Valley Chamber of Commerce (the “Chamber”) provides informational and educational materials and programs to its members and the general business community. The Chamber unifies the business community to leverage regional resources and promotes the economic expansion of the Greater Lehigh Valley, Pennsylvania.

The Greater Lehigh Valley Chamber of Commerce Foundation (the “Foundation”) is a not-for-profit organization established in 1984. The Foundation's mission is to carry on a public charity within the Greater Lehigh Valley of Pennsylvania in order to support community and economic development initiatives and to further the cultural, educational, religious, and historical heritage of the Greater Lehigh Valley, including but not limited to, the promotion and operation of visitor activities and related functions.

**NOTE 2 Summary of Significant Accounting Policies**

**Basis of Consolidation**

The accompanying consolidated financial statements include the accounts of the Chamber and the Foundation, collectively known as the “Organization”. The Foundation is consolidated with the Chamber since the Chamber has an economic interest in the Foundation. All significant intercompany transactions and balances have been eliminated in consolidation.

**Basis of Accounting**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting, in accordance with FASB ASC 958, *Not-for-Profit Entities*.

**Basis of Presentation**

Under ASC 958, the Organization is required to report information about its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Unrestricted* – Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

*Temporarily Restricted* – Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations.

*Permanently Restricted* – Net assets held in perpetuity, the income of which is to be used for unrestricted purposes. The Organization has no permanently restricted net assets.

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
**AND CONTROLLED ENTITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2018 AND 2017**

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

**Cash and Cash Equivalents**

Cash and cash equivalents include cash and money market funds held in the Organization's bank or brokerage accounts.

The Organization has classified as restricted certain cash that is not available for use in its operations. All cash received and designated for a specific program or purpose has been designated as restricted. At June 30, 2018 and 2017, cash of \$263,185 and \$254,002, respectively, has been restricted for such purposes.

**Valuation of Investments in Securities at Fair Value**

The Organization complies with the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

**Level 2** – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3** – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**Accounts Receivable**

Accounts receivable consists primarily of amounts owed for membership dues and special events for future periods. These receivables are non-interest bearing and are not collateralized. The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. Management considers the Organization's historical losses and the financial stability of its customers when determining the collectability of specific customer accounts.

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2018 AND 2017**

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

**Accounts Receivable (Continued)**

Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable efforts are written off through a charge to the valuation and a credit to accounts receivable. The balance of the allowance for uncollectible accounts receivable at June 30, 2018 and 2017 was \$61,500 and \$21,500, respectively.

**Property and Equipment**

Purchased property and equipment are recorded at cost. Maintenance and repairs which neither materially add to the value of property nor appreciably prolong its life are charged to expense. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Related gains or losses from such transactions are credited or charged to income.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years.

**Special Projects in Progress**

Various councils within the Organization conduct special events and projects for the Organization. Sponsorship and ticket revenue and refundable prepaid expenses for these events are recorded as deferred revenue until the event occurs.

**Membership Dues**

The Chamber generally bills its members one month in advance of the anniversary date of membership. Any collections received in advance of the anniversary date are accounted for as dues paid in advance. Upon the anniversary date of membership, the Chamber records the receivable from continuing members and accounts for the corresponding members' dues as deferred revenue. Deferred revenue is amortized to income ratably over the terms of membership.

**Sponsorships, Contributions and Program Receivables**

Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2018 AND 2017**

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

**Sponsorships, Contributions and Program Receivables (Continued)**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible sponsorship, contribution and service fees receivable. The allowance is based on prior year's experience and management's analysis of specific promises made. In the opinion of management, all of the sponsorship and contribution receivables are considered to be realizable at the amounts stated in the accompanying statements of financial position and no allowance for uncollectible accounts was considered necessary.

**Contributed and In-Kind Services**

Contributed services are recorded as support if those services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of these contributed professional services, which are reported in the consolidated statement of activities as contributions at their fair value, and their corresponding expenses, are summarized as follows:

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
Program services	\$ 224,790	\$ 278,957
General and administrative	24,977	30,995
	<u>\$ 249,767</u>	<u>\$ 309,952</u>

In addition to the above services, a significant number of volunteers have donated their time to the Organization. No amounts have been included in the consolidated financial statements for these services because they do not meet the criteria for recognition under generally accepted accounting principles.

**Advertising and Promotions**

The Organization reports advertising expenses, net of certain related revenues. The Organization expenses advertising costs as they are incurred. Total advertising costs for the years ended June 30, 2018 and 2017 were \$471,620 and \$520,323, respectively. Related advertising revenue for the years ended June 30, 2018 and 2017 was \$487,623 and \$530,489, respectively. Included in each of these amounts were \$245,450 and \$297,461 of in-kind services provided during the years ended June 30, 2018 and 2017, respectively.

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2018 AND 2017**

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

**Functional Expenses**

Functional expenses are charged to program services and administration based on direct expenditures incurred. Any expenditure not directly chargeable is allocated to the functional expense categories benefited.

**Income Taxes**

No provision for income taxes has been made in the consolidated financial statements since the Chamber is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code and the Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. However, income from activities not directly related to the Organization's tax-exempt purpose, if any, would be subject to taxation as unrelated business income.

The Organization complies with guidance for uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities. As of June 30, 2018 and 2017, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**Use of Estimates**

The preparation of consolidated financial statements, in accordance with generally accepted accounting principles, requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3      Concentration of Credit Risk**

The Organization maintains cash balances at several financial institutions. The amounts held at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000. The risk is managed by maintaining deposits at high quality financial institutions. At June 30, 2018, the Organization's cash balances in excess of federally insured limits were approximately \$93,000.

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2018 AND 2017**

**NOTE 4 Investments**

The Organization's investments are recorded at fair value and have been categorized based upon a fair value hierarchy, in accordance with FASB ASC 820 (see Note 2). Investments held are summarized as follows:

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
Level 1:		
Cash and equivalents	\$ 167,803	\$ 140,706
Common stock and mutual funds	1,119,859	1,035,488
Treasury notes	211,768	239,466
Level 2:		
Corporate bonds	225,709	218,052
Municipal bonds	14,363	0
Agency bonds	79,300	89,904
Total Investments	<u>\$ 1,818,802</u>	<u>\$ 1,723,616</u>

Total investment return and its classification in the statements of activities are summarized as follows:

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
Dividend and interest income, net of fees	\$ 26,243	\$ 16,457
Unrealized gain (loss) on investments	(18,219)	24,261
Realized gains on investments	88,740	73,757
Total Return on Investments	<u>\$ 96,764</u>	<u>\$ 114,475</u>

Investment fees for the years ended June 30, 2018 and 2017 were \$16,214 and \$14,871, respectively.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and those changes could materially affect the amounts reported in the consolidated statements of financial position.

**NOTE 5 Accounts Receivable**

Accounts receivable represent amounts due for membership dues, as well as amounts from customers related to events. The balances consist of the following:

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
Membership dues	\$ 105,924	\$ 121,424
Events	402,353	345,546
Less allowance for doubtful accounts	61,500	21,500
	<u>\$ 446,777</u>	<u>\$ 445,470</u>

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2018 AND 2017**

**NOTE 6 Contributions Receivable**

Contributions receivable consist of pledges intended to support the Organization's efforts to improve every main street in the Lehigh Valley. Amounts are expected to be collected as follows:

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
Less than one year	\$ 950	\$ 7,300
One to five years	400	1,350
	\$ 1,350	\$ 8,650

**NOTE 7 Property and Equipment**

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
Leasehold improvements	\$ 87,000	\$ 87,000
Office furniture and equipment	310,601	321,410
	397,601	408,410
Less accumulated depreciation	357,090	357,552
Property and Equipment, Net	\$ 40,511	\$ 50,858

Depreciation expense for the years ended June 30, 2018 and 2017 was \$19,664 and \$34,265, respectively.

**NOTE 8 Line of Credit**

The Organization has a \$100,000 unsecured line of credit available with a bank for operational purposes. The line of credit expires on October 13, 2019. Interest on outstanding borrowings is payable at The Wall Street Journal Rate plus 1% (6.00% at June 30, 2018). There were no borrowings at June 30, 2018 and 2017.

**NOTE 9 Restrictions on Net Assets**

Temporarily restricted net assets are available for the following purposes or periods:

	<b>June 30,</b>	
	<b>2018</b>	<b>2017</b>
Time restriction on contributions receivable	\$ 1,350	\$ 8,650
Council scholarships	38,666	0
	\$ 40,016	\$ 8,650

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2018 AND 2017**

**NOTE 10      Commitments**

The Chamber leased its Allentown office space under an operating lease originally expiring April 2017. In July 2016, the Chamber amended the lease prior to the existing April 2017 termination date to renew the lease of the same office space for 6 years expiring June 2022. The amended lease has the option to extend the lease for three consecutive periods of five years and one three year, eleven-month period. The Chamber has recorded rental expense for the lease on a straight-line basis over the initial term of the lease, resulting in the Chamber recording rent payable of \$5,443 and \$3,369 as of June 30, 2018 and 2017, respectively, which is reported as deferred rent expense in the consolidated financial statements. Due to the straight-line method used to account for this lease, total rent expense related to this lease was \$46,521 for both the years ended June 30, 2018 and 2017, respectively.

The Chamber leased its Bethlehem office space under an operating lease that expired in April 2018. In May 2018, the Chamber entered into a lease at a new building; the lease has a five-year term with one five-year renewal. Rent expense related to this lease was \$47,469 and \$51,008 for the years ended June 30, 2018 and 2017, respectively.

The Chamber leased its Phillipsburg office under terms which expired June 30, 2017. In July 2017, the Chamber amended the lease so that their obligation was on a month-by-month basis. In January 2018, the Chamber signed a one year lease on new office space. The lease expires December 31, 2018 and has payment terms of \$500 per month. The rent expense for the leases in place during each the years ended June 30, 2018 and 2017 was \$6,000.

The Chamber leased its Easton office space under an operating lease which expired in August 2016. In September 2016, the Chamber amended the lease prior to the existing August 2016 termination date to renew the lease of the same office space for 3 years expiring August 2019. Rent expense related to this lease was \$13,200 and \$13,160 for the years ended June 30, 2018 and 2017, respectively.

In April 2012, the Chamber entered into an operating lease for its Nazareth office space which expired March 2014. The Chamber and the lessor verbally agreed to extend the contract through March 2019. Rent expense related to this lease was \$8,664 and \$8,669 for the years ended June 30, 2018 and 2017, respectively.

In January 2018, the Chamber entered into an operating lease for its Emmaus office space. The lease term is one year ending January 31, 2019 and continues on a month to month basis after termination. Rent expense related to this lease was \$4,500 for the year end June 30, 2018.

The Chamber leases its Whitehall office space under an operating agreement that expired in April 2018. The lease is continuing on a month to month basis under the original lease terms, which required rent payments of \$400 per month. Total rent expense for the office space was \$4,800 and \$4,450 for the year ended June 30, 2018 and 2017, respectively.

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2018 AND 2017**

**NOTE 10**      **Commitments (Continued)**

The Organization leases various equipment under non-cancellable operating leases with existing termination dates between March 2020 and July 2022. Rent expense under these leases was \$23,338 and \$23,951 for the years ended June 30, 2018 and 2017, respectively.

The future minimum lease payments under these noncancellable arrangements as of June 30, 2018 are as follows:

2019	\$ 145,728
2020	120,367
2021	118,331
2022	115,711
2023	42,156
	<u>\$ 542,293</u>

**NOTE 11**      **Collaborative Arrangements**

The Organization entered into an agreement with the Emmaus Main Street Program (“Program”) through which the Organization provided staff to support the ongoing events and activities of the Program as well as provided for all payroll and insurance costs of a Program employee. In exchange, the Organization received \$5,000 per month. The contract had been verbally renewed through June 2018 but terminated due to the merger of Emmaus Main Street Partners with the Chamber (refer to Note 15). Amounts receivable under this contract as of June 30, 2018 and 2017 was \$44,910 and \$49,375, respectively. Total revenue under this agreement was \$60,000 for each of the years ended June 30, 2018 and 2017, respectively.

The Organization entered into an agreement with the Carbon Chamber and Economic Development Corporation (“CCEDC”) through which the Organization would provide staff to support the ongoing events and activities of the CCEDC. In return, the Organization receives payments to support the payroll and benefit cost of those employees. Total revenue under this agreement, and subsequent amendments, totaled \$156,600 and \$153,300 for the years ended June 30, 2018 and 2017, respectively. The agreement was amended in January 2018 to extend the contractual terms and now expires December 31, 2020.

**NOTE 12**      **Retirement Plan**

The Chamber has a SIMPLE retirement plan covering all eligible employees. Contributions are determined on a discretionary basis ranging up to 3% of each eligible employee's salary. Employer contributions to the plan were \$48,622 and \$38,846 in 2018 and 2017, respectively.

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
**AND CONTROLLED ENTITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2018 AND 2017**

**NOTE 13      Related Party Transactions**

The Organization receives sponsorships and regularly purchases products and services from companies affiliated with various board members. Sponsorships, dues and other support received from related parties during the years ended June 30, 2018 and 2017 totaled \$756,879 and \$676,845, respectively, with related party receivables of \$62,274 and \$26,123 remaining at June 30, 2018 and 2017, respectively. Products and services purchased were \$114,027 and \$90,667 for the years ended June 30, 2018 and 2017, respectively, and related party payables of \$865 and \$5,000 remain at June 30, 2018 and 2017, respectively.

**NOTE 14      Reclassification**

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported net asset balances.

**NOTE 15      Subsequent Events**

Subsequent to June 30, 2018, the Organization merged with Emmaus Main Street Partners. The merger was effective as of October 2018.

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through December 17, 2018, the date the consolidated financial statements were available to be issued. Except for the matter disclosed in the above paragraph, no events or transactions have occurred that would require recognition or disclosure in the consolidated financial statements.

**INDEPENDENT AUDITORS' REPORT**  
**ON SUPPLEMENTARY INFORMATION**

To the Boards of Governors of  
Greater Lehigh Valley Chamber of Commerce  
and Controlled Entity

We have audited the consolidated financial statements of the Greater Lehigh Valley Chamber of Commerce and Controlled Entity as of and for the years ended June 30, 2018 and 2017, and have issued our report thereon dated December 17, 2018, which contained an unqualified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Statements of Financial Position, Consolidating Statements of Activities and Consolidating Schedules of Functional Expenses are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Concannon, Miller + Co., P.C.*

Bethlehem, PA  
December 17, 2018

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
**AND CONTROLLED ENTITY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**

**See Independent Auditors' Report on Supplementary Information**

	<b>Greater Lehigh Valley Chamber of Commerce</b>	<b>Greater Lehigh Valley Chamber of Commerce Foundation</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 39,416	\$ 183,916	\$ 0	\$ 223,332
Investments, at fair value	1,818,802			1,818,802
Accounts receivable, net	412,527	34,250		446,777
Grants receivable	25,192			25,192
Contributions receivable, current portion		950		950
Due from related party		23,336	(23,336)	0
Prepaid expenses	58,511			58,511
Total Current Assets	<u>2,354,448</u>	<u>242,452</u>	<u>(23,336)</u>	<u>2,573,564</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>40,511</u>			<u>40,511</u>
<b>OTHER ASSETS</b>				
Restricted cash	242,862	20,323		263,185
Contributions receivable, net of current portion		400		400
Total Other Assets	<u>242,862</u>	<u>20,723</u>		<u>263,585</u>
Total Assets	<u>\$ 2,637,821</u>	<u>\$ 263,175</u>	<u>\$ (23,336)</u>	<u>\$ 2,877,660</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 82,453	\$ 8,904	\$ 0	\$ 91,357
Grants payable		21,226		21,226
Dues paid in advance	24,449			24,449
Accrued payroll expenses and other liabilities	85,712			85,712
Due to related party	23,336		(23,336)	0
Special projects in progress	330,331	20,323		350,654
Deferred revenues, members' dues	661,493			661,493
Deferred grant revenue	79,952	10,000		89,952
Total Current Liabilities	<u>1,287,726</u>	<u>60,453</u>	<u>(23,336)</u>	<u>1,324,843</u>
<b>LONG-TERM LIABILITIES</b>				
Deferred rent expense	5,443			5,443
Total Liabilities	<u>1,293,169</u>	<u>60,453</u>	<u>(23,336)</u>	<u>1,330,286</u>
<b>NET ASSETS</b>				
Unrestricted				
Operations	1,304,141	162,706		1,466,847
Fixed assets	40,511			40,511
Total Unrestricted Net Assets	<u>1,344,652</u>	<u>162,706</u>		<u>1,507,358</u>
Temporarily restricted	0	40,016		40,016
Total Net Assets	<u>1,344,652</u>	<u>202,722</u>		<u>1,547,374</u>
Total Liabilities and Net Assets	<u>\$ 2,637,821</u>	<u>\$ 263,175</u>	<u>\$ (23,336)</u>	<u>\$ 2,877,660</u>

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
**AND CONTROLLED ENTITY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

**See Independent Auditors' Report on Supplementary Information**

	<b>Greater Lehigh Valley Chamber of Commerce</b>	<b>Greater Lehigh Valley Chamber of Commerce Foundation</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 63,612	\$ 191,733	\$ 0	\$ 255,345
Investments, at fair value	1,723,616			1,723,616
Accounts receivable, net	429,985	15,485		445,470
Grants receivable	14,996			14,996
Contributions receivable, current portion		7,300		7,300
Due from related party	7,299		(7,299)	0
Prepaid expenses	32,974			32,974
Total Current Assets	<u>2,272,482</u>	<u>214,518</u>	<u>(7,299)</u>	<u>2,479,701</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>50,858</u>			<u>50,858</u>
<b>OTHER ASSETS</b>				
Restricted cash	234,887	19,115		254,002
Contributions receivable, net of current portion		1,350		1,350
Total Other Assets	<u>234,887</u>	<u>20,465</u>		<u>255,352</u>
Total Assets	<u>\$ 2,558,227</u>	<u>\$ 234,983</u>	<u>\$ (7,299)</u>	<u>\$ 2,785,911</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 87,828	\$ 3,089	\$ 0	\$ 90,917
Grants payable		22,212		22,212
Dues paid in advance	28,589			28,589
Accrued payroll expenses and other liabilities	80,136			80,136
Due to related party		7,299	(7,299)	0
Special projects in progress	261,383	19,115		280,498
Deferred revenues, members' dues	663,354			663,354
Deferred grant revenue	100,003			100,003
Total Current Liabilities	<u>1,221,293</u>	<u>51,715</u>	<u>(7,299)</u>	<u>1,265,709</u>
<b>LONG-TERM LIABILITIES</b>				
Deferred rent expense	3,369			3,369
Total Liabilities	<u>1,224,662</u>	<u>51,715</u>	<u>(7,299)</u>	<u>1,269,078</u>
<b>NET ASSETS</b>				
Unrestricted				
Operations	1,282,707	174,618		1,457,325
Fixed assets	50,858			50,858
Total Unrestricted Net Assets	<u>1,333,565</u>	<u>174,618</u>		<u>1,508,183</u>
Temporarily restricted	0	8,650		8,650
Total Net Assets	<u>1,333,565</u>	<u>183,268</u>		<u>1,516,833</u>
Total Liabilities and Net Assets	<u>\$ 2,558,227</u>	<u>\$ 234,983</u>	<u>\$ (7,299)</u>	<u>\$ 2,785,911</u>

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
**AND CONTROLLED ENTITY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**

**See Independent Auditors' Report on Supplementary Information**

	<b>Greater Lehigh Valley Chamber of Commerce</b>	<b>Greater Lehigh Valley Chamber of Commerce Foundation</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>UNRESTRICTED NET ASSETS</b>				
<b>Revenue and Support</b>				
Membership dues	\$ 1,103,756	\$ 0	\$ 0	\$ 1,103,756
Council programs and special projects	2,083,618	329,325		2,412,943
Program support	561,042			561,042
Sale of publications	6,725			6,725
Grant income	23,250			23,250
In-kind contributions	249,734	33		249,767
Dividend and interest income, net	25,542	701		26,243
Unrealized loss on investments	(18,219)			(18,219)
Realized gain on investments	88,740			88,740
Management fees	5,578		(5,578)	0
Other income	8,649			8,649
	<u>4,138,415</u>	<u>330,059</u>	<u>(5,578)</u>	<u>4,462,896</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Total Revenue and Support	<u>4,138,415</u>	<u>355,859</u>	<u>(5,578)</u>	<u>4,488,696</u>
<b>Expenses</b>				
Program services	3,093,629	338,126		3,431,755
General and administrative	1,033,699	29,645	(5,578)	1,057,766
Total Expenses	<u>4,127,328</u>	<u>367,771</u>	<u>(5,578)</u>	<u>4,489,521</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>11,087</u>	<u>(11,912)</u>	<u>0</u>	<u>(825)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>				
Contributions		57,166		57,166
Net assets released from restrictions		(25,800)		(25,800)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		<u>31,366</u>	<u>0</u>	<u>31,366</u>
<b>CHANGE IN NET ASSETS</b>	11,087	19,454		30,541
<b>NET ASSETS, JULY 1, 2017</b>	<u>1,333,565</u>	<u>183,268</u>		<u>1,516,833</u>
<b>NET ASSETS, JUNE 30, 2018</b>	<u>\$ 1,344,652</u>	<u>\$ 202,722</u>	<u>\$ 0</u>	<u>\$ 1,547,374</u>

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE**  
**AND CONTROLLED ENTITY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

**See Independent Auditors' Report on Supplementary Information**

	<b>Greater Lehigh Valley Chamber of Commerce</b>	<b>Greater Lehigh Valley Chamber of Commerce Foundation</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>UNRESTRICTED NET ASSETS</b>				
<b>Revenue and Support</b>				
Membership dues	\$ 1,100,368	\$ 0	\$ 0	\$ 1,100,368
Council programs and special projects	2,093,042	340,960		2,434,002
Program support	528,257			528,257
Sale of publications	8,220			8,220
Grant income	17,500			17,500
In-kind contributions	308,511	1,441		309,952
Dividend and interest income, net	15,703	754		16,457
Unrealized loss on investments	24,261			24,261
Realized gain on investments	73,757			73,757
Management fees	6,666		(6,666)	0
Other income	20,199			20,199
	<u>4,196,484</u>	<u>343,155</u>	<u>(6,666)</u>	<u>4,532,973</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Total Revenue and Support	<u>4,196,484</u>	<u>362,925</u>	<u>(6,666)</u>	<u>4,552,743</u>
<b>Expenses</b>				
Program services	3,141,334	320,607		3,461,941
General and administrative	954,877	28,506	(6,666)	976,717
Total Expenses	<u>4,096,211</u>	<u>349,113</u>	<u>(6,666)</u>	<u>4,438,658</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>100,273</u>	<u>13,812</u>	<u>0</u>	<u>114,085</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>				
Contributions		6,000		6,000
Net assets released from restrictions		(19,770)		(19,770)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		<u>(13,770)</u>	<u>0</u>	<u>(13,770)</u>
<b>CHANGE IN NET ASSETS</b>	100,273	42		100,315
<b>NET ASSETS, JULY 1, 2016</b>	<u>1,233,292</u>	<u>183,226</u>		<u>1,416,518</u>
<b>NET ASSETS, JUNE 30, 2017</b>	<u>\$ 1,333,565</u>	<u>\$ 183,268</u>	<u>\$ 0</u>	<u>\$ 1,516,833</u>

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE AND CONTROLLED ENTITY**  
**CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**  
**See Independent Auditors' Report on Supplementary Information**

	Greater Lehigh Valley Chamber of Commerce			Greater Lehigh Valley Chamber of Commerce Foundation			Eliminations	Consolidated		
	Program Expenses	G&A Expenses	Total Expense	Program Expenses	G&A Expenses	Total Expense		Program Expenses	G&A Expenses	Consolidated
Salaries	\$ 1,231,739	\$ 600,217	\$ 1,831,956	\$ 87,841	\$ 21,960	\$ 109,801	\$ 0	\$ 1,319,580	\$ 622,177	\$ 1,941,757
Council programs and special projects	1,035,564		1,035,564	206,503		206,503		1,242,067	0	1,242,067
Employee benefits and payroll taxes	230,481	121,907	352,388					230,481	121,907	352,388
Occupancy costs	130,080	68,803	198,883					130,080	68,803	198,883
Membership	46,700		46,700					46,700	0	46,700
Other	51,165	34,827	85,992					51,165	34,827	85,992
Office	65,502	51,464	116,966		1,073	1,073		65,502	52,537	118,039
Marketing and publications	205,146	22,794	227,940	1,507		1,507		206,653	22,794	229,447
Professional fees	3,023	42,899	45,922		1,034	1,034		3,023	43,933	46,956
Travel and meetings	65,221	34,497	99,718					65,221	34,497	99,718
Grants				42,275		42,275		42,275	0	42,275
Telephone	16,147	8,540	24,687					16,147	8,540	24,687
Management fees					5,578	5,578	(5,578)	0	0	0
Depreciation	12,861	6,803	19,664					12,861	6,803	19,664
Bad debt		40,948	40,948					0	40,948	40,948
	<u>\$ 3,093,629</u>	<u>\$ 1,033,699</u>	<u>\$ 4,127,328</u>	<u>\$ 338,126</u>	<u>\$ 29,645</u>	<u>\$ 367,771</u>	<u>\$ (5,578)</u>	<u>\$ 3,431,755</u>	<u>\$ 1,057,766</u>	<u>\$ 4,489,521</u>

**GREATER LEHIGH VALLEY CHAMBER OF COMMERCE AND CONTROLLED ENTITY**  
**CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2017**  
**See Independent Auditors' Report on Supplementary Information**

	Greater Lehigh Valley Chamber of Commerce			Greater Lehigh Valley Chamber of Commerce Foundation			Eliminations	Consolidated		
	Program Expenses	G&A Expenses	Total Expense	Program Expenses	G&A Expenses	Total Expense		Program Expenses	G&A Expenses	Consolidated
Salaries	\$ 1,174,474	\$ 575,246	\$ 1,749,720	\$ 80,692	\$ 20,173	\$ 100,865	\$ 0	\$ 1,255,166	\$ 595,419	\$ 1,850,585
Council programs and special projects	1,084,648		1,084,648	206,361		206,361		1,291,009	0	1,291,009
Employee benefits and payroll taxes	217,218	106,391	323,609					217,218	106,391	323,609
Occupancy costs	128,224	63,139	191,363					128,224	63,139	191,363
Membership	45,303		45,303					45,303	0	45,303
Other	49,765	31,717	81,482					49,765	31,717	81,482
Office	59,837	42,846	102,683		441	441		59,837	43,287	103,124
Marketing and publications	277,630	30,848	308,478	3,181	135	3,316		280,811	30,983	311,794
Professional fees		52,760	52,760		1,091	1,091		-	53,851	53,851
Travel and meetings	65,014	31,843	96,857					65,014	31,843	96,857
Grants				30,373		30,373		30,373	0	30,373
Telephone	16,221	7,945	24,166					16,221	7,945	24,166
Management fees					6,666	6,666	(6,666)	0	0	0
Depreciation	23,000	11,265	34,265					23,000	11,265	34,265
Bad debt		877	877					0	877	877
	<u>\$ 3,141,334</u>	<u>\$ 954,877</u>	<u>\$ 4,096,211</u>	<u>\$ 320,607</u>	<u>\$ 28,506</u>	<u>\$ 349,113</u>	<u>\$ (6,666)</u>	<u>\$ 3,461,941</u>	<u>\$ 976,717</u>	<u>\$ 4,438,658</u>