

**THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)**

**FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORT AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
INDEPENDENT AUDITOR'S REPORTS IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
AND THE UNIFORM GUIDANCE**

FOR THE YEAR ENDED JUNE 30, 2023

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Lehigh Conference of Churches
Allentown, PA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Lehigh Conference of Churches (a Not-for-Profit Corporation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Lehigh Conference of Churches as of June 30, 2023, and the changes in its net assets and its cash flows for the year 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Lehigh Conference of Churches and to meet our other 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 opinion.

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 The Lehigh Conference of Churches' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 judgment 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 judgment 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 The Lehigh Conference of Churches' 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Lehigh Conference of Churches' 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.

Summarized Comparative Information

We have previously audited The Lehigh Conference of Churches' 2022 financial statements and our report dated January 3, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of units of service provided under a contract with Lehigh County and profit and loss budget vs. actual (without donor restrictions) are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 January 25, 2024 on our consideration of The Lehigh Conference of Churches' 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 The Lehigh Conference of Churches' 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 The Lehigh Conference of Churches' internal control over financial reporting and compliance.

Cory Bell, Rappold & Yussata LLP

January 25, 2024

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
June 30, 2023
With Summarized Totals for 2022

	Without Donor Restrictions	With Donor Restrictions	Total June 30,	
			2023	2022
ASSETS:				
Cash (Note 2)	\$ 428,910	\$ 19,724	\$ 448,634	\$ 250,667
Cash - Custodial (Note 2)	189,501	-	189,501	157,890
Investments (Notes 3 and 4)	79,967	569,707	649,674	610,600
Accounts and Grants Receivable (Less Allowance for Uncollectibles of \$- and \$4,000)	315,994	-	315,994	454,300
Employee Retention Tax Credit Receivable	-	-	-	225,972
Prepaid Expenses	34,239	-	34,239	48,409
Right-of-Use Lease Asset (Note 18)	24,981	-	24,981	-
Land, Building and Equipment (Net of Accumulated Depreciation) (Note 5)	3,197,347	-	3,197,347	3,411,799
TOTAL ASSETS	\$ 4,270,939	\$ 589,431	\$ 4,860,370	\$ 5,159,637
LIABILITIES AND NET ASSETS:				
LIABILITIES:				
Accounts Payable	\$ 75,152	\$ -	\$ 75,152	\$ 100,269
Accrued Expenses	48,735	-	48,735	56,365
Custodial Funds	189,501	-	189,501	157,890
Lease Liability (Note 18)	24,981	-	24,981	-
Short-Term Debt - Line of Credit (Note 12)	-	-	-	103,826
Long-Term Debt (Note 6)	1,541,856	-	1,541,856	1,707,789
Refundable Advances	209,550	-	209,550	258,809
Deferred Revenue	271,193	-	271,193	180,402
TOTAL LIABILITIES	2,360,968	-	2,360,968	2,565,350
NET ASSETS:				
Without Donor Restrictions:				
Undesignated	263,155	-	263,155	357,716
Invested in Land, Building and Equipment	1,646,816	-	1,646,816	1,693,415
With Donor Restrictions:				
Restricted for a Purpose (Note 7)	-	191,509	191,509	145,234
Restricted in Perpetuity (Note 7)	-	397,922	397,922	397,922
TOTAL NET ASSETS	1,909,971	589,431	2,499,402	2,594,287
TOTAL LIABILITIES AND NET ASSETS	\$ 4,270,939	\$ 589,431	\$ 4,860,370	\$ 5,159,637

See independent auditor's report and notes to financial statements.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023
With Summarized Totals for 2022

	Year Ended June 30, 2023		Total	
	Without Donor Restrictions	With Donor Restrictions	Year Ended June 30, 2023	2022
<i><u>Support and Revenue:</u></i>				
Contributions	\$ 173,028	\$ 17,338	\$ 190,366	\$ 207,021
Contributions of Nonfinancial Assets (Note 10)	289,354	-	289,354	112,940
Grants:				
Lehigh County	1,520,963	-	1,520,963	1,416,594
Northampton County	369,364	-	369,364	336,504
City of Allentown	87,295	-	87,295	138,747
Federal Government	2,655,409	-	2,655,409	2,893,796
Employee Retention Credit	-	-	-	225,972
Other	233,150	-	233,150	739,406
United Way	24,947	-	24,947	26,860
Program Services	844,614	-	844,614	682,667
Investment Income	12,878	19,151	32,029	45,602
Realized and Unrealized Gains (Losses)	520	34,109	34,629	(122,415)
Special Events Revenue	\$ 44,788			
Direct Benefit Costs to Donors	(52,385)			
Special Events, Net	(7,597)	-	(7,597)	8,032
Gain on Disposal of Land, Building and Equipment	57,795	-	57,795	-
Other Income	15,069	-	15,069	18,344
Net Assets Released from Restriction (Note 8)	24,323	(24,323)	-	-
Total Support and Revenue	6,301,112	46,275	6,347,387	6,730,070
<i><u>Expenses:</u></i>				
Pathways	4,256,771	-	4,256,771	4,728,555
Daybreak	185,808	-	185,808	180,016
Conference Kitchen	426,420	-	426,420	277,947
Ecumenism	62,291	-	62,291	57,871
Homelessness Prevention	63,872	-	63,872	52,423
Lazarus House	387,061	-	387,061	458,114
Magellan	497,865	-	497,865	333,815
Management and General	447,343	-	447,343	592,304
Fund Raising	114,841	-	114,841	78,770
Total Expenses	6,442,272	-	6,442,272	6,759,815
Increase (Decrease) in Net Assets	(141,160)	46,275	(94,885)	(29,745)
Net Assets at Beginning of Year	2,051,131	543,156	2,594,287	2,624,032
Net Assets at End of Year	\$ 1,909,971	\$ 589,431	\$ 2,499,402	\$ 2,594,287

See independent auditor's report and notes to financial statements.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023
With Summarized Totals for 2022

	Program Services				
	Pathways	Daybreak	Conference Kitchen	Ecumenism	Homelessness Prevention
Salaries	\$ 1,078,394	\$ 109,535	\$ 68,060	\$ 39,367	\$ 38,562
Employee Benefits	200,843	14,873	11,370	12,781	11,551
Payroll Taxes	81,623	8,382	5,140	2,997	2,925
Total	1,360,860	132,790	84,570	55,145	53,038
Travel and Entertainment	4,350	716	1,034	-	-
Telephone	7,122	1,103	680	227	227
Occupancy	27,832	8,372	15,820	939	939
Postage and Shipping	1,119	5	-	123	979
Equipment Maintenance	7,578	4,936	7,200	410	297
Materials and Supplies	44,962	17,165	28,710	374	1,187
Program Food Expense	62	1,065	273,719	-	-
Rental Assistance	2,667,814	-	-	-	-
Printing	345	-	-	-	-
Insurance	26,389	3,694	3,167	1,055	1,055
Professional Fees	43,656	7,115	3,869	1,308	1,654
Miscellaneous	9,351	1,173	1,005	335	2,354
Conference, Convention and Meetings	2,195	66	227	229	16
Dues and Subscriptions	346	218	84	34	14
Interest	17,718	2,480	2,126	709	709
Special Events	-	291	-	11,411	-
Bad Debt	-	-	-	-	-
Total Before Depreciation	4,221,699	181,189	422,211	72,299	62,469
Depreciation	35,072	4,910	4,209	1,403	1,403
Total Expenses by Function	4,256,771	186,099	426,420	73,702	63,872
Less Expenses Included with Revenues on the Statement Of Activities					
Special Events - Cost of Direct Benefits to Donors	-	(291)	-	(11,411)	-
Total Expenses Included in the Expense Section on the Statement of Activities 2022-2023	\$ 4,256,771	\$ 185,808	\$ 426,420	\$ 62,291	\$ 63,872
Total Expenses Included in the Expense Section on the Statement of Activities 2021-2022	\$ 4,728,555	\$ 180,016	\$ 277,947	\$ 57,871	\$ 52,423

See independent auditor's report and notes to financial statements.

Lazarus House	Magellan	Total Program Services	Support Services		Total	
			Management and General	Fund Raising	Year Ended June 30, 2023	2022
\$ 29,195	\$ 329,459	\$ 1,692,572	\$ 302,903	\$ 51,801	\$ 2,047,276	\$ 1,987,390
9,509	67,313	328,240	57,870	9,550	395,660	334,496
2,197	26,265	129,529	23,027	4,014	156,570	148,593
40,901	423,037	2,150,341	383,800	65,365	2,599,506	2,470,479
-	10,189	16,289	33	10	16,332	10,519
712	4,593	14,664	1,587	340	16,591	19,564
141,526	6,937	202,365	8,806	1,409	212,580	264,404
-	239	2,465	593	3,536	6,594	9,469
-	2,097	22,518	2,995	449	25,962	19,293
56,787	10,490	159,675	6,274	1,172	167,121	133,482
-	-	274,846	9	-	274,855	104,189
-	-	2,667,814	-	-	2,667,814	3,227,827
-	-	345	165	8,115	8,625	10,486
17,513	7,389	60,262	7,389	1,583	69,234	64,327
20,579	14,877	93,058	17,496	22,219	132,773	128,808
1,573	2,345	18,136	4,490	4,874	27,500	77,290
24	794	3,551	3,301	987	7,839	3,093
-	97	793	590	1,615	2,998	6,693
27,086	4,961	55,789	(5)	1,063	56,847	72,356
-	-	11,702	39,968	715	52,385	11,070
30,019	-	30,019	-	-	30,019	28,502
336,720	488,045	5,784,632	477,491	113,452	6,375,575	6,661,851
50,341	9,820	107,158	9,820	2,104	119,082	109,034
387,061	497,865	5,891,790	487,311	115,556	6,494,657	6,770,885
-	-	(11,702)	(39,968)	(715)	(52,385)	(11,070)
<u>\$ 387,061</u>	<u>\$ 497,865</u>	<u>\$ 5,880,088</u>	<u>\$ 447,343</u>	<u>\$ 114,841</u>	<u>\$ 6,442,272</u>	
<u>\$ 458,114</u>	<u>\$ 333,815</u>	<u>\$ 6,088,741</u>	<u>\$ 592,304</u>	<u>\$ 78,770</u>		<u>\$ 6,759,815</u>

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
STATEMENTS OF CASH FLOWS
Year Ended June 30, 2023 and 2022

	Year Ended June 30,	
	2023	2022
<u><i>Cash Flows from Operating Activities:</i></u>		
CHANGE IN NET ASSETS	\$ (94,885)	\$ (29,745)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	119,082	109,034
Grants for Capital Purposes	(70,000)	(177,000)
Amortization of Debt Issuance Costs	1,920	3,716
(Increase) Decrease in Accounts and Grants Receivable	138,306	(82,320)
(Increase) Decrease in Employee Retention Tax Credit Receivable	225,972	(225,972)
(Increase) Decrease in Prepaid Expenses	14,170	(37,901)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(32,747)	54,260
Increase (Decrease) in Custodial Funds	31,611	(48,199)
Increase (Decrease) in Refundable Advances	(49,259)	111,137
Increase (Decrease) in Deferred Revenue	90,791	(11,051)
(Gain) on Disposal of Land, Building and Equipment	(57,795)	-
Realized and Unrealized (Gain) Loss on Investments	(34,629)	122,415
Net Cash Provided (Used) by Operating Activities	282,537	(211,626)
<u><i>Cash Flows from Investing Activities:</i></u>		
Purchase of Land, Building and Equipment	(80,222)	(349,944)
Proceeds from Sale of Land, Building and Equipment	233,387	-
Purchase of Investments	(21,909)	(44,841)
Sales of Investments	17,464	85,612
Net Cash Provided (Used) by Investing Activities	148,720	(309,173)
<u><i>Cash Flows from Financing Activities:</i></u>		
Grants for Capital Purposes	70,000	177,000
Payment of Debt Issuance Costs	-	(11,027)
Net Advances (Repayments) on Short-Term Debt - Line of Credit	(103,826)	103,826
Proceeds from Long-Term Debt	-	1,647,000
Principal Payments on Long-Term Debt	(167,853)	(1,473,468)
Net Cash Provided (Used) by Financing Activities	(201,679)	443,331
Net Increase (Decrease) in Cash	229,578	(77,468)
Cash at Beginning of Year	408,557	486,025
Cash at End of Year	<u>\$ 638,135</u>	<u>\$ 408,557</u>
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	<u>\$ 56,847</u>	<u>\$ 72,356</u>
Contributed Nonfinancial Asset Expenditures:		
Soup Kitchen	\$ 256,037	\$ 99,340
Professional Services	33,317	-
Various Equipment and Supplies	-	13,600
	<u>\$ 289,354</u>	<u>\$ 112,940</u>

See independent auditor's report and notes to financial statements.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Lehigh Conference of Churches (the "Organization") is a Not-for-Profit Corporation organized under the laws of the Commonwealth of Pennsylvania. Responding to the call of Jesus Christ, the mission of The Lehigh Conference of Churches is to unite communities of faith as ecumenical partners. Putting our faith into action, we minister to and advocate for those in need and encourage all to reach their full potential. The Lehigh Conference of Churches provides programs such as Daybreak, housing and a soup kitchen. Principal sources of revenue are federal and local grant revenues as well as contributions from member churches and the general public.

The Organization is the sole member of one limited liability company (Lazarus Housing, LLC) the operations of which are included under the activities of the Organization.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization classifies resources for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions.

A description of the two net asset categories follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor or certain grantor restrictions. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

As of June 30, 2023 and 2022, there were no board designated endowment funds that are classified and reported as net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash

Cash includes cash on hand and cash in bank checking and savings accounts.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Accounts and Grants Receivable

The Organization receives grants from federal, state and local agencies to be used for specific programs. The excess of reimbursable expenditures of cash receipts is included in accounts and grants receivable at year end. Also included in accounts and grants receivable at year end are fees for program services. Management has determined that allowances for doubtful accounts of \$-0- and \$4,000 are appropriate as of June 30, 2023 and 2022, respectively. Accounts are charged off when the Organization believes they are uncollectible.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Land Building and Equipment

Land, building and equipment is stated at cost. The Organization capitalizes items with a cost greater than \$5,000 and a useful life greater than one year. Routine repairs and maintenance expenses are expensed as incurred. Depreciation is computed by use of the straight-line method based on estimated useful lives.

	<u>Years</u>
Building and Improvements	15 - 39
Leasehold Improvements	10 - 40
Furniture and Equipment	5 - 7

Deferred Revenue

Deferred revenue is comprised of supportive housing rental payments and capital improvements for rental properties to be used for future program related expenses.

Refundable Donor Advances

A transfer of assets (i.e. cash received) that is related to a conditional contribution is accounted for as a refundable donor advance in the accompanying statement of financial position until the conditions have been substantially met or explicitly waived by the donor.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

Program Services income includes rental income and case management service income. Rental income is recognized at the beginning of each month and case management service income is recognized upon completion of the service. The Organization has no additional performance requirements and therefore rental income is recognized in the period due. Case management service income is received in exchange for services provided and is billed to third party providers monthly. Contributions and grants deemed unconditional contributions are recognized when cash, securities or other assets, or unconditional promise to give or notification of a beneficial interest is received. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary donor restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

Individual governmental and private grant arrangements are evaluated and determined whether they are nonreciprocal, meaning the granting entity has not received a direct benefit of commensurate value in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution, when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met. For the individual governmental and private grant arrangements that are reciprocal, revenue is recognized as services are provided, which is generally as allowable expenditures are incurred.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or 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. It is the Organization's policy to report contributions whose restricted purpose is met within the year the gift is given as contributions without donor restrictions on the statement of activities.

The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Available Award Balances

At June 30, 2023, the Organization had remaining available award balances on grants and contracts for various programs of \$2,197,296. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

Contributed Nonfinancial Assets

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Donated services of a specialized skill that would be purchased in the absence of this donation are recorded at estimated market rate for the corresponding hours spent.

No amounts have been reflected in the statements for general donated services inasmuch as no objective basis is available to measure the value of such services. For the year ended June 30, 2023, 254 volunteers donated 4,240 hours of their time in the Organization's program services and in its fund-raising campaigns.

Income Taxes

The Organization is a non-profit public charity organization incorporated in the Commonwealth of Pennsylvania and exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Beginning with the year ended June 30, 2014, the Organization began voluntarily filing a Federal Form 990.

The Organization follows the accounting guidance as codified in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Incomes Taxes - Uncertainty in Income Taxes. FASB ASC 740 clarifies the accounting for uncertainties in income taxes recognized in the Organization's financial statements.

The standard prescribes a recognition threshold of more likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The standard also provides guidance on derecognition, classification, interest and penalties and disclosure.

The Organization has no material unrecognized tax benefits or accrued interest or penalties. The Organization has filed tax returns in the U.S. The years ended June 30, 2021, 2022 and 2023 are open for examination by taxing authorities generally for three years after filing.

Use of Estimates

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

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Advertising Costs

Advertising costs are expensed as incurred.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been estimated and allocated among the programs and supporting services benefited. Any expenses not directly chargeable to a program are estimated using employee full time equivalents and allocated among program, management and general, and fund raising.

Employee Retention Credit

The CARES Act extended the Employer Retention Credit ("ERC") through September 30, 2021. The ERC is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages paid to an employer after March 12, 2020, and before January 1, 2021, capped at \$5,000 per employee. For 2021, the ERC amount is increased to 70% of qualified wages paid to an employee, capped at \$7,000 per employee, per quarter.

The Organization determined it was eligible for the ERC for the period January through June 30, 2021, based on having a 20% or more decline in gross receipts compared to 2019 in quarter 1. The Organization computed the credit to total \$225,972, which was included in grant revenue on the statement of activities at June 30, 2022.

Reclassifications

Prior period financial statement amounts have been reclassified to conform to current period presentation.

Adoption of New Accounting Standard

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), to increase transparency and comparability across entities by recognizing the right-of-use assets and lease liabilities for all long-term leases, including operating leases, on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. On May 20, 2020, the FASB voted to defer the effective date of ASC 842 to annual periods beginning after December 31, 2021.

The Organization adopted ASU 2016-02, Topic 842, on July 1, 2022 and elected to utilize the effective date method approach to apply the transition provisions. This allows entities to report the cumulative effect of the adoption of the standard on the date of adoption while continuing to apply the legacy guidance in ASC 840, including disclosure requirements, in comparative periods presented in the year of adoption.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Standard (Continued)

Pursuant to the practical expedients, the Organization elected not to reassess: (i) whether expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases, or (iii) initial direct costs for any existing leases. The Organization elected to apply the short-term lease measurement and recognition exemption to its leases where applicable.

The adoption of ASU 2016-02 did not have any impact on the Organization's beginning net asset balance.

2. Reconciliation of Cash

The following table provides a reconciliation of cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	<u>2023</u>	<u>2022</u>
Cash	\$ 448,634	\$ 250,667
Cash - Custodial	<u>189,501</u>	<u>157,890</u>
	<u><u>\$ 638,135</u></u>	<u><u>\$ 408,557</u></u>

3. Investments

Money Market and Mutual Fund investments by net asset class are as follows:

	<u>Fair Value as of June 30,</u>	
	<u>2023</u>	<u>2022</u>
Without Donor Restrictions:		
Undesignated	\$ 79,967	\$ 71,458
With Donor Restrictions:		
Purpose Restrictions	171,785	141,220
Restricted in Perpetuity	<u>397,922</u>	<u>397,922</u>
	<u><u>\$ 649,674</u></u>	<u><u>\$ 610,600</u></u>

THE LEHIGH CONFERENCE OF CHURCHES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2023

3. Investments (Continued)

Investment return and its classification in the statement of activities is as follows:

	Year Ended June 30,	
	2023	2022
Investment Income:		
Dividends and Capital Gain		
Distributions	\$ 32,005	\$ 45,579
Interest Income	24	23
	<u>32,029</u>	<u>45,602</u>
Unrealized Gains and (Losses)	<u>34,629</u>	<u>(122,415)</u>
	<u>\$ 66,658</u>	<u>\$ (76,813)</u>

4. Fair Value Measurements

FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none"> • Quoted prices for similar assets or liabilities in active markets; • Quoted prices for identical or similar assets or liabilities in inactive markets; • Inputs other than quoted prices that are observable for the asset or liability; • Inputs that are derived principally from or corroborated by observable market data by correlation or other means. • If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable, are significant to the fair value measurement and include management's judgments about the assumptions market participants would use in pricing the asset or liability. |

THE LEHIGH CONFERENCE OF CHURCHES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2023

4. Fair Value Measurements (Continued)

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Money Market and Mutual funds: Valued at the net asset value ("NAV") of shares held by the Organization at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023 and 2022:

Assets at Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	Total
Money Market	\$ 70,647	\$ -	\$ -	\$ 70,647
Mutual Funds:				
Large Blend	550,981	-	-	550,981
Large Value	28,046	-	-	28,046
Total Assets at Fair Value	<u>\$ 649,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 649,674</u>
Assets at Fair Value as of June 30, 2022				
	Level 1	Level 2	Level 3	Total
Money Market	\$ 68,080	\$ -	\$ -	\$ 68,080
Mutual Funds:				
Large Blend	515,337	-	-	515,337
Large Value	27,183	-	-	27,183
Total Assets at Fair Value	<u>\$ 610,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 610,600</u>

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

5. Land, Building and Equipment

Land, building and equipment are composed of:

	<u>2023</u>	<u>2022</u>
Land	\$ 230,574	\$ 257,251
Land Improvements	42,515	39,925
Construction in Progress	47,489	-
Building	3,314,006	3,459,401
Furniture and Equipment	<u>116,865</u>	<u>104,587</u>
	3,751,449	3,861,164
Less: Accumulated Depreciation	<u>(554,102)</u>	<u>(449,365)</u>
	<u><u>\$ 3,197,347</u></u>	<u><u>\$ 3,411,799</u></u>

Depreciation charged to expense was \$119,082 and \$109,034 for the years ended June 30, 2023 and 2022, respectively.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

6. Long-Term Debt

Long-Term Debt consists of:

	<u>2023</u>	<u>2022</u>
\$100,000 Note Payable to a board member of the Organization. Note is non interest bearing. Principal due in 60 monthly payments of \$1,667. Due in full March 2026. Unsecured.	\$ 51,667	\$ 71,667
\$890,000 Note Payable, fixed interest rate of 3.99%, principal and interest due monthly at 119 payments at \$5,415, with one final payment estimated at \$532,226. Maturity Date of January 2032. Secured by real property.	847,607	877,636
\$150,000 Small Business Administration Loan, 2.75% fixed interest rate, repayment of principal and interest was deferred until November 2022. Principal and interest is due monthly at \$641. Loan is due in full May 2050 and is unsecured.	149,136	149,136
\$104,000 Note Payable, fixed interest rate of 3.99%, principal and interest due monthly, at 83 payments of \$735, final payment estimated at \$63,974. Maturity Date of April 4, 2029. Secured by real property.	97,975	103,159
\$100,000 Note Payable, fixed interest rate of 3.99%, principal and interest due monthly, at 83 payments of \$742, final payment estimated at \$61,514. Maturity Date of April 4, 2029. Secured by real property.	94,207	99,191
\$126,000 Note Payable, fixed interest rate of 3.99%, principal and interest due monthly, at 83 payments of \$935, final payment estimated at \$76,758. Maturity Date of April 4, 2029. Secured by real property.	118,700	124,981
\$99,000 Note Payable, fixed interest rate of 3.99%, principal and interest due monthly, at 83 payments of \$735, final payment estimated at \$60,899. Maturity Date of April 4, 2029. Secured by real property.	93,264	98,199

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

6. Long-Term Debt (Continued)

	<u>2023</u>	<u>2022</u>
\$92,000 Note Payable, fixed interest rate of 3.99%, principal and interest due monthly, at 83 payments of \$683, final payment estimated at \$56,593. Maturity Date of April 4, 2029. Secured by real property.	\$ -	\$ 91,256
 \$104,000 Note Payable, fixed interest rate of 3.99%, principal and interest due monthly, at 83 payments of \$772, final payment estimated at \$63,974. Maturity Date of April 4, 2029. Secured by real property.	 <u>97,975</u>	 <u>103,159</u>
	1,550,531	1,718,384
 Less: Unamortized Debt Issuance Costs	 <u>(8,675)</u>	 <u>(10,595)</u>
	<u><u>\$ 1,541,856</u></u>	<u><u>\$ 1,707,789</u></u>

Long-term debt maturities are as follows:

Year Ended June 30,	
2024	\$ 83,769
2025	86,094
2026	80,181
2027	71,035
2028	73,660
Thereafter	<u>1,155,792</u>
	<u><u>\$ 1,550,531</u></u>

Interest paid totaled \$46,336 and \$69,310 for the years ended June 30, 2023 and 2022, respectively.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

7. Restrictions and Limitations on Net Asset Balances

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Time and Purpose Restrictions:		
Future Operations	\$ 17,338	\$ -
Earnings on Endowment for Campbell Lectureship	53,928	52,886
Earnings on Endowment for Operations	<u>120,243</u>	<u>92,348</u>
	<u>191,509</u>	<u>145,234</u>
Restricted in Perpetuity:		
Campbell Lectureship	35,578	35,578
Endowment	<u>362,344</u>	<u>362,344</u>
	<u>397,922</u>	<u>397,922</u>
	<u><u>\$ 589,431</u></u>	<u><u>\$ 543,156</u></u>

8. Net Assets Released from Restrictions

Net assets were released from donor time or purpose restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors as follows:

	<u>2023</u>	<u>2022</u>
Soup Kitchen	\$ -	\$ 23,043
Feeding and Aiding the Needy and Underprivileged	-	73,558
Campbell Lecture	5,626	4,425
Operating Expenses	<u>18,697</u>	<u>4,056</u>
	<u><u>\$ 24,323</u></u>	<u><u>\$ 105,082</u></u>

THE LEHIGH CONFERENCE OF CHURCHES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2023

9. Endowment

The Organization follows Act 141 of the Commonwealth of Pennsylvania and its own governing documents. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable. Under the terms of the Organization's governing documents, the Board of Directors has the sole discretion to distribute any portion of the original principal of any gift, trust, bequest or fund that has not been donor restricted as determined by the Board of Directors. For financial statement purposes, all contributions not classified as with donor restrictions are classified as without donor restrictions.

The Organization has adopted endowment investment and spending policies which have been approved by the Board of Directors. The goal of the endowment investment policy is to attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Under this policy the endowments are invested in various Vanguard Mutual Funds.

The percentage of the general endowment fund to be distributed each year for current operations is determined by the Board of Directors each year and is within the range of percentages permitted under applicable Pennsylvania law, as amended from time to time, which currently ranges from not less than 2% to not more than 7% per year. In the absence of a specific determination by the Board of Directors of the applicable percentage for any given year, the percentage shall be 4%. The annual spending amount released to operations for the years ended June 30, 2023 and 2022 was calculated at 4%, using a three year rolling average of the ending market value of the endowment fund with a one year delay.

Interest and dividends earned during a given fiscal year on the Campbell Lecture Endowment are to be used to cover the excess Campbell Lecture expenses over revenues raised that year.

Endowment Net Asset Composition by Type of Fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 572,093	\$ 572,093
	<u>\$ -</u>	<u>\$ 572,093</u>	<u>\$ 572,093</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 543,156	\$ 543,156
	<u>\$ -</u>	<u>\$ 543,156</u>	<u>\$ 543,156</u>

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

9. Endowment (Continued)

Changes in Endowment Net Assets for the fiscal year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 543,156	\$ 543,156
Investment return:			
Investment income	-	19,151	19,151
Net appreciation, unrealized	-	34,109	34,109
Total investment return	-	53,260	53,260
Appropriation of endowment assets for expenditure	-	(24,323)	(24,323)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 572,093</u>	<u>\$ 572,093</u>

Changes in Endowment Net Assets for the fiscal year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 638,403	\$ 638,403
Investment return:			
Investment income	-	25,324	25,324
Net depreciation, unrealized	-	(99,053)	(99,053)
Total investment return	-	(73,729)	(73,729)
Appropriation of endowment assets for expenditure	-	(21,518)	(21,518)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 543,156</u>	<u>\$ 543,156</u>

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

10. Contributed Nonfinancial Assets

Contributed nonfinancial assets are comprised of:

	Year Ended June 30,	
	2023	2022
Food Donations: Soup Kitchen	\$ 256,037	\$ 99,340
Professional Services	33,317	-
Various Equipment and Supplies	-	13,600
	<u>\$ 289,354</u>	<u>\$ 112,940</u>

Nonfinancial food contributions were valued using an average of \$1.70/lb at US prices taken from national food bank estimates. Fair value of contributed services is estimated based on current rates of providing service. Contributed equipment and supplies are valued at purchase price of similar items. No nonfinancial contributions were restricted. The Organization does not sell donated nonfinancial gifts and only uses services, goods, and facilities for its own program or supporting service activities.

11. Retirement Plan

The Organization has established a SIMPLE IRA covering all eligible personnel. Eligible employees can contribute up to \$6,000 per year. The Organization matches the employees' contributions up to 3% of compensation and a maximum of \$6,000 per year. Total expense was \$27,710 and \$30,483 for the years ended June 30, 2023 and 2022, respectively.

12. Short-Term Debt – Line of Credit

The Organization has a \$300,000 revolving bank line of credit, which is due on demand. Interest is at prime rate plus 0.5%. At June 30, 2023 the interest rate was 8.55%. The Organization had a principal balance outstanding of \$-0- and \$103,826 as of June 30, 2023 and 2022, respectively. Interest paid was \$10,511 and \$3,046 for the years ended June 30, 2023 and 2022, respectively.

13. Concentration of Credit Risk

The Organization maintains accounts at various banks. Accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has not experienced any loss in such accounts. As of June 30, 2023, the uninsured balance is approximately \$174,924. The Organization believes it is not exposed to any significant credit risk on its cash balances.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

14. Liquidity and Availability

Financial assets are available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash	\$ 428,910	\$ 246,653
Investments	79,967	71,458
Accounts and Grants Receivable	<u>315,994</u>	<u>680,272</u>
	<u>\$ 824,871</u>	<u>\$ 998,383</u>

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Should an unforeseen liquidity need arise, the Organization could draw on a \$300,000 available bank line of credit.

15. Summarized Totals for Year Ended June 30, 2022

The financial statements include certain prior year summarized comparative information in total but not by function or net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022 from which the summarized information was derived.

16. Concentration of Revenue

The Organization receives a substantial amount of its revenue from the U.S. Department of Housing and Urban Development and Lehigh County. The Supportive Housing Program, the Lehigh County Clearinghouse Program and the State Opioid Response grants accounted for 53% and 57% of the total support and revenue of the Organization for the years ended June 30, 2023 and 2022, respectively. Loss of or a significant reduction in the level of funding of these grants could have a significant effect on the Organization's programs and activities.

17. Related Party

As more fully described in Note 6, a member of the board of directors loaned the Organization \$100,000 in December 2017 to purchase real estate. In February 2021, when the loan balance was \$36,666 the loan was modified to bring the principal balance back up to \$100,000 via a new promissory note. The loan is payable over 60 months beginning March 2021 and is non-interest bearing. The balance on the loan as of June 30, 2023 and 2022 was \$51,667 and \$71,667, respectively.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

18. Lease Commitments

The Organization leases equipment under a long-term operating lease agreement.

The Organization makes certain assumptions and judgements in determining the discount rate, if the lease does not provide an implicit rate. The Organization uses the ten year treasury rate at the time of the commencement date in determining the present value of lease payments when the implicit rate is not provided.

Subsequent to the lease commencement date, the Organization reassesses lease classification when there is a contract modification that is accounted for as a separate contract, a change in the lease term or a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset or terminate the lease.

Right-of-use asset and lease liability is recorded on the statement of financial position at June 30, 2023 as follows:

	<u>2023</u>
Right-of-Use Asset	<u>\$ 24,981</u>
Operating Lease Liability	<u>\$ 24,981</u>

Future minimum lease payments under the operating lease is as follows:

Year Ended June 30,	
2024	\$ 7,800
2025	7,800
2026	7,800
2027	<u>1,950</u>
Total Minimum Lease Payments	25,350
Less: Amount Representing Interest	<u>(369)</u>
Present Value of Minimum Lease Payments	<u>\$ 24,981</u>

Other information related to the Organization's operating lease as of June 30, 2023 is as follows:

Weighted-Average Remaining Lease Term:	39 Months
Weighted-Average Discount Rate:	.93%

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

19. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 25, 2024, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
SCHEDULE OF UNITS OF SERVICE PROVIDED
UNDER A CONTRACT WITH LEHIGH COUNTY
For the Year Ended June 30, 2023

	<u>Rate</u>	<u>Units</u>	<u>Total Billing</u>
Individual Units:			
Daybreak	\$ 5.92	26,745	\$ 158,330

See independent auditor's report on supplementary information.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
PROFIT AND LOSS BUDGET vs. ACTUAL (WITHOUT DONOR RESTRICTIONS)
July 2022 through June 2023

	Jul '22 - Jun 23	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
5000 • Contributions and Gifts	\$ 177,969	\$ 238,500	\$ (60,531)
5050 • In Kind Contributions	289,353	142,301	147,052
5100 • Lehigh County Revenues	2,833,208	2,546,200	287,008
5125 • Northampton County Revenue	369,365	657,300	(287,935)
5150 • State Revenues	2,038	-	2,038
5200 • City-Allentown Revenues	74,801	75,000	(199)
5210 • Rapid Rehousing / RRH	12,495	94,500	(82,005)
5250 • Federal Revenues	1,259,545	1,790,400	(530,855)
5300 • United Way Revenues	20,000	16,700	3,300
5400 • Special Events Revenues	44,788	13,500	31,288
5500 • Various Grant Revenues	314,732	429,900	(115,168)
5700 • Program Revenues	844,613	1,124,400	(279,787)
5900 • Other Revenues	10,675	15,500	(4,825)
Total Income	6,253,582	7,144,201	(890,619)
Gross Profit	6,253,582	7,144,201	(890,619)
Expense			
6100 • Personnel	2,599,530	3,068,100	(468,570)
6200 • Travel & Entertainment	16,333	10,600	5,733
6400 • Telephone/Internet	15,878	21,060	(5,182)
6500 • Utility Services	119,287	108,540	10,747
6600 • Postage & Delivery	6,595	10,190	(3,595)
6700 • Maintenance & Repairs	98,528	181,800	(83,272)
6800 • Supplies & Program Exp	432,628	322,831	109,797
6821 • Special Events Expenses	52,385	9,000	43,385
6850 • Program Client Financial Aid	2,667,814	3,061,300	(393,486)
6900 • Rent	10,800	5,300	5,500
7000 • Insurance	69,235	74,600	(5,365)
7200 • Depreciation	119,081	131,700	(12,619)
7300 • Professional Services	82,326	71,400	10,926
7400 • Other Gen Office Expense	115,589	104,280	11,309
7500 • Miscellaneous	289	500	(211)
7600 • Bad Debt Expenses	30,019	10,000	20,019
8000 • Interest Expense	56,847	58,700	(1,853)
Total Expense	6,493,165	7,249,901	(756,736)
Net Ordinary Income	(239,583)	(105,700)	(133,883)
Other Income/Expense			
Other Income			
8100 • Other Income	37,201	-	37,201
8300 • Other Gains/Losses	62,716	-	62,716
Total Other Income	99,917	-	99,917
Other Expense			
8200 • Other Expense	1,494	300	1,194
Total Other Expense	1,494	300	1,194
Net Other Income	98,423	(300)	98,723
Net Income	\$ (141,160)	\$ (106,000)	\$ (35,160)

See independent auditor's report on supplementary information.

**THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Source Code	Federal Assistance Listing Number	Project Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued (Deferred) Revenue 7/1/2022	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 06/30/2023
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>										
Supportive Housing Program (HUD I)	D	14.267	PA0222L3T092013	09/01/2021-08/31/2022	\$ 97,559	\$ 23,352	\$ 9,370	\$ 13,982	\$ 13,982	\$ -
Supportive Housing Program (HUD I)	D	14.267	PA0222L3T092114	09/01/2022-08/31/2023	97,559	58,924	-	65,875	65,875	6,951
Rapid Re-Housing Program	D	14.267	PA1029L3T092100	10/01/2022-09/30-2023	390,252	82,881	-	95,236	95,236	12,355
Continuum of Care Program	D	14.267	PA0222L3T092013	10/01/2021-09/30/2022	1,020,072	225,063	12,468	212,595	212,595	-
Continuum of Care Program	D	14.267	PA0222L3T092114	10/01/2022-09/30/2023	1,071,356	553,734	-	565,702	565,702	11,968
TOTAL ALN #14.267						943,954	21,838	953,390	953,390	31,274
Passed Through the City of Allentown:										
Rapid Re-Housing Program	I	14.231	700-01-7608-0205	01/01/2020-12/31-2023	64,471	16,004	7,559	12,495	12,495	4,050
Emergency Shelter Grant - Outreach	I	14.231	700-01-9921-0404	10/01/2021-04/06/2023	35,000	30,793	4,703	26,090	26,090	-
Emergency Shelter Grant - Outreach	I	14.231	700-01-9922-0406-40	10/07/2022-06/30/2023	25,000	24,562	-	25,000	25,000	438
Emergency Shelter Grant - CARES Act	I	14.231	C0000074142	07/08/2021-06/30/2022	24,000	2,848	2,848	-	-	-
Landlord Engagement	I	14.231	700-01-9921-0201-40	04/01/2021-04/20/2022	25,000	9,500	5,500	4,000	4,000	-
TOTAL ALN #14.231						83,707	20,610	67,585	67,585	4,488
Passed Through the City of Allentown										
Community Development Block Grant	I	14.218	700-01-7802-0304-40	01/01/2022-12/31/2022	10,000	10,000	-	10,000	10,000	-
Community Development Block Grant - COVID	I	14.218	700-01-7620-0242	07/01/2021-12/31/2022	50,000	13,264	3,552	9,712	9,712	-
TOTAL ALN #14.218						23,264	3,552	19,712	19,712	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						1,050,925	46,000	1,040,687	1,040,687	35,762

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Source Code	Federal Assistance Listing Number	Project Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued (Deferred) Revenue 7/1/2022	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 06/30/2023
<u>U.S. DEPARTMENT OF THE TREASURY</u>										
Passed Through Lehigh County										
Coronavirus State and Local Fiscal Recovery Funds - ARP	I	21.027	None	01/01/2023-12/31/2024	\$ 25,000	\$ 25,000	\$ -	\$ 23,639	\$ 23,639	\$ (1,361)
TOTAL ALN #21.027						<u>25,000</u>	<u>-</u>	<u>23,639</u>	<u>23,639</u>	<u>(1,361)</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY						<u>25,000</u>	<u>-</u>	<u>23,639</u>	<u>23,639</u>	<u>(1,361)</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>										
Passed Through Lehigh County										
State Opioid Response Grant	I	93.788	22-DA-122	07/01/2022-06/30/2023	2,038,037	<u>1,202,474</u>	<u>-</u>	<u>1,312,244</u>	<u>1,312,244</u>	<u>109,770</u>
TOTAL ALN #93.788						<u>1,202,474</u>	<u>-</u>	<u>1,312,244</u>	<u>1,312,244</u>	<u>109,770</u>
Passed Through AidsNet Bethlehem										
HIV - Related Training and Technical Assistance	I	93.145	4100080399 R-2	07/01/2020-06/30/2022	920,698	<u>96,801</u>	<u>96,801</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ALN #93.145						<u>96,801</u>	<u>96,801</u>	<u>-</u>	<u>-</u>	<u>-</u>
Passed Through Lehigh County										
Mental Health and Intellectual Disabilities Program	I	93.958	22-MHID-049	07/01/2022-06/30/2023	535	<u>535</u>	<u>-</u>	<u>535</u>	<u>535</u>	<u>-</u>
TOTAL ALN #93.958						<u>535</u>	<u>-</u>	<u>535</u>	<u>535</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						<u>1,299,810</u>	<u>96,801</u>	<u>1,312,779</u>	<u>1,312,779</u>	<u>109,770</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>										
Emergency Food and Shelter Program	D	97.024	N/A	11/01/2021-12/31/2023	41,879	<u>41,718</u>	<u>-</u>	<u>41,718</u>	<u>41,718</u>	<u>-</u>
Emergency Food and Shelter Program - COVID-19	D	97.024	N/A	11/01/2021-12/31/2023	168,895	<u>162,508</u>	<u>-</u>	<u>162,508</u>	<u>162,508</u>	<u>-</u>
Emergency Food and Shelter Program	D	97.024	N/A	11/01/2021-12/31/2023	26,924	<u>26,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,924)</u>
TOTAL ALN # 97.024						<u>231,150</u>	<u>-</u>	<u>204,226</u>	<u>204,226</u>	<u>(26,924)</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY						<u>231,150</u>	<u>-</u>	<u>204,226</u>	<u>204,226</u>	<u>(26,924)</u>
TOTAL FEDERAL AWARDS						<u>\$ 2,606,885</u>	<u>\$ 142,801</u>	<u>\$ 2,581,331</u>	<u>\$ 2,581,331</u>	<u>\$ 117,247</u>
<u>Source Code</u>										
D-Direct Funding										
I-Indirect Funding										

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Lehigh Conference of Churches (the "Organization") under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operation of The Lehigh Conference of Churches, it is not intended to and does not present the financial position, changes in net assets or cash flows of The Lehigh Conference of Churches.

NOTE B – BASIS OF ACCOUNTING

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COSTS

The Organization has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE D – NON-CASH AWARDS

The Organization received no non-cash awards during the current year.

NOTE E – SUB-RECIPIENTS

There were no federal awards passed through to sub-recipients.

**INDEPENDENT AUDITOR'S 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**

Board of Directors
The Lehigh Conference of Churches
Allentown, PA

We have audited, in accordance with the 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 Lehigh Conference of Churches (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Lehigh Conference of Churches' internal control over financial reporting (internal control) as a basis for designing 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 The Lehigh Conference of Churches' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Lehigh Conference of Churches' 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 determination of financial statement amounts. 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.

Congbell, Rappold & Yucasita LLP

January 25, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
The Lehigh Conference of Churches
Allentown, PA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Lehigh Conference of Churches' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Lehigh Conference of Churches' major federal programs for the year ended June 30, 2023. The Lehigh Conference of Churches' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Lehigh Conference of Churches complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Lehigh Conference of Churches' and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Lehigh Conference of Churches' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Lehigh Conference of Churches' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Lehigh Conference of Churches' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Lehigh Conference of Churches' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Lehigh Conference of Churches' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Lehigh Conference of Churches' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Lehigh Conference of Churches' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Campbell, Roppold & Yasaita LLP

January 25, 2024

**THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? ☐ yes ☒ no

Significant deficiency identified that is not considered to be material weakness? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards:

Internal control over major programs:

Material weakness identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance. ☐ yes ☒ no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.267	Continuum of Care Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

- NONE -

C. FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS

- NONE -

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

- NONE -