

**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, 2024**

**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, 2024

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, 2024, 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, 2024, 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' 2023 financial statements and our report dated January 25, 2024, 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, 2023, 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 15, 2025 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.

Cary Bell, Rappold & Yussita LLP

January 15, 2025

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
June 30, 2024
With Summarized Totals for 2023

	Without Donor Restrictions	With Donor Restrictions	Total June 30,	
			2024	2023
ASSETS:				
Cash (Note 2)	\$ 463,812	\$ 22,853	\$ 486,665	\$ 448,634
Cash - Custodial (Note 2)	190,336	-	190,336	189,501
Investments (Notes 3 and 4)	66,193	631,711	697,904	649,674
Accounts and Grants Receivable (Less Allowance for Uncollectibles of \$- and \$-)	502,782	-	502,782	315,994
Prepaid Expenses	61,888	-	61,888	34,239
Right-of-Use Lease Asset (Note 18)	17,374	-	17,374	24,981
Land, Building and Equipment (Net of Accumulated Depreciation) (Note 5)	3,237,150	-	3,237,150	3,197,347
TOTAL ASSETS	\$ 4,539,535	\$ 654,564	\$ 5,194,099	\$ 4,860,370
LIABILITIES AND NET ASSETS:				
LIABILITIES:				
Accounts Payable	\$ 214,883	\$ -	\$ 214,883	\$ 75,152
Accrued Expenses	144,065	-	144,065	48,735
Custodial Funds	190,336	-	190,336	189,501
Lease Liability (Note 18)	17,374	-	17,374	24,981
Short-Term Debt - Line of Credit (Note 12)	-	-	-	-
Long-Term Debt (Note 6)	1,463,218	-	1,463,218	1,541,856
Refundable Advances	154,715	-	154,715	209,550
Deferred Revenue	348,824	-	348,824	271,193
TOTAL LIABILITIES	2,533,415	-	2,533,415	2,360,968
NET ASSETS:				
Without Donor Restrictions:				
Undesignated	239,651	-	239,651	263,155
Invested in Land, Building and Equipment	1,766,469	-	1,766,469	1,646,816
With Donor Restrictions:				
Restricted for a Purpose (Note 7)	-	256,642	256,642	191,509
Restricted in Perpetuity (Note 7)	-	397,922	397,922	397,922
TOTAL NET ASSETS	2,006,120	654,564	2,660,684	2,499,402
TOTAL LIABILITIES AND NET ASSETS	\$ 4,539,535	\$ 654,564	\$ 5,194,099	\$ 4,860,370

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, 2024
With Summarized Totals for 2023

	Year Ended June 30, 2024		Total	
	Without Donor Restrictions	With Donor Restrictions	Year Ended June 30, 2024	2023
<u>Support and Revenue:</u>				
Contributions	\$ 594,542	\$ 7,749	\$ 602,291	\$ 190,366
Contributions of Nonfinancial Assets (Note 10)	162,785	-	162,785	289,354
Grants:				
Lehigh County	1,579,401	-	1,579,401	1,520,963
Northampton County	631,769	-	631,769	369,364
City of Allentown	162,352	-	162,352	87,295
Federal Government	3,134,208	-	3,134,208	2,655,409
Other	279,595	-	279,595	233,150
United Way	20,000	-	20,000	24,947
Program Services	881,403	-	881,403	844,614
Investment Income	4,033	28,903	32,936	32,029
Realized and Unrealized Gains	935	53,481	54,416	34,629
Special Events Revenue	\$ 33,272			
Direct Benefit Costs to Donors	(31,304)			
Special Events, Net	1,968	-	1,968	(7,597)
Gain on Disposal of Land, Building and Equipment	25,796	-	25,796	57,795
Other Income	8,233	-	8,233	15,069
Net Assets Released from Restriction (Note 8)	25,000	(25,000)	-	-
Total Support and Revenue	7,512,020	65,133	7,577,153	6,347,387
<u>Expenses:</u>				
Pathways	5,185,353	-	5,185,353	4,256,771
Daybreak	293,856	-	293,856	185,808
Conference Kitchen	410,703	-	410,703	426,420
Ecumenism	96,205	-	96,205	62,291
Homelessness Prevention	66,014	-	66,014	63,872
Conference Homes	303,405	-	303,405	387,061
Magellan	502,207	-	502,207	497,865
Management and General	424,525	-	424,525	447,343
Fund Raising	133,603	-	133,603	114,841
Total Expenses	7,415,871	-	7,415,871	6,442,272
Increase (Decrease) in Net Assets	96,149	65,133	161,282	(94,885)
Net Assets at Beginning of Year	1,909,971	589,431	2,499,402	2,594,287
Net Assets at End of Year	\$ 2,006,120	\$ 654,564	\$ 2,660,684	\$ 2,499,402

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, 2024
With Summarized Totals for 2023

	Program Services				
	Pathways	Daybreak	Conference Kitchen	Ecumenism	Homelessness Prevention
Salaries	\$ 1,241,165	\$ 151,757	\$ 112,201	\$ 67,329	\$ 40,355
Employee Benefits	226,304	35,888	25,713	15,983	11,565
Payroll Taxes	93,461	11,457	8,503	5,014	3,005
Total	1,560,930	199,102	146,417	88,326	54,925
Travel and Entertainment	10,973	13,208	13,581	4	-
Telephone	10,736	1,258	796	242	242
Occupancy	25,728	7,327	26,848	934	934
Postage and Shipping	1,039	-	-	58	1,112
Equipment Maintenance	6,414	1,067	785	267	267
Materials and Supplies	61,934	48,291	42,482	512	665
Program Food Expense	-	-	162,785	-	-
Rental Assistance	3,365,259	-	-	-	-
Printing	1,137	-	-	-	-
Insurance	31,391	5,232	3,924	1,308	1,308
Professional Fees	43,913	7,385	4,659	1,567	1,563
Miscellaneous	1,575	208	344	178	2,331
Conference, Convention and Meetings	604	101	75	165	25
Dues and Subscriptions	1,964	391	294	71	71
Interest	26,132	4,355	3,266	1,089	1,089
Special Events	-	-	-	12,413	-
Bad Debt	-	-	-	-	-
Total Before Depreciation	5,149,729	287,925	406,256	107,134	64,532
Depreciation	35,624	5,931	4,447	1,484	1,482
Total Expenses by Function	5,185,353	293,856	410,703	108,618	66,014
Less Expenses Included with Revenues on the Statement Of Activities					
Special Events - Cost of Direct Benefits to Donors	-	-	-	(12,413)	-
Total Expenses Included in the Expense Section on the Statement of Activities 2023-2024	<u>\$ 5,185,353</u>	<u>\$ 293,856</u>	<u>\$ 410,703</u>	<u>\$ 96,205</u>	<u>\$ 66,014</u>
Total Expenses Included in the Expense Section on the Statement of Activities 2022-2023	<u>\$ 4,256,771</u>	<u>\$ 185,808</u>	<u>\$ 426,420</u>	<u>\$ 62,291</u>	<u>\$ 63,872</u>

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

Conference Homes	Magellan	Total Program Services	Support Services		Total	
			Management and General	Fund Raising	Year Ended June 30, 2024	2023
\$ 39,250	\$ 327,182	\$ 1,979,239	\$ 260,487	\$ 79,183	\$ 2,318,909	\$ 2,047,276
12,318	65,644	393,415	53,386	13,918	460,719	395,660
2,951	25,064	149,455	19,571	6,068	175,094	156,570
54,519	417,890	2,522,109	333,444	99,169	2,954,722	2,599,506
-	10,328	48,094	3,948	-	52,042	16,332
622	4,545	18,441	6,408	243	25,092	16,591
97,917	7,437	167,125	7,821	951	175,897	212,580
98	297	2,604	947	1,356	4,907	6,594
252	2,133	11,185	1,892	267	13,344	25,962
21,292	11,237	186,413	14,241	496	201,150	167,121
-	-	162,785	-	-	162,785	274,855
-	-	3,365,259	-	-	3,365,259	2,667,814
-	-	1,137	3,559	4,524	9,220	8,625
16,846	10,464	70,473	9,156	1,308	80,937	69,234
38,507	16,196	113,790	17,447	15,452	146,689	132,773
3,781	345	8,762	2,921	3,532	15,215	27,500
25	201	1,196	2,783	25	4,004	7,839
71	572	3,434	1,970	3,699	9,103	2,998
19,851	8,711	64,493	7,628	1,089	73,210	56,847
-	-	12,413	18,891	-	31,304	52,385
1,000	-	1,000	-	-	1,000	30,019
254,781	490,356	6,760,713	433,056	132,111	7,325,880	6,375,575
48,624	11,851	109,443	10,360	1,492	121,295	119,082
303,405	502,207	6,870,156	443,416	133,603	7,447,175	6,494,657
-	-	(12,413)	(18,891)	-	(31,304)	(52,385)
<u>\$ 303,405</u>	<u>\$ 502,207</u>	<u>\$ 6,857,743</u>	<u>\$ 424,525</u>	<u>\$ 133,603</u>	<u>\$ 7,415,871</u>	
<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>

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
STATEMENTS OF CASH FLOWS
Year Ended June 30, 2024 and 2023

	Year Ended June 30,	
	2024	2023
<u>Cash Flows from Operating Activities:</u>		
CHANGE IN NET ASSETS	\$ 161,282	\$ (94,885)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	121,295	119,082
Grants for Capital Purposes	(102,835)	(70,000)
Amortization of Debt Issuance Costs	1,212	1,920
(Increase) Decrease in Accounts and Grants Receivable	(186,788)	138,306
Decrease in Employee Retention Tax Credit Receivable	-	225,972
(Increase) Decrease in Prepaid Expenses	(27,649)	14,170
Increase (Decrease) in Accounts Payable and Accrued Expenses	235,061	(32,747)
Increase in Custodial Funds	835	31,611
Decrease in Refundable Advances	(54,835)	(49,259)
Increase in Deferred Revenue	77,631	90,791
Gain on Disposal of Land, Building and Equipment	(25,796)	(57,795)
Realized and Unrealized Gain on Investments	(54,416)	(34,629)
Net Cash Provided by Operating Activities	144,997	282,537
<u>Cash Flows from Investing Activities:</u>		
Purchase of Land, Building and Equipment	(319,153)	(80,222)
Proceeds from Sale of Land, Building and Equipment	183,851	233,387
Purchase of Investments	(32,911)	(21,909)
Sales of Investments	39,097	17,464
Net Cash Provided (Used) by Investing Activities	(129,116)	148,720
<u>Cash Flows from Financing Activities:</u>		
Grants for Capital Purposes	102,835	70,000
Net Advances (Repayments) on Short-Term Debt - Line of Credit	-	(103,826)
Principal Payments on Long-Term Debt	(79,850)	(167,853)
Net Cash Provided (Used) by Financing Activities	22,985	(201,679)
Net Increase in Cash	38,866	229,578
Cash at Beginning of Year	638,135	408,557
Cash at End of Year	\$ 677,001	\$ 638,135
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	\$ 73,210	\$ 56,847
Contributed Nonfinancial Asset Expenditures:		
Soup Kitchen	\$ 162,785	\$ 256,037
Professional Services	-	33,317
	\$ 162,785	\$ 289,354

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, 2024

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 (Conference Homes, LLC, formerly 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, 2024 and 2023, 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, 2024

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. The Organization believes its receivables are collectible; accordingly, there was no provision for uncollectible receivables at June 30, 2024 and 2023.

Allowance for Credit Losses

An allowance for credit losses for accounts receivable related to grants and other receivables is estimated based on current and future expected economic conditions, past experiences of losses, as well as an assessment of potential recoverability of the balance due. The Organization reviews all receivables on an individual basis monthly and performs an analysis based on prior collection history, attempts to collect and current and future expected economic conditions. Using this information, the Organization determines the probability of collection and calculates an estimate of potential loss and the probability of loss. For those accounts in which a loss is probable, the Organization records a specific reserve through a charge to earnings and a credit to a valuation allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

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.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

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.

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 LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

Contributions (Continued)

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.

Available Award Balances

At June 30, 2024, the Organization had remaining available award balances on grants and contracts for various programs of \$2,659,245. 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, 2024, 144 volunteers donated 2,376 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 LEHIGH CONFERENCE OF CHURCHES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

Income Taxes (Continued)

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, 2022, 2023 and 2024 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.

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.

Reclassifications

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

Adoption of New Accounting Standard

On July 1, 2023, the Organization adopted Accounting Standards Update 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements, but did change how the allowance for credit losses is determined. Under the new standards, management is required to consider specific situations related to the receivable balance, current and future expected economic conditions, past experience of losses, as well as an assessment of potential recoverability for expected credit losses in determining an allowance for uncollectible accounts.

THE LEHIGH CONFERENCE OF CHURCHES
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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>2024</u>	<u>2023</u>
Cash	\$ 486,665	\$ 448,634
Cash - Custodial	<u>190,336</u>	<u>189,501</u>
	<u><u>\$ 677,001</u></u>	<u><u>\$ 638,135</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>2024</u>	<u>2023</u>
Without Donor Restrictions:		
Undesignated	\$ 66,193	\$ 79,967
With Donor Restrictions:		
Purpose Restrictions	233,789	171,785
Restricted in Perpetuity	<u>397,922</u>	<u>397,922</u>
	<u><u>\$ 697,904</u></u>	<u><u>\$ 649,674</u></u>

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

	<u>Year Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Investment Income:		
Dividends and Capital Gain		
Distributions	\$ 32,915	\$ 32,005
Interest Income	<u>21</u>	<u>24</u>
	32,936	32,029
Unrealized Gains	<u>54,416</u>	<u>34,629</u>
	<u><u>\$ 87,352</u></u>	<u><u>\$ 66,658</u></u>

THE LEHIGH CONFERENCE OF CHURCHES
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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 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, 2024 and 2023.

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.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2024

4. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2024 and 2023:

Assets at Fair Value as of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Money Market	\$ 55,485	\$ -	\$ -	\$ 55,485
Mutual Funds:				
Large Blend	613,636	-	-	613,636
Large Value	28,783	-	-	28,783
Total Assets at Fair Value	<u>\$ 697,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697,904</u>
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>

5. Land, Building and Equipment

Land, building and equipment are composed of:

	2024	2023
Land	\$ 204,613	\$ 230,574
Land Improvements	42,515	42,515
Construction in Progress	264,869	47,489
Building	3,247,443	3,314,006
Furniture and Equipment	133,405	116,865
	<u>3,892,845</u>	<u>3,751,449</u>
Less: Accumulated Depreciation	<u>(655,695)</u>	<u>(554,102)</u>
	<u>\$ 3,237,150</u>	<u>\$ 3,197,347</u>

Depreciation charged to expense was \$121,295 and \$119,082 for the years ended June 30, 2024 and 2023, respectively.

THE LEHIGH CONFERENCE OF CHURCHES
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6. Long-Term Debt

Long-Term Debt consists of:

	<u>2024</u>	<u>2023</u>
\$100,000 Note Payable to a former 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.	\$ 31,667	\$ 51,667
\$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.	816,440	847,607
\$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.	148,060	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.	92,588	97,975
\$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.	89,027	94,207
\$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.	112,174	118,700
\$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.	88,137	93,264

THE LEHIGH CONFERENCE OF CHURCHES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024

6. Long-Term Debt (Continued)

	<u>2024</u>	<u>2023</u>
\$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>92,588</u>	<u>97,975</u>
	1,470,681	1,550,531
Less: Unamortized Debt Issuance Costs	<u>(7,463)</u>	<u>(8,675)</u>
	<u><u>\$ 1,463,218</u></u>	<u><u>\$ 1,541,856</u></u>

Long-term debt maturities are as follows:

Year Ended June 30,	
2025	\$ 85,810
2026	80,103
2027	71,170
2028	74,014
2029	393,734
Thereafter	<u>765,850</u>
	<u><u>\$ 1,470,681</u></u>

Interest paid totaled \$59,550 and \$46,336 for the years ended June 30, 2024 and 2023, respectively.

THE LEHIGH CONFERENCE OF CHURCHES
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NOTES TO FINANCIAL STATEMENTS
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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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Time and Purpose Restrictions:		
Future Operations	\$ 22,804	\$ 17,338
Earnings on Endowment for Campbell		
Lectureship	61,230	53,928
Earnings on Endowment for Operations	<u>172,608</u>	<u>120,243</u>
	<u>256,642</u>	<u>191,509</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>\$ 654,564</u></u>	<u><u>\$ 589,431</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>2024</u>	<u>2023</u>
Campbell Lecture	\$ 3,529	\$ 5,626
Operating Expenses	<u>21,471</u>	<u>18,697</u>
	<u><u>\$ 25,000</u></u>	<u><u>\$ 24,323</u></u>

THE LEHIGH CONFERENCE OF CHURCHES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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, 2024 and 2023 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, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 631,760	\$ 631,760
	<u>\$ -</u>	<u>\$ 631,760</u>	<u>\$ 631,760</u>

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>

THE LEHIGH CONFERENCE OF CHURCHES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024

9. Endowment (Continued)

Changes in Endowment Net Assets for the fiscal year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 572,093	\$ 572,093
Investment return:			
Investment income	-	28,903	28,903
Net appreciation, unrealized	-	53,481	53,481
Total investment return	-	82,384	82,384
Appropriation of endowment assets for expenditure	-	(22,717)	(22,717)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 631,760</u>	<u>\$ 631,760</u>

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>

THE LEHIGH CONFERENCE OF CHURCHES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024

10. Contributed Nonfinancial Assets

Contributed nonfinancial assets are comprised of:

	Year Ended June 30,	
	2024	2023
Food Donations: Soup Kitchen	\$ 162,785	\$ 256,037
Professional Services	-	33,317
	<u>\$ 162,785</u>	<u>\$ 289,354</u>

Nonfinancial food contributions were valued using an average of \$1.74/lb and \$1.70/lb for the years ended June 30, 2024 and 2023, respectively, 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 \$40,556 and \$27,710 for the years ended June 30, 2024 and 2023, 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, 2024 the interest rate was 8.80%. The Organization had a principal balance outstanding of \$-0- and \$-0- as of June 30, 2024 and 2023, respectively. Interest paid was \$13,660 and \$10,511 for the years ended June 30, 2024 and 2023, 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, 2024, the uninsured balance is approximately \$337,000. The Organization believes it is not exposed to any significant credit risk on its cash balances.

THE LEHIGH CONFERENCE OF CHURCHES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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>2024</u>	<u>2023</u>
Cash	\$ 463,812	\$ 428,910
Investments	66,193	79,967
Accounts and Grants Receivable	<u>502,782</u>	<u>315,994</u>
	<u>\$ 1,032,787</u>	<u>\$ 824,871</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, 2023

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, 2023 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 52% and 55% of the total support and revenue of the Organization for the years ended June 30, 2024 and 2023, 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, 2024 and 2023 was \$31,667 and \$51,667, respectively. The board member's term on the board ended during the year ended June 30, 2023.

THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

18. Lease Commitments

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

The Organization makes certain assumptions and judgments 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, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Right-of-Use Asset	<u>\$ 17,374</u>	<u>\$ 24,981</u>
Operating Lease Liability	<u>\$ 17,374</u>	<u>\$ 24,981</u>

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

Year Ended June 30,	
2025	\$ 7,800
2026	7,800
2027	<u>1,950</u>
Total Minimum Lease Payments	17,550
Less: Amount Representing Interest	<u>(176)</u>
Present Value of Minimum Lease Payments	<u>\$ 17,374</u>

Other information related to the Organization's operating lease as of June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Weighted-Average Remaining Lease Term:	27 Months	39 Months
Weighted-Average Discount Rate:	.93%	.93%

THE LEHIGH CONFERENCE OF CHURCHES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024

19. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 15, 2025, the date the financial statements were available to be issued. No subsequent events have occurred that require recognition or disclosure.

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, 2024**

	<u>Rate</u>	<u>Units</u>	<u>Total Billing</u>
Individual Units:			
Daybreak	\$ 5.92	17,151	\$ 101,534
Conference Kitchen	5.92	12,410	73,467

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 2023 through June 2024

	Jul '23 - Jun 24	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4000 • Contributions and Gifts	\$ 596,826	\$ 287,000	\$ 309,826
4100 • In-Kind Contributions	162,785	293,620	(130,835)
4200 • Federal Revenues	1,877,078	1,663,860	213,218
4300 • State Revenues	32,619	35,000	(2,381)
4400 • County Revenues	3,404,025	3,872,000	(467,975)
4500 • City Revenues	156,409	156,000	409
4600 • Grant Revenues	375,527	492,000	(116,473)
4700 • Program Revenues	843,068	1,010,500	(167,432)
4800 • Special Events Revenues	33,271	25,000	8,271
4900 • Other Revenues	20,383	5,000	15,383
Total Income	7,501,991	7,839,980	(337,989)
Gross Profit	7,501,991	7,839,980	(337,989)
Expense			
5000 • Personnel Expenses	2,954,725	2,917,000	37,725
5100 • Client Financial Assistance	3,365,259	3,774,200	(408,941)
5200 • Travel Expenses	52,043	24,600	27,443
5300 • Utilities	120,184	149,400	(29,216)
5400 • Supplies & Program Expenses	364,445	494,880	(130,435)
5500 • Maintenance & Repairs Expense	80,803	101,000	(20,197)
5600 • Business Insurance Expense	80,937	65,000	15,937
5700 • Professional Expense	155,909	112,000	43,909
5800 • Special Events Expenses	31,303	21,400	9,903
5900 • Other Expenses	31,850	31,000	850
6000 • Depreciation Expense	121,296	108,740	12,556
Total Expense	7,358,754	7,799,220	(440,466)
Net Ordinary Income	143,237	40,760	102,477
Other Income/Expense			
Other Income			
7000 • Misc. Revenues	41,331	11,000	30,331
Total Other Income	41,331	11,000	30,331
Other Expense			
8000 • Misc. Expenses	88,419	62,000	26,419
Total Other Expense	88,419	62,000	26,419
Net Other Income	(47,088)	(51,000)	3,912
Net Income	\$ 96,149	\$ (10,240)	\$ 106,389

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, 2024

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 7/1/2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 06/30/2024
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>										
Supportive Housing Program (HUD I)	D	14.267	PA0213L3T092215	09/01/2023-08/31/2024	\$ 71,545	\$ 52,809	\$ -	\$ 58,730	\$ 58,730	\$ 5,921
Supportive Housing Program (HUD I)	D	14.267	PA0222L3T092114	09/01/2022-08/31/2023	97,559	38,280	6,951	31,329	31,329	-
Rapid Re-Housing Program	D	14.267	PA1029L3T092201	10/01/2023-09/30/2024	390,252	329,856	-	336,899	336,899	7,043
Rapid Re-Housing Program	D	14.267	PA1029L3T092100	10/01/2022-09/30/2023	390,252	122,154	12,355	109,799	109,799	-
Continuum of Care Program	D	14.267	PA0222L3T092215	10/01/2023-09/30/2024	1,097,370	787,691	-	803,842	803,842	16,151
Continuum of Care Program	D	14.267	PA0222L3T092114	10/01/2022-09/30/2023	1,071,356	274,157	11,968	262,189	262,189	-
Passed Through United Way of Pennsylvania										
Connect to Home Coordinated Entry System	I	14.267	None	12/01/2022-11/30/2023	55,000	22,255	-	22,255	22,255	-
Connect to Home Coordinated Entry System	I	14.267	None	11/01/2023-11/30/2024	60,860	30,495	-	35,198	35,198	4,703
TOTAL ALN #14.267						1,657,697	31,274	1,660,241	1,660,241	33,818
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	4,050	4,050	-	-	-
Rapid Re-Housing Program	I	14.231	700-01-7808-0305	02/14/2023-12/31/2024	93,208	32,537	-	34,525	34,525	1,988
Emergency Shelter Grant - Outreach	I	14.231	700-01-9923-0403-40	01/26/2024-07/26/2025	36,159	-	-	5,942	5,942	5,942
Emergency Shelter Grant - Outreach	I	14.231	700-01-9922-0406-40	10/07/2022-06/30/2023	25,000	438	438	-	-	-
Emergency Shelter Grant - Street Outreach - COVID 19	I	14.231	700-01-7620-0232-40	01/01/2023-12/31/2024	53,534	47,385	-	47,385	47,385	-
TOTAL ALN #14.231						84,410	4,488	87,852	87,852	7,930
Passed Through the City of Allentown										
Community Development Block Grant	I	14.218	700-01-7902-0304	01/01/2023-12/31/2023	10,000	10,000	-	10,000	10,000	-
Community Development Block Grant - COVID	I	14.218	700-01-7620-0205	03/01/2022-03/31/2024	64,500	64,500	-	64,500	64,500	-
TOTAL ALN #14.218						74,500	-	74,500	74,500	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						1,816,607	35,762	1,822,593	1,822,593	41,748

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, 2024

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 7/1/2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 06/30/2024
<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	\$ -	\$ (1,361)	\$ 1,361	\$ 1,361	\$ -
TOTAL ALN #21.027						-	(1,361)	1,361	1,361	-
TOTAL U.S. DEPARTMENT OF THE TREASURY						-	(1,361)	1,361	1,361	-
<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	109,770	109,770	-	-	-
State Opioid Response Grant	I	93.788	23-DA-122	07/01/2023-06/30/2024	1,951,857	1,094,745	-	1,192,855	1,192,855	98,110
TOTAL ALN #93.788						1,204,515	109,770	1,192,855	1,192,855	98,110
Passed Through Lehigh County										
Projects for Assistance in Transition from Homelessness	I	93.150	23-MHID-049	07/01/2023-06/30/2024	68,694	60,948	-	68,694	68,694	7,746
TOTAL ALN #93.150						60,948	-	68,694	68,694	7,746
Passed Through Lehigh County										
Mental Health and Intellectual Disabilities Program	I	93.958	23-MHID-049	07/01/2023-06/30/2024	500	500	-	500	500	-
TOTAL ALN #93.958						500	-	500	500	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						1,265,963	109,770	1,262,049	1,262,049	105,856
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>										
Emergency Food and Shelter Program	D	97.024	None	11/01/2021-12/31/2023	41,879	161	-	161	161	-
Emergency Food and Shelter Program - COVID-19	D	97.024	None	11/01/2021-12/31/2023	168,895	6,387	-	6,387	6,387	-
Emergency Food and Shelter Program	D	97.024	None	11/01/2021-12/31/2023	26,924	-	(26,924)	26,924	26,924	-
Emergency Food and Shelter Program	D	97.024	None	10/01/2022-12/31/2024	61,185	30,593	-	-	-	(30,593)
TOTAL ALN # 97.024						37,141	(26,924)	33,472	33,472	(30,593)
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY						37,141	(26,924)	33,472	33,472	(30,593)
TOTAL FEDERAL AWARDS						\$ 3,119,711	\$ 117,247	\$ 3,119,475	\$ 3,119,475	\$ 117,011
<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, 2024

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, 2024. 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, 2024, 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 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit 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 Lehigh Conference of Churches' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Cory Bell, Rappold & Yucasita LLP

January 15, 2025

**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, 2024. 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, 2024.

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, Rappold & Yasaita LLP

January 15, 2025

**THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

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>
93.778	State Opioid Response Grant

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, 2024**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

- NONE -

C. FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS

- NONE -

**THE LEHIGH CONFERENCE OF CHURCHES
(A Not-for-Profit Corporation)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024**

- NONE -