

**RIPPLE COMMUNITY, INC.**  
**(A Not-for-Profit Corporation)**

**Financial Statements and  
Independent Accountant's Review Report**

**September 30, 2019**

**CAMPBELL, RAPPOLD & YURASITS LLP**  
**Certified Public Accountants**  
**1033 South Cedar Crest Boulevard Allentown, PA 18103**

**RIPPLE COMMUNITY, INC.**  
**(A Not-for-Profit Corporation)**  
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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Ripple Community, Inc.  
1335 W. Linden Street  
Allentown, PA 18102

We have reviewed the accompanying financial statements of Ripple Community, Inc. (a not-for-profit corporation), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of September 30, 2019, and the related statements of revenues, expenses and other changes in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

## **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting as described in Note 2.

## **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

## **Report on 2018 Financial Statements**

The financial statements of Ripple Community, Inc. as of September 30, 2018, were subjected to a compilation engagement by other accountants, whose report dated January 31, 2019, stated that they have not audited or reviewed the 2018 financial statements and, accordingly, do not express an opinion, a conclusion, nor provide any assurance about whether the financial statements are in accordance with the modified cash basis of accounting.

*Congbell, Rappold & Yasuta LLP*

January 16, 2020

**RIPPLE COMMUNITY, INC.**  
**(A Not-for-Profit Corporation)**  
**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS**  
**September 30, 2019 and 2018**

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	September 30,	
	2019	2018
	(Reviewed)	(Compiled)
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 306,821	\$ 133,675
Property and Equipment (Net of Accumulated Depreciation) (Note 4)	3,120	-
<b>TOTAL ASSETS</b>	<b>309,941</b>	<b>133,675</b>
<b>LIABILITIES</b>		
Accounts Payable	-	-
<b>TOTAL LIABILITIES</b>	-	-
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	265,856	133,675
With Donor Restrictions (Note 5)	44,085	-
<b>TOTAL NET ASSETS</b>	<b>309,941</b>	<b>133,675</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 309,941</b>	<b>\$ 133,675</b>

See independent accountant's review report and notes to financial statements.

**RIPPLE COMMUNITY, INC.**  
**(A Not-for-Profit Corporation)**  
**STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES**  
**IN NET ASSETS – MODIFIED CASH BASIS**  
**For the Year Ended September 30, 2019**  
**With Comparative Totals for the Year Ended September 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Year Ended September 30,	
			2019 Total (Reviewed)	2018 Total (Compiled)
<b>Operating Activities:</b>				
<u>Revenues and Public Support:</u>				
Contributions and Grants	\$ 261,985	\$ 64,841	\$ 326,826	\$ 121,117
Interest Income	2,179	-	2,179	-
Net Assets Released from Restrictions	20,756	(20,756)	-	-
Total Revenues and Public Support	284,920	44,085	329,005	121,117
<u>Expenses:</u>				
Program Services	123,505	-	123,505	36,662
Supporting Services				
Management and General	20,034	-	20,034	6,589
Fundraising	9,200	-	9,200	1,665
Total Expenses	152,739	-	152,739	44,916
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES	132,181	44,085	176,266	76,201
INCREASE IN NET ASSETS	132,181	44,085	176,266	76,201
NET ASSETS, OCTOBER 1	133,675	-	133,675	57,474
NET ASSETS, SEPTEMBER 30	\$ 265,856	\$ 44,085	\$ 309,941	\$ 133,675

See independent accountant's review report and notes to financial statements.

**RIPPLE COMMUNITY, INC.**  
**(A Not-for-Profit Corporation)**  
**STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES**  
**IN NET ASSETS – MODIFIED CASH BASIS**  
**For the Year Ended September 30, 2018**

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	Without Donor Restrictions	With Donor Restrictions	Year Ended September 30, 2018 (Compiled)
<b>Operating Activities:</b>			
<u>Revenues and Public Support:</u>			
Contributions and Grants	\$ 121,117	\$ -	\$ 121,117
Interest Income	-	-	-
Net Assets Released from Restrictions	-	-	-
Total Revenues and Public Support	121,117	-	121,117
<u>Expenses:</u>			
Program Services	36,662	-	36,662
Supporting Services			
Management and General	6,589	-	6,589
Fundraising	1,665	-	1,665
Total Expenses	44,916	-	44,916
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES	76,201	-	76,201
INCREASE IN NET ASSETS	76,201	-	76,201
NET ASSETS, OCTOBER 1	57,474	-	57,474
NET ASSETS, SEPTEMBER 30	\$ 133,675	\$ -	\$ 133,675

See independent accountant's review report and notes to financial statements.

**RIPPLE COMMUNITY, INC.**  
**(A Not-for-Profit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS**  
**For the Year Ended September 30, 2019**  
**With Comparative Totals for the Year Ended September 30, 2018**

	Program Services	Management and General	Fundraising	Year Ended September 30,	
				2019 Total (Reviewed)	2018 Total (Compiled)
Salaries	\$ 59,996	\$ 6,343	\$ 6,793	\$ 73,132	\$ 18,273
Payroll Taxes	6,023	590	590	7,203	2,074
Employee Benefits	5,215	652	652	6,519	25
Total Salaries and Related Benefits	<u>71,234</u>	<u>7,585</u>	<u>8,035</u>	<u>86,854</u>	<u>20,372</u>
Dues and Subscriptions	-	1,095	-	1,095	301
Information Technology	911	203	203	1,317	-
Occupancy Costs -					
Rent	11,160	1,240	-	12,400	1,500
Insurance	1,372	532	-	1,904	1,763
Directors and Officers Insurance	476	184	-	660	660
Professional Fees	12,487	4,530	-	17,017	12,835
Program Expenses	25,693	3,162	791	29,646	7,411
Operations, Supplies, and Postage	172	171	171	514	74
Equipment Rental and Maintenance	-	1,279	-	1,279	-
Depreciation	-	53	-	53	-
	<u>-</u>	<u>53</u>	<u>-</u>	<u>53</u>	<u>-</u>
Total	<u>\$ 123,505</u>	<u>\$ 20,034</u>	<u>\$ 9,200</u>	<u>\$ 152,739</u>	<u>\$ 44,916</u>

See independent accountant's review report and notes to financial statements.



**RIPPLE COMMUNITY, INC.**  
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**STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS**  
**For the Years Ended September 30, 2019 and 2018**

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	Year Ended September 30,	
	2019 (Reviewed)	2018 (Compiled)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 176,266	\$ 76,201
Adjustment to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	53	-
Net Cash Provided by Operating Activities	176,319	76,201
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(3,173)	-
Net Cash Used by Investing Activities	(3,173)	-
INCREASE IN CASH AND CASH EQUIVALENTS	173,146	76,201
CASH AND CASH EQUIVALENTS, OCTOBER 1	133,675	57,474
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	\$ 306,821	\$ 133,675

See independent accountant's review report and notes to financial statements.

**RIPPLE COMMUNITY, INC.**  
**(A Not-for-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

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**1. Nature of Activities**

Ripple Community, Inc. (the "Organization") is a not-for-profit corporation incorporated under the laws of the Commonwealth of Pennsylvania to nurture community and connection in Allentown. The Organization cultivates connections across social boundaries to foster a sense of community among its neighbors who have traditionally been marginalized.

**2. Summary of Significant Accounting Policies**

The significant accounting policies followed by the Organization are set forth below.

*Basis of Accounting*

The financial statements have been prepared on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to the cash basis of accounting include the capitalized costs of property and equipment as well as the corresponding depreciation expense on those assets.

*Net Asset Classifications*

Net assets are classified based on the existence or absence of donor-imposed restrictions.

Net assets are defined as 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.

*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. Donor-imposed restrictions are released when a restriction expires that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

*Use of Estimates*

The preparation of financial statements in conformity with the modified cash basis of accounting 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.

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

*Cash and Cash Equivalents*

For purposes of reporting cash and cash equivalents, cash is defined as cash on hand, and checking and savings accounts at financial institutions. Investments with an original maturity of three months or less are considered cash and cash equivalents for these purposes.

*Property and Equipment*

Property and equipment is stated at cost or donated value. Depreciation is computed by use of the straight-line method based on estimated useful lives. Acquisitions in excess of \$1,000 are capitalized. The cost of maintenance and repairs is charged to operations as incurred.

*Contributions*

The Organization records contributions and grants when received.

*Contributed Services*

Many individuals volunteer their time to help the Organization with its support activities. During the years ended September 30, 2019 and 2018, the Organization received volunteer hours that have not been recorded in the statements of revenue, expenses and changes in net assets, as they do not meet the criteria for recognition.

*Allocation of Expenses by Function*

As reported in the Statement of Functional Expenses, expenses of the Organization have been allocated to the following functional reporting classifications:

*Program Services Provided by Ripple Community, Inc.*

Program service expenses include costs incurred for activities that ultimately result in the delivery of services that fulfill the Organization's charitable purposes.

*Management and General*

Management and general expenses include costs incurred for the overall direction of the Organization, general record keeping, business management, budgeting, general board activities, and related purposes.

*Fundraising*

Fundraising expenses include costs incurred for activities that ultimately result in inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Fundraising activities include publicizing and conducting fund raising campaigns, maintaining donor mailing lists, conducting special fund raising events, and conducting other activities involved with soliciting contributions from individuals, foundations, governments, and others.

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

*Allocation of Expenses by Function (Continued)*

The Organization's methods for allocating expenses among the functional reporting classifications which cannot be specifically identified as program or supporting service are based on estimates made for time spent by key personnel between functions, space occupied by function, consumption of supplies and postage by function, and other objective bases.

*Income Taxes*

The Organization is a not-for-profit corporation organized under the laws of the Commonwealth of Pennsylvania and is exempt from the federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefits from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or liabilities recorded for the fiscal years 2019 and 2018.

*Concentration of Credit Risk*

The Organization maintains checking and savings accounts at one commercial bank. Accounts at the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Amounts on deposit at various times throughout the year may exceed the federally insured limits. As of September 30, 2019, the Organization had \$50,813 in excess of federally insured limits on deposit at one bank. Historically, the Organization has not experienced any credit losses.

*Adoption of New Accounting Standards*

The Organization has adopted the provisions of ASU No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* effective fiscal year ended September 30, 2019. In August 2016, FASB issued the above standard, with the stated purpose of improving financial reporting by not-for-profit entities (NFP). Among other provisions, ASU 2016-14 reduces the number of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, enhances disclosures on liquidity, and eliminates the requirement to prepare a reconciliation in the statement of cash flows when applying the direct method. It also revises the definitions of certain items. ASU 2016-14 is effective for fiscal years beginning December 15, 2017. The Organization has elected to adopt ASU 2016-14 for the year ending September 30, 2019 and it was applied retrospectively to the year ending September 30, 2018.

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

*Reclassification of Net Assets*

A reclassification of net assets occurred to correct the reporting of funds previously recognized as net assets with donor restrictions which are temporary in nature. The contributions which amounted to \$101,950 and the releases which amounted to \$44,880 to arrive at a remaining balance of \$57,070 of net assets subject to temporary donor restrictions have been reclassified within the 2018 financial statements to be reported as contributions which are not subject to donor restrictions. As a result, net assets with donor restrictions which are temporary in nature was reduced to \$-0-. Accordingly, net assets without donor restrictions were increased to \$133,675. The overall change in net assets was unaffected by the reclassification.

**3. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis, consist of the following:

	<u>Year Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
	(Reviewed)	(Compiled)
Cash and Cash Equivalents	\$ 306,821	\$ 133,675
Net Assets With Donor Restrictions	<u>(44,085)</u>	<u>-</u>
	<u>\$ 262,736</u>	<u>\$ 133,675</u>

The Organization is supported mainly by contributions. The Organization believes that contributions along with the assets held at September 30, 2019, are sufficient to enable the Organization to operate for the upcoming year.

**RIPPLE COMMUNITY, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

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**4. Property and Equipment**

Property and equipment consist of the following:

	Estimated Useful Life	September 30,	
		2019 (Reviewed)	2018 (Compiled)
Buildings and Improvements	5-30	\$ 3,173	\$ -
Less: Accumulated Depreciation		(53)	-
		<u>\$ 3,120</u>	<u>\$ -</u>

Depreciation charged to expense was \$53 and \$-0- for the years ended September 30, 2019 and 2018, respectively.

**5. Net Assets With Donor Restrictions**

Net assets with donor restrictions which are temporary in nature consist of the following as of September 30, 2019 and 2018:

	September 30,	
	2019 (Reviewed)	2018 (Compiled)
Collaboration Grant - CBW	\$ 40,000	\$ -
Adopt-an-Apartment	1,571	-
Meals	1,514	-
Carpet	1,000	-
	<u>\$ 44,085</u>	<u>\$ -</u>

The following schedule summarizes net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors during the year ended September 30:

	September 30,	
	2019 (Reviewed)	2018 (Compiled)
Shoes	\$ 4,465	\$ -
Rental Assistance	1,500	-
Adopt-an-Apartment	2,831	-
Meals	8,898	-
Website Design	2,562	-
Other	500	-
	<u>\$ 20,756</u>	<u>\$ -</u>

**RIPPLE COMMUNITY, INC.**  
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**6. Subsequent Events**

Management has evaluated subsequent events through January 16, 2020, the date on which the financial statements were available to be issued, and has determined that no material subsequent events exist that require disclosure.