ASSETS LANCASTER

Consolidated Financial Statements

Year Ended June 30, 2018

ASSETS LANCASTER
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

ASSETS Lancaster

Lancaster, Pennsylvania

We have audited the accompanying consolidated financial statement of ASSETS Lancaster (a nonprofit organization) and subsidiary, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Board of Directors
Assets Lancaster
Lancaster, Pennsylvania

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ASSETS Lancaster and subsidiary as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited ASSETS Lancaster and subsidiary's consolidated 2017 financial statements and expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Bertz, Hess & Co., LLP

BERTZ, HESS & CO., LLP
Lancaster, Pennsylvania
January 15, 2019

ASSETS LANCASTER
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS	2018	2017
CURRENT ASSETS		
Cash	$ 437,008	$ 256,681
Accounts receivable	26,488	8,644
Notes receivable, microloans (net of allowance for uncollectible accounts of $9,500 and $4,600 for 2018 and 2017, respectively)	38,910	30,755
Interest receivable	-	10,997
Unconditional promises to give	22,001	147,001
Prepaid expenses	6,222	2,063
Total Current Assets	530,629	456,141
PROPERTY AND EQUIPMENT, At Cost		
Office furniture	31,606	30,485
Computer equipment	51,741	44,364
Less accumulated depreciation	(41,519)	(29,997)
Net Property and Equipment	41,828	44,852
OTHER ASSETS		
Notes receivable, microloans, long-term	47,708	-
Note receivable, program development	-	541,000
TOTAL ASSETS	$ 620,165	$ 1,041,993

See notes to financial statements.

LIABILITIES AND NET ASSETS	2018	2017
CURRENT LIABILITIES		
Notes payable	$ 44,830	$ 64,991
Line of credit	-	67,000
Accounts payable	33,251	27,736
Escrow payable	1,909	3,373
Accrued payroll	25,423	24,082
Compensated absences	13,465	12,030
Total Current Liabilities	118,878	199,212
LONG TERM LIABILTIES		
Notes payable	130,693	39,699
TOTAL LIABILITIES	249,571	238,911
NET ASSETS		
Unrestricted	(48,705)	497,288
Temporarily restricted	419,299	305,794
TOTAL NET ASSETS	370,594	803,082
TOTAL LIABILITIES AND NET ASSETS	$ 620,165	$ 1,041,993

ASSETS LANCASTER
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2018 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017

	Unrestricted	Temporarily Restricted	2018 Totals	2017 Totals
PUBLIC SUPPORT AND OTHER INCOME				
Government Grants				
City grants	$ 5,000	$ -	$ 5,000	$ 5,000
Federal grants	302,303	280,928	583,231	150,000
Contributions and Other Grants				
Foundation grants	147,846	23,404	171,250	461,600
Corporate contributions	177,774	-	177,774	84,173
Individual contributions	143,325	-	143,325	100,992
Other Income				
Program income	314,107	-	314,107	15,090
Interest income	4,372	-	4,372	9,684
Miscellaneous income	90	-	90	372
Total Public Support and Other Income	1,094,817	304,332	1,399,149	826,911
EXPENSES				
Program services	1,031,575	-	1,031,575	601,687
Management and general	155,643	-	155,643	129,795
Fundraising	92,422	-	92,422	73,213
Total Expenses	1,279,640	-	1,279,640	804,695
TOTAL PUBLIC SUPPORT AND OTHER INCOME IN EXCESS (DEFICIENCY) OF EXPENSES	(184,823)	304,332	119,509	22,216
OTHER CHANGES IN NET ASSETS				
Impairment loss (Note 6)	(551,997)	-	(551,997)	-
Net assets released from restrictions	190,827	(190,827)	-	-
CHANGE IN NET ASSETS	$ (545,993)	$ 113,505	$ (432,488)	$ 22,216
NET ASSETS, BEGINNING	$ 497,288	$ 305,794	$ 803,082	780,866
Change in Net Assets	(545,993)	113,505	(432,488)	22,216
NET ASSETS, ENDING	$ (48,705)	$ 419,299	$ 370,594	$ 803,082

See notes to financial statements.

ASSETS LANCASTER
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017

	Program Services	Management and General	Fundraising	2018 Totals	2017 Totals
Wages	$ 482,895	$ 97,908	$ 48,954	$ 629,758	$ 381,396
Health insurance	32,710	9,346	4,673	46,729	38,238
Payroll taxes	45,540	8,232	4,116	57,887	40,187
Retirement plan contributions	6,226	1,779	889	8,894	8,066
Contract labor	56,350	-	-	56,350	-
Staff development and travel	33,484	9,567	4,784	47,835	44,013
Depreciation	-	11,522	-	11,522	8,068
Bad debt expense	5,789	-	-	5,789	4,748
Interest expense	3,818	-	-	3,818	600
Repairs and maintenance	9,806	-	2,451	12,257	4,129
Insurance	15,194	4,341	2,171	21,706	12,860
Rent	75	22	11	108	10,194
Telephone	2,232	638	319	3,189	2,938
Utilities	14,150	4,043	2,021	20,214	2,846
Program expenses	77,014	-	-	77,014	47,448
Program development	54,390	-	16,746	71,136	47,761
Miscellaneous	-	-	184	184	597
Office expense	31,603	-	981	32,584	17,188
Postage	1,918	-	-	1,918	680
Professional fees	23,707	6,774	3,387	33,868	62,823
Consulting	129,527	-	-	129,527	64,844
Administrative expenses	3,125	893	446	4,464	2,157
Registration and memberships	2,022	578	289	2,889	2,914
Total Expenses	$ 1,031,575	$ 155,643	$ 92,422	$ 1,279,640	$ 804,695

See notes to financial statements.

ASSETS LANCASTER
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (432,488)	$ 22,216
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation and amortization	11,522	8,068
Impairment loss	551,997	-
(Increase) decrease in:		
Accounts receivable	(17,844)	(8,644)
Notes receivable, microloans (net of allowance for uncollectible accounts)	(55,863)	(7,322)
Interest receivable	-	(6,745)
Unconditional promises to give	125,000	(122,001)
Prepaid expenses	(4,159)	(2,063)
Increase (decrease) in:		
Accounts payable	5,515	11,094
Escrow payable	(1,464)	(2,198)
Accrued payroll	1,341	9,826
Compensated absences	1,435	(4,108)
Cash Provided (Used) by Operating Activities	184,992	(101,877)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(8,498)	(30,096)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings (repayments) on line of credit, net	(67,000)	67,000
Payments on long-term debt	(40,417)	-
Proceeeds from long-term debt	111,250	43,750
Cash Provided by Financing Activities	3,833	110,750
NET INCREASE (DECREASE) IN CASH	180,327	(21,223)
Cash at Beginning of Year	256,681	277,904
Cash at End of Year	$ 437,008	$ 256,681
SCHEDULE OF SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 3,818	$ 1,567

See notes to financial statements.

NOTE 1: ORGANIZATION DATA

ASSETS Lancaster (the "Organization") is a nonprofit organization whose purpose is to create economic opportunity and cultivate entrepreneurial leadership to alleviate poverty and build vibrant, sustainable communities. The Organization does this by providing business development services including training, mentoring, technical assistance and lending to underrepresented entrepreneurs and social enterprises in South Central Pennsylvania, with a focus on Lancaster County and Lancaster City. The Organization was incorporated as a Pennsylvania not-for-profit corporation in October 1995.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by 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, 2017, from which the summarized information was derived.

Principles of Consolidation

The consolidated financial statements of ASSETS Lancaster and subsidiary include the accounts of ASSETS Lancaster and its wholly owned subsidiary Lancaster Works at ASSETS, LLC. ASSETS Lancaster and its subsidiary entity are referred to collectively as the "Organization." All significant financial activity between ASSETS Lancaster and its wholly owned subsidiary is eliminated in the preparation of the consolidated financial statements.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets

Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted Net Assets

The use of temporarily restricted net assets is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income on these assets. There were no permanently restricted net assets as of June 30, 2018 and 2017.

Revenues are reported as increases in unrestricted net assets unless they are restricted by donor-imposed stipulations. Expenses are generally reported as decreases in unrestricted net assets. Satisfaction of donor-imposed stipulations that simultaneously increase unrestricted net assets and decrease temporarily restricted net assets are reported as reclassifications. Temporarily restricted revenue received and expended during the same fiscal year is recorded as unrestricted revenue and expense in the consolidated statement of activities.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

For purposes of reporting the consolidated statement of cash flows, the Organization considers all cash accounts which are not subject to withdrawal restrictions or penalties and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at approximate fair value at the date of donation. The Organization capitalizes property and equipment costing in excess of $500. Expenditures for maintenance and repairs that materially improve or extend the life of assets are also capitalized.

Depreciation of property and equipment is computed on the straight-line method. Estimated lives are generally as follows:

Office furniture	5 years
Computer equipment	5 to 7 years

Depreciation expense for the years ended June 30, 2018 and 2017 was $11,522 and $8,068, respectively.

Contributed Services

A number of unpaid volunteers have made significant contributions of time to the Organization for the purpose of providing training, mentoring and technical assistance to the entrepreneurs in the Organization's development courses. In accordance with the accrual basis of accounting described above, the Organization has not recorded the value of these contributed services in the accompanying financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Direct expenses are assigned to the functional expense classifications to which they apply. Management, overhead, and general and administrative costs which are not identifiable with a single program or fund-raising activity, but are indispensable to the conduct of those activities and to the Organization's existence, are allocated to those program and supporting services which benefit from the expenses. The allocation percentages are reviewed annually for reasonableness.

Income Tax Status

The Organization is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related activities pursuant to Section 509(a) of the Code.

Tax returns are open for examination by the Internal Revenue Service for three years from the due date of the returns. The tax years subject to examination by the state jurisdiction are unlimited. The Organization has evaluated its tax filings for the open tax years for uncertain tax positions.

Management's Evaluation of Subsequent Events

Events that occurred subsequent to June 30, 2018 have been evaluated by the Organization's management through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

Reclassifications

Certain 2017 amounts have been reclassified to conform to current year presentation.

NOTE 3: CONCENTRATIONS

Credit Risk

The Organization maintains its cash at financial institutions located in South Central Pennsylvania. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Association (NCUA), both up to $250,000. The Organization had balances in excess of the FDIC or NCUA insurance limits of $121,044 at June 30, 2018. The Organization had no balances in excess of the FDIC or NCUA insurance limits at June 30, 2017.

Support and Revenue

During the year ended June 30, 2018, approximately 41% of total public support and other income was attributable to two grantors. During the year ended June 30, 2017, approximately 61% of total public support and other income was attributable to three grantors.

Notes Receivable

During the year ended June 30, 2018, microloan notes receivable (Note 4) from five borrowers comprised approximately 85% of total gross notes receivable. During the year ended June 30, 2017, microloan notes receivable from three borrowers comprised 34% of total gross notes receivable.

NOTE 4: NOTES RECEIVABLE, MICROLOANS

The Organization provides notes receivable in the form of microloans in the following categories:

Lending Circle Loans

Lending Circle loans provide funding between $600 and $3,600 to new and existing small business owners. The participants in each Lending Circle provide an escrow deposit equal to one month's loan payment as a guarantee for all loans within the Lending Circle, which creates a model that induces mutual responsibility for members of the Lending Circle. These microloans bear interest at 8.5% for the year ended June 30, 2018 and at rates between 8.5% and 9.0% for the year ended June 30, 2017 and have various maturity dates through April 2019.

Fast Track Loans

Fast Track Loans provide funding between $3,600 and $10,000 to established small business owners and graduates of the Organization's Lending Circles program. Fast Track Loans are unsecured. These microloans bear interest at 9.0% for the year ended June 30, 2018 and at rates between 8.5% and 9.0% for the year ended June 30, 2017 and have various maturity dates through March 2018.

Social Impact Loans

Social Impact Loans provide funding between $10,000 and $50,000 to established small business owners who are committed to becoming B-Corporation certified within 12 months of receiving Social Impact Loan funding. Social Impact Loans are unsecured. These microloans bear interest at rates between 4.0% and 6.25% for the year ended June 30, 2018 and have various maturity dates through June 2022.

Balances of notes receivable by category of program as of June 30, 2018 and 2017 are as follows:

	2018	2017
Lending Circles, guaranteed	$ 10,740	$ 24,506
Fast Track Loans, unsecured	3,099	10,849
Social Impact Loans, unsecured	82,279	-
Subtotal	96,118	35,355
Less: Loan loss reserve	(9,500)	(4,600)
Total	86,618	30,755

Maturities of loans receivable are as follows at June 30:

2019	$ 48,410
2020	20,796
2021	16,662
2022	10,250
Total	$ 96,118

NOTE 4: NOTES RECEIVABLE, MICROLOANS (Continued)

Changes to the loan loss reserve for the years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Beginning Balance	$ 4,600	$ -
Provision for loan losses	5,777	4,600
Write-off of uncollectible loans, net of recoveries	(877)	-
Ending Balance	$ 9,500	$ 4,600

Credit Losses

The Organization maintains a cash reserve for loan losses as follows:

• An escrow account is maintained which is made up of one months' payment from certain notes receivable as noted above for a total of 18% and 8% of all guaranteed loans outstanding as of June 30, 2018 and 2017, respectively. Other notes receivable are unsecured.

• The Organization maintains additional cash reserves to total at least 15% of all loans outstanding as a cash reserve against potential losses.

Loans determined to be uncollectible are charged to the escrow account during the period in which such determination is made. The Organization makes periodic credit reviews of the Lending Circle portfolios and considers current economic conditions, historical loan loss experience and other factors to determine whether to write off a loan. During the years ended June 30, 2018 and 2017, the Organization wrote off $2,652 and $148 of loans as uncollectible, respectively. As of June 30, 2018 and 2017, the Organization held $1,909 and $3,373, respectively, in escrow.

Credit Quality Considerations

The Organization provides micro-lending to new business entrepreneurs who may not possess the credit history required to qualify for bank financing. Therefore, the credit policies may result in more risks than traditionally used by banks and other financial institutions. The Organization does not measure credit quality in accordance with standards such as those ratings identified in Moody's Investor Services.

NOTE 5: UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are recognized as revenues in the period promised. Unconditional promises to give that are expected to be collected within one year are recorded at the anticipated collectible value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured at the present value of their future cash flows using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. At June 30, 2018 and 2017, all promises to give are expected to be collected within one year and are therefore not discounted. Management anticipates the pledges to be fully collectible. Unconditional promises to give are reported as increases in temporarily restricted or permanently restricted net assets depending upon the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. As of June 30, 2018 and 2017, unconditional promises to give were $22,001 and $147,001, respectively.

NOTE 6: IMPAIRMENT LOSS

During the year ended June 30, 2015, the Organization received a federal grant through the United States Department of Health and Human Services under the Community Development Block Grant Program to assist a local business in startup costs. The Organization loaned $400,000 of the grant proceeds to an unrelated business entity. During the year ended June 30, 2016, an additional $141,000 of grant proceeds was advanced to the business entity upon successful completion of certain objectives. The business ceased operations during 2018 and the Organization deemed the full amount of the receivable and accrued interest of $10,997 to be uncollectible. For the year ended June 30, 2018, the Organization recorded an impairment loss of $551,997.

NOTE 7: COMPENSATED ABSENCES

Full-time employees of the Organization are entitled to paid time off depending on length of service and other factors. The Organization allows full-time employees to carry a balance of 30 days of paid time off from the prior year. At June 30, 2018 and 2017, the liability for compensated absences amounted to $13,465 and $12,030, respectively.

NOTE 8: LINE OF CREDIT

The Organization has a line of credit with a local financial institution. In October 2016, the line of credit borrowing limit was increased from $40,000 to $80,000. In October 2017, the Organization's line of credit was increased from $80,000 to $120,000. The loan is secured by accounts receivable, inventory, general intangibles, and property and equipment. The interest rate is based on the bank's prime rate, subject to a floor of 5.50%. The applicable interest rate in effect was 6.50% and 5.75% at June 30, 2018 and 2017, respectively. No balance was outstanding as of June 30, 2018. The Organization had a balance on the line of credit at June 30, 2017 of $67,000.

NOTE 9: NOTES PAYABLE

The Organization has an unsecured note payable from an individual in the amount of $30,000. The loan has a prime rate of interest of 5.00% as of June 30, 2018 and is payable within 60 days upon demand. If not demanded, principal and interest is due at September 5, 2018. No interest was paid as of June 30, 2018. Subsequent to year-end, this loan was refinanced through September 2019.

During the year ended June 30, 2018, the Organization obtained an unsecured non-interest-bearing note payable from a local government for $30,940. No discount has been recognized on this note. Management believes this departure from generally accepted accounting principles is immaterial to the consolidated financial statements taken as a whole. The loan is payable upon demand within 90 days of receiving written notice from the payee.

In August 2016, the Organization obtained a SBA micro-lending loan note payable with a maximum amount of $125,000. Proceeds for the note payable must be used to relend to eligible small business concerns. The note is payable 120 months from the date of the note, with variable interest accruing between 0% and 1.125% per annum, based on certain performance criteria within the portfolio. During the first 24 months, the interest rate on the note payable will be 0%. No payments of principal are required during the first 12 months on the note payable. The note payable is secured by all funds held in the Microloan Revolving Fund, a security interest in all funds held in the Loan Loss Reserve Fund, and in all microloans made as a result of funding received under the Microloan Program. At June 30, 2018 and 2017, the balance on this note payable was $114,583 and $43,750, respectively.

NOTE 9: NOTES PAYABLE (Continued)

Notes payable consist of the following at June 30, 2018 and 2017:

	2018		2017	
	Balance	Current Portion	Balance	Current Portion
Note payable, individuals, unsecured	$ 30,000	$ -	$ 30,000	$ 30,000
Note payable, governmental agency, unsecured	30,940	30,940	30,940	30,940
Note payable, governmental agency, secured	114,583	13,890	43,750	4,051
Total notes payable	175,523	$ 44,830	104,690	$ 64,991
Less Current Portion	44,830		64,991	
Total Long-Term Debt	$ 130,693		$ 39,699	

Maturities of notes payable are as follows at June 30:

2019	$ 44,830
2020	43,889
2021	13,889
2022	13,889
2023	13,889
Thereafter	45,137
Total	$ 175,523

NOTE 10: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30:

	2018	2017
BB&T - Measure What Matters	$ 81,661	$ 206,515
CAP Housing	-	2,948
LCCF - Great Social Enterprise Pitch	18,404	47,623
S. Dale High Foundation	-	7,039
Wyomissing Foundation	38,305	41,669
Community Development Financial Institution	280,929	-
Total temporarily restricted net assets	$ 419,299	$ 305,794

The Measure What Matters represents a grant from the BB&T Economic Growth Fund of the Lancaster County Community Foundation.

The CAP Housing represents a grant of $20,000 for the purpose of a feasibility study of the Southern Market Building.

The LCCF - Great Social Enterprise Pitch represents grants of $20,000 and $60,000 for the years ended June 30, 2018 and 2017 for the purpose of analysis of improvement and environmental impact, and strengthening the Impact Fund.

The S. Dale High Foundation represents a grant of $20,000 for the purpose of financing furniture purchases for the Organizations' office.

The Wyomissing Foundation represents a grant of $44,000 for two years to support a two year Credit-Building Circle Pilot in Reading, Pennsylvania. The initial $22,000 was received in 2017, with a second $22,000 issued upon meeting certain criteria of the grant.

The Community Development Financial Institution represents a grant of $350,000 to support the expansion of the Organization's microlending.

NOTE 11: RETIREMENT PLAN

The Organization has a SIMPLE IRA retirement plan for employees. The plan provides a matching benefit of up to 3% of employee contributions. In March 2017, the Organization began an additional 2% SIMPLE IRA match program for employees. Total retirement plan expense for the years ended June 30, 2018 and 2017 was $8,894 and $8,066, respectively.

NOTE 12: OPERATING LEASES

The Organization leased a copier for 39 monthly payments of $144. This lease ended at the end of October of 2017 after a new lease was subsequently signed. The lease renewal is for 60-months with a monthly payment of $151. Total lease expense for the years ended June 30, 2018 and 2017 was $1,997 and $1,636, respectively, and is included in office expense in the statement of functional expenses.

The approximate remaining annual minimum lease payments under non-cancellable operating leases existing as of June 30, 2018 for each of the years ended June 30 are:

2019	$	1,812
2020		1,812
2021		1,812
2022		1,812
2023		604
Total	$	7,852

The Organization entered into a lease agreement for office space in Lancaster, which automatically renewed for successive one-year periods. Effective April 2017, the Organization terminated its lease agreement with the lessor. Total lease expense for the years ended June 30, 2018 and 2017 was $0 and $7,146, respectively.

The Organization leased parking spaces on a month-to-month basis. Effective March 2017, the Organization terminated its lease for parking spaces. Total lease expense for the years ended June 30, 2018 and 2017 was $108 and $3,048, respectively.

NOTE 13: RELATED PARTY TRANSACTIONS

For the year ended June 30, 2018, one employee of the Organization is a board member of the financial institution that maintains certain cash balances of the Organization.

For the year ended June 30, 2018, one board member of the Organization is a board member of the financial institution that maintains certain cash balances of the Organization.

For the year ended June 30, 2017, one member of the Board of Directors is an employee of the financial institution where the Organization maintains certain cash balances and its line of credit.

One employee of the Organization is a co-owner of a company that provides skin care products. During the year ended June 30, 2017 but prior to this individual's employment, loans totaling $600 were made to this company. There was no balance of these loan receivables at June 30, 2018. The balance of these loans receivable at June 30, 2017 was $308.

For the years ended June 30, 2018 and 2017, the Organization received donations from two board members totaling $15,600 and $18,700, respectively.

NOTE 14: LANCASTER WORKS AT ASSETS, LLC

The Organization is the 100% owner of Lancaster Works at ASSETS, LLC, a for-profit limited liability company whose services include contract and temporary-to-permanent job placements, payroll services, and executive recruiting. Lancaster Works at ASSETS, LLC operates as a B-Corporation staffing agency. The consolidated financial statements of ASSETS Lancaster include the accounts of Lancaster Works at ASSETS, LLC.