

**ASSETS LANCASTER**

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**Financial Statements**

**Year Ended June 30, 2022**

ASSETS LANCASTER  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022

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# BERTZ, HESS & CO., LLP

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors

ASSETS Lancaster

Lancaster, Pennsylvania

### **Opinion**

We have audited the accompanying financial statements of ASSETS Lancaster (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ASSETS Lancaster as of June 30, 2022, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ASSETS Lancaster 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 ASSETS Lancaster's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors  
ASSETS Lancaster  
Lancaster, Pennsylvania

### **Auditors' 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 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, 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 ASSETS Lancaster's 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 ASSETS Lancaster's 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.

*Bertz, Hess & Co., LLP*

BERTZ, HESS & CO., LLP  
Lancaster, Pennsylvania  
December 14, 2022

ASSETS LANCASTER  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022

ASSETS	2022
<b>CURRENT ASSETS</b>	
Cash	\$ 812,195
Contract receivables	26,115
Notes receivable, microloans (net of allowance for uncollectible accounts of \$3,977)	40,402
Grants receivable	128,625
Unconditional promises to give	4,140
Prepaid expenses	10,924
<b>Total Current Assets</b>	<b>1,022,401</b>
<b>PROPERTY AND EQUIPMENT, At Cost</b>	
Office furniture	65,847
Computer equipment	37,927
Leasehold improvements	262,785
Less accumulated depreciation	(46,693)
<b>Net Property and Equipment</b>	<b>319,866</b>
<b>OTHER ASSETS</b>	
Security deposit	9,232
Notes receivable, microloans, long-term	50,358
<b>Total Other Assets</b>	<b>59,590</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,401,857</b>

See notes to financial statements.

LIABILITIES AND NET ASSETS	2022
<b>CURRENT LIABILITIES</b>	
Notes payable	\$ 56,459
Accounts payable	1,738
Escrow payable	933
Accrued payroll	32,721
Compensated absences	14,970
<b>Total Current Liabilities</b>	<b>106,821</b>
<b>LONG TERM LIABILITIES</b>	
Notes payable	107,963
<b>TOTAL LIABILITIES</b>	<b>214,784</b>
<b>NET ASSETS</b>	
Without donor restrictions	324,654
With donor restrictions	862,419
<b>TOTAL NET ASSETS</b>	<b>1,187,073</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,401,857</b>

ASSETS LANCASTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	2022 Totals
<b>PUBLIC SUPPORT AND OTHER INCOME</b>			
Government Grants			
State and local grants	\$ 20,000	\$ 232,941	\$ 252,941
Federal grants	379,935	-	379,935
Contributions and Other Grants			
Foundation grants	352,438	-	352,438
Corporate contributions	128,866	-	128,866
Individual contributions	143,076	-	143,076
In-kind contributions	10,678	-	10,678
Other Income			
Program income	36,400	-	36,400
Interest income	11,350	-	11,350
PPP loan forgiveness	167,791	-	167,791
<b>Total Public Support and Other Income</b>	<b>1,250,534</b>	<b>232,941</b>	<b>1,483,475</b>
<b>EXPENSES</b>			
Program services	854,580	-	854,580
Management and general	400,232	-	400,232
Fundraising	156,250	-	156,250
<b>Total Expenses</b>	<b>1,411,062</b>	<b>-</b>	<b>1,411,062</b>
<b>TOTAL PUBLIC SUPPORT AND OTHER INCOME IN (DEFICIENCY) EXCESS OF EXPENSES</b>	<b>(160,528)</b>	<b>232,941</b>	<b>72,413</b>
<b>OTHER CHANGES IN NET ASSETS</b>			
Net assets released from restrictions	46,000	(46,000)	-
<b>CHANGE IN NET ASSETS FROM CONTINUING OPERATIONS</b>	<b>(114,528)</b>	<b>186,941</b>	<b>72,413</b>
<b>LOSS ON SALE OF SUBSIDIARY</b>	<b>(49,911)</b>	<b>-</b>	<b>(49,911)</b>
<b>INCOME FROM DISCONTINUED OPERATIONS</b>	<b>80,166</b>	<b>-</b>	<b>80,166</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (84,273)</b>	<b>\$ 186,941</b>	<b>\$ 102,668</b>
<b>NET ASSETS, BEGINNING</b>	<b>\$ 408,927</b>	<b>\$ 675,478</b>	<b>\$ 1,084,405</b>
Change in Net Assets	(84,273)	186,941	102,668
<b>NET ASSETS, ENDING</b>	<b>\$ 324,654</b>	<b>\$ 862,419</b>	<b>\$ 1,187,073</b>

See notes to financial statements.

ASSETS LANCASTER  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	2022 Totals
Wages	\$ 530,206	\$ 151,488	\$ 75,744	\$ 757,438
Health insurance	47,431	13,552	6,776	67,759
Payroll taxes	40,617	11,605	5,802	58,024
Retirement plan contributions	10,092	2,883	1,442	14,417
Staff development and travel	10,536	3,010	1,505	15,051
Depreciation	-	34,892	-	34,892
Bad debt expense	5,876	-	-	5,876
Interest expense	602	-	-	602
Repairs and maintenance	22,191	-	5,548	27,739
Insurance	10,677	3,051	1,525	15,253
Rent	-	64,624	-	64,624
Telephone	6,394	1,827	913	9,134
Utilities	1,977	565	282	2,824
Program expenses	9,001	-	-	9,001
Program development	40,737	-	20,139	60,876
Miscellaneous	-	-	32,918	32,918
Office expense	71,535	-	87	71,622
Postage	342	-	-	342
Professional fees	19,472	5,564	2,782	27,818
Consulting	21,387	-	-	21,387
Administrative expenses	2,196	628	314	3,138
Registration and memberships	3,311	946	473	4,730
Loss on disposal of assets	-	105,597	-	105,597
<b>Total Expenses</b>	<b>\$ 854,580</b>	<b>\$ 400,232</b>	<b>\$ 156,250</b>	<b>\$ 1,411,062</b>

See notes to financial statements.



ASSETS LANCASTER  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 102,668
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation and amortization	34,892
Donated property and equipment	(750)
Loss on disposal of assets	105,597
Forgiveness of long-term debt	(167,791)
Income from discontinued operations	(80,166)
Loss on disposal of subsidiary	49,911
(Increase) decrease in:	
Contract receivables	(23,670)
Notes receivable, microloans (net of allowance for uncollectible accounts)	(631)
Grants receivable	71,375
Unconditional promises to give	(3,640)
Prepaid expenses	(9,219)
Security deposit	(9,232)
Loan capital participation receivable	200,000
Increase (decrease) in:	
Accounts payable	(89,584)
Escrow payable	(2,064)
Accrued payroll	(6,867)
Compensated absences	(9,931)
<b>Cash Provided by Operating Activities</b>	<b>160,898</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net proceeds from sale of subsidiary	44,103
Purchases of property and equipment	(322,468)
<b>Cash Used by Investing Activities</b>	<b>(278,365)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on long-term debt	(25,689)
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>(143,156)</b>
Cash at Beginning of Year	955,351
<b>Cash at End of Year</b>	<b>\$ 812,195</b>
<b>SCHEDULE OF SUPPLEMENTAL CASH FLOW INFORMATION</b>	
Cash paid during the year for interest	\$ 602

See notes to financial statements.

ASSETS LANCASTER  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2022

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 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.

Financial Statement Presentation

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

Net Assets Without Donor Restrictions

Net assets without donor restrictions are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Net Assets With Donor Restrictions

The use of net assets with donor restrictions 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.

Revenues are reported as increases in net assets without donor restrictions unless they are restricted by donor-imposed stipulations. Expenses are generally reported as decreases in net assets without donor restrictions. Satisfaction of donor-imposed stipulations that simultaneously increase net assets without donor restrictions and decrease net assets with donor restrictions are reported as reclassifications. Donor restricted revenue received and expended during the same fiscal year is recorded as revenue without donor restrictions in the statement of activities.

Revenue Recognition

Contracts with customers consist of training, consulting, probationary placements and payroll processing. The Organization recognizes revenue at the end of each billing period, at which time the customer receives an invoice for services performed throughout the period.

At July 1, 2021, the balance of contract receivables was \$2,445.

ASSETS LANCASTER  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Loan Capital Participation Receivable

During the year ended June 30, 2020, the Organization provided funding of \$200,000 to another not-for-profit organization, Community First Fund, as part of the Lancaster City Small Business Emergency Fund. The Organization was repaid in full during the year ended June 30, 2022, on this loan capital participation receivable.

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
Leasehold improvements	15 years

Depreciation expense for the year ended June 30, 2022, was \$34,892.

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.

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.

ASSETS LANCASTER  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022, 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.

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 \$263,789 at June 30, 2022.

Support and Revenue

During the year ended June 30, 2022, approximately 18.9% of total support and revenue was attributable to one grantor, and approximately 47.3% of total receivables was attributable to two grantors.

Notes Receivable

During the year ended June 30, 2022, microloan notes receivable from three borrowers comprised 50.16% of total gross notes receivable.

NOTE 4: NOTES RECEIVABLE, MICROLOANS

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

Small Business Loans

Small Business Loans provide funding between \$600 and \$10,000 to new and existing small business owners. Certain participants provide an initial escrow deposit equal to one month's loan payment as a guarantee for all loans within that loan pool, which creates a model that induces mutual responsibility for members of the loan pool. These loans bear interest at rates of 8.5% and have various maturity dates through October 2024.

ASSETS LANCASTER  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2022

NOTE 4: NOTES RECEIVABLE, MICROLOANS (Continued)

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 and have various maturity dates through April 2027. The microloans bear interest at rates between 4.5% and 9.5%.

Balances of notes receivable by category of program as of June 30, 2022, are as follows:

Small Business Loans	\$	24,625
Social Impact Loans, unsecured		70,112
Subtotal		94,737
 Less: Loan loss reserve		 (3,977)
 Total	 \$	 90,760

Maturities of notes receivable are as follows at June 30:

2023	\$	44,379
2024		28,683
2025		10,481
2026		5,471
2027		5,723
 Total	 \$	 94,737

Changes to the loan loss reserve for the year ended June 30, 2022, are as follows:

Beginning Balance	\$	4,096
Provision for loan losses		5,876
Write-off of uncollectible loans, net of recoveries		(5,995)
 Ending Balance	 \$	 3,977

ASSETS LANCASTER  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2022

NOTE 4: NOTES RECEIVABLE, MICROLOANS (Continued)

Credit Losses

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

- An escrow account is made up of one months' payment from certain notes receivable as noted above for a total of 5.09% of all guaranteed loans outstanding as of June 30, 2022. 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 loan portfolio and considers current economic conditions, historical loan loss experience and other factors to determine whether to write off a loan. During the year ended June 30, 2022, the Organization wrote off \$5,995 of loans as uncollectible. As of June 30, 2022, the Organization held \$933 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. Credit quality indicators and related risk ratings are updated for individual borrowers on an as-needed basis and at least annually at year-end.

The Organization has utilized the following risk assessment model to estimate its allowance for credit losses as of June 30, 2022:

Risk Category	Loan Balances	Reserve Percentage	Reserve Amount
Very low	\$ 32,190	2.50%	\$ 805
Low	60,460	5.00%	3,023
Moderate	1,986	7.50%	149
Miscellaneous	101	Various	-
<b>Total</b>	<b>\$ 94,737</b>		<b>\$ 3,977</b>

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, 2022, 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 donor restricted net assets depending upon the nature of the restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions. As of June 30, 2022, unconditional promises to give were \$4,140.

ASSETS LANCASTER  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2022

NOTE 6: 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, 2022, the liability for compensated absences amounted to \$14,970.

NOTE 7: LINE OF CREDIT

The Organization has a \$200,000 line of credit with a local financial institution. 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 5.75% at June 30, 2022. There was no balance on this line of credit as of June 30, 2022.

NOTE 8: NOTES PAYABLE

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 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. 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, 2022, the balance on this note payable was \$61,389.

In August 2018, the Organization obtained a SBA micro-lending loan note payable with a maximum amount of \$100,000. 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 0.75% and 2.75% per annum, based on certain performance criteria within the portfolio. 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, 2022, the balance on this note payable was \$72,093.

During March 2021, ASSETS Lancaster received a Paycheck Protection Program (PPP) loan from the SBA in the amount of \$167,791. In November 2021, the loan was forgiven in full, including \$1,077 in accrued interest.

ASSETS LANCASTER  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2022

NOTE 8: NOTES PAYABLE (Continued)

Notes payable consist of the following at June 30, 2022:

	Balance	Current Portion
Note payable, governmental agency, unsecured	\$ 30,940	\$ 30,940
Notes payable, governmental agency, secured	133,482	25,519
Total notes payable	164,422	<u>\$ 56,459</u>
Less Current Portion	<u>56,459</u>	
<u>Total Long-Term Debt</u>	<u>\$ 107,963</u>	

Maturities of notes payable are as follows at June 30:

	\$ 56,459
2023	25,602
2024	25,686
2025	25,771
2026	15,024
2027	15,880
Thereafter	<u>15,880</u>
<u>Total</u>	<u>\$ 164,422</u>

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of Community Development Financial Institution (CDFI) grants at June 30, 2022. The CDFI grants represent grants of \$200,000, \$428,000 and \$350,000 for the years ended June 30, 2021, 2019 and 2018, respectively, to support the expansion of the Organization's microlending.

Net assets with donor restrictions also consisted of Pennsylvania Community Development Financial Institution (PA CDFI) grants at June 30, 2022. The PA CDFI grant represents a grant of \$232,941 for the year ended June 30, 2022, to support the expansion of the Organization's microlending.

Net assets with donor restrictions were as follows for June 30:

	2022
CDFI grants	\$ 629,478
PA CDFI grants	232,941
<u>Total</u>	<u>\$ 862,419</u>



ASSETS LANCASTER  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2022

NOTE 10: RETIREMENT PLAN

The Organization has a SIMPLE IRA retirement plan for employees. The plan provides a matching benefit of up to 2% of employee contributions. Total retirement plan expense for the year ended June 30, 2022, was \$14,417.

NOTE 11: OPERATING LEASES

The Organization has a lease for a copier with a monthly payment of \$151, for a lease term from November 2017 to October 2022. The lease was renewed to October 2027. Total lease expense for the year ended June 30, 2022, was \$1,725, and is included in office expense in the statement of functional expenses.

The Organization has a lease for office space with a monthly payment of \$9,232, for a lease term from December 2021 to November 2026. Total lease expense for the year ended June 30, 2022, was \$64,624, and is included in rent in the statement of functional expenses.

The approximate remaining annual minimum lease payments under non-cancellable operating leases existing as of June 30, 2022, for each of the years ended June 30 are:

2023	\$	112,596
2024		112,596
2025		112,596
2026		112,596
2027		47,972
Thereafter		604
<hr/>		
Total	\$	498,960

NOTE 12: RELATED PARTY TRANSACTIONS

For the year ended June 30, 2022, 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.

For the year ended June 30, 2022, one member of the Board of Directors is an employee of the financial institution where the Organization maintains certain cash balances.

For the year ended June 30, 2022, one member of the Board of Directors is the owner of an insurance brokerage where the Organization purchases its insurance policies. Total amounts paid to this insurance brokerage were \$1,050 for the year ended June 30, 2022.

For the year ended June 30, 2022, the Organization received significant donations from two board members totaling \$33,500.

For the year ended June 30, 2022, one member of the Board of Directors is a shareholder of a legal and consulting firm which provided legal services to the Organization totaling \$11,821.

For the year ended June 30, 2022, one member of the Board of Directors is an employee of a consulting firm which provided services related to the Organization's Executive Director search totaling \$34,249.

ASSETS LANCASTER  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2022

NOTE 13: DISCONTINUED OPERATIONS

Effective November 19, 2021, ASSETS Lancaster sold its 100% ownership of Lancaster Works at ASSETS, LLC, a for-profit limited liability company whose services include contract and temporary job placements, payroll services, and executive recruiting. Lancaster Works at ASSETS, LLC operated as a B-Corporation staffing agency. ASSETS sold its ownership to an employee of Lancaster Works at ASSETS, LLC. The purchase price for the Organization's ownership interest was 90% of Lancaster Works at ASSETS, LLC's receivable balance as of November 19, 2021.

NOTE 14: LIQUIDITY

The Organization's current financial assets as of June 30, 2022, are as follows:

Cash	\$ 812,195
Contract receivables	26,115
Notes receivable, microloans	40,402
Grants receivable	128,625
Unconditional promises to give	4,140
Financial assets, at year-end	\$ 1,011,477

The following reflects the Organization's financial assets as of June 30, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year:

Financial assets, at year-end	\$ 1,011,477
Less those unavailable for general expenditures within one year due to:	
Donor restrictions	(862,419)
Cash collateralizing secured debt	(136,396)
Financial assets available for general expenditures within one year	\$ 12,662