



***CITIZEN ADVOCACY OF CHESTER COUNTY***

**FINANCIAL STATEMENTS**

**Years Ended September 30, 2022 and 2021**



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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Citizen Advocacy of Chester County  
Phoenixville, Pennsylvania**

### **Opinion**

We have audited the accompanying financial statements of Citizen Advocacy of Chester County (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Citizen Advocacy of Chester County as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Citizen Advocacy of Chester County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Citizen Advocacy of Chester County's 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 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 Citizen Advocacy of Chester County'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 Citizen Advocacy of Chester County'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.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
January 17, 2023**

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**STATEMENTS OF FINANCIAL POSITION**

September 30

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 321,601	\$ 309,414
Accounts Receivable	-	11,418
Pledges receivable, current	15,334	25,458
Prepaid expenses	<u>4,023</u>	<u>2,236</u>
<b>TOTAL CURRENT ASSETS</b>	<b>340,958</b>	<b>348,526</b>
<b>LONG-TERM PLEDGES RECEIVABLE, NET</b>	-	23,840
<b>EQUIPMENT</b>		
Office equipment	5,404	5,404
Less: accumulated depreciation	<u>(4,633)</u>	<u>(4,247)</u>
<b>NET EQUIPMENT</b>	<u>771</u>	<u>1,157</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 341,729</u></b>	<b><u>\$ 373,523</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 8,937	\$ 6,470
Deferred revenue	5,745	7,588
Paycheck Protection Program loan	<u>-</u>	<u>21,488</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>14,682</b>	<b>35,546</b>
<b>NET ASSETS</b>		
Without donor restrictions - undesignated	273,047	283,977
Without donor restrictions - board designated operating reserve	<u>54,000</u>	<u>54,000</u>
<b>TOTAL NET ASSETS</b>	<u>327,047</u>	<u>337,977</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 341,729</u></b>	<b><u>\$ 373,523</u></b>

See accompanying notes.

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**STATEMENTS OF ACTIVITIES**

	Year Ended September 30	
	2022	2021
<b>WITHOUT DONOR RESTRICTIONS:</b>		
<b>SUPPORT AND REVENUES</b>		
Community Coalition	\$ 44,755	\$ 44,370
Contributions from events	93,642	81,707
Foundation awards	6,200	26,450
Contributions	61,152	44,686
Campaign contributions	24,557	168,548
Inkind contributions	320	560
Interest income	492	192
Other income	200	-
Forgiveness of Paycheck Protection Program loan	<u>21,488</u>	<u>28,352</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<b>252,806</b>	<b>394,865</b>
<b>PROGRAM EXPENSES</b>		
Advocacy efforts	222,083	158,685
<b>SUPPORTING SERVICES</b>		
Management and general	11,788	8,617
Fundraising	<u>29,865</u>	<u>16,644</u>
<b>TOTAL EXPENSES</b>	<b><u>263,736</u></b>	<b><u>183,946</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>(10,930)</b>	<b>210,919</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>337,977</u>	<u>127,058</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u><u>\$ 327,047</u></u></b>	<b><u><u>\$ 337,977</u></u></b>

See accompanying notes.

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**STATEMENTS OF FUNCTIONAL EXPENSES**

	Year Ended September 30, 2022				Year Ended September 30, 2021			
	Program Services	Supporting Services			Program Services	Supporting Services		
	Advocacy Efforts	Management and General	Fundraising	Total	Advocacy Efforts	Management and General	Fundraising	Total
Salaries	\$ 145,950	\$ 8,388	\$ 13,421	\$ 167,759	\$ 98,842	\$ 5,681	\$ 9,089	\$ 113,612
Employee benefits	16,091	925	1,480	18,496	12,322	708	1,133	14,163
Payroll taxes	10,539	606	969	12,114	6,711	386	617	7,714
Rent	6,781	357	-	7,138	7,812	411	-	8,223
Professional services	9,155	482	-	9,637	8,490	447	-	8,937
Postage	-	-	-	-	731	38	-	769
Telephone and internet	2,327	122	-	2,449	2,137	113	-	2,250
Utilities	148	8	-	156	511	27	-	538
Training	3,120	164	-	3,284	2,276	120	-	2,396
Insurance	2,556	135	-	2,691	2,573	135	-	2,708
Event expense	13,995	-	13,995	27,990	5,805	-	5,805	11,610
Depreciation	367	19	-	386	313	16	-	329
Office and supplies	9,685	510	-	10,195	7,586	399	-	7,985
Annual appeal and campaign	1,369	72	-	1,441	2,576	136	-	2,712
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 222,083</b>	<b>\$ 11,788</b>	<b>\$ 29,865</b>	<b>\$ 263,736</b>	<b>\$ 158,685</b>	<b>\$ 8,617</b>	<b>\$ 16,644</b>	<b>\$ 183,946</b>

See accompanying notes.

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**STATEMENTS OF CASH FLOWS**

	Year Ended September 30	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (10,930)	\$ 210,919
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	386	329
Paycheck Protection Program loan forgiveness	(21,488)	(28,352)
Changes in:		
Accounts receivable	11,418	(11,418)
Pledges receivable	33,964	(49,298)
Prepaid expenses	(1,787)	(1,410)
Accounts payable and accrued expenses	2,467	-
Deferred revenues	(1,843)	(9,267)
	<u>12,187</u>	<u>111,503</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	12,187	111,503
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	-	(1,146)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	-	21,488
	<u>12,187</u>	<u>131,845</u>
<b>NET INCREASE IN CASH</b>	12,187	131,845
<b>CASH AT BEGINNING OF YEAR</b>	<u>309,414</u>	<u>177,569</u>
	<u>\$ 321,601</u>	<u>\$ 309,414</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 321,601</u>	<u>\$ 309,414</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Paycheck Protection Program loan forgiveness	\$ 21,488	\$ 28,352

See accompanying notes.



## CITIZEN ADVOCACY OF CHESTER COUNTY

### NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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##### **Nature of Activities**

Citizen Advocacy of Chester County (the "Organization") is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania. The purpose of the Organization is promoting, protecting, and defining the welfare and interests of, and justice for, people who are diminished in status or are seriously, physically, or socially isolated through one-to-one unpaid voluntary commitments made to them by people who have the needed skills and resources.

For both the years ended September 30, 2022 and 2021, the Organization received approximately 18% and 11%, respectively, of its total support from one source, the Community Coalition, which is a related party.

##### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

##### **Cash**

For the purpose of the statements of cash flows, the Organization considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash. The Organization places its cash in high credit quality institutions. At times, cash balances may exceed federally insured limits in deposit accounts at banks.

##### **Equipment**

Purchased equipment is capitalized at cost. Donations of equipment are recorded as contributions at their fair market value. The Organization's policy is to capitalize any assets in excess of \$300 with an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Office equipment	5 - 10 years
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Maintenance and repairs of equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other dispositions of equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations. Construction in progress is stated at cost and consists primarily of costs incurred in the construction of building improvements. No provision for depreciation is made on construction in progress until the assets are complete and placed into service.

## CITIZEN ADVOCACY OF CHESTER COUNTY

### NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### **Net Assets**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets without donor restrictions include funds not subject to donor-imposed stipulations. In general, the revenues received, and expenses incurred in conducting the Organization's charitable mission are included in this category.

Net Assets With Donor Restrictions - Net assets with donor restrictions include gifts, grants, and pledges whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to specified purposes.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restriction.

##### **Revenue Recognition**

In accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), the Organization recognizes revenue when control of the promised goods or services is transferred to the Organization's outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. The standard outlines a five-step process whereby revenue is recognized as performance obligations within a contract are satisfied. The Organization records the following exchange transaction revenue in its statements of activities:

##### Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component), and a portion represents a contribution to the Organization. The fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statements of activities. The performance obligation is delivery of the event. For special event fees received before year end for an event to occur after year end, the Organization treats the inherent contribution as a condition on the event taking place and is therefore treated as deferred revenue along with the exchange component.

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Contribution Revenue**

The Organization recognizes revenue from contributions in accordance with Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities* (Topic 958); *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC-606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets.

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenue without donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the contributions are met.

**Donated Services and Materials**

Gifts of property and equipment are presented as support without donor restrictions 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 support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Organization's activities).

Donated materials and certain services are reflected as contributions in the accompanying financial statements at their estimated fair value at the date of receipt. Donated services during the years ended September 30, 2022 and 2021 were \$320 and \$560, respectively.

A number of unpaid volunteers, which include the directors of the Organization, have made significant contributions of their time toward developing and achieving the Organization's goals and objectives. The value of such contributions of the volunteers is not reflected in these statements since it is not susceptible to objective measurement or valuation.

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Functional Expense Allocations**

As reported in the statements of functional expenses, expenses of the Organization have been allocated to the following functional reporting classifications: Program Services, Management and General, and Fundraising.

Expenses directly attributable to a specific functional area are reported as expenses of those functions. The Organization's method 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.

**Tax-Exempt Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization annually files federal and state information returns as required. There is no current year provision for federal or state income taxes. In accordance with generally accepted accounting principles, the Organization accounts for uncertain tax positions relative to unrelated business income, if any, as required.

**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.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 17, 2023 the date the financial statements were available to be issued.

CITIZEN ADVOCACY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE 2 - PLEDGES RECEIVABLE

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In the 2020 fiscal year, the Organization began their 40<sup>th</sup> Anniversary Campaign to raise funds to support general operations and build an operating reserve. In the 2021 fiscal year, the Organization continued soliciting funds for this campaign and as such, received various unconditional pledges from donors. Contributions (pledges) are recorded when the donor makes a promise to give to the Organization that is, in substance, unconditional. Management has evaluated the collectability of the pledges and determined that no allowance is necessary. The discount rate is derived by using the prime rate as quoted by the Wall Street Journal. The pledges are to be collected through the end of December 2023.

Unconditional promises to give (pledges receivable) at September 30, are as follows:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 15,344	\$ 25,458
Receivable in one to three years	<u>-</u>	<u>25,415</u>
Total unconditional promises to give	15,344	50,873
Less: discounts to net present value (3.25%)	<u>-</u>	<u>(1,575)</u>
Pledges receivable, net	<u><u>\$ 15,344</u></u>	<u><u>\$ 49,298</u></u>

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2022 and 2021**

**NOTE 3 - PAYCHECK PROTECTION PROGRAM LOAN**

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In April 2020, the Organization received a Paycheck Protection Program Loan (the "PPP Loan") from a qualified lender totaling \$28,352. This loan program was implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The PPP Loan was unsecured and guaranteed by the SBA. The principal amount of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds were used to pay expenses permitted by the Paycheck Protection Program. The Organization initially recorded a note payable upon receipt of the PPP Loan and subsequently recorded forgiveness when the loan obligation was legally released upon notification by the SBA in February 2021.

In February 2021, the Organization received a second PPP Loan from a qualified lender totaling \$21,488. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of five years, and is unsecured and guaranteed by the SBA. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program. The Organization initially recorded a note payable upon receipt of the PPP Loan and subsequently recorded forgiveness when the loan obligation was legally released upon notification by the SBA in November 2021.

Loan forgiveness income is recognized in the statements of activities for \$21,488 and \$28,352 for the years ended September 30, 2022 and 2021, respectively.

**NOTE 4 - LEASE COMMITMENT**

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In September 2020, the Organization entered into a lease agreement for office space for the period of one year beginning in October 2020 through September 2021. Monthly rental payments were \$400. The Organization renewed this lease for another year through September 2022, with monthly rental payments increasing to \$412. The lease was terminated in September 2022.

In November 2020, the Organization entered into a month-to-month lease agreement for a storage unit rental. Monthly payments were \$178 through May 2021 and increased to \$202 in May 2022.

In July 2022, the Organization entered into a lease agreement for office space for the period of one year beginning on August 15, 2022 through August 15, 2023. Monthly rental payments are \$650.

Total rental expense for office leases and storage rentals was \$7,138 and \$8,223 for the year ended September 30, 2022 and 2021, respectively.

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2022 and 2021**

**NOTE 5 - RELATED PARTY TRANSACTIONS**

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The Organization recognized contributions from Community Coalition of \$44,755 and \$44,370 for the years ended September 30, 2022 and 2021, respectively. Members of the Citizen Advocacy of Chester County board serve on the board of the Community Coalition.

**NOTE 6 - EVENT REVENUES/EXPENSES**

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Event revenues and expenses are summarized as follows as of September 30:

	2022		2021	
	<u>Revenues</u>	<u>Expenses</u>	<u>Revenues</u>	<u>Expenses</u>
Race	\$ 25,633	\$ 5,449	\$ 24,784	\$ 700
Theater	44,485	11,094	44,817	7,662
Raffle	18,800	2,758	12,106	3,248
40th Anniversary Dinner	4,724	8,689	-	-
	<u>\$ 93,642</u>	<u>\$ 27,990</u>	<u>\$ 81,707</u>	<u>\$ 11,610</u>

**NOTE 7 - ENDOWMENT FUNDS**

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The Organization is the recipient of endowment funds from monies directly deposited to a fund held by the Chester County Community Foundation. The Organization has the ability to use an amount equal to 5% of the June 30 asset value of the endowment held with the Foundation for appropriate charitable use. These monies are deemed to be the Chester County Community Foundation's assets and, as such, are not recorded on these financial statements. The value of this fund as of September 30, 2022 and 2021 was \$39,732 and \$52,245, respectively. The Organization received trust fund income of \$2,229 and \$2,729 (included with contributions) during the years ended September 30, 2022 and 2021, respectively.

CITIZEN ADVOCACY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

**NOTE 8 - IN-KIND CONTRIBUTIONS**

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The value of donated services and materials provided by local businesses to benefit the Organization included with revenue in the accompanying financial statements totaled \$320 and \$560 for printing services for the years ended September 30, 2022 and 2021, respectively.

Valuation Techniques:

Contributed services and materials are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Donated services are valued at the amount provided by the vendor.

Donor Restrictions:

There are no restrictions on in-kind donations at year end. The Organization does not sell donated gifts in-kind and only utilized in-kinds for the programs detailed above.

**NOTE 9 - AVAILABILITY OF FINANCIAL RESOURCES**

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The following reflects the Organization's financial assets available as of September 30, 2022 and 2021, reduced by amounts not for general use within one year because of board designated or donor imposed restrictions due within one year. The Organization's financial assets include cash, accounts receivable, and pledges receivable. The Organization has board designated funds.

	<u>2022</u>	<u>2021</u>
Cash	\$ 321,601	\$ 309,414
Accounts receivable	-	11,418
Pledges receivable	<u>15,334</u>	<u>49,298</u>
Total financial assets	336,935	370,130
Less amounts not available due to board designated restrictions:		
Pledges receivable collectible in one to three years	-	(23,840)
Board designated funds - operating reserve	<u>(54,000)</u>	<u>(54,000)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 282,935</u>	<u>\$ 292,290</u>

The Organization adopted a liquidity policy to ensure the stability of the mission, programs, employment, and ongoing operations of the Organization. The board designated operating reserve will provide a source of internal funds for Organization priorities such as program opportunity and capacity building.



**CITIZEN ADVOCACY OF CHESTER COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2022 and 2021**

**NOTE 10 - NEW ACCOUNTING PRONOUNCEMENT**

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In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Under this guidance, lessees will need to recognize the following for all leases (with the exception of leases with a term of 12 months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. This standard is effective for fiscal years beginning after December 15, 2021, with early application permitted. The Organization is evaluating the impact this standard will have on the financial statements.