

CITIZEN ADVOCACY OF CHESTER COUNTY

FINANCIAL STATEMENTS

Years Ended September 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter

As discussed in Note 1 of the financial statements, effective October 1, 2022, Citizen Advocacy of Chester County adopted FASB ASC 842, *Leases*. Our opinion is not modified with respect to this matter.

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
February 1, 2024**

CITIZEN ADVOCACY OF CHESTER COUNTY

STATEMENTS OF FINANCIAL POSITION

September 30

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 261,647	\$ 321,601
Grants receivable	10,000	-
Pledges receivable	28,321	15,334
Prepaid expenses	800	4,023
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	300,768	340,958
NONCURRENT ASSETS		
Equipment:		
Office equipment	5,404	5,404
Less: accumulated depreciation	(4,888)	(4,633)
Net equipment	<hr/> 516	<hr/> 771
Right-of-use assets, operating leases	22,044	-
	<hr/>	<hr/>
TOTAL NONCURRENT ASSETS	22,560	771
	<hr/>	<hr/>
TOTAL ASSETS	\$ 323,328	\$ 341,729
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 8,174	\$ 8,937
Deferred revenue	10,996	5,745
Operating lease liabilities	10,317	-
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	29,487	14,682
NONCURRENT LIABILITIES		
Operating lease liabilities, net	12,165	-
	<hr/>	<hr/>
TOTAL LIABILITIES	41,652	14,682
NET ASSETS		
Without donor restrictions - undesignated	199,355	257,713
Without donor restrictions - board designated operating reserve	54,000	54,000
With donor restrictions - time or purpose	28,321	15,334
	<hr/>	<hr/>
TOTAL NET ASSETS	281,676	327,047
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 323,328	\$ 341,729
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes.

CITIZEN ADVOCACY OF CHESTER COUNTY

STATEMENTS OF ACTIVITIES

	Year Ended September 30	
	2023	2022
WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUES		
Community Coalition	\$ 19,322	\$ 44,755
Contributions from events	99,461	93,642
Foundation awards	16,460	6,200
Contributions	104,980	61,152
Campaign contributions	-	24,557
Contributed nonfinancial assets	8,184	320
Interest income	2,120	492
Other income	-	200
Forgiveness of Paycheck Protection Program loan	-	21,488
Net assets released from restrictions	<u>15,334</u>	<u>33,964</u>
TOTAL SUPPORT AND REVENUES	265,861	286,770
PROGRAM SERVICES		
Advocacy efforts	275,628	222,083
SUPPORTING SERVICES		
Management and general	14,708	11,788
Fundraising	<u>33,883</u>	<u>29,865</u>
TOTAL SUPPORTING SERVICES	48,591	41,653
TOTAL EXPENSES	324,219	263,736
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(58,358)	23,034
WITH DONOR RESTRICTIONS:		
SUPPORT AND REVENUES		
Community Coalition	19,321	-
Contributions	9,000	-
Net assets released from restrictions	<u>(15,334)</u>	<u>(33,964)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	12,987	(33,964)
CHANGE IN NET ASSETS	(45,371)	(10,930)
NET ASSETS AT BEGINNING OF YEAR	327,047	337,977
NET ASSETS AT END OF YEAR	<u>\$ 281,676</u>	<u>\$ 327,047</u>

See accompanying notes.

CITIZEN ADVOCACY OF CHESTER COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended September 30, 2023				Year Ended September 30, 2022			
	Program	Supporting Services		Total	Program	Supporting Services		Total
	Services	Management	Fundraising		Services	Management	Fundraising	
Advocacy Efforts	and General			Advocacy Efforts	and General			
Salaries	\$ 176,392	\$ 10,137	\$ 16,220	\$ 202,749	\$ 145,950	\$ 8,388	\$ 13,421	\$ 167,759
Employee benefits	15,593	896	1,434	17,923	16,091	925	1,480	18,496
Payroll taxes	13,181	758	1,212	15,151	10,539	606	969	12,114
Rent	10,941	576	-	11,517	6,781	357	-	7,138
Professional services	9,779	515	-	10,294	9,155	482	-	9,637
Postage	86	4	-	90	-	-	-	-
Telephone and internet	2,286	120	-	2,406	2,327	122	-	2,449
Utilities	721	38	-	759	148	8	-	156
Training	4,948	260	-	5,208	3,120	164	-	3,284
Insurance	3,103	163	-	3,266	2,556	135	-	2,691
Event expense	15,017	-	15,017	30,034	13,995	-	13,995	27,990
Depreciation	242	13	-	255	367	19	-	386
Office and supplies	10,469	551	-	11,020	7,309	385	-	7,694
Technology	11,463	603	-	12,066	2,376	125	-	2,501
Annual appeal and campaign	1,407	74	-	1,481	1,369	72	-	1,441
TOTAL FUNCTIONAL EXPENSES	\$ 275,628	\$ 14,708	\$ 33,883	\$ 324,219	\$ 222,083	\$ 11,788	\$ 29,865	\$ 263,736

See accompanying notes.

CITIZEN ADVOCACY OF CHESTER COUNTY

STATEMENTS OF CASH FLOWS

	Year Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (45,371)	\$ (10,930)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	255	386
Paycheck Protection Program loan forgiveness	-	(21,488)
Noncash lease expense	11,495	-
Changes in:		
Grants receivable	(10,000)	11,418
Pledges receivable	(12,987)	33,964
Prepaid expenses	3,223	(1,787)
Accounts payable and accrued expenses	(763)	2,467
Deferred revenue	5,251	(1,843)
Operating lease liabilities	(11,057)	-
	<u>(59,954)</u>	<u>12,187</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
	(59,954)	12,187
NET (DECREASE) INCREASE IN CASH		
	(59,954)	12,187
CASH AT BEGINNING OF YEAR	<u>321,601</u>	<u>309,414</u>
	<u>\$ 261,647</u>	<u>\$ 321,601</u>
CASH AT END OF YEAR		
	<u>\$ 261,647</u>	<u>\$ 321,601</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Paycheck Protection Program loan forgiveness	\$ -	\$ 21,488
Right-of-use assets - operating leases in exchange for operating lease liabilities	32,412	-

See accompanying notes.

CITIZEN ADVOCACY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Citizen Advocacy of Chester County (the "Organization") is a nonprofit organization 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 the years ended September 30, 2023 and 2022, the Organization received approximately 14% and 18%, respectively, of its total support from one source, the Community Coalition, which is a related party. Pledges receivable from the Community Coalition for the years ended September 30, 2023 and 2022 was \$19,321 and \$0, respectively.

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.

Grants receivable

Grants receivable are stated at unpaid balances. The Organization bases their grants receivable on the notification of grant awards during the reporting period. The grants receivable are recorded at their net realizable value and no allowance is necessary.

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.

CITIZEN ADVOCACY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases

The Organization leases office space and a storage unit. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment. The office space and storage unit are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position.

The Organization elected the practical expedient to not recognize ROU assets and liabilities for operating leases with shorter than 12-month terms. These leases will be expensed on a straight-line basis, and no operating lease liability will be recorded.

The Organization elected the practical expedient to use the risk-free rate as the discount rate for all leases based on the information available at commencement date in determining the present value of lease payments.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Variable lease costs are not included within the measurement of the lease liability as they are entirely variable and the difference between the portion captured within the lease liability and the actual cost will be expensed as incurred.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

CITIZEN ADVOCACY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), which applies to exchange transactions with customers that are bound by contract or similar arrangement and establishes a performance obligation approach to revenue recognition. 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. Deferred revenue as of September 30, 2023 and 2022 was \$10,996 and \$5,745, respectively.

CITIZEN ADVOCACY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 conditions are met.

Contributed Nonfinancial Assets

Contributed nonfinancial assets 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).

Contributed nonfinancial assets 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, 2023 and 2022 were \$8,184 and \$320, 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, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 February 1, 2024, the date the financial statements were available to be issued.

Adoption of Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued guidance (Accounting Standards Codification ("ASC") 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective October 1, 2022 and recognized and measured leases existing at, or entered into after, October 1, 2022 (the beginning of the period of adoption) using a modified retrospective approach, with certain practical expedients available. Lease disclosures for the year ended September 30, 2022 are made under prior lease guidance in FASB ASC 840.

CITIZEN ADVOCACY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Adoption of Accounting Pronouncements - continued

The Organization elected the available practical expedients to account for their existing operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. The Organization also elected the practical expedients disclosed in the lease policy footnote on page 8.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on October 1, 2022 (beginning of the year of adoption) operating lease liabilities of \$31,762, which represents the present value of the remaining operating lease payments of \$33,836, discounted using the risk-free rate, and right-of-use assets of \$32,412.

The standard did have a material impact on the Organization's statements of financial position but did not have a material impact on the Organization's statements of activities or statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

NOTE 2 - PLEDGES RECEIVABLE

Pledges receivable are recognized when the donor makes a promise to give that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible monies receivable. The allowance method is based on prior years' experience and management's analysis of specific promises made. All receivables are collectible within one year and no allowance for uncollectible pledges is recorded, as management deems all pledges as collectible. For the year ended September 30, 2023, pledges receivable consists of amounts promised by donors and the Community Coalition for general operations. For the year ended September 30, 2022, pledges receivable consists of amounts promised by donors in support of the 40th Anniversary Campaign to raise funds to support general operations and build an operating reserve. These pledges were paid in full during the year ended September 30, 2023.

Pledges receivable at September 30 are as follows:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 28,321	\$ 15,334

CITIZEN ADVOCACY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 3 - LEASES

The Organization leases office space and a storage unit. The leases have remaining lease terms of 24 months, some of which may include options to extend the leases, and some of which may include options to terminate the leases.

The Organization included the following amounts related to operating lease assets and liabilities within the statements of financial position as of September 30:

Assets:	Classification	<u>2023</u>
Right-of-use assets	Operating leases	\$ 22,044
Liabilities:		
Current		
Operating lease	Operating lease liabilities	\$ 10,317
Long-term		
Operating lease	Operating lease liabilities	<u>12,165</u>
	Total lease liabilities	<u>\$ 22,482</u>

The components of lease expense were as follows for the year ended September 30, 2023:

Operating lease expense	\$ 11,495
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Supplemental cash flow information related to leases was as follows for the year ended September 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 11,057
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	\$ 32,412

Supplemental balance sheet information related to leases was as follows:

Weighted Average Remaining Lease Term:	
Operating leases	2.00 years
Weighted Average Discount Rate:	
Operating leases	4.12%

CITIZEN ADVOCACY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 3 - LEASES - CONTINUED

Maturities of lease liabilities are as follows for the years ending September 30:

2024	\$ 11,031
2025	<u>12,398</u>
Total lease payments	23,429
Less: present value discount	<u>(947)</u>
Total	<u><u>\$ 22,482</u></u>

The Organization has not restated prior year information for the adoption of ASC 842. The following table presented future minimum lease payments under non-cancellable operating leases under ASC 840 at September 30, 2022:

2023	\$ 10,408
2024	10,781
2025	<u>11,198</u>
	<u><u>\$ 32,387</u></u>

NOTE 4 - PAYCHECK PROTECTION PROGRAM LOAN

In February 2021, the Organization was approved for a second Paycheck Protection Program Loan (the "PPP Loan") totaling \$21,488, at a 1.0% fixed interest rate through the United States Small Business Administration administered by a local bank, as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). No payments were due on this loan for 10 months from the date of the first disbursement and maturity was five years from the date of the note. Interest will continue to accrue during the deferment period. 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 for the year ended September 30, 2022.

CITIZEN ADVOCACY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 5 - NET ASSETS

Net assets without donor restrictions are comprised of undesignated and board-designated amounts for the following purposes as of September 30:

	<u>2023</u>	<u>2022</u>
Board designated:		
Board designated operating reserve	\$ 54,000	\$ 54,000
Undesignated	<u>199,355</u>	<u>257,713</u>
Total net assets without donor restrictions	<u>\$ 253,355</u>	<u>\$ 311,713</u>

Net assets with donor restrictions are comprised of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Time or purpose:		
Pledges receivable	\$ 28,321	\$ 15,334

Net assets were released from donor restrictions by satisfying the restricted purposes as follows at September 30:

	<u>2023</u>	<u>2022</u>
Pledges receivable	\$ 15,334	\$ 33,964

CITIZEN ADVOCACY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 6 - RELATED PARTY TRANSACTIONS

The Organization recognized contributions from Community Coalition of \$38,643 and \$44,755 for the years ended September 30, 2023 and 2022, respectively. Members of the Citizen Advocacy of Chester County board serve on the board of the Community Coalition.

NOTE 7 - EVENT REVENUES/EXPENSES

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

	2023		2022	
	Revenues	Expenses	Revenues	Expenses
Race	\$ 27,071	\$ 9,708	\$ 25,633	\$ 5,449
Theater	54,287	15,853	44,485	11,094
Raffle	13,421	3,887	18,800	2,758
Spaghetti Dinner	4,682	586	-	-
40th Anniversary Dinner	-	-	4,724	8,689
	<u>\$ 99,461</u>	<u>\$ 30,034</u>	<u>\$ 93,642</u>	<u>\$ 27,990</u>

NOTE 8 - ENDOWMENT FUNDS

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, 2023 and 2022 was \$41,924 and \$39,732, respectively. The Organization received trust fund income of \$2,262 and \$2,229 (included with contributions) during the years ended September 30, 2023 and 2022, respectively.

CITIZEN ADVOCACY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE 9 - CONTRIBUTED NONFINANCIAL ASSETS

The value of contributed nonfinancial assets provided by local businesses to benefit the Organization included with revenue in the accompanying financial statements totaled \$8,184 for printing services and website and technology services and \$320 for printing services for the years ended September 30, 2023 and 2022, respectively.

Valuation Techniques:

Contributed services and materials are recognized as contributed nonfinancial assets 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 contributed nonfinancial assets at year end. The Organization does not sell contributed nonfinancial assets and only utilized them for their programs.

NOTE 10 - AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Organization's financial assets available as of September 30, 2023 and 2022, 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, grants receivable, and pledges receivable. The Organization has board designated funds and restricted funds.

	<u>2023</u>	<u>2022</u>
Cash	\$ 261,647	\$ 321,601
Grants receivable	10,000	-
Pledges receivable	<u>28,321</u>	<u>15,334</u>
Total financial assets	299,968	336,935
Less amounts not available due to board designated restrictions:		
Board designated funds - operating reserve	(54,000)	(54,000)
Donor restrictions - time or purpose	<u>(28,321)</u>	<u>(15,334)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 217,647</u>	<u>\$ 267,601</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.