

**NEW KENSINGTON COMMUNITY
DEVELOPMENT CORPORATION**

**FINANCIAL REPORT
June 30, 2020 and 2019**

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

TABLE OF CONTENTS June 30, 2020 and 2019

	<u>Page No.</u>
<u>Financial Statements</u>	
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Schedule of Functional Expenses 2020	6
Schedule of Functional Expenses 2019	7
Notes to Financial Statements	8
<u>Supplementary Information</u>	
Schedule of Expenditures of Federal, State and City Awards	17
Notes to Schedule of Expenditures of Federal, State and City Awards	18
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	19
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	21
Schedule of Findings and Questioned Costs	23

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

TABLE OF CONTENTS June 30, 2020 and 2019

	<u>Page No.</u>
<u>Financial Statements</u>	
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Schedule of Functional Expenses 2020	6
Schedule of Functional Expenses 2019	7
Notes to Financial Statements	8-16
<u>Supplementary Information</u>	
Schedule of Expenditures of Federal, State and City Awards	17
Notes to Schedule of Expenditures of Federal, State and City Awards	18
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	19-20
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	21-22
Schedule of Findings and Questioned Costs	23
<u>Supplementary Schedules</u>	
Independent Auditor's Opinion on Supplementary Financial Schedules Required by Section 1000 to 6000	24
CDBG Contract #19-20104	- Statement of Source & Status of Funds 25
	- Statement of Program Expenditures 26
	- Schedule of Reconciliation 27
CDBG Contract #44-19011	- Statement of Source & Status of Funds 28
	- Statement of Program Expenditures 29
	- Schedule of Reconciliation 30
CDBG Contract #20-20160	- Statement of Source & Status of Funds 31
	- Statement of Program Expenditures 32
	- Schedule of Reconciliation 33
CDBG Contract #20-20366	- Statement of Source & Status of Funds 34
	- Statement of Program Expenditures 35
	- Schedule of Reconciliation 36
CDBG Contract #20-20213	- Statement of Source & Status of Funds 37
	- Statement of Program Expenditures 38
	- Schedule of Reconciliation 39
CDBG Contract #L453-06	- Statement of Source & Status of Funds 40
	- Statement of Program Expenditures 41
	- Schedule of Reconciliation 42
CDBG Contract #19-20501	- Statement of Source & Status of Funds 43
	- Statement of Program Expenditures 44
	- Schedule of Reconciliation 45
Neighborworks America Funds	- Schedule of Financial Position 46
	- Schedule of Activity 47
Notes to Supplemental Schedules	48

SNYDER, DAITZ & COMPANY

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Independent Auditor's Report

**Board of Directors
New Kensington Community Development Corporation
Philadelphia, PA**

Report on the Financial Statements

We have audited the accompanying financial statements of New Kensington Community Development Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and June 30, 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the City of Philadelphia Subrecipient Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Kensington Community Development Corporation as of June 30, 2020 and June 30, 2019, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal, state and city awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the City of Philadelphia Subrecipient Audit Guide, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2021, on our consideration of New Kensington Community Development Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Kensington Community Development Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Kensington Community Development Corporation's internal control over financial reporting and compliance.

Snyder, Daitz, & Company

SNYDER, DAITZ & COMPANY
Philadelphia, PA

March 8, 2021

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

June 30, 2020

	2020	2019
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash - Note 2	\$ 1,671,711	\$ 1,420,276
Grants & contract receivable - Notes 2 & 4	805,378	737,156
Prepaid expenses	11,314	11,314
Escrow accounts	226,200	210,002
Total Current Assets	<u>\$ 2,714,603</u>	<u>\$ 2,378,748</u>
<u>PROPERTY & EQUIPMENT - NOTE 2</u>		
Land	\$ 219,188	\$ 225,435
Buildings & building improvements	2,101,364	2,101,364
Equipment	174,722	174,722
Automotive	46,502	46,502
	<u>\$ 2,541,776</u>	<u>\$ 2,548,023</u>
Less: Accumulated depreciation	740,926	679,275
	<u>\$ 1,800,850</u>	<u>\$ 1,868,748</u>
<u>OTHER ASSETS</u>		
Grants and contracts receivable	373,734	0
Investments - Coral Hagert Street L.P. - Note 2	204,694	\$ 204,716
Investments - Ruth and Somerset L.P. - Note 2	709,486	709,600
Mortgages receivable - Orinoka Mills, L.P. - Note 13	2,124,926	2,089,170
Mortgages receivable - Moyer St. - net of allowance	200,000	0
Property held for sale and investment - Note 6	997,698	768,483
Property held for sale - other	50,259	17,555
Note receivable - Coral Hagert Street L.P. - Note 2	22,341	21,235
Note receivable - Orinoka Mills L.P. - Note 2	121,551	115,763
Total Other Assets	<u>\$ 4,804,689</u>	<u>\$ 3,926,522</u>
Total Assets	<u><u>\$ 9,320,142</u></u>	<u><u>\$ 8,174,018</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 131,834	\$ 145,772
Accrued payroll and expenses	96,396	80,477
Escrow deposits	4,521	4,521
Agency Liability	51,443	26,378
Loan payable - Note 16	238,200	0
Total Current Liabilities	<u>\$ 522,394</u>	<u>\$ 257,148</u>
<u>LONG-TERM DEBT</u>		
Line of credit	\$ 203,740	0
Mortgage payable - noncurrent - Note 4	2,525,377	\$ 2,508,832
Loan Loss Reserve	50,000	50,000
Total Long-Term Liabilities	<u>\$ 2,779,117</u>	<u>\$ 2,558,832</u>
Total Liabilities	<u><u>\$ 3,301,511</u></u>	<u><u>\$ 2,815,980</u></u>
<u>NET ASSETS</u>		
Without donor restrictions	\$ 5,302,453	\$ 4,903,095
With donor restrictions	716,178	454,943
	<u>\$ 6,018,631</u>	<u>\$ 5,358,038</u>
Total Liabilities and Net Assets	<u><u>\$ 9,320,142</u></u>	<u><u>\$ 8,174,018</u></u>

The accompanying notes are an integral part of this statement.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS Year ended June 30,

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2020	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2019
<u>SUPPORT AND REVENUE</u>						
Grants & contributions	\$ 390,849	\$ 438,735	\$ 829,584	\$ 558,042	\$ 192,500	\$ 750,542
Contract revenue						
City of Philadelphia	730,346		730,346	710,899		710,899
Non-government	196,359		196,359	13,190		13,190
Other- government	1,080,728		1,080,728	930,391		930,391
Rental income	55,712		55,712	58,983		58,983
Interest income	52,750		52,750	67,258		67,258
Program fees	40,644		40,644	57,675		57,675
In-kind services	1,300		1,300	12,923		12,923
Home sales	400,001		400,001	875,000		875,000
Developer's Fees	49,396		49,396	134,208		134,208
PPP loan forgiveness	119,100		119,100			
Other income	200,000		200,000			
Net assets released from restrictions, satisfaction of time and purpose restrictions	177,500	(177,500)	0	100,419	(100,419)	0
Total Support and Revenue	\$ 3,494,685	\$ 261,235	\$ 3,755,920	\$ 3,518,988	\$ 92,081	\$ 3,611,069
<u>EXPENSES</u>						
Program services						
Community Engagement	\$ 1,146,343		\$ 1,146,343	\$ 646,588		\$ 646,588
Real Estate development & operations	445,647		445,647	484,780		484,780
Housing Counseling	717,157		717,157	657,665		657,665
Economic development	502,728		502,728	467,838		467,838
	\$ 2,811,875		\$ 2,811,875	\$ 2,256,871		\$ 2,256,871
General and administrative	283,452		283,452	322,988		322,988
Total Expenses	\$ 3,095,327	0	\$ 3,095,327	\$ 2,579,859	0	\$ 2,579,859
Change in net assets	\$ 399,358	\$ 261,235	\$ 660,593	\$ 939,129	\$ 92,081	\$ 1,031,210
Net Assets, Beginning	4,903,095	454,943	5,358,038	3,963,966	362,862	4,326,828
Net Assets, Ending	\$ 5,302,453	\$ 716,178	\$ 6,018,631	\$ 4,903,095	\$ 454,943	\$ 5,358,038

The accompanying notes are an integral part of this statement.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS Year ended June 30,

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Changes in net assets	\$ 660,593	\$ 1,031,210
Adjustments to reconcile changes in net assets to cash provided by operating activities		
Depreciation	87,916	22,021
(Increase) decrease in:		
Accounts receivable	(468,221)	(489,756)
Escrow deposits	(16,198)	(16,498)
Increase (decrease) in:		
Accounts payable	(13,938)	109,824
Accrued expenses	15,919	3,187
Agency Liability	25,065	26,066
	<u>\$ 291,136</u>	<u>\$ 686,054</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
(Increase) Decrease in property held for sale and investment	\$ (261,919)	\$ 116,692
(Increase) Decrease in land	6,247	(39,663)
(Increase) Decrease in buildings & building improvements	0	(1,414,297)
(Increase) Decrease in mortgage receivable	(235,756)	(34,970)
(Increase) Decrease in Coral Hagert Streets L.P.	22	21
(Increase) Decrease in note receivable - Coral Hagert Streets L.P.	(1,106)	(1,052)
(Increase) Decrease in note receivable - Orinoka Mills L.P.	(5,788)	(5,513)
(Increase) Decrease in Ruth and Somerset L.P.	114	(45,224)
	<u>\$ (498,186)</u>	<u>\$ (1,424,006)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in mortgages payable	\$ 16,545	\$ (15,911)
Increase in loan payable	238,200	0
Increase in line of credit	203,740	0
	<u>\$ 458,485</u>	<u>\$ (15,911)</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash	\$ 251,435	\$ (753,863)
Cash balance, beginning	1,420,276	2,174,139
Cash balance, ending	<u>\$ 1,671,711</u>	<u>\$ 1,420,276</u>
<u>SUPPLEMENTAL DISCLOSURES:</u>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

SCHEDULE OF FUNCTIONAL EXPENSES Year ended June 30, 2020

	Community Engagement	Real Estate Development & Operations	Housing Counseling	Economic Development	General & Administrative	Total
EXPENSES						
Salaries	\$ 536,749	\$ 209,392	\$ 449,120	\$ 350,724	\$ 104,953	\$ 1,650,938
Payroll taxes	50,255	18,816	41,647	32,626	7,262	150,606
Employee benefits	50,717	18,365	80,312	53,731	14,031	217,156
Professional fees	13,513	33,436	7,260	6,118	16,072	76,399
Occupancy	10,005	12,351	6,673	6,977	130	36,136
Office supplies & expenses	12,870	5,185	20,367	7,773	21,477	67,672
Maintenance & repairs	26,477	19,817	19,716	16,033	827	82,870
Postage & subscriptions	1,412	479	1,649	990	350	4,880
Insurance	13,114	4,315	11,169	8,803	499	37,900
Travel	11,852	422	4,727	2,360	6,743	26,104
Conferences, seminars & training	2,450	1,780	854	70	11,357	16,511
Information services	1,537	769	1,130	1,079	297	4,812
Interest	3,571	46,969	2,964	2,337	55	55,896
Depreciation	0	11,805	0	0	49,846	61,651
Program expense	403,599	19,253	63,802	6,835	48,549	542,038
Cost of homes sold	0	40,000	0	0	0	40,000
Equipment	8,222	2,493	5,767	6,272	1,004	23,758
Total Expenses	\$ 1,146,343	\$ 445,647	\$ 717,157	\$ 502,728	\$ 283,452	\$ 3,095,327

The accompanying notes are an integral part of this statement.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

SCHEDULE OF FUNCTIONAL EXPENSES

Year ended June 30, 2019

	Community Engagement	Real Estate Development & Operations	Housing Counseling	Economic Development	General & Administrative	Total
EXPENSES						
Salaries	\$ 390,960	\$ 231,636	\$ 446,893	\$ 302,107	\$ 111,716	\$ 1,483,312
Payroll taxes	34,213	19,480	38,080	26,144	8,608	126,525
Employee benefits	40,945	19,103	71,818	46,316	11,351	189,533
Professional fees	7,901	3,630	7,811	16,030	74,660	110,032
Occupancy	11,368	9,305	9,454	7,834	1,699	39,660
Office supplies & expenses	10,921	4,540	13,483	23,767	22,209	74,920
Maintenance & repairs	22,041	17,746	14,193	11,106	4,085	69,171
Postage & subscriptions	2,216	1,025	2,897	1,698	3,971	11,807
Insurance	10,511	4,829	10,392	8,053	1,334	35,119
Travel	18,699	2,931	6,942	3,747	12,067	44,386
Conferences, seminars & training	17,396	2,490	5,820	4,556	9,016	39,278
Information services	2,078	1,734	3,215	1,641	4,627	13,295
Interest	0	57,234	0	0	0	57,234
Depreciation	0	11,805	0	0	10,215	22,020
Program expense	71,046	19,153	23,603	12,559	46,944	173,305
Orinoka Mills expense	0	0	0	0	0	0
Cost of homes sold	0	76,715	0	0	0	76,715
Equipment	6,293	1,424	3,064	2,280	486	13,547
Total Expenses	\$ 646,588	\$ 484,780	\$ 657,665	\$ 467,838	\$ 322,988	\$ 2,579,859

The accompanying notes are an integral part of this statement.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS June 30, 2020 and 2019

NOTE 1 – ORGANIZATION

New Kensington Community Development Corporation (NKCDC) is a non-profit corporation organized for the purpose of revitalizing the New Kensington community. Activities of NKCDC include the improvement and rehabilitation of houses, the acquisition and management of low to moderate income housing units and the encouragement of and participation in commercial development projects. The organization is also engaged in open space management projects. In addition, energy and mortgage counseling are provided to low and moderate-income individuals.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in United States of America, which involves the application of accrual accounting. Consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Basis of Presentation

The financial statements are presented in accordance with FASB ASC 958 Presentation of Financial Statements of Not-for-Profit Entities. Under FASB ASC 958, 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 and net assets with donor restrictions. Net assets with donor restrictions are detailed in Note 6.

Contributions

In accordance with FASB ASC 958 (formerly SFAS No. 116) Accounting for Contributions Received and Contributions Made, contributions received are recorded as "without donor restrictions" or "with donor restrictions", depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as without donor restriction if the restriction expired in the reporting period in which the contribution was recognized.

All other donor-restricted support is reported as an increase in with donor restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Only a donor can impose a restriction; the Board may designate contributions for a purpose, but the contribution is classified as unrestricted in that case. If a contribution is made with a donor-imposed condition, it is not recorded until the condition has been met.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Funding/accounts receivable

Funding is received primarily from contracts and grants with the City of Philadelphia Division of Housing and Community Development and the City of Philadelphia Redevelopment Authority ("DHCD/PRA") and Neighborworks America. Revenue and accounts receivable have been recognized only to the extent allowed under the contracts. Collection of receivables is subject to the availability of funds from the appropriate governmental sources and grantors.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Date of Management's Review

Subsequent events were evaluated through March 8, 2021, which is the date the financial statements were available to be issued.

Cash

Cash and other highly liquid investments with maturities of three months or less are considered to be cash equivalents.

The organization maintains its bank accounts in financial institutions with insurance provided by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balances of cash and cash equivalents approximated \$431,843 and \$5,477 as of June 30, 2020 and 2019, respectively.

An account with a financial services firm is insured by the Security Investors Protection Corporation (SIPC) up to \$500,000. The balance did not exceed the limit as of June 30, 2020 and 2019, respectively.

Allowance for Uncollectible Amounts

Each account receivable and grant receivable is evaluated separately by management to determine collectability. An allowance for uncollectible amounts, if any, is based on this determination. There was no allowance at June 30, 2020 and 2019, as all amounts were considered collectible.

Exchange Transactions

The organization accounts for its revenue from government and other contracts, as exchange transactions. Revenue is recognized in the statement of activities when earned, and any amounts received but not earned are recorded as refundable advances on the statement of financial position.

Property and equipment

Property and equipment are capitalized at cost. Donated assets are recorded at the fair market value at the date of donation. Depreciation is provided by the straight-line method over the estimated useful lives of the various assets as follows:

Buildings and building improvements	10-35 years
Equipment	3-7 years
Furniture and fixtures	7 years

Properties purchased for minimal amounts which will be renovated and resold under contracts with DHCD/RDA are not capitalized.

Related Party Transactions

The organization has a .01% ownership in Coral Hagert Street, L.P. a For-Profit Partnership formed for investment in a low-income housing project. A note is due from the Partnership which bears 5% interest.

The organization has a .01% ownership in Orinoka Mills, L.P. a For-Profit Partnership formed for investment in a low-income housing project. A note is due from the Partnership which bears 5% interest.

NKCDC occupies the commercial space located within the Orinoka Mills, L.P. building via a 65-year triple net lease with a base rent of one dollar per year with the partnership. The expected costs to improve this space will be in excess of \$1,400,000.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tax status

The organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Functional Allocation of Expenses

Salaries, benefits and payroll taxes are allocated based on estimates of time and effort. Occupancy, office supplies and expenses, maintenance and repairs, postage and subscriptions, insurance, travel, information services and equipment are allocated based on the percentages derived from the estimated allocation of salaries. Certain other costs including conferences, seminars and training, interest, depreciation, program expenses, and cost of homes sold are allocated based on cost, usage and related benefits of the specific services provided.

Promises to Give

Unconditional promises to give are recognized as support in the period received and as net assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Revenue

The organization accounts for its revenue primarily from rentals and program fees, as exchange transactions. Revenue is recognized in the statement of activities when earned, and any amounts received but not earned are recorded as refundable advances on the statement of financial position.

NOTE 3 – LIQUIDITY MANAGEMENT

New Kensington Community Development Corporation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,671,711
Grants and contracts receivable	1,179,112
Escrow accounts	<u>226,200</u>
Total financial assets	<u>\$ 3,077,023</u>
Less: Amounts not available to be used within one year:	
Net assets with purpose restrictions	
Cash	(\$ 363,876)
Grants and contracts receivable	(80,000)
Net assets with time restrictions beyond one year:	
Grants and contracts receivable	<u>(373,735)</u>
	<u>(\$ 817,611)</u>
Financial assets available to meet general expenditures	
Over the next year	<u>\$ 2,259,412</u>

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 3 – LIQUIDITY MANAGEMENT – CONTINUED

Cash and cash equivalents of \$1,671,711 reflected on the statement of financial position includes \$222,074 of cash restricted by donors for certain purposes.

Grants and contributions receivable of \$1,205,377 reflected on the statement of financial position includes \$-0- restricted by donors for certain purposes, and \$480,000 subject to a time implied restriction of one year.

New Kensington Community Development Corporation's goal is generally to maintain financial assets available to meet 90 days of operating expenses.

As part of its liquidity plan, the finance committee performs a monthly review of its financial statements and cash flows with management and accountant. Excess cash is invested in short-term investments, primarily money market accounts, where it is available to be drawn upon as needed.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30 are as follows:

	<u>2020</u>	<u>2019</u>
PA Horticultural Society	\$ 6,193	\$ 17,959
Enterprize Community Partners	0	121,212
Claniel Foundation	0	30,000
HUD – Mon Valley	25,001	34,825
Philadelphia Department of Commerce	189,018	46,809
Philadelphia Division of Housing & Community Dev.	214,165	82,033
LISC	0	13,750
Other	15,883	8,076
Wells Fargo Regional Foundation	450,000	0
PHFA	30,688	4,000
U.S. Department of Justice	99,621	0
ECA	1,521	3,492
Kresge Foundation	0	75,000
PA Department of Community & Economic Development	0	300,000
PA Department of Human Services	158,287	0
National Association for Latino Community Asset Builders	15,000	0
	<u>\$1,205,377</u>	<u>\$737,156</u>
Less: Unamortized discounts	(26,265)	0
	<u><u>\$1,179,112</u></u>	<u><u>\$737,156</u></u>
Amounts due in:		
Less than one year	\$ 805,378	\$737,156
One to five years	191,509	0
Six to ten years	182,225	0
	<u><u>\$1,179,112</u></u>	<u><u>\$737,156</u></u>

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 5 – MORTGAGES PAYABLE

Mortgages payable consisted of the following:

	<u>2020</u>	<u>2019</u>
A	\$ 264,876	\$ 284,088
B	135,575	135,575
C	500,000	500,000
D	1,090,411	1,066,416
E	<u>534,515</u>	<u>522,753</u>
	<u>\$2,535,377</u>	<u>\$2,508,832</u>
Less: Current	<u>0</u>	<u>0</u>
	<u><u>\$2,525,377</u></u>	<u><u>\$2,508,832</u></u>

- A - This represents the balance of an original \$350,000 construction loan received from The Philadelphia Federal Credit Union for use in the Vanilla Box Project. Under the terms of the mortgage interest is charged at prime plus 1%, currently at 4.25%. This note is currently a line of credit with payments of interest only due each month. It will convert to a term loan with a maturity date of May 20, 2031, once the project is complete.
- B - This is the balance of a mortgage secured by the property located at 1817 Frankford Avenue held by the Pennsylvania Housing Finance Agency. Payment of principle with interest at the rate of two percent (2%) per annum shall be made from surplus of revenues over expenses ("excess revenue") generated by the project during any calendar year. Interest shall not accrue on the indebtedness during any calendar year in which payments are not due. Notwithstanding the above, any balance of principle remaining unpaid shall be due and payable at the end of a thirty (30) year term commencing on the date of construction completion.
- The loan documents do not indicate that these mortgage funds are federally sourced; it is therefore excluded from the schedule of expenditures of federal awards.
- C - This balance represents the amount due to Citizens Bank as part of its \$500,000 loan pursuant to an Affordable Housing Program Agreement dated May 20, 2016. The entire principal balance, or so much thereof as shall have been disbursed and not yet repaid, is due and payable on June 30, 2032. This loan bears interest at zero percent (0%) per annum, and is secured by a mortgage on the real properties of Orinoka Mills, L.P.
- D - This balance represents the amount due to Manufacturers and Traders Trust Company as part of its \$1,020,000 loan pursuant to an Affordable Housing Program Agreement dated May 20, 2016. The entire principal balance along with accrued interest, or so much thereof as shall have been disbursed and not yet repaid, is due and payable on June 30, 2032. This loan bears interest at 2.25 percent per annum, and is secured by a mortgage on the real properties of Orinoka Mills, L.P.
- E - This balance represents the amount due to Citizens Bank as part of its \$500,000 loan pursuant to an Affordable Housing Program Agreement dated May 20, 2016. The entire principal balance along with accrued interest, or so much thereof as shall have been disbursed and not yet repaid, is due and payable on June 30, 2032. This loan bears interest at 2.25 percent per annum, and is secured by a mortgage on the real properties of Orinoka Mills, L.P.

Estimated annual maturities debt are as follows:

2020	0
2021	0
2022	0
2023	0
2024	0
Thereafter	<u>\$2,525,377</u>
	<u><u>\$2,525,377</u></u>

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS June 30, 2020 and 2019

NOTE 6 – PROPERTY HELD FOR SALE & INVESTMENT

	<u>2020</u>	<u>2019</u>
A. <u>Black Box</u> Represents initial start up costs and architectural fees of the project.	\$ 173,382	\$ 173,382
B. <u>Orinoka Mills</u> Represents NKCDC's costs for a mixed use (commercial and residential) low income housing tax credit project. NKCDC owns the commercial portion of the Project.	428,338	403,191
C. <u>Ruth Street Civic House</u> Represents the cost of land and start up expenses for a new 40 unit Low-income housing tax credit project.	221,981	91,191
D. <u>East Kensington Scattered Site</u> Represents initial start up costs of the project. The project will consist of at least two, but as many as six, homes developed for homeownership.	<u>173,997</u> <u>\$ 997,698</u>	<u>100,719</u> <u>\$ 768,483</u>

NOTE 7 – MAJOR FUNDERS

For the year ended June 30, 2020, New Kensington Community Development Corporation received 10% or more of its total revenue from three of its funding sources. Revenue received from this funding source totaled \$1,252,364 or 33% of the corporation total revenue.

For the year ended June 30, 2019, New Kensington Community Development Corporation received 10% or more of its total revenue from two of its funding sources. Revenue received from this funding source totaled \$1,277,661 or 36% of the corporation total revenue.

NOTE 8 – NET ASSETS

Net Assets without Donor Restrictions

Net assets without donor restrictions represent funds retained by New Kensington Community Development Corporation that were received without any donor-imposed restrictions. In addition, donor-restricted contributions whose restrictions have been met in the same reporting period are reported as unrestricted support.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS June 30, 2020 and 2019

NOTE 8 – NET ASSETS – CONTINUED

Net Assets with Donor Restrictions

Net Assets with donor restrictions represent resources restricted by the donor as to time or use with the expectation that such restrictions will be satisfied in the future.

	<u>2020</u>	<u>2019</u>
Program Restrictions		
Neighborworks – Loan Loss Reserve	\$ 28,132	\$ 28,132
Neighborworks – Capital Projects		
Cash	92,499	92,499
Property	141,812	141,812
Keystone – Capital Projects	0	85,000
Beneficial – Time	0	2,500
Kresge Foundation – Time	0	75,000
Claniel Foundation – Time	15,000	30,000
NALCAB – Time	15,000	0
Wells Fargo Regional Foundation – Time	450,000	0
	<u>\$ 742,443</u>	<u>\$ 454,943</u>

During June 30, 2020 and 2019, Neighborworks American authorized the release of \$-0- and \$100,419, respectively, from its net assets with restrictions designation to an unrestricted expendable grant designation.

NOTE 9 – EMPLOYEE BENEFIT PLAN

The Organization maintains a 403(b) plan for its employees. Employees may contribute a percentage of their salary up to federal limits. The Organization matches a portion of their contribution for the years ended June 30, 2020 and 2019 the organization contributed \$19,482 and \$20,912 to the plan.

NOTE 10 – DEFERRED REVENUE

Represents monies advanced in connection with Programs which the organization is currently undertaking. The revenue will be recognized when earned or upon completion of the program.

NOTE 11 – DONATIONS IN-KIND

Material donations-in-kind received by NKCDC are recorded as income along with a corresponding charge to expense or capitalized cost. Material in-kind donations during the year ending are summarized below:

	<u>2020</u>	<u>2019</u>
Software	\$ 0	\$ 3,760
Program expense	1,300	8,493
Advertising and printing	0	670
	<u>\$ 1,300</u>	<u>\$ 12,923</u>

NOTE 12 – AGENCY TRANSACTIONS

Agency transactions, in which the organization receives funds which are required to be passed through to a specified beneficiary, are not recorded as contributions received and reflected on the statement of activities but are recorded in accounts reflected as liabilities on the statement of financial position.

Such amounts received totaled \$173,974 and \$105,600 during the years ended June 30, 2020 and 2019, respectively. The balance due to other organizations under these arrangements was \$51,443 and \$26,378 as of June 30, 2020 and 2019, respectively.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS June 30, 2020 and 2019

NOTE 13 – MORTGAGES RECEIVABLE – ORINOKA MILLS, L.P.

At June 30, 2020 and 2019 mortgages receivable consisted of the following:

<u>2020</u>	<u>Total</u>	<u>Current</u>	<u>Noncurrent</u>
A	\$ 500,000		\$ 500,000
B	1,090,411		1,090,411
C	534,515		534,515
	<u>\$2,124,926</u>	<u>\$ 0</u>	<u>\$2,124,926</u>
<u>2019</u>	<u>Total</u>	<u>Current</u>	<u>Noncurrent</u>
A	\$ 500,000		\$ 500,000
B	1,066,416		1,066,416
C	522,754		522,754
	<u>\$2,089,170</u>	<u>\$ 0</u>	<u>\$2,089,170</u>

- A – Represents the balance of the first mortgage due from Orinoka Mills, L.P. The note bears no interest and no payments are due until June 30, 2047 when it shall be due in its entirety.
- B - Represents the balance of the second mortgage due from Orinoka Mills, L.P. The note bears 2.25% interest and no payments are due until June 30, 2047 when it shall be due in its entirety.
- C - Represents the balance of the third mortgage due from Orinoka Mills, L.P. The note bears 2.25% interest and no payments are due until June 30, 2047 when it shall be due in its entirety.

NOTE 14 – ORINOKA MILLS PROJECT

On February 3, 2016, NKCDC entered into an agreement with the PRA to stabilize the building that would be rehabilitated by Orinoka Mills, L.P. The funds used in this project were derived from NTI-bond proceeds.

The project consists of residential apartments and commercial space. NKCDC controls the commercial space via a 65-year triple net lease with a base rent of one dollar per year. The building was placed in service on June 27, 2017 at which time \$3,532,600 was taken into revenue, \$3,291,169 (the residential portion) was expensed and \$241,431 (the commercial portion) was capitalized.

The Organization raised funds to complete the commercial portion of the project, which was placed in service and occupied by the Organization by the end of fiscal 2019.

NOTE 15 – LINE OF CREDIT

NKCDC has an outstanding line of credit with Community Housing Capital. Interest payments only are due until July 11, 2021 at which time the entire outstanding balance is due. The line bears interest at 4% and has an outstanding balance at June 30, 2020 of \$203,740.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS June 30, 2020 and 2019

NOTE 16 – LOAN PAYABLE

On May 2, 2020 the Company received a loan from Citizens Bank, N.A. in the amount of \$357,300, pursuant to the Payroll Protection Program (PPP) under the CARES Act, which was enacted in March 27, 2020. The loan, which was in the form of a note dated May 7, 2020, matures on May 7, 2022, and bears an interest rate at 1%, payable monthly commencing on November 16, 2020. The note may be prepaid at any time prior to maturity with no prepayment penalty. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, rent and utilities. The Company intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

The Organization anticipates current expenses of \$119,100 to qualify for loan forgiveness, therefore this amount was classified as income for fiscal June 30, 2020 and the loan was reduced by a corresponding amount.

NOTE 17 – FISHTOWN ROSE GARDEN

The property at 1401-03 Frankford Avenue was sold in June 30 2020. There are "use" covenants contained in the sales agreement. If these covenants are not adhered to by the purchaser, the property could revert back to NKCDC.

NOTE 18 – MORTGAGES RECEIVABLE – MOYER ST.

NKCDC holds four mortgages on properties sold as part of the Moyer Street project. Each mortgage is for \$200,000 of which \$150,000 is forgivable if held to the full term of 20 years at which time the remaining \$50,000 is due to NKCDC upon the sale or transfer of the property. The loans are forgiven \$15,000 a year for the years 11 through 20. An allowance for the forgivable portion of the mortgages has been set up for \$600,000. The mortgages are present net of this allowance on the statement of financial position.

NOTE 19 – OTHER INCOME

The mortgages receivable Moyer St. have been recorded on these financial statements, net of the forgivable portion resulting in \$200,000 of other income for the year June 30, 2020. In future years, if any of the properties are in default, sold, or transferred the remaining forgivable portion of the loan is due back to the organization and will be recognized as income at the time of receipt.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AND CITY AWARDS
For the year ended June 30, 2020

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Grant Period</u>	<u>Expenditure</u>	<u>Subcontract Expenditures</u>	<u>Questioned Costs</u>
<u>FEDERAL AWARDS</u>						
<u>U.S. Department of Justice</u>						
Direct Award						
Byrne Criminal Justice Innovation Program	16.817	2018-BJ-BX-0158	10/1/18 to 9/30/21	\$ 200,865	0	0
Total U.S. Department of Justice				<u>\$ 200,865</u>	<u>0</u>	<u>0</u>
<u>U.S. Department of Housing & Urban Development</u>						
Pass-through Philadelphia Division of Housing and Community Development: CBDG Entitlement Grants Cluster						
Community Development Block Grant/Entitlement Grants	14.218	20-20366	10/1/19 to 9/30/20	\$ 83,141	0	0
Community Development Block Grant/Entitlement Grants	14.218	44-19011	10/1/18 to 9/30/19	8,791	0	0
Community Development Block Grant/Entitlement Grants	14.218	20-20160	10/1/19 to 9/30/20	251,783	0	0
Community Development Block Grant/Entitlement Grants	14.218	19-20104	11/1/18 to 10/31/19	39,344	0	0
Pass-through Philadelphia Department of Commerce CBDG Entitlement Grants Cluster						
Community Development Block Grant/Entitlement Grants	14.218	20-20213	7/1/19 to 6/30/20	188,937		
Community Development Block Grant/Entitlement Grants	14.218	19-20501	3/1/19 to 2/28/20	25,000	0	0
Pass-through Neighborworks America CBDG Entitlement Grants Cluster						
Community Development Block Grant/Entitlement Grants	14.218	N/A	7/1/19 to 6/30/20	414,110	0	0
				<u>\$ 1,011,106</u>	<u>0</u>	<u>0</u>
Pass-through Local Initiatives Support Corporation Section 4 Capacity Building for Community Development and Affordable Housing						
	14.252	N/A	7/1/19 to 6/30/20	27,500	0	0
				<u>\$ 27,500</u>	<u>0</u>	<u>0</u>
Total U.S. Department of Housing & Urban Development				<u>\$ 1,038,606</u>	<u>0</u>	<u>0</u>
Total Federal Awards				<u>\$ 1,239,471</u>	<u>0</u>	<u>0</u>
<u>STATE AWARDS</u>						
<u>Commonwealth of Pennsylvania</u>						
PA Department of Human Services	4100083304	N/A	5/1/19 to 4/30/20	\$ 438,253	0	0
Total State Awards				<u>\$ 438,253</u>	<u>0</u>	<u>0</u>
<u>CITY AWARDS</u>						
<u>City of Philadelphia</u>						
Pass-through Philadelphia Department of Commerce	N/A	L453-06	7/1/19 to 6/30/20	\$ 133,350	0	0
Total City Awards				<u>\$ 133,350</u>	<u>0</u>	<u>0</u>
Total Federal, State and City Awards				<u>\$ 1,811,074</u>	<u>0</u>	<u>0</u>

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS **Year ended June 30, 2020**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal, State and City Awards presents the activities in all the Federal, State and City Awards programs of New Kensington Community Development Corporation which includes all Federal, State and City Awards funded by the City of Philadelphia.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal, State and City Awards is presented on the accrual basis except for amounts passed through the City of Philadelphia DHCD and PRA which reflect amounts billable to the funding source on a modified cash basis.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal, State and City Awards expenditures are reported on the statement of activities as expenses. The expenditures reported in the basic financial statements differ from the expenditures reported in the Schedule of Expenditures of Federal, State and City Awards because not all expenditures are required to be reported in the Schedule of Expenditures of Federal, State and City Awards.

NOTE 4 – DIVISION OF HOUSING AND COMMUNITY DEVELOPMENT **(OHCD) SUBRECIPIENT FUNDING**

The contract awards reflected in the accompanying Schedule of Expenditures of Federal, State and City Awards do not include subcontract awards.

NOTE 5 – INDIRECT COST RATE

The organization did elect to use the 10% de minimize cost rate as covered in 2 CFR 200.414 indirect (F & A) costs. The election applies only to its direct funding program.

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Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With Government Auditing Standards

Board of Directors
New Kensington Community Development Corporation
Philadelphia, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Kensington Community Development Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Kensington Community Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Kensington Community Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the New Kensington Community Development Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Kensington Community Development Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Snyder, Daitz, & Company

SNYDER, DAITZ & COMPANY
Philadelphia, PA

March 8, 2021

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Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance

Board of Directors
New Kensington Community Development Corporation
Philadelphia, PA

Report on Compliance for Each Major Federal Program

We have audited New Kensington Community Development Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of New Kensington Community Development Corporation's major federal programs for the year ended June 30, 2020. New Kensington Community Development Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of New Kensington Community Development Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the City of Philadelphia Subrecipient Audit Guide. Those standards, the Uniform Guidance, and the City of Philadelphia Subrecipient Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about New Kensington Community Development Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of New Kensington Community Development Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, New Kensington Community Development Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of New Kensington Community Development Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered New Kensington Community Development Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Kensington Community Development Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

SNYDER, DAITZ & COMPANY
Philadelphia, PA

March 8, 2021

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year ended June 30, 2020

Board of Directors
New Kensington Community Development Corporation
Philadelphia, PA

SECTION I - Summary of Auditors Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified ? _____ yes X no

Significant deficiencies identified that are not considered to be material weaknesses ? _____ yes X none reported

Noncompliance material to financial statements noted ? _____ yes X no

Federal Awards

Internal control over major programs :

Material weaknesses identified ? _____ yes X no

Significant deficiencies identified that are not considered to be material weaknesses ? _____ yes X none reported

Type of auditor's report issued on compliance for major programs : Unmodified

Any audit findings disclosed relating to major programs that are required to be reported under 2CFR section 200.516(a)? _____ yes X no

Identification of major programs :

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.817	Byrne Criminal Justice Innovation Program
14.218	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs : \$ 750,000

Auditee qualified as low-risk auditee ? X yes _____ no

SECTION II - Financial Statement Findings

None

SECTION III - Federal Award Findings

None

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Independent Auditor's Opinion on Supplementary
Financial Schedules Required by Section 1000 to 6000

Board of Directors
New Kensington Community Development Corporation
Philadelphia, PA

We have audited the financial statements of New Kensington Community Development Corporation for the year ended June 30, 2020, and have issued our report thereon dated December 31, 2020. These financial statements are the responsibility of New Kensington Community Development Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *City of Philadelphia Subrecipient Audit Guide*. Those standards and the *City of Philadelphia Subrecipient Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of New Kensington Community Development Corporation taken as a whole. The accompanying Statements of Source and Status of Funds, Statements of Expenditures, Statements of Program Expenditures and Schedules of Reconciliation are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information in these schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Snyder, Daitz, & Company

SNYDER, DAITZ & COMPANY
Philadelphia, PA

March 8, 2021

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #19-20104

STATEMENT OF SOURCE AND STATUS OF FUNDS
For the period July 1, 2019 to June 30, 2020

	CDBG Funds	Program Income	Total
TOTAL CONTRACT	\$ 284,220		\$ 284,220
Less: Funds drawn down - prior year	\$ 194,408		\$ 194,408
- current year	89,812		89,812
Total Funds Drawn Down	\$ 284,220		\$ 284,220
Funds Still Available for Draw Down	0		0
Total Funds Drawn Down	\$ 284,220		\$ 284,220
Add: Program Income	0	0	0
Total Funds Received	\$ 284,220	0	\$ 284,220
Less: Program income expended		0	
Funds applied - prior year	\$ 244,876		\$ 244,876
Funds applied - current year	39,344		39,344
Total Funds Applied	\$ 284,220	0	\$ 284,220
Total Funds Due From Funding source	0	0	0
Total Funds Available For Disposition	0	0	0

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #19-20104

SCHEDULE OF PROGRAM EXPENDITURES
For the period July 1, 2019 to June 30, 2020

<u>Contract Category</u>	<u>Project Budget</u>	<u>Prior to 7/1/2019</u>	<u>7/1/2019 to 6/30/2020</u>	<u>Cumulative as of 6/30/2020</u>	<u>Questioned Costs</u>
Delivery					
Personnel	\$ 203,660	\$ 171,523	\$ 32,137	\$ 203,660	
Fringe benefits	37,927	37,927	0	37,927	
Professional services	2,091	2,091	0	2,091	
Occupancy	10,202	8,835	1,367	10,202	
Supplies	8,294	7,262	1,032	8,294	
Equipment	10,954	8,001	2,953	10,954	
Insurance	8,357	6,502	1,855	8,357	
Travel	2,735	2,735	0	2,735	
Total Contract Expenditures	<u>\$ 284,220</u>	<u>\$ 244,876</u>	<u>\$ 39,344</u>	<u>\$ 284,220</u>	<u>0</u>

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

CDBG CONTRACT #19-20104

RECONCILIATION SCHEDULE

For the period July 1, 2019 to June 30, 2020

	<u>Amount per Audit Report</u>	<u>Amount per 6/30/2020 Subrecipient Invoice</u>	<u>Difference</u>
Contract Amount	\$ 284,220	\$ 284,220	0
Program Cost			
Current Year	39,344	39,344	0
Cumulative	284,220	284,220	0
Funds Drawn Down			
Current Year	89,812	89,812	0
Cumulative	284,220	284,220	0
Balance of Advance	0	0	0

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

CDBG CONTRACT #44-19011

STATEMENT OF SOURCE AND STATUS OF FUNDS

For the period July 1, 2019 to June 30, 2020

	CDBG Funds	Program Income	Total
TOTAL CONTRACT	<u>\$ 95,000</u>		<u>\$ 95,000</u>
Less: Funds drawn down - prior year	<u>\$ 53,276</u>		<u>\$ 53,276</u>
- current year	<u>40,356</u>		<u>40,356</u>
Total Funds Drawn Down	<u>\$ 93,632</u>		<u>\$ 93,632</u>
Funds Still Available for Draw Down	<u>\$ 1,368</u>		<u>\$ 1,368</u>
Total Funds Drawn Down	<u>\$ 93,632</u>		<u>\$ 93,632</u>
Add: Program Income	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Received	<u>\$ 93,632</u>	<u>0</u>	<u>\$ 93,632</u>
Less: Program income expended		<u>0</u>	
Funds applied - prior year	<u>\$ 84,841</u>		<u>\$ 84,841</u>
Funds applied - current year	<u>8,791</u>		<u>8,791</u>
Total Funds Applied	<u>\$ 93,632</u>	<u>0</u>	<u>\$ 93,632</u>
Total Funds Due From Funding source	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available For Disposition	<u>\$ 1,368</u>	<u>0</u>	<u>\$ 1,368</u>

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #44-19011

SCHEDULE OF PROGRAM EXPENDITURES
For the period July 1, 2019 to June 30, 2020

<u>Contract Category</u>	<u>Project Budget</u>	<u>Prior to 7/1/2019</u>	<u>7/1/2019 to 6/30/2020</u>	<u>Cumulative as of 6/30/2020</u>	<u>Questioned Costs</u>
Delivery					
Personnel	\$ 72,077	\$ 66,920	\$ 5,157	\$ 72,077	
Fringe benefits	8,673	5,853	1,452	7,305	
Professional services	1,276	727	549	1,276	
Occupancy	3,355	2,679	676	3,355	
Supplies	4,822	4,822	0	4,822	
Equipment	969	969	0	969	
Insurance	2,693	1,956	737	2,693	
Travel	1,135	915	220	1,135	
Total Contract Expenditures	<u>\$ 95,000</u>	<u>\$ 84,841</u>	<u>\$ 8,791</u>	<u>\$ 93,632</u>	<u>0</u>

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #44-19011

RECONCILIATION SCHEDULE
For the period July 1, 2019 to June 30, 2020

	<u>Amount per Audit Report</u>	<u>Amount per 6/30/2020 Subrecipient Invoice</u>	<u>Difference</u>
Contract Amount	\$ 95,000	\$ 95,000	0
Program Cost			
Current Year	8,791	8,791	0
Cumulative	93,632	93,632	0
Funds Drawn Down			
Current Year	40,356	40,356	0
Cumulative	93,632	93,632	0
Balance of Advance	0	0	0

CONTRACT CLOSED OUT:

The total funds available for disposition of \$1,368 will not be expended.
The contract is considered closed out.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #20-20160

STATEMENT OF SOURCE AND STATUS OF FUNDS
For the period July 1, 2019 to June 30, 2020

	<u>CDBG Funds</u>	<u>Program Income</u>	<u>Total</u>
TOTAL CONTRACT	<u>\$ 284,220</u>		<u>\$ 284,220</u>
Less: Funds drawn down - prior year	0		0
- current year	<u>\$ 88,502</u>		<u>\$ 88,502</u>
Total Funds Drawn Down	<u>\$ 88,502</u>		<u>\$ 88,502</u>
Funds Still Available for Draw Down	<u>195,718</u>		<u>195,718</u>
Total Funds Drawn Down	<u>\$ 88,502</u>		<u>\$ 88,502</u>
Add: Program Income	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Received	<u>\$ 88,502</u>	<u>0</u>	<u>\$ 88,502</u>
Less: Program income expended		0	
Funds applied - prior year	0		0
Funds applied - current year	<u>\$ 251,783</u>		<u>\$ 251,783</u>
Total Funds Applied	<u>\$ 251,783</u>	<u>0</u>	<u>\$ 251,783</u>
Total Funds Due From Funding source	<u>\$ 163,281</u>	<u>0</u>	<u>\$ 163,281</u>
Total Funds Available For Disposition	<u>\$ 32,437</u>	<u>0</u>	<u>\$ 32,437</u>

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #20-20160

SCHEDULE OF PROGRAM EXPENDITURES
For the period July 1, 2019 to June 30, 2020

<u>Contract Category</u>	<u>Project Budget</u>	<u>Prior to 7/1/2019</u>	<u>7/1/2019 to 6/30/2020</u>	<u>Cumulative as of 6/30/2020</u>	<u>Questioned Costs</u>
Delivery					
Personnel	\$ 203,838	0	\$ 176,057	\$ 176,057	
Fringe benefits	37,943	0	37,943	37,943	
Professional services	2,091	0	1,184	1,184	
Consumable supplies	7,438	0	7,438	7,438	
Equipment	12,565	0	10,085	10,085	
Occupancy	9,978	0	9,978	9,978	
Insurance	7,632	0	6,363	6,363	
Travel	2,735	0	2,735	2,735	
Total Contract Expenditures	<u>\$ 284,220</u>	<u>0</u>	<u>\$ 251,783</u>	<u>\$ 251,783</u>	<u>0</u>

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #20-20160

RECONCILIATION SCHEDULE
For the period July 1, 2019 to June 30, 2020

	<u>Amount per Audit Report</u>	<u>Amount per 6/30/2020 Subrecipient Invoice</u>	<u>Difference</u>
Contract Amount	\$ 284,200	\$ 284,200	0
Program Cost			
Current Year	251,783	251,783	0
Cumulative	251,783	251,783	0
Funds Drawn Down			
Current Year	88,502	88,502	0
Cumulative	88,502	88,502	0
Balance of Advance	0	0	0

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #20-20366

STATEMENT OF SOURCE AND STATUS OF FUNDS
For the period July 1, 2019 to June 30, 2020

	<u>CDBG Funds</u>	<u>Program Income</u>	<u>Total</u>
TOTAL CONTRACT	<u>\$ 95,000</u>		<u>\$ 95,000</u>
Less: Funds drawn down - prior year	<u>0</u>		<u>0</u>
- current year	<u>\$ 32,257</u>		<u>\$ 32,257</u>
 Total Funds Drawn Down	 <u>\$ 32,257</u>		 <u>\$ 32,257</u>
Funds Still Available for Draw Down	<u>\$ 62,743</u>		<u>\$ 62,743</u>
Total Funds Drawn Down	<u>\$ 32,257</u>		<u>\$ 32,257</u>
Add: Program Income	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Received	<u>\$ 32,257</u>	<u>0</u>	<u>\$ 32,257</u>
Less: Program income expended		<u>0</u>	
Funds applied - prior year	<u>0</u>		<u>0</u>
Funds applied - current year	<u>\$ 83,141</u>		<u>\$ 83,141</u>
Total Funds Applied	<u>\$ 83,141</u>	<u>0</u>	<u>\$ 83,141</u>
Total Funds Due From Funding source	<u>\$ 50,884</u>	<u>0</u>	<u>\$ 50,884</u>
Total Funds Available For Disposition	<u>\$ 11,859</u>	<u>0</u>	<u>\$ 11,859</u>

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #20-20366

SCHEDULE OF PROGRAM EXPENDITURES
For the period July 1, 2019 to June 30, 2020

<u>Contract Category</u>	<u>Project Budget</u>	<u>Prior to 7/1/2019</u>	<u>7/1/2019 to 6/30/2020</u>	<u>Cumulative as of 6/30/2020</u>	<u>Questioned Costs</u>
Administration					
Professional services	\$ 1,276	0	\$ 411	\$ 411	
Delivery					
Personnel	73,685	0	66,785	66,785	
Fringe benefits	7,065	0	5,926	5,926	
Consumable supplies	4,841	0	3,464	3,464	
Equipment	1,150	0	1,150	1,150	
Occupancy	3,355	0	3,355	3,355	
Insurance	2,493	0	1,905	1,905	
Travel	1,135	0	145	145	
Total Contract Expenditures	<u>\$ 95,000</u>	<u>0</u>	<u>\$ 83,141</u>	<u>\$ 83,141</u>	<u>0</u>

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #20-20366

RECONCILIATION SCHEDULE
For the period July 1, 2019 to June 30, 2020

	<u>Amount per Audit Report</u>	<u>Amount per 6/30/2020 Subrecipient Invoice</u>	<u>Difference</u>
Contract Amount	\$ 95,000	\$ 95,000	0
Program Cost			
Current Year	83,141	83,141	0
Cumulative	83,141	83,141	0
Funds Drawn Down			
Current Year	32,257	32,257	0
Cumulative	32,257	32,257	0
Balance of Advance	0	0	0

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACTS #20-20213

STATEMENT OF SOURCE AND STATUS OF FUNDS
For the period July 1, 2019 to June 30, 2020

	CDBG Funds	Program Income	Total
TOTAL CONTRACT	\$ 200,000		\$ 200,000
Less: Funds drawn down - prior years	0		0
- current year	\$ 94,109		\$ 94,109
Total Funds Drawn Down	\$ 94,109		\$ 94,109
Funds Still Available for Draw Down	\$ 105,891		\$ 105,891
Total Funds Drawn Down	\$ 94,109		\$ 94,109
Add: Program Income	0	0	0
Total Funds Received	\$ 94,109	0	\$ 94,109
Less: Program income expended		0	
Funds applied - prior years	0		0
Funds applied - current year	\$ 188,937		\$ 188,937
Total Funds Applied	\$ 188,937	0	\$ 188,937
Total Funds Due From Funding source	\$ 94,828	0	\$ 94,828
Total Funds Available For Disposition	\$ 11,063	0	\$ 11,063

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACTS #20-20213

SCHEDULE OF PROGRAM EXPENDITURES
For the period July 1, 2019 to June 30, 2020

<u>Contract Category</u>	<u>Project Budget</u>	<u>Prior to 7/1/2019</u>	<u>7/1/2019 to 6/30/2020</u>	<u>Cumulative as of 6/30/2020</u>	<u>Questioned Costs</u>
Personnel	\$ 148,377	0	\$ 145,145	\$ 145,145	
Fringe benefits	21,623	0	21,623	21,623	
Occupancy	4,712	0	4,712	4,712	
Consumable supplies	2,926	0	2,926	2,926	
Equipment - lease	1,311	0	1,311	1,311	
Equipment - maintenance	5,383	0	5,383	5,383	
Insurance	4,059	0	4,059	4,059	
Other costs	7,357	0	1,340	1,340	
Audit	1,902	0	1,902	1,902	
Operating consultants	0	0	0	0	
Travel - local	0	0	0	0	
Travel - out of town	2,350	0	536	536	
Total Contract Expenditures	\$ 200,000	0	\$ 188,937	\$ 188,937	0

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACTS #20-20213

RECONCILIATION SCHEDULE
For the period July 1, 2019 to June 30, 2020

	<u>Amount per Audit Report</u>	<u>Amount per 6/30/2020 Subrecipient Invoice</u>	<u>Difference</u>
Contract Amount	\$ 200,000	\$ 200,000	0
Program Cost			
Current Year	188,937	188,937	0
Cumulative	188,937	188,937	0
Funds Drawn Down			
Current Year	94,109	94,109	0
Cumulative	94,109	94,109	0
Balance of Advance	0	0	0

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #L453-06

STATEMENT OF SOURCE AND STATUS OF FUNDS
For the period July 1, 2019 to June 30, 2020

	<u>CDBG Funds</u>	<u>Program Income</u>	<u>Total</u>
TOTAL CONTRACT	<u>\$ 163,500</u>		<u>\$ 163,500</u>
Less: Funds drawn down - prior years	0		0
- current year	<u>\$ 39,161</u>		<u>\$ 39,161</u>
Total Funds Drawn Down	<u>\$ 39,161</u>		<u>\$ 39,161</u>
Funds Still Available for Draw Down	<u>\$ 124,339</u>		<u>\$ 124,339</u>
Total Funds Drawn Down	<u>\$ 39,161</u>		<u>\$ 39,161</u>
Add: Program Income	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Received	<u>\$ 39,161</u>	<u>0</u>	<u>\$ 39,161</u>
Less: Program income expended		0	
Funds applied - prior years	0		0
Funds applied - current year	<u>\$ 133,350</u>		<u>\$ 133,350</u>
Total Funds Applied	<u>\$ 133,350</u>	<u>0</u>	<u>\$ 133,350</u>
Total Funds Due From Funding source	<u>\$ 94,189</u>	<u>0</u>	<u>\$ 94,189</u>
Total Funds Available For Disposition	<u>\$ 30,150</u>	<u>0</u>	<u>\$ 30,150</u>

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #L453-06

SCHEDULE OF PROGRAM EXPENDITURES
For the period July 1, 2019 to June 30, 2020

<u>Contract Category</u>	<u>Project Budget</u>	<u>Prior to 7/1/2019</u>	<u>7/1/2019 to 6/30/2020</u>	<u>Cumulative as of 6/30/2020</u>	<u>Questioned Costs</u>
Personnel	\$ 124,628		\$ 99,022	\$ 99,022	
Cleaning supplies	14,347		9,803	9,803	
Administration expenses	24,525		24,525	24,525	
Total Contract Expenditures	\$ 163,500	0	\$ 133,350	\$ 133,350	0

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #L453-06

RECONCILIATION SCHEDULE
For the period July 1, 2019 to June 30, 2020

	Amount per Audit Report	Amount per 6/30/2020 Subrecipient Invoice	Difference
Contract Amount	\$ 163,500	\$ 163,500	0
Program Cost			
Current Year	133,350	133,350	0
Cumulative	133,350	133,350	0
Funds Drawn Down			
Current Year	39,161	39,161	0
Cumulative	39,161	39,161	0
Balance of Advance	0	0	0

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACT #19-20501

STATEMENT OF SOURCE AND STATUS OF FUNDS
For the period July 1, 2019 to June 30, 2020

	CDBG Funds	Program Income	Total
TOTAL CONTRACT	\$ 25,000		\$ 25,000
Less: Funds drawn down - prior years	0		0
- current year	\$ 25,000		\$ 25,000
Total Funds Drawn Down	\$ 25,000		\$ 25,000
Funds Still Available for Draw Down	0		0
Total Funds Drawn Down	\$ 25,000		\$ 25,000
Add: Program Income	0	0	0
Total Funds Received	\$ 25,000	0	\$ 25,000
Less: Program income expended		0	
Funds applied - prior years	0		0
Funds applied - current year	\$ 25,000		\$ 25,000
Total Funds Applied	\$ 25,000	0	\$ 25,000
Total Funds Due From Funding source	0	0	0
Total Funds Available For Disposition	0	0	0

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACTS #19-20501

SCHEDULE OF PROGRAM EXPENDITURES
For the period July 1, 2019 to June 30, 2020

<u>Contract Category</u>	<u>Project Budget</u>	<u>Prior to 7/1/2019</u>	<u>7/1/2019 to 6/30/2020</u>	<u>Cumulative as of 6/30/2020</u>	<u>Questioned Costs</u>
Operating consultants	\$ 25,000	0	\$ 25,000	\$ 25,000	
Total Contract Expenditures	<u>\$ 25,000</u>	<u>0</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>0</u>

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION
CDBG CONTRACTS #19-20501

RECONCILIATION SCHEDULE
For the period July 1, 2019 to June 30, 2020

	<u>Amount per Audit Report</u>	<u>Amount per 6/30/2020 Subrecipient Invoice</u>	<u>Difference</u>
Contract Amount	\$ 25,000	\$ 25,000	0
Program Cost			
Current Year	25,000	25,000	0
Cumulative	25,000	25,000	0
Funds Drawn Down			
Current Year	25,000	25,000	0
Cumulative	25,000	25,000	0
Balance of Advance	0	0	0

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

SCHEDULE OF FINANCIAL POSITION OF NEIGHBORWORKS AMERICA FUNDS Year ended June 30, 2020

	Without Donor Restriction	With Donor Restrictions		Total
		Loan Loss Reserve	Capital Projects	
Cash	\$ 50,000	\$ 28,132	\$ 64,367	\$ 142,499
Invested in Fixed Assets	0	0	141,812	141,812
Total Assets	\$ 50,000	\$ 28,132	\$ 206,179	\$ 284,311
Loan Loss Reserve	\$ 50,000	0	0	\$ 50,000
Net Assets	0	\$ 28,132	\$ 206,179	234,311
Total Liabilities and Net Assets	\$ 50,000	\$ 28,132	\$ 206,179	\$ 284,311

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

SCHEDULE OF NEIGHBORWORKS AMERICA ACTIVITY

For fiscal year ended June 30, 2020

	Without Donor Restriction	With Donor Restrictions		Total
		Loan Loss Reserve	Capital Projects	
Grants	\$ 414,110	0	0	\$ 414,110
Net Assets Released from Restrictions	0	0	0	0
Total Revenues	<u>\$ 414,110</u>	<u>0</u>	<u>0</u>	<u>\$ 414,110</u>
Expenses:				
Program Services	\$ 383,668	0	0	\$ 383,668
General and Administrative	30,442	0	0	30,442
Total Expenses	<u>\$ 414,110</u>	<u>0</u>	<u>0</u>	<u>\$ 414,110</u>
Change in Net Assets	0	0	0	0
Beginning Net Assets	0	0	\$ 234,311	\$ 234,311
Ending Net Assets	<u>0</u>	<u>0</u>	<u>\$ 234,311</u>	<u>\$ 234,311</u>

See accompanying letter and notes to supplementary schedules.

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION

NOTES TO SUPPLEMENTAL SCHEDULES June 30, 2020

NOTE 1 - ORGANIZATION

New Kensington Community Development Corporation is a non-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

New Kensington Community Development Corporation is a non-profit corporation organized for the purpose of revitalizing the New Kensington Community.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The organization's accounting policies conform to generally accepted accounting policies.

The supplemental schedules presented in this report have been prepared on the basis required by the U.S. Department of Housing and Urban Development (HUD) which differs in some respects from generally accepted accounting principles (GAAP). Generally accepted accounting principles require revenue to be recognized when earned and expenses to be recognized when incurred. The statement of program cost does recognize expenses as incurred, but revenue recognition is not reflected in this report. Cash received from revenues is reflected in the statement of sources and status of funds.

NOTE 3 - PROGRAM INCOME

The CDBG funds of Contracts #19-20104, #44-19011, #20-20160, #20-20366, #20-20213, #L453-06, and #19-20501, have no program income, therefore, no schedules of program income are presented for these funds.