Lancaster Avenue 21st Century Business Association

Financial Statements and
Independent Auditor's Report

December 31, 2023

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Independent Auditor's Report

To the Board of Directors of
Lancaster Avenue 21st Century Business Association
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying financial statements of Lancaster Avenue 21st Century Business Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lancaster Avenue 21st Century Business Association as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lancaster Avenue 21st Century Business Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lancaster Avenue 21st Century Business Association'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 Lancaster Avenue 21st Century Business Association'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 Lancaster Avenue 21st Century Business Association'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.

Galani & Associates LLC

Galani & Associates LLC
Collegeville, Pennsylvania
August 12, 2024

Lancaster Avenue 21st Century Business Association
Statement of Financial Position
December 31, 2023

Assets	
Current assets:	
Cash	$ 15,781
Grants receivable	209,367
Prepaid expenses	194
Total current assets	225,342
Property and equipment, net	32,275
Total assets	$ 257,617
Liabilities and Net Assets	
Current liabilities:	
Accounts payable and accrued expenses	$ 23,467
Unearned revenue	125,000
Total current liabilities	148,467
Total liabilities	148,467
Net assets:	
Without donor restrictions	109,150
With donor restrictions	-
Total net assets	109,150
Total liabilities and net assets	$ 257,617

The accompanying notes are an integral part of these financial statements.

Lancaster Avenue 21st Century Business Association
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:			
Grants	$ 927,323	$ -	$ 927,323
Contributions	8,577	-	8,577
Total revenue, gains, and other support	935,900	-	935,900
Expenses:			
Programs	803,492	-	803,492
Management and general	125,283	-	125,283
Fundraising	199	-	199
Total expenses	928,974	-	928,974
Change in net assets	6,926	-	6,926
Net assets, beginning of year	102,224	-	102,224
Net assets, end of year	$ 109,150	$ -	$ 109,150

The accompanying notes are an integral part of these financial statements.

Lancaster Avenue 21st Century Business Association
Statement of Functional Expenses
Year Ended December 31, 2023

	BTAP	Cleaning Grant	Other Grants	Management and General	Fundraising	Total
Payroll wages	$ -	$ -	$ 58,972	$ 50,928	$ -	$ 109,900
Payroll tax	-	-	5,194	4,486	-	9,680
Administrative	47,300	22,160	16,709	11,282	-	97,451
Advertising and marketing	2,074	-	-	4,264	-	6,338
Bank charges	-	-	-	108	-	108
Contractors	338,409	132,029	42,850	-	-	513,288
Depreciation	-	-	6,387	-	-	6,387
Donations	1,500	-	1,890	-	-	3,390
Event expenses	1,300	-	2,085	-	-	3,385
Fees and subscriptions	1,788	-	-	2,826	-	4,614
Fundraising	-	-	-	-	199	199
Insurance	-	-	-	1,360	-	1,360
Job supplies	1,500	662	1,300	1,573	-	5,035
Legal and professional fees	-	-	7,150	-	-	7,150
Management	50,000	18,960	19,000	-	-	87,960
Meals and entertainment	600	-	4,673	1,830	-	7,103
Meetings	-	-	216	-	-	216
Miscellaneous	-	500	575	945	-	2,020
Office expenses	100	-	1,500	7,406	-	9,006
Office supplies and software	-	-	-	2,476	-	2,476
Postage	-	-	-	1,013	-	1,013
Prizes	4,650	-	2,803	-	-	7,453
Program expenses	500	-	450	-	-	950
Rent and lease	-	-	-	24,163	-	24,163
Supplies	753	1,455	5,498	6,835	-	14,541
Telephone and internet	-	-	-	3,665	-	3,665
Website	-	-	-	123	-	123
Total functional expenses	$ 450,474	$ 175,766	$ 177,252	$ 125,283	$ 199	$ 928,974

The accompanying notes are an integral part of these financial statements.

Lancaster Avenue 21st Century Business Association
Statement of Cash Flows
Year Ended December 31, 2023

Cash flows from operating activities:	
Change in net assets	$ 6,926
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,387
(Increase) decrease in assets:	
Grants receivable	(122,921)
Prepaid expenses	(181)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	8,550
Unearned revenue	125,000
Net cash provided by operating activities	23,761
Cash flows from investing activities:	
Purchase of assets	(30,900)
Net cash used by investing activities	(30,900)
Net change in cash	(7,139)
Cash, beginning of year	22,920
Cash, end of year	$ 15,781
Supplemental Disclosure:	
Interest paid	$ -

The accompanying notes are an integral part of these financial statements.

1. The Organization and Nature of Operations

Lancaster Avenue 21st Century Business Association (the "Organization") was founded in 2011 as a non-profit corporation in Pennsylvania. Subsequently, it obtained the tax-exempt status of 501(c)(3) from the Internal Revenue Service. Prior to 2011, even though the Organization was not formally founded, it was operating in the same manner to serve the public as it has since its formal founding in 2011. The Organization serves the West Philadelphia community on Lancaster Avenue from **34th to Lansdowne streets (over 20 city blocks), Market Street from 34th to 38th streets and the surrounding neighborhoods.** The Organization is located in a federally mandated **"Promise Zone"** serving communities in the Mantua section of West Philadelphia and University City. The Organization is a CDC **(Community Development Corporation) business association** representing businesses and organizations along the Lancaster Avenue corridor, a rich cultural, historic, and business hub. The Organization is also a **Registered Community Organization (RCO)** representing Lancaster Avenue. Serving as an RCO allows it to engage its community with all zoning, land use and community development on and around Lancaster Avenue.

Mission & Vision

The Organization's **mission** is to provide **training**, **resources,** and environment to help new and established businesses address the difficulties of starting, maintaining, and navigating the necessary changes needed to foster successful business growth and economic betterment of the Lancaster Avenue corridor and the city of Philadelphia.

The Organization's **vision** is to create an environment on Lancaster Avenue and within the **Philadelphia Entrepreneurship Eco-System** where local businesses can not only survive, but also thrive.

Member Statement

As an **advocate** for local business development, the Organization is dedicated to supporting and encouraging the continued growth of each of its member businesses. The Organization strives to influence business-friendly legislation in all levels of government, participate in initiatives to improve the community, present professional enrichment programs, and provide its members with cost-efficient ways to run their businesses.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America ("GAAP") and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The Organization's assets, liabilities, revenues, and expenses are recognized on the accrual basis of accounting for financial statements purposes.

Basis of Presentation

The Organization prepares its financial statements in accordance with Accounting Standards Codification ("ASC") 958*, Not-for-Profit Entities* ("ASC 958") and adopted the modification during current year as described in FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Organization is required to report information regarding its financial position and activities according to two classes of net assets (without donor restrictions, and with donor restrictions) based upon the existence or absence of donor-imposed restrictions.

Property and Equipment
The Organization follows the practice of capitalizing fixed assets expenditures in excess of $1,000. Depreciation is computed on a reasonable method basis over the estimated useful lives of the related asset.

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Use of Estimates
The preparation of the 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Allocation of Functional Expenses
Expenses by function have been allocated amongst program and supporting services classification on the basis of time records and on estimates made by the Organization's management.

Promises to Give
Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributions
Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Contributed In-Kind Services
Donated services are recognized as contributions in accordance with ASC 605, *Contributed Services,* if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. For the year ended December 31, 2023, the Organization had recognized zero in-kind services.

Advertising
The Organization expenses the advertising costs as incurred. For the year ended December 31, 202, the advertising expense was $6,338.

Income Taxes
The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

The Organization's management evaluates tax positions taken by the Organization and recognize a tax liability (or asset) if an uncertain position that more than likely than not would not be sustained upon examination by taxing authorities. The Organization's management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's management believes that it is no longer subject to income tax examinations for years ending prior to 2019.

3. Unearned Revenue

At December 31, 2023, the Organization recorded $125,000 of unearned revenue. All of this represented 50% of a grant from Philadelphia.

4. Concentrations

During the year ended December 31, 2023, three grants accounted for approximately 89% of the Organization's total grants.

5. Liquidity and Availability of Resources

At December 31, 2023, the Organization's financial assets consisting of cash held in accounts at a bank in the amount of $15,781 of which none was subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

6. Property and Equipment

Property and equipment at December 31, 2023:

Containers	7 years	$ 38,950
Accumulated depreciation		(6,675)
		$ 32,275

Depreciation expense was $6,387 for the year ended December 31, 2023.

7. Contingencies

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 has had and continue to impact various parts of its operations and financial results including but not limited to costs for emergency preparedness. Management believes the Organization is taking appropriate actions to mitigate the negative impact. No such negative impact is included in the Organization's current financial statements.

8. Leasing Arrangements

The Organization rents office space on an as needed basis from two local vendors. For the year ended December 31, 2023, the organization recorded $24,163 as rent and lease expenses from those two leasing arrangements.

9. Evaluation of Subsequent Events

The Organization has evaluated events and transactions through August 12, 2024, the date these financial statements were available for issuance.