

**THE PRESERVATION ALLIANCE
FOR GREATER PHILADELPHIA**

**FINANCIAL REPORT
December 31, 2022 and 2021**

THE PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Preservation Alliance for Greater Philadelphia
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying financial statements of The Preservation Alliance for Greater Philadelphia (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Preservation Alliance for Greater Philadelphia as of December 31, 2022 and 2021, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Preservation Alliance for Greater Philadelphia 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 The Preservation Alliance for Greater Philadelphia'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, including omissions, 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 The Preservation Alliance for Greater Philadelphia'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 The Preservation Alliance for Greater Philadelphia'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.



SNYDER, DAITZ & COMPANY

Philadelphia, PA

August 14, 2023

PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

STATEMENT OF FINANCIAL POSITION December 31,

| | 2022 | 2021 |
|--|---------------------|-------------------|
| <u>ASSETS</u> | | |
| <u>CURRENT ASSETS</u> | | |
| Cash and cash equivalents | \$ 884,225 | \$ 770,422 |
| Accounts receivable | 3,838 | 0 |
| Grants and contributions receivable | 84,285 | 147,682 |
| Prepaid expenses | 22,424 | 28,310 |
| | \$ 994,772 | \$ 946,414 |
| <u>NON-CURRENT ASSETS</u> | | |
| Investments | \$ 20,536 | \$ 13,977 |
| Deposits | 10,081 | 10,081 |
| Furniture and equipment, net of depreciation | 6,969 | 5,812 |
| Right of use asset | 12,583 | 0 |
| | \$ 50,169 | \$ 29,870 |
| | \$ 1,044,941 | \$ 976,284 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>CURRENT LIABILITIES</u> | | |
| Accounts payable and accrued liabilities | \$ 20,419 | \$ 21,302 |
| Accrued payroll liabilities | 17,806 | 17,010 |
| Agency liabilities | 39,000 | 0 |
| Current portion of long-term debt | 1,734 | 1,734 |
| | \$ 78,959 | \$ 40,046 |
| <u>NON-CURRENT LIABILITIES</u> | | |
| Note payable | \$ 148,266 | \$ 148,266 |
| Operating lease liability | 8,462 | 0 |
| | \$ 156,728 | \$ 148,266 |
| | \$ 235,687 | \$ 188,312 |
| <u>NET ASSETS</u> | | |
| Without donor restrictions | \$ 630,014 | \$ 533,977 |
| With donor restrictions | 179,240 | 253,995 |
| | \$ 809,254 | \$ 787,972 |
| | \$ 1,044,941 | \$ 976,284 |

The accompanying notes are an integral part of this statement.

PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

STATEMENT OF ACTIVITIES Years ended December 31, 2022 and 2021

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | 2022 Total | 2021 Total |
|---------------------------------------|---|--|-------------------|--------------------|
| REVENUE | | | | |
| Grants | \$ 12,451 | \$ 5,000 | \$ 17,451 | \$ 127,037 |
| Contributions | 192,355 | 2,735 | 195,090 | 87,333 |
| Easement donations | 56,250 | 0 | 56,250 | 16,087 |
| Member dues | 269,964 | 0 | 269,964 | 261,389 |
| Special projects and events | 395,507 | 0 | 395,507 | 324,637 |
| Investment income | 1,836 | 0 | 1,836 | 1,715 |
| Fees for program services | 25,605 | 0 | 25,605 | 26,451 |
| Net assets released from restrictions | 82,490 | (82,490) | 0 | 0 |
| Total Support and Revenue | \$ 1,036,458 | \$ (74,755) | \$ 961,703 | \$ 844,649 |
| EXPENSES | | | | |
| Program services | \$ 469,959 | | \$ 469,959 | 452,122 |
| General and administrative | 129,053 | | 129,053 | 125,169 |
| Fundraising | | | | |
| Membership development | 91,995 | | 91,995 | 81,720 |
| Other fundraising | 249,414 | | 249,414 | 226,896 |
| Total Expenses | \$ 940,421 | 0 | \$ 940,421 | \$ 885,907 |
| Change in Net Assets | \$ 96,037 | \$ (74,755) | \$ 21,282 | \$ (41,258) |
| CHANGE IN NET ASSETS | | | | |
| Without donor restrictions | \$ 96,037 | 0 | \$ 96,037 | \$ 95,905 |
| With donor restrictions | 0 | \$ (74,755) | \$ (74,755) | \$ (137,163) |
| Change in Net Assets | \$ 96,037 | \$ (74,755) | \$ 21,282 | \$ (41,258) |
| Net Assets, Beginning | 533,977 | 253,995 | 787,972 | 829,230 |
| Net Assets, Ending | \$ 630,014 | \$ 179,240 | \$ 809,254 | \$ 787,972 |

The accompanying notes are an integral part of this statement.

PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

STATEMENT OF ACTIVITIES Year ended December 31, 2021

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Total |
|---------------------------------------|---|--|--------------------|
| REVENUE | | | |
| Grants | \$ 122,037 | \$ 5,000 | \$ 127,037 |
| Contributions | 87,333 | 0 | 87,333 |
| Easement donations | 16,087 | 0 | 16,087 |
| Member dues | 261,389 | 0 | 261,389 |
| Special projects and events | 324,637 | 0 | 324,637 |
| Investment income | 1,715 | 0 | 1,715 |
| Fees for program services | 26,451 | 0 | 26,451 |
| Net assets released from restrictions | 142,163 | (142,163) | 0 |
| Total Support and Revenue | \$ 981,812 | \$ (137,163) | \$ 844,649 |
| EXPENSES | | | |
| Program services | \$ 452,122 | | \$ 452,122 |
| General and administrative | 125,169 | | 125,169 |
| Fundraising | | | |
| Membership development | 81,720 | | 81,720 |
| Other fundraising | 226,896 | | 226,896 |
| Total Expenses | \$ 885,907 | 0 | \$ 885,907 |
| Change in Net Assets | \$ 95,905 | \$ (137,163) | \$ (41,258) |
| CHANGE IN NET ASSETS | | | |
| Without donor restrictions | \$ 95,905 | 0 | \$ 95,905 |
| With donor restrictions | 0 | \$ (137,163) | (137,163) |
| Change in Net Assets | \$ 95,905 | \$ (137,163) | \$ (41,258) |
| Net Assets, Beginning | 438,072 | 391,158 | 829,230 |
| Net Assets, Ending | \$ 533,977 | \$ 253,995 | \$ 787,972 |

The accompanying notes are an integral part of this statement.

PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

STATEMENT OF FUNCTIONAL EXPENSES
 Years ended December 31, 2022 and 2021

| EXPENSES | 2022 | | | | | 2021 | |
|-------------------------|-------------------|--------------------------|------------------------|-------------------|-------------------|-------------------|-------------------|
| | Program Services | General & Administration | Fundraising | | Fundraising Total | Total | Total |
| | | | Membership Development | Other Fundraising | | | |
| Salaries | \$ 236,782 | \$ 24,291 | \$ 54,680 | \$ 112,155 | \$ 166,835 | \$ 427,908 | \$ 407,225 |
| Payroll tax expense | 17,930 | 1,839 | 4,141 | 8,493 | 12,634 | 32,403 | 32,425 |
| Employee benefits | 25,248 | 2,590 | 5,831 | 11,959 | 17,790 | 45,628 | 41,865 |
| Auditing and accounting | 0 | 35,597 | 0 | 0 | 0 | 35,597 | 32,523 |
| Conference and meetings | 713 | 3,025 | 0 | 0 | 0 | 3,738 | 770 |
| Consultants | 51,823 | 24,077 | 2,268 | 8,521 | 10,789 | 86,689 | 121,072 |
| Depreciation | 1,856 | 248 | 429 | 879 | 1,308 | 3,412 | 2,569 |
| Dues and subscriptions | 3,015 | 2,453 | 2,527 | 0 | 2,527 | 7,995 | 6,885 |
| Easement services | 5,669 | 0 | 0 | 0 | 0 | 5,669 | 683 |
| Equipment | 3,944 | 405 | 911 | 1,868 | 2,779 | 7,128 | 6,472 |
| Financial fees | 0 | 14,565 | 0 | 0 | 0 | 14,565 | 13,309 |
| Insurance | 1,501 | 8,055 | 347 | 711 | 1,058 | 10,614 | 7,869 |
| Legal fees | 0 | 0 | 0 | 0 | 0 | 0 | 5,164 |
| Office supplies | 7,992 | 2,953 | 917 | 7,482 | 8,399 | 19,344 | 17,422 |
| Postage and courier | 1,036 | 616 | 110 | 786 | 896 | 2,548 | 2,299 |
| Printing and graphics | 8,982 | 2,185 | 1,244 | 11,864 | 13,108 | 24,275 | 26,673 |
| Rent and occupancy | 28,670 | 3,837 | 6,621 | 13,580 | 20,201 | 52,708 | 50,429 |
| Special events | 69,662 | 1,467 | 10,954 | 69,258 | 80,212 | 151,341 | 101,738 |
| Telephone | 3,753 | 385 | 867 | 1,777 | 2,644 | 6,782 | 6,697 |
| Travel and meals | 1,383 | 465 | 148 | 81 | 229 | 2,077 | 1,818 |
| | <u>\$ 469,959</u> | <u>\$ 129,053</u> | <u>\$ 91,995</u> | <u>\$ 249,414</u> | <u>\$ 341,409</u> | <u>\$ 940,421</u> | <u>\$ 885,907</u> |

The accompanying notes are an integral part of this statement.

PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021

| EXPENSES | Program Services | General & Administration | Fundraising | | Fundraising Total | Total |
|-------------------------|---------------------|-----------------------------|---------------------------|----------------------|----------------------|-------------------|
| | | | Membership Development | Other Fundraising | | |
| Salaries | \$ 221,196 | \$ 23,709 | \$ 53,290 | \$ 109,030 | \$ 162,320 | \$ 407,225 |
| Payroll tax expense | 18,166 | 934 | 4,374 | 8,951 | 13,325 | 32,425 |
| Employee benefits | 22,740 | 2,438 | 5,479 | 11,208 | 16,687 | 41,865 |
| Auditing and accounting | 0 | 32,523 | 0 | 0 | 0 | 32,523 |
| Conference and meetings | 510 | 260 | 0 | 0 | 0 | 770 |
| Consultants | 77,472 | 36,526 | 1,180 | 5,894 | 7,074 | 121,072 |
| Depreciation | 1,395 | 150 | 336 | 688 | 1,024 | 2,569 |
| Dues and subscriptions | 2,925 | 1,433 | 2,527 | 0 | 2,527 | 6,885 |
| Easement services | 683 | 0 | 0 | 0 | 0 | 683 |
| Equipment | 3,515 | 377 | 847 | 1,733 | 2,580 | 6,472 |
| Financial fees | 0 | 13,309 | 0 | 0 | 0 | 13,309 |
| Insurance | 4,499 | 458 | 1,030 | 1,882 | 2,912 | 7,869 |
| Legal fees | 0 | 5,164 | 0 | 0 | 0 | 5,164 |
| Office supplies | 5,875 | 2,907 | 624 | 8,016 | 8,640 | 17,422 |
| Postage and courier | 1,184 | 212 | 255 | 648 | 903 | 2,299 |
| Printing and graphics | 11,215 | 760 | 0 | 14,698 | 14,698 | 26,673 |
| Rent and occupancy | 27,392 | 2,936 | 6,600 | 13,501 | 20,101 | 50,429 |
| Special events | 48,754 | 0 | 4,274 | 48,710 | 52,984 | 101,738 |
| Telephone | 3,637 | 390 | 876 | 1,794 | 2,670 | 6,697 |
| Travel and meals | 964 | 683 | 28 | 143 | 171 | 1,818 |
| | <u>\$ 452,122</u> | <u>\$ 125,169</u> | <u>\$ 81,720</u> | <u>\$ 226,896</u> | <u>\$ 308,616</u> | <u>\$ 885,907</u> |

The accompanying notes are an integral part of this statement.

PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

STATEMENT OF CASH FLOWS Years ended December 31, 2022 and 2021

| | 2022 | 2021 |
|--|-------------------|-------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Change in net assets | \$ 21,282 | \$ (41,258) |
| Adjustments to reconcile to cash from operations | | |
| Depreciation | 3,412 | 2,569 |
| Forgiveness of debt of PPP loan | 0 | (66,565) |
| Donated securities | (5,272) | (4,257) |
| Dividends | (397) | (294) |
| Unrealized (gain) loss on investments | (890) | (717) |
| (Increase) decrease in: | | |
| Accounts receivable | (3,838) | 0 |
| Grants and contributions receivable | 63,397 | 126,674 |
| Prepaid expenses | 5,886 | (1,457) |
| Right of use asset | (12,583) | 0 |
| Increase (decrease) in: | | |
| Accounts payable | (882) | 8,285 |
| Accrued payroll liabilities | 796 | 2,458 |
| Agency liabilities | 39,000 | 0 |
| Operating lease liability | 8,462 | 0 |
| | \$ 118,373 | \$ 25,438 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Dividends | \$ 397 | \$ 294 |
| Reinvested dividends | (397) | (294) |
| Purchase of office furniture | (4,570) | (4,024) |
| | \$ (4,570) | \$ (4,024) |
| Net cash used by investing | \$ (4,570) | \$ (4,024) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| Borrowing on PPP loan | 0 | \$ 66,565 |
| | \$ 113,803 | \$ 87,979 |
| Net Increase in Cash for Year | \$ 113,803 | \$ 87,979 |
| Cash balance, beginning | 770,422 | 682,443 |
| | \$ 884,225 | \$ 770,422 |
| Cash balance, ending | \$ 884,225 | \$ 770,422 |

The accompanying notes are an integral part of this statement.

THE PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

NOTE 1 – THE ORGANIZATION

Organization and Nature of Activities

The Preservation Alliance for Greater Philadelphia (the "Organization") was created on May 1, 1996 with the merger of the Preservation Coalition of Greater Philadelphia and the Philadelphia Historic Preservation Corporation. The Organization's primary operations are to encourage the restoration and preservation of historic buildings and landmarks in the Greater Philadelphia region, to acquire, inspect and monitor façade easements, to advocate and facilitate strong public preservation policies and to provide technical assistance and develop and administer private and public resources for preservation projects. The Organization's support comes primarily from Foundation grants and individual contributions, including special events and preservation easements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review

Subsequent events were evaluated through August 14, 2023, which is the date the financial statements were available to be issued.

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 10.

Adoption of New Accounting Standards

On January 1, 2022, the Organization adopted ASU 2016-02 (ASC 842) *Leases*, which provides a framework for the reporting and disclosure of a company's lease agreements. Under the new ASU, a lessee recognizes a right-of-use (ROU) asset and related lease liabilities on the balance sheet for most leases based on the present value of future lease payments. The Company has elected to implement the new lease standard under the Transition Alternative provided for in ASU 2018-11. Under this alternative, the new lease standard is applied to all leases existing as of January 1, 2022. The comparative periods presented remain under the legacy lease guidance (ASC 840), with the ASC 840 disclosure presented for the prior period.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents includes cash and highly liquid instruments purchased with an original maturity of three months or less.

THE PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts Receivable Reserves

The Organization reviews its receivables on a regular basis for collectability. The Organization considers all receivables fully collectible; accordingly, no allowance for doubtful accounts is required. When a question of the collectability of a particular receivable arises, it is written off or reserved for at that time. Recoveries of items previously charged off are recognized as income when received.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is provided over the estimated useful lives of the related assets, 5 to 10 years, using the straight-line method. Major renewals and improvements are recorded to the assets accounts while maintenance and repairs which do not improve or extend the life of the respected assets are expensed.

Easement Acquisitions

Easements acquired are not capitalized. While the easements grant certain legal rights and remedies in relation to the properties, the Organization has no economic interest in the properties subject to an easement.

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.

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.

Earned Revenue

Effective January 1, 2019, the Organization adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606) which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. The Organization's revenue that fall within the scope of ASC 606 are presented as such and are recognized as revenue as the Organization satisfies its obligation to the customer. Revenue within the scope of ASC 606 primarily includes its fees for program services. Funds received in advance, with the obligation to the customer yet to be delivered are recorded as deposit liabilities on the balance sheet. Results for the reporting period beginning January 1, 2019 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy GAAP. The net effect of the change on revenue and net assets was immaterial.

THE PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Earned Revenue – Continued

The Organization accounts for its revenue primarily from tours, 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.

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.

Functional Allocation of Expenses

Salaries and benefits are allocated based on estimates of time and effort. Rent and occupancy, insurance, telephone, equipment, and depreciation are allocated based on the percentages derived from the estimated allocation of salaries. Professional fees, including those for legal, accounting, financial, and easement related services, which can be related directly to either program or administrative are reflected as such. Certain other cost including conferences and meetings, consultants, dues and subscriptions, office supplies, postage and courier, printing and graphics, special events, and travel and meals are allocated based on cost, usage and related benefits of the specific services provided.

Income Taxes

The Preservation Alliance for Greater Philadelphia is a non-profit corporation exempt from taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 3 – LIQUIDITY MANAGEMENT

Preservation Alliance for Greater Philadelphia'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 | \$ 884,225 |
| Accounts receivable | 3,838 |
| Grants and contributions receivable | 84,285 |
| Investments | <u>20,536</u> |
| Total financial assets | <u>\$ 992,884</u> |
| Less: Amounts not available to be used within one year: | |
| Net assets with purpose restrictions | |
| Cash | \$ 114,240 |
| Net assets held for others as agency liabilities | <u>39,000</u> |
| | <u>\$ 153,240</u> |
| Financial assets available to meet general expenditures Over the next year | <u>\$ 839,644</u> |

Cash and cash equivalents of \$884,225 reflected on the statement of financial position includes \$114,240 of cash restricted by donors for certain purposes, and \$35,162 held for other organizations as agency liabilities.

Accounts receivable of \$3,838 reflected on the statement of financial position are for funds to be held for other organizations as agency liabilities.

THE PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

NOTE 3 – LIQUIDITY MANAGEMENT – CONTINUED

The investments of \$20,536 reflected on the statement of financial position can be liquidated with board authorization and would be available if necessary.

Preservation Alliance for Greater Philadelphia'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 – INVESTMENT AND FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position as follows:

| | <u>Cost</u> | <u>Fair Value</u> | Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1) |
|-------------------|------------------|-------------------|--|
| <u>2022</u> | | | |
| Equity securities | <u>\$ 18,008</u> | <u>\$ 20,536</u> | <u>\$ 20,536</u> |
| <u>2021</u> | | | |
| Equity securities | <u>\$ 12,339</u> | <u>\$ 13,977</u> | <u>\$ 13,977</u> |

Gains and losses (realized and unrealized) included in changes in net assets for the years ended December 31, 2022 and 2021 are reported in investment income. All such losses for 2022 and 2021 were a result of transactions where values have been measure using Level 1 inputs.

FASB ASC 820-10 (formerly No. 157, *Fair Value Measurements*), establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs are those other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and Level 3 inputs are those unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value, with fair value of investments based on quoted net asset values of shares held at year-end. Level 2 inputs were used where available to the Organization, and Level 3 inputs are only used when Level 1 and 2 inputs are not available

Level 1 Fair Value Measurements

The fair value of mutual funds are based on quoted net asset values of the shares held at year-end.

THE PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

NOTE 5 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Represents unconditional promises to give, as explained in Note 1, consisting of the following:

| | 2022 | 2021 |
|--|-----------|------------|
| Unrestricted contributions and pledges | \$ 19,285 | \$ 12,682 |
| Time restricted operating grants | 65,000 | 135,000 |
| | \$ 84,285 | \$ 147,682 |
| | | |
| Amounts due in: | | |
| Less than one year | \$ 84,285 | \$ 147,682 |
| One to five years | 0 | 0 |
| | \$ 84,285 | \$ 147,682 |

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2022 and 2021:

| | 2022 | 2021 |
|--------------------------------|-----------|-----------|
| Office equipment | \$117,434 | \$112,864 |
| Office furniture | 4,341 | 4,341 |
| | 121,775 | 117,205 |
| Less: Accumulated depreciation | 114,806 | 111,393 |
| | \$ 6,969 | \$ 5,812 |

NOTE 7 – FORGIVEABLE LOAN

On April 27, 2020, the Company received a loan from Firsttrust Bank in the amount of \$101,000, pursuant to the Payroll Protection Program (PPP) under the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of a note dated April 27, 2020, matures on April 27, 2022, and bears an interest rate of 1%, payable monthly commencing on November 27, 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. 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.

On February 10, 2021, The Organization received a second loan from Firsttrust Bank in the amount of \$66,565, pursuant to the Payroll Protection Program (PPP) under the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of a note dated February 10, 2021, matures on February 10, 2026, and bears an interest rate of 1%. 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. 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.

Accordingly, pursuant to the above, and with FASB TQA 3200.18 issued in June 2020, the loans are accounted for as conditional contributions. The Organization has used both loan amounts for qualifying expenses, and has thus met the conditions for forgiveness and recognition of the full grant amounts. The first loan was forgiven on February 10, 2021, and the second loan was forgiven on October 25, 2021.

THE PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

NOTE 8 – ECONOMIC INJURY DISASTER LOAN

On June 18, 2020, the Company received an Economic Injury Disaster Loan (EIDL) from the Small Business Administration in the amount of \$150,000. The loan calls for monthly payments of \$641, beginning two years from the date of the loan. Payments include principal, and interest rate of 2.75% on outstanding balances. The balance of principal and interest is payable in full thirty years from the date of the loan. The loan is secured by all tangible and intangible property of the Organization.

Future minimum principal payments under the loan are as follows:

| | |
|-------------------------------|------------------|
| Year ending December 31, 2023 | \$ 1,734 |
| 2024 | 3,530 |
| 2025 | 3,628 |
| 2026 | 3,729 |
| 2027 | 3,833 |
| And thereafter | <u>133,546</u> |
| | <u>\$150,000</u> |

NOTE 9 – AGENCY LIABILITIES

Balances due to other organizations as agency liabilities were \$39,000 and \$-0- as of December 31, 2022 and 2021. A summary of the activity in these funds that the Preservation Alliance for Greater Philadelphia receives and holds for other organizations is as follows:

| | Tanner House | Eastern North Tour Group | Penn Knox Neighborhood Association | Total |
|-------------------|------------------|-----------------------------------|--|------------------|
| Balance, 1/1/22 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Accounts received | 32,200 | 6,900 | 23,838 | 62,938 |
| Accounts paid | <u>(100)</u> | <u>0</u> | <u>(23,838)</u> | <u>(23,938)</u> |
| Balance, 12/31/22 | <u>\$ 32,100</u> | <u>\$ 6,900</u> | <u>\$ 0</u> | <u>\$ 39,000</u> |

NOTE 10 – NET ASSETS

Net Assets without Donor Restrictions

Net assets without donor restrictions represent funds retained by The Preservation Alliance for Greater Philadelphia 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.

Board Designated

The Board of Directors has elected to designate a certain amount of unrestricted net assets to be used for certain purposes as follows:

| | <u>2022</u> | <u>2021</u> |
|----------------------------|------------------|------------------|
| Easement Fund | \$172,491 | \$140,091 |
| John Gallery Advocacy Fund | 18,640 | 18,325 |
| | <u>\$191,131</u> | <u>\$158,416</u> |

THE PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

NOTE 10 – 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.

Net assets with donor restrictions are available for the following purposes:

| | <u>2022</u> | <u>2021</u> |
|------------------------------------|------------------|------------------|
| Easements | \$ 50,145 | \$ 50,145 |
| Mid-Century Modern | 39,395 | 46,350 |
| Historic Religious Properties Fund | 20,000 | 22,500 |
| African American Burial Ground | 4,700 | 0 |
| Time restricted | <u>65,000</u> | <u>135,000</u> |
| | <u>\$179,240</u> | <u>\$253,995</u> |

NOTE 11 – COMMITMENTS

The Organization entered into a lease for office space, which under a lease amendment dated August 28, 2017, has been extended through March 2023. The lease currently calls for minimum monthly payments of \$4,146 through March 2022, and increase annually up to \$4,234 in the final year of the lease. Total office rent expense was approximately \$50,700 and \$49,500 for 2022 and 2021, respectively.

Operating Leases

The Organization recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Organization is a lessee in an operating lease for office space. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right-of-use (ROU) asset at the commencement of the lease. The lease asset and liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Organization uses its incremental borrowing rate. The implicit rates of our leases are not readily determinable and accordingly, we used a rate of 0.56% at the commencement of the lease. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) and repaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. We recognize lease cost associated with our short-term leases on a straight-line basis over the lease term.

THE PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS December 31, 2022 and 2021

NOTE 11 – COMMITMENTS – CONTINUED

Operating Leases – Continued

Total payments for all operating leases for the year ended December 31, 2022 was \$54,876.

Future minimum payments for all operating leases are as follows:

| Years ended December 31, | <u>2022</u> | <u>2021</u> |
|------------------------------------|------------------|------------------|
| 2022 | 0 | \$ 54,876 |
| 2023 | <u>\$ 12,702</u> | <u>12,702</u> |
| And none thereafter | <u>\$ 12,702</u> | <u>\$ 67,578</u> |
| | | |
| Right-of-Use Liability | | |
| Net of prepayment for January 2023 | | |
| Office lease | <u>\$ 8,462</u> | |
| | | |
| Right-of-Use Asset | | |
| Future minimum payments | \$ 12,702 | |
| Less: Present Value Discount | <u>(119)</u> | |
| | <u>\$ 12,583</u> | |

NOTE 12 – CONCENTRATIONS

Cash

The Organization maintains cash balances in accounts with the same bank which at various times during the year exceed \$250,000, the amount insured by the Federal Deposit Insurance Corporation (FDIC).