

**DELAWARE COMMUNITY REINVESTMENT
ACTION COUNCIL, INC.
AND AFFILIATE
(DCRAC ECONOMIC DEVELOPMENT
FUND, LLC)**

**CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

**WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Delaware Community Reinvestment Action Council, Inc. and Affiliate
600 South Harrison Street
Wilmington, DE 19805

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Delaware Community Reinvestment Action Council, Inc. and Affiliate (collectively, "the Council"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Council, as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental June 30, 2021 consolidating statements are presented on pages 19 and 20 for purposes of additional analysis and are not a required part of the consolidated financial statements. The information has been subjected to auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 June 30, 2021 consolidated financial statements as a whole.

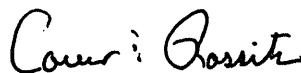
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal 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 (Uniform Guidance)* is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 September 21, 2021 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Council'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 the Council's internal control over financial reporting and compliance.



Certified Public Accountants

September 21, 2021
Wilmington, Delaware

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 936,920	\$ 739,786
Prepaid expenses	10,789	5,849
Total current assets	<u>947,709</u>	<u>745,635</u>
OTHER ASSETS		
Loans receivable, net	530,305	681,920
Investments	17,275	14,283
Property and equipment, net	638,915	547,977
Total other assets	<u>1,186,495</u>	<u>1,244,180</u>
TOTAL ASSETS	<u><u>\$ 2,134,204</u></u>	<u><u>\$ 1,989,815</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 6,464	\$ 3,532
Payroll liabilities	200	200
Deferred revenue	20,000	-
Paycheck Protection Program loan	-	21,202
Total current liabilities	<u>26,664</u>	<u>24,934</u>
NET ASSETS		
Without donor restrictions	2,107,540	1,681,548
With donor restrictions	-	283,333
Total net assets	<u>2,107,540</u>	<u>1,964,881</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,134,204</u></u>	<u><u>\$ 1,989,815</u></u>

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

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and grants						
Internal Revenue Service	\$ 100,000	\$ -	\$ 100,000	\$ 87,500	\$ -	\$ 87,500
Delaware Grant in Aid	10,000	-	10,000	21,500	-	21,500
Delaware State Housing Authority	-	-	-	1,736	-	1,736
New Castle County	-	-	-	2,250	-	2,250
Sussex County	2,150	-	2,150	1,350	-	1,350
City of Wilmington	5,438	-	5,438	3,550	-	3,550
Christ Church Christiana Hundred	2,000	-	2,000	3,000	-	3,000
FLEF - Delaware	3,750	-	3,750	21,250	-	21,250
Artisans' Bank	1,500	-	1,500	-	-	-
Bank of America	140,000	-	140,000	50,000	-	50,000
Discover Bank	169,000	-	169,000	80,000	-	80,000
HSBC	5,000	-	5,000	-	-	-
PNC	7,500	-	7,500	2,000	-	2,000
Wells Fargo	-	-	-	35,000	-	35,000
Fulton Bank	1,000	-	1,000	2,500	-	2,500
M&T Bank	10,000	-	10,000	-	-	-
TD Bank	140,000	-	140,000	70,000	-	70,000
Barclay's Bank	40,000	-	40,000	30,000	-	30,000
Capital One Bank	120,000	-	120,000	70,000	-	70,000
Cinnaire Foundation	15,000	-	15,000	-	-	-
Raskob Foundation	-	-	-	12,570	-	12,570
Christiana Care	-	-	-	30,000	-	30,000
Welfare Foundation	-	-	-	-	60,000	60,000
Crystal Trust	-	-	-	-	100,000	100,000
Principal Foundation	-	-	-	10,000	-	10,000
Gannett Foundation Fund	10,000	-	10,000	-	-	-
Delaware Community Foundation	-	-	-	2,500	-	2,500
Other contributions	48,627	-	48,627	15,168	-	15,168
CARES Act	744,300	-	744,300	-	-	-
Celebrating CRA and other fundraisers	42,000	-	42,000	32,056	-	32,056
Discover loan transfer	85,326	-	85,326	140,129	-	140,129
Estimated PPP Forgiveness	21,202	-	21,202	61,433	-	61,433
Rental income	2,700	-	2,700	4,200	-	4,200
Miscellaneous income	19,963	-	19,963	3,238	-	3,238
Donated services	300,000	-	300,000	300,000	-	300,000
Net assets released from restrictions:						
Satisfaction of program restrictions	283,333	(283,333)	-	-	-	-
Total support and revenue	2,329,789	(283,333)	2,046,456	1,092,930	160,000	1,252,930
OPERATING EXPENSES						
Program services:						
Money School	238,242	-	238,242	219,406	-	219,406
Tax Clinic	243,381	-	243,381	223,667	-	223,667
DCRAC Law	263,944	-	263,944	240,709	-	240,709
Economic Justice	1,090,978	-	1,090,978	275,271	-	275,271
	1,836,545	-	1,836,545	959,053	-	959,053
Management and general	92,910	-	92,910	81,707	-	81,707
Fundraising	1,315	-	1,315	9,142	-	9,142
	94,225	-	94,225	90,849	-	90,849
Total operating expenses	1,930,770	-	1,930,770	1,049,902	-	1,049,902
Change in net assets - Operating	399,019	(283,333)	115,686	43,028	160,000	203,028
Non-Operating Activities						
Interest income on Discover loans	23,097	-	23,097	47,229	-	47,229
Investment performance	3,876	-	3,876	606	-	606
Change in Net Assets - Non-Operating	26,973	-	26,973	47,835	-	47,835
CHANGE IN NET ASSETS	425,992	(283,333)	142,659	90,863	160,000	250,863
NET ASSETS AT BEGINNING OF YEAR	1,681,548	283,333	1,964,881	1,590,685	123,333	1,714,018
NET ASSETS AT END OF YEAR	<u>\$ 2,107,540</u>	<u>\$ -</u>	<u>\$ 2,107,540</u>	<u>\$ 1,681,548</u>	<u>\$ 283,333</u>	<u>\$ 1,964,881</u>

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

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Service					Supporting Service			2021
	DCRAC Law								
	Money School	Tax Clinic	Estate Planning	Economic Justice	Total	Management & General	Fundraising	Total	Total Expenses
Salaries	\$ 85,167	\$ 89,898	\$ 108,824	\$ 132,482	\$ 416,371	\$ 56,778	\$ -	\$ 56,778	\$ 473,149
Payroll taxes	6,828	7,207	8,725	10,622	33,382	4,552	-	4,552	37,934
Employee Benefits	534	563	682	829	2,608	356	-	356	2,964
Advertising and promotion	18,402	18,402	18,402	6,571	61,777	3,943	-	3,943	65,720
Building occupancy	3,938	3,938	3,938	1,408	13,222	844	-	844	14,066
Credit Union program	-	-	-	895,000	895,000	-	-	-	895,000
Depreciation and amortization	10,915	10,915	10,915	3,898	36,643	2,339	-	2,339	38,982
Fundraiser	-	-	-	-	-	-	1,315	1,315	1,315
Insurance	4,174	4,174	4,174	1,492	14,014	894	-	894	14,908
Meetings	51	51	51	19	172	11	-	11	183
Miscellaneous	2,525	2,525	2,525	903	8,478	541	-	541	9,019
Office supplies	8,531	8,531	8,531	3,046	28,639	1,828	-	1,828	30,467
Professional fees	87,182	87,182	87,182	31,137	292,683	18,682	-	18,682	311,365
Telecommunications	6,147	6,147	6,147	2,194	20,635	1,317	-	1,317	21,952
Television	42	42	42	15	141	9	-	9	150
Travel	1,170	1,170	1,170	419	3,929	251	-	251	4,180
Utilities	2,636	2,636	2,636	943	8,851	565	-	565	9,416
TOTAL EXPENSES	\$ 238,242	\$ 243,381	\$ 263,944	\$ 1,090,978	\$ 1,836,545	\$ 92,910	\$ 1,315	\$ 94,225	\$ 1,930,770

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

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Service					Supporting Service			2020
	DCRAC Law								Total
	Money School	Tax Clinic	Estate Planning	Economic Justice	Total	Management & General	Fundraising	Total	Expenses
Salaries	\$ 70,695	\$ 74,623	\$ 90,333	\$ 109,970	\$ 345,621	\$ 47,130	\$ -	\$ 47,130	\$ 392,751
Payroll taxes	5,514	5,820	7,045	8,577	26,956	3,676	-	3,676	30,632
Employee Benefits	485	512	619	754	2,370	323	-	323	2,693
Advertising and promotion	17,765	17,765	17,765	6,345	59,640	3,805	-	3,805	63,445
Building occupancy	4,327	4,327	4,327	1,546	14,527	928	-	928	15,455
Credit Union program	-	-	-	105,000	105,000	-	-	-	105,000
Depreciation and amortization	8,847	8,847	8,847	3,159	29,700	1,895	-	1,895	31,595
Fundraiser	-	-	-	-	-	-	9,142	9,142	9,142
Insurance	4,887	4,887	4,887	1,746	16,407	1,046	-	1,046	17,453
Meetings	1,269	1,269	1,269	453	4,260	271	-	271	4,531
Miscellaneous	1,753	1,753	1,753	626	5,885	377	-	377	6,262
Office supplies	3,497	3,497	3,497	1,249	11,740	749	-	749	12,489
Professional fees	87,220	87,220	87,220	31,150	292,810	18,690	-	18,690	311,500
Telecommunications	7,378	7,378	7,378	2,635	24,769	1,582	-	1,582	26,351
Television	609	609	609	218	2,045	130	-	130	2,175
Travel	3,262	3,262	3,262	1,165	10,951	700	-	700	11,651
Utilities	1,898	1,898	1,898	678	6,372	405	-	405	6,777
TOTAL EXPENSES	\$ 219,406	\$ 223,667	\$ 240,709	\$ 275,271	\$ 959,053	\$ 81,707	\$ 9,142	\$ 90,849	\$ 1,049,902

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

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and grants	\$ 1,595,228	\$ 723,176
Cash paid to suppliers and employees	(1,593,796)	(723,953)
Cash received for services not yet provided	20,000	-
Cash received from loan portfolio	260,038	442,729
Cash received from special events	42,000	32,056
Cash received from interest and dividends	842	638
Cash received from rental	2,700	4,200
Net cash provided by operating activities	<u>327,012</u>	<u>478,846</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from investments	42	26
Purchase of equipment	(129,920)	(4,818)
Net cash used by investing activities	<u>(129,878)</u>	<u>(4,792)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	82,635
Net cash provided by financing activities	<u>-</u>	<u>82,635</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	197,134	556,689
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>739,786</u>	<u>183,097</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 936,920</u></u>	<u><u>\$ 739,786</u></u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Contributed services	<u><u>\$ 300,000</u></u>	<u><u>\$ 300,000</u></u>

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

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

ORGANIZATION

This summary of significant accounting policies of the Delaware Community Reinvestment Action Council, Inc. and Affiliate (collectively, “the Council”) is presented to assist in understanding the Council’s consolidated financial statements. The consolidated financial statements and notes are representations of the Council’s management who is responsible for their integrity and objectivity. These accounting policies conform to the accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Council is a nonprofit in the business of transforming lives for Delawareans through advocacy, banking, law and education. Its mission is to ensure equitable treatment and equal access to credit and capital. We believe EVERYONE deserves a chance to succeed and we offer guidance and support to do so. We serve Delaware families working hard to escape poverty and build a better life for themselves and their families. The Council’s four direct programs are the Money School, DCRAC Law, the Low Income Tax Clinic, and Stepping Stones Community Federal Credit Union.

- The Money School builds the ability and opportunity for clients to make smart financial decisions - often new territory for the Council’s clients.
- DCRAC Law offers access to legal representation.
 - The Low Income Tax Clinic provides legal representation to those experiencing difficulties with the IRS and other taxing authorities.
 - Estate Planning is a low bono model of legal services, not free, but affordable, and provides access to an attorney for wills and other planning documents, probate, and title issues.
- In 2011, the National Credit Union Administration chartered only one credit union in the United States – Stepping Stones Community Federal Credit Union sponsored by the Council. Its mission is to provide members with access to credit with need-appropriate financial services, education, and individualized approaches to money matters so they are aware of all of their financial choices.

Many professionals volunteer their services for the Council’s programs, including attorneys providing representation to low-income clients and senior management from financial institutions who teach money management to low-income clients in shelters.

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Method

The Council's policy is to use the accrual basis of accounting.

DCRAC Economic Development Fund, LLC and Principles of Consolidation

Delaware Community Reinvestment Action Council, Inc. ("DCRAC") formed a wholly owned subsidiary DCRAC Economic Development Fund, LLC ("the LLC") during the year ended June 30, 2019. The LLC was formed to house certain loans gifted by Discover Bank. Since the LLC is wholly owned by DCRAC, these financial statements have been presented on a consolidated basis with the activities, assets, and liabilities being combined. All activity between the two entities (consisting of \$317,849 in funds "granted" from the LLC to DCRAC) has been eliminated. See supplemental consolidating statements on pages 19 and 20 for the details.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for support of the Council's programs and general operations and not subject to donor restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Grants and other contributions of cash and other assets are reported as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. The Council reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is 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 and reported in the statement of activities as net assets released from restriction. Gains and losses on investments are reported as increases and decreases within net assets class to which they relate.

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Credit Risk

Cash and cash equivalents include cash balances with net assets without donor restrictions that are available for current use. Cash equivalents include any unrestricted highly liquid investments with an initial maturity of three months or less, except for cash or money market positions held within endowment accounts. The bank balances are insured up to \$250,000 by either the Federal Deposit Insurance Corporation or the National Credit Union Administration. From time to time, in the normal course of business, the Council's balances may exceed this amount. Management believes the risk of loss is remote.

Contributions

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

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Fair value for equity securities is readily determinable if sales prices or bid-and-asked quotations are currently available on recognized security exchanges. Gains or losses on sales are reported in the statement of activities as investment performance.

Fair Value Hierarchy

The Council has adopted FASB ASC 820-10, which establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy (Continued)

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Property and Equipment

Property and equipment are recorded at acquisition cost if purchased, or fair value at date of donation if acquired by gift. Donated property and equipment received without donor-imposed stipulations restricting use of the property is recorded as an increase in unrestricted net assets. Expenditures for property and equipment in excess of \$1,500 are capitalized.

Property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Office equipment and software	\$ 25,909	\$ 25,909
Building and improvement	583,255	501,934
Automobile	85,700	85,700
Construction in process	146,805	98,206
Land	6,500	6,500
	<u>848,169</u>	<u>718,249</u>
Less: Accumulated Depreciation	<u>(209,254)</u>	<u>(170,272)</u>
	<u><u>\$ 638,915</u></u>	<u><u>\$ 547,977</u></u>

Depreciation of property and equipment is provided using the straight-line method based on the following estimated useful lives:

Buildings and improvements	Up to 39 years
Office equipment	5 – 7 years

Depreciation expense for the years ended June 30, 2021 and 2020 was \$38,982 and \$31,595, respectively.

Income Tax Status

The Council is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As a publicly supported organization under Section 509(a)(1), contributions to the Council are deductible for the donor.

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

Deferred Revenue

Deferred revenue reflects payment for contractual services that have not yet been provided at June 30, 2021. The following table provides information about significant changes in deferred revenue for the year ended June 30, 2021. There was no deferred revenue as of June 30, 2020.

Deferred revenue, beginning of year	\$ -
Cash received prior to performing services	<u>20,000</u>
Deferred revenue, end of year	<u><u>\$ 20,000</u></u>

Functional Expenses

The Council allocates its expenses on a functional basis across its programs and supporting services. Expenses that can be identified to a specific program or supporting service are allocated directly to that program or supporting service. All other expenses are allocated using management's best estimates based on time expended or among the programs and supporting services benefited.

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising costs incurred during the years ended June 30, 2021 and 2020 were \$12,908 and \$7,504, respectively.

Donated Services

The Council estimates that 1,000 hours of legal assistance were rendered to its clients in support of the Council's programs. These hours have been valued at \$300,000 and qualify for financial statement recognition under FASB ASC 958-720 since they are professional in nature and the Council would otherwise need to pay for the provision of the services. This amount has been reflected as both contribution income and expense on the statement of activities, for the years ended June 30, 2021 and 2020.

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In fiscal year ended June 30, 2020, the Council adopted the accounting guidance issued in Accounting Standards Codification (ASC) Section 606, *Revenues from Contracts with Customers*. This guidance established a five-step approach for the recognition of revenue. The implementation of this guidance resulted in no changes in the way the Council recognizes revenue.

Also in fiscal year ended June 30, 2020, the Council adopted AS 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Key provisions in this guidance include clarification of accounting for grants and contracts as exchange transactions or contributions, and improved guidance to distinguish between conditional and unconditional contributions. The implementation of this guidance resulted in no changes in the way the Council recognizes contributions and grant revenue.

Subsequent Events

Management has evaluated subsequent events through September 21, 2021, the date the consolidated financial statements were available to be issued.

LIQUIDITY AND AVAILABILITY

The Council has the following liquid assets available for use in operations at June 30,

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 936,920	\$ 739,786
Investments	17,275	14,283
Less amounts restricted	<u>-</u>	<u>(283,333)</u>
Total	<u>\$ 954,195</u>	<u>\$ 470,736</u>

The Council routinely receives funding without donor restrictions from contributors to use on program expenses.

The Council now receives payments on a loan portfolio which are available for general operations. The Council expects approximately \$75,000 will be received from that source for the year ending June 30, 2022.

The Council may draw on a \$250,000 working capital line of credit which was established for liquidity purposes. No amounts had been drawn during the years ended June 30, 2021 and 2020.

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

RELATED PARTY ACTIVITY

Stepping Stones Community Federal Credit Union (“Stepping Stones”) is chartered by the NCUA and is maintained as a separate organization. The assets, liabilities, and activities of Stepping Stones are not reflected in the Council’s consolidated financial statements. Council employees serve in various roles for Stepping Stones and the costs of those services, as well as other direct and allocated indirect costs, are reflected on the statement of functional expenses under the “Economic Justice” program which totaled \$1,090,978 and \$275,251 for the years ended June 30, 2021 and 2020, respectively.

LOANS RECEIVABLE

During the year ended June 30, 2019, the Council received as a contribution from Discover Bank, a portfolio of 36 mortgage loans with a total face value of \$2,259,722. The loans are diverse in terms of their history and the potential for collections. The Council has adopted the following policy with respect to recognition of the contributions:

- Recognize loans with a steady payment history and regular remittances to the Council at full face value.
- Recognize all other loans only as payments are received.

During the years ended June 30, 2021 and 2020, \$151,615 and \$255,371, respectively, of loans receivable were paid to the Council, leaving a balance of \$530,305 and \$681,920 as the recognized receivable balance for the years ended June 30, 2021 and 2020, respectively. The Council also received \$85,326 and \$140,129 in 2021 and 2020, respectively, that was recognized as revenue from collections on loans not initially recognized. The total remaining face value of the loan portfolio is estimated to be \$1,485,814 and \$1,648,127 at June 30, 2021 and 2020, respectively. The Council believes that \$530,305 is a conservative estimate of amounts expected to be collected as of June 30, 2021.

Although, each of the loans is collateralized by real estate, it is not possible to estimate the value or the costs that would be incurred in collection efforts and the collateral has not been considered as a factor in estimating the value of the loans. Since this is a subjective estimate, the loans receivable balance is considered to be at Level 3 in the fair value hierarchy.

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

FAIR VALUE MEASUREMENTS

The following methods and assumptions were used by the Council in estimating the fair value of its financial instruments:

Cash and cash equivalents – The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Investments – The Council’s investment values are reported using Level 2 inputs, which are based on values computed and published on a monthly basis.

COMMITMENTS

The Council has signed a letter of commitment agreeing to financially support Stepping Stones. The amount is uncertain and no liabilities have been accrued in the June 30, 2021 or 2020 consolidated financial statements. The total committed amount of support to Stepping Stones is \$30,000 for the year ending June 30, 2022.

INVESTMENT ASSETS HELD BY THE DELAWARE COMMUNITY FOUNDATION

The Council is the beneficiary of an endowment fund held by the Delaware Community Foundation (the “Foundation”). The fund was gifted to the Foundation by the Council for its own benefit through an agreement that states that the endowment is owned and held by the Foundation. The Foundation possesses variance power over the assets that were gifted. In accordance with FASB ASC 958-605-15, these assets are recorded on the Council’s consolidated financial statements. The agreement states that future gifts will be invested and held by the Foundation, and that a portion of the invested gifts and related income will be distributed periodically to the Council. The following table sets forth the level, within the fair value hierarchy, of the beneficial interest in assets held by the Foundation at fair value as of June 30:

2021	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets:				
Held by Delaware Community Foundation	\$ -	\$ 17,275	\$ -	\$ 17,275
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2020	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets:				
Held by Delaware Community Foundation	\$ -	\$ 14,283	\$ -	\$ 14,283
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**INVESTMENT ASSETS HELD BY THE DELAWARE COMMUNITY FOUNDATION
(CONTINUED)**

The fund consists of invested gifts, appreciation and related income net of administrative and investment charges. The Council recognizes distributions from the Foundation (when they occur) as a liquidation of an investment and not contribution or grant revenue on the statement of activities. The Council did not receive any distributions from the Foundation during the years ended June 30, 2021 and 2020. The following table summarizes the changes in assets held by the Foundation:

Balance at June 30, 2019	\$ 14,341
Reinvestment of interest	289
Change in value	<u>(347)</u>
Balance at June 30, 2020	14,283
Reinvestment of interest	198
Change in value	<u>2,794</u>
Balance at June 30, 2021	<u><u>\$ 17,275</u></u>

NET ASSETS WITH DONOR RESTRICTIONS

The Council receipt and release of restricted funds are shown in the table below for the year ended June 30, 2021.

	Balance at July 1, 2020	Restricted revenue recognized	Releases from restriction	Balance at June 30, 2021
Net assets with donor restrictions subject to specified purposes:				
Legal programs	\$ 100,000	\$ -	\$ (100,000)	\$ -
Capital campaign	183,333	-	<u>(183,333)</u>	-
Totals net assets with donor restrictions	<u>\$ 283,333</u>	<u>\$ -</u>	<u>\$ (283,333)</u>	<u>\$ -</u>

LINE OF CREDIT AVAILABLE

The Council has a signed line of credit agreement with a local bank enabling the Council to draw up to \$250,000 to support its operations. No amounts had been drawn during the years ended June 30, 2021 and 2020. The line of credit has a fixed rate of 4.9% on any amount drawn and is collateralized by the Council's 600 Harrison Street property. The line of credit agreement will expire in June 2022 with an option to renew annually. Interest only payments will be due on amounts drawn until the line of credit expires at which time all interest and principal are due and payable.

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

PAYCHECK PROTECTION PROGRAM

The Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. The Council applied and was approved for a loan under the Paycheck Protection Program (“PPP”) provision of the CARES Act. The proceeds of this loan in the amount of \$82,635 were received on May 7, 2020.

Under the provisions of the PPP, the loan may be forgiven in whole or in part by expending the funds for qualifying expenses which include payroll (with certain qualifications) and other expenses. On March 17, 2021 the Council received PPP loan forgiveness from the Small Business Administration. The loan (and forgiveness) was recognized as a conditional contribution under Accounting Standards Codification Subtopic 958-605. The Council recognized revenue in the amount of \$21,202 and \$61,433 for the years ended June 30, 2021 and June 30, 2020, respectively, which is management’s estimate of qualifying expenses for each of those years.

RISKS AND UNCERTAINTY

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad impact on commerce and financial markets around the world. The United States and global markets experienced fluctuations in value resulting from uncertainty caused by the pandemic. The Council is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these fluctuations. The extent of the impact of COVID-19 on the Council’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Council’s financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

	DCRAC	DCRAC Economic Development Fund, LLC	Eliminations	Total
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 744,641	\$ 192,279	\$ -	\$ 936,920
Prepaid expenses	10,789	-	-	10,789
Total current assets	755,430	192,279	-	947,709
OTHER ASSETS				
Loans receivable	-	530,305	-	530,305
Investments	17,275	-	-	17,275
Property and equipment, net	638,915	-	-	638,915
Total other assets	656,190	530,305	-	1,186,495
TOTAL ASSETS	\$ 1,411,620	\$ 722,584	\$ -	\$ 2,134,204
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 6,464	\$ -	\$ -	\$ 6,464
Payroll liabilities	200	-	-	200
Deferred revenue	20,000	-	-	20,000
Total current liabilities	26,664	-	-	26,664
NET ASSETS				
Without donor restrictions	1,384,956	722,584	-	2,107,540
With donor restrictions	-	-	-	-
Total net assets	1,384,956	722,584	-	2,107,540
TOTAL LIABILITIES AND NET ASSETS	\$ 1,411,620	\$ 722,584	\$ -	\$ 2,134,204

See independent auditor's report

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2021**

	DCRAC			DCRAC Economic Development Fund, LLC		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Eliminations	Total
SUPPORT AND REVENUE						
Contributions and grants						
Internal Revenue Service	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000
Delaware Grant in Aid	10,000	-	10,000	-	-	10,000
Sussex County	2,150	-	2,150	-	-	2,150
City of Wilmington	5,438	-	5,438	-	-	5,438
Christ Church Christiana Hundred	2,000	-	2,000	-	-	2,000
FLEF - Delaware	3,750	-	3,750	-	-	3,750
Artisans' Bank	1,500	-	1,500	-	-	1,500
Bank of America	140,000	-	140,000	-	-	140,000
Discover Bank	169,000	-	169,000	-	-	169,000
HSBC	5,000	-	5,000	-	-	5,000
PNC	7,500	-	7,500	-	-	7,500
Fulton Bank	1,000	-	1,000	-	-	1,000
M&T Bank	10,000	-	10,000	-	-	10,000
TD Bank	140,000	-	140,000	-	-	140,000
Barclay's Bank	40,000	-	40,000	-	-	40,000
Capital One Bank	120,000	-	120,000	-	-	120,000
Cinnaire Foundation	15,000	-	15,000	-	-	15,000
Gannett Foundation Fund	10,000	-	10,000	-	-	10,000
DCRAC EDF, LLC	317,849	-	317,849	-	(317,849)	-
Other contributions	48,627	-	48,627	-	-	48,627
CARES Act	744,300	-	744,300	-	-	744,300
Celebrating CRA and other fundraisers	42,000	-	42,000	-	-	42,000
Discover loan transfer	-	-	-	85,326	-	85,326
PPP Forgiveness	21,202	-	21,202	-	-	21,202
Rental income	2,700	-	2,700	-	-	2,700
Miscellaneous income	19,963	-	19,963	-	-	19,963
Donated services	300,000	-	300,000	-	-	300,000
Net assets released from restrictions:						
Satisfaction of program restrictions	283,333	(283,333)	-	-	-	-
Total support and revenue	2,562,312	(283,333)	2,278,979	85,326	(317,849)	2,046,456
OPERATING EXPENSES						
Program services:						
Money School	238,242	-	238,242	-	-	238,242
Tax Clinic	243,381	-	243,381	-	-	243,381
DCRAC Law	263,944	-	263,944	-	-	263,944
Economic Justice	1,090,978	-	1,090,978	317,849	(317,849)	1,090,978
	1,836,545	-	1,836,545	317,849	(317,849)	1,836,545
Management and general	92,310	-	92,310	600	-	92,910
Fundraising	1,315	-	1,315	-	-	1,315
	93,625	-	93,625	600	-	94,225
Total operating expenses	1,930,170	-	1,930,170	318,449	(317,849)	1,930,770
Change in Net Assets - Operating	632,142	(283,333)	348,809	(233,123)	-	115,686
NON-OPERATING ACTIVITIES						
Interest income on Discover loans	-	-	-	23,097	-	23,097
Investment performance	3,876	-	3,876	-	-	3,876
Change in Net Assets - Non-Operating	3,876	-	3,876	23,097	-	26,973
CHANGE IN NET ASSETS	636,018	(283,333)	352,685	(210,026)	-	142,659
NET ASSETS AT BEGINNING OF YEAR	748,938	283,333	1,032,271	932,610	-	1,964,881
NET ASSETS AT END OF YEAR	<u>\$ 1,384,956</u>	<u>\$ -</u>	<u>\$ 1,384,956</u>	<u>\$ 722,584</u>	<u>\$ -</u>	<u>\$ 2,107,540</u>

See independent auditor's report

SINGLE AUDIT REPORTING

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
Delaware Community Reinvestment Action Council, Inc. and Affiliate
600 South Harrison Street
Wilmington, Delaware

We have audited, 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, the consolidated financial statements of Delaware Reinvestment Action Council, Inc. and Affiliate (collectively, "the Council"), which comprise the statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 consolidated 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.

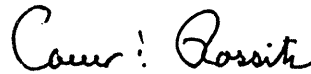
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's consolidated financial statements are free from 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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

September 21, 2021
Wilmington, Delaware

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Directors
Delaware Community Reinvestment Action Council, Inc. and Affiliate
600 South Harrison Street
Wilmington, Delaware

Report on Compliance for Each Major Federal Program

We have audited Delaware Reinvestment Action Council, Inc. and Affiliate's (collectively, "the Council's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Council's major federal program for the year ended June 30, 2021. The Council's major federal program is 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 the Council's major federal program 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). Those standards and the Uniform Guidance 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 the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the Council's major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Council 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, 2021.

Report on Internal Control over Compliance

Management of the Council 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 the Council's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major 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 the Council'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 weakness. However, material weakness 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.

Cour: Rosit

Certified Public Accountants

September 21, 2021
Wilmington, Delaware

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Agency	Pass Through Agency	Federal Program Title	CFDA Number	Agency Grant #	Total Grant Amount	From Direct Awards	Pass Through Awards	Total
Department of Treasury	NA	Low Income Taxpayer Clinics	21.008	21-LITCO448-02-00	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
	State of Delaware	COVID-19 Coronavirus Relief Fund	21.019	NA	744,300	740,495	-	740,495
TOTAL FEDERAL AWARDS EXPENDED						\$ 840,495	\$ -	\$ 840,495

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1—BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Council's consolidated financial statements. The Council uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program.

NOTE 2—PROGRAM COSTS

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the Council's portion, may be more than shown.

NOTE 3—FEDERAL INDIRECT RATE

The Council has not charged indirect costs to federal programs.

**DELAWARE COMMUNITY REINVESTMENT ACTION COUNCIL, INC.
AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> ?	No

Major programs:

CFDA Number(s) Name of Federal Program

21.019	COVID-19 Coronavirus Relief Fund
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Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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