

**ALLENTOWN COMMERCIAL AND INDUSTRIAL  
DEVELOPMENT AUTHORITY**

**Financial Statements and  
Independent Auditor's Report**

**December 31, 2022**

**ALLENTOWN COMMERCIAL AND  
INDUSTRIAL DEVELOPMENT AUTHORITY  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Allentown Commercial and Industrial  
Development Authority  
Allentown, PA

### Opinion

We have audited the accompanying financial statements of the business-type activities of Allentown Commercial and Industrial Development Authority as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Allentown Commercial and Industrial Development Authority, as of December 31, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Allentown Commercial and Industrial Development Authority, 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 Allentown Commercial and Industrial Development Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Allentown Commercial and Industrial Development Authority'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 Allentown Commercial and Industrial Development Authority'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.

### **Other Matter**

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Congbell, Rappold & Yasuta LLP*

June 27, 2023

**ALLENTOWN COMMERCIAL AND  
INDUSTRIAL DEVELOPMENT AUTHORITY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

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	December 31, 2022
<b>ASSETS</b>	
Prepaid Insurance	\$ 376
Total Assets	<u>\$ 376</u>
<b>LIABILITIES</b>	
Due to Allentown Economic Development Corporation	\$ 376
Total Liabilities	<u>376</u>
<b>NET POSITION</b>	
Unrestricted	<u>-</u>
Total Net Position	<u>-</u>
Total Liabilities and Net Position	<u>\$ 376</u>

See independent auditor's report and notes to financial statements.

**ALLENTOWN COMMERCIAL AND  
INDUSTRIAL DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2022**

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	Year Ended December 31, 2022
<b>Revenues and Other Support:</b>	
Professional Fee Income	\$ 30,690
Subsidy Income	-
	<hr/>
Total Revenues and Other Support	<hr/> 30,690 <hr/>
<b>Expenses:</b>	
Advertising	588
Insurance	751
Program Expense	18,869
Professional Fees	10,482
	<hr/>
Total Expenses	<hr/> 30,690 <hr/>
<b>Increase (Decrease) in Net Position</b>	-
Net Position at Beginning of Year	<hr/> -
Net Position at End of Year	<hr/> \$ - <hr/>

See independent auditor's report and notes to financial statements.

**ALLENTOWN COMMERCIAL AND  
INDUSTRIAL DEVELOPMENT AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2022**

	Year Ended December 31, 2022
<b>Cash Flows From Operating Activities</b>	
Net Cash Provided by Operating Activities	\$ -
<b>Cash Flows From Noncapital Financing Activities</b>	
Net Cash Provided by Noncapital Financing Activities	-
<b>Cash Flows From Capital and Related Financing Activities</b>	
Net Cash Provided by Capital and Related Financing Activities	-
<b>Cash Flows From Investing Activities</b>	
Net Cash Provided by Investing Activities	-
Net Increase in Cash	-
Cash:	
Beginning	-
Ending	\$ -
<b>Reconciliation of Increase (Decrease) in Net Position to Net Cash Provided by Operating Activities</b>	
Increase (Decrease) In Net Position	\$ -
Adjustment to Reconcile Increase (Decrease) in Net Position to Net Cash Provided by Operating Activities	
Increase in Assets:	
Prepaid Insurance	-
Increase in Liabilities:	
Due to Allentown Economic Development Corporation	-
Net Cash Provided by Operating Activities	\$ -
Supplemental Disclosure of Non-Cash Financing Activities:	

See independent auditor's report and notes to financial statements.



**ALLENTOWN COMMERCIAL AND  
INDUSTRIAL DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**1. Nature of Activities and Summary of Significant Accounting Policies**

**Reporting entity**

The Allentown Commercial and Industrial Development Authority (ACIDA) was created by Allentown City Council in January 1983 to provide tax-exempt commercial and industrial financing for projects within the City of Allentown. ACIDA was incorporated February 4, 1983 under the Incorporation Laws of the Commonwealth of Pennsylvania and the Pennsylvania Economic Development Financing Authority Law.

Through ACIDA's participation with the Allentown Economic Development Corporation (AEDC), a full range of services is available to prospective clients in addition to low-cost financing. AEDC provides the staff for ACIDA and explores all sources of public and private financing for various projects, assists in the structuring and packaging of financing tailored to the specific needs of the project, assists in locating sites, negotiating leases or sales agreements and acts as liaison with state, county, and city regulatory agencies.

From time to time, ACIDA has issued bonds to provide financial assistance to private sector entities for the acquisition, renovation and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from an underlying note payable between ACIDA and the private-sector entity. Neither ACIDA, nor any city, state or political subdivision is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As required by accounting principles generally accepted in the United States of America, these financial statements include all entities for which ACIDA is financially accountable. No additional entities have been included in the reporting entity.

**Basis of Accounting**

ACIDA is organized and operated as a proprietary fund. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**Use of Estimates**

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

**Net Position**

Net position is comprised of the various net earnings from operating and non-operating revenues and expenses.

**ALLENTOWN COMMERCIAL AND INDUSTRIAL  
DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

*Operating Revenues and Expenses*

Operating revenues and expenses consist of those revenues and expenses that result from the principal operations of the Authority. Operating revenues consist primarily of charges for services.

*Revenue and Revenue Recognition*

The Authority generates revenue by the issuance of new bonds. Revenue is also recognized at the time of issuance of debt.

*Risk Management*

The Authority is exposed to various risks of loss related to torts and errors and omissions. Significant risks are covered by commercial insurance.

*Conduit Debt Obligations*

The Authority issues tax-exempt instruments (bonds, notes or other obligations), which do not constitute a debt of the Authority. These debt instruments are limited obligations of the Authority, payable solely from payments made by the related borrowing institutions and related assets held by trustees. The Authority has no general liability with respect to these obligations and has no beneficial interest in the related assets held by trustees. Acting solely in an agency capacity, the Authority serves as a financing conduit, bringing the ultimate borrower and the ultimate lender together. The Authority has elected to exclude these obligations, and the related assets held by trustees, from the basic financial statements.

*Subsequent Events*

The Authority has evaluated subsequent events through June 27, 2023 the date which the financial statements were available to be issued.

**ALLENTOWN COMMERCIAL AND INDUSTRIAL  
DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**2. Lease Agreements**

In the course of operations, ACIDA entered into lease agreements with Allentown Economic Development Corporation (AEDC) to assist in the acquisition, financing and maintenance of properties selected for acquisition and future development. Under the lease agreements, title to the properties remains with ACIDA; however, AEDC receives the option to purchase the properties for a nominal fee during the lease. Because of the existence of the bargain purchase option, these leased properties are treated as being acquired by AEDC and are not recorded on the books of ACIDA.

A listing of the currently leased properties is as follows:

Property Name	Location	Description
*Allentown Metal Works	606 S. 10th St.	Vacant Bldg
*Allentown Metal Works	606 S. 10th St.	Vacant Land
BEC	905 Harrison St.	Incubator
BEC	905 Harrison St.	AEDC Office
BEC	905 Harrison St.	Land
*Klein Bldg	107-11 Hamilton St.	Occupied
*Klein Land	14-28 N. Front St.	Vacant Land
Musselman	601 W. Hamilton St.	Vacant Bldg
Musselman	10 N 6th St.	Vacant Bldg

\* In some cases, once a developer is identified for a property, ACIDA will terminate the lease with AEDC and simultaneously enter into an installment sales agreement with the selected developer. The installment sales agreement provides the developer with equitable interest in the property. These sites are treated as being sold to the developer and similarly to those leased to AEDC are not recorded on the books of ACIDA.

**3. Related Party Transactions**

As discussed in Note 1, AEDC provides the staff for ACIDA to carry out its activities. In accordance with a written agreement, as compensation to AEDC for providing support services, ACIDA is required to pay AEDC all the fees received by ACIDA from its operations over and above those funds expended by ACIDA for necessary expenses other than support services. For the year ended December 31, 2022, ACIDA paid \$18,869 for staff services.

For the year ended December 31, 2022, ACIDA received \$0 of subsidy from AEDC to support operations.

As of December 31, 2022, ACIDA has accounts payable to AEDC of \$376.

See Note 2 for other disclosures related to AEDC.

**ALLENTOWN COMMERCIAL AND INDUSTRIAL  
DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**4. Conduit Debt Obligations**

At December 31, 2022 there were four bonds issued after January 1, 2017 with an aggregate principal balance outstanding as follows:

	January 1, 2022 Balance	Issued	Retired	December 31, 2022 Balance
Executive Education Academy Charter School Foundation	\$ 39,940,000	\$ -	\$ 545,000	\$ 39,395,000
Executive Education Academy Charter School Foundation	\$ -	\$ 8,770,000	\$ 185,400	\$ 8,584,600
Arts Academy Charter Middle School Series A	\$ -	\$ 6,280,000	\$ -	\$ 6,280,000
Arts Academy Charter Middle School Series B	\$ -	\$ 295,000	\$ -	\$ 295,000