

Pocono Mountains United Way

June 30, 2021

*Financial Statements and
Independent Auditor's Report*

POCONO MOUNTAINS UNITED WAY
JUNE 30, 2021

CONTENTS

	<u>Page(s)</u>
Independent Auditor's Report	2-4
Financial Statements	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9-17
Single Audit Reports	
Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2021	18
Notes to Schedule of Expenditures of Federal Awards	19
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 <i>Government Auditing Standards</i>	20-21
Independent Auditor's Report on Compliance for Each Major Federal Program and On Internal Control over Compliance Required by the Uniform Guidance	22-23
Schedule of Findings and Questioned Costs for the Year Ended June 30, 2021	24
Summary Schedule of Prior Audit Findings	25

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pocono Mountains United Way

Opinion

We have audited the accompanying financial statements of Pocono Mountains United Way (the "Organization"), which comprise the statement of financial position as of June 30, 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 Organization as of June 30, 2021, and its changes in net assets and 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 audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Organization and to meet our 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 these 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 Organization'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 judgement 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 Organization'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reports Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022, on our consideration of the Organization's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information 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.

Concannon, Miller + Co., P.C.

Bethlehem, PA
September 30, 2022

POCONO MOUNTAINS UNITED WAY
STATEMENT OF FINANCIAL POSITION
YEAR ENDED JUNE 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 903,935
Certificates of deposit	337,012
Investments, at fair value (Note 6)	792,565
Grants receivable	1,013,818
Pledges receivable, net (Note 4)	219,818
Deferred expenses	247,134
Prepaid expenses	2,215
Total Current Assets	<u>3,516,497</u>

LAND, BUILDING AND EQUIPMENT, NET (NOTE 5)

	629,126
Total Assets	<u><u>\$ 4,145,623</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Due to member agencies	\$ 305,000
Accounts payable and accrued expenses	339,361
Deferred support	827,389
Designated funds payable	25,844
Donor choice designated to agencies and other United Ways	28,443
Total Current Liabilities	<u>1,526,037</u>

TERM DEBT (NOTE 7)

	116,431
Total Liabilities	<u>1,642,468</u>

NET ASSETS

Net assets without donor restrictions	
Undesignated	<u>1,002,491</u>
Board designated	
Land, building and equipment	629,126
Working capital	185,135
Total board designated net assets	<u>814,261</u>
Total net assets without restrictions	1,816,752
Net assets with donor restrictions	<u>686,403</u>
Total Net Assets	<u>2,503,155</u>
Total Liabilities and Net Assets	<u><u>\$ 4,145,623</u></u>

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

POCONO MOUNTAINS UNITED WAY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 1,559,208	\$ 190,622	\$ 1,749,830
Current campaigns	826,924		826,924
Fundraising events, net of direct expenses of \$5,021	14,769		14,769
Forgiveness of debt income - Paycheck Protection Program	110,600		110,600
Total Support	<u>2,511,501</u>	<u>190,622</u>	<u>2,702,123</u>
NET ASSETS RELEASED FROM RESTRICTIONS	723,159	(723,159)	0
Total Support and Revenue	<u>3,234,660</u>	<u>(532,537)</u>	<u>2,702,123</u>
EXPENSES			
Programs and events	2,885,437		2,885,437
General & administrative	79,319		79,319
Fundraising	110,912		110,912
Total Expenses	<u>3,075,668</u>	<u>0</u>	<u>3,075,668</u>
INCOME (LOSS) FROM OPERATIONS	158,992	(532,537)	(373,545)
INVESTMENT INCOME, NET	<u>146,564</u>		<u>146,564</u>
CHANGE IN NET ASSETS	305,556	(532,537)	(226,981)
NET ASSETS, JULY 1	<u>1,511,196</u>	<u>1,218,940</u>	<u>2,730,136</u>
NET ASSETS, JUNE 30	<u>\$ 1,816,752</u>	<u>\$ 686,403</u>	<u>\$ 2,503,155</u>

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

POCONO MOUNTAINS UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Programs and Events</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries	\$ 448,687	\$ 55,122	\$ 67,066	\$ 570,875
Employee benefits	53,838	8,246	10,761	72,845
Payroll taxes	41,041	4,490	5,835	51,366
Total Salaries and Related Expenses	<u>543,566</u>	<u>67,858</u>	<u>83,662</u>	<u>695,086</u>
Program expenses	1,620,340			1,620,340
Community investment grants	317,779			317,779
Donor choice	24,294			24,294
Donor out of area	28,490			28,490
Scholarships	82,106			82,106
Bad debt expense	61,375			61,375
Collections	4,944			4,944
Depreciation	6,693	467	622	7,782
Dues and subscriptions	24,769	2,656	3,895	31,320
Insurance	10,034	822	1,206	12,062
Interest expense	62	5	7	74
Meetings	7,953			7,953
Miscellaneous	893	29	44	966
Occupancy	9,514	838	1,229	11,581
Postage	4,830	396	581	5,807
Printing and publicity	366	30	10,547	10,943
Professional fees	52,594	4,095	6,005	62,694
Rent	3,743	307	450	4,500
Repairs and maintenance	647	49	71	767
Subcontract services	58,927			58,927
Supplies	6,176	506	743	7,425
Telephone	13,828	1,133	1,662	16,623
Travel, meals and lodging	1,514	128	188	1,830
	<u>2,341,871</u>	<u>11,461</u>	<u>27,250</u>	<u>2,380,582</u>
Total Expenses	<u>\$ 2,885,437</u>	<u>\$ 79,319</u>	<u>\$ 110,912</u>	<u>\$ 3,075,668</u>

The accompanying notes are an integral part of the financial statements

POCONO MOUNTAINS UNITED WAY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (226,981)
Adjustments to reconcile change in net assets to net cash from operating activities	
Forgiveness of debt income - Paycheck Protection Program	(110,600)
Realized gains on investments	(21,941)
Unrealized gains on investments	(109,283)
Depreciation	7,782
Changes in operating assets and liabilities	
Grants receivable	(432,099)
Pledges receivable, net	99,508
Prepaid expenses	(2,215)
Deferred expenses	(247,134)
Accounts payable and accrued expenses	258,769
Due to member agencies	(40,276)
Deferred support	827,389
Designated funds payable	(6,561)
Donor choice designations	(20,703)
Net Cash Used In Operating Activities	<u>(24,345)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	(20,076)
Certificates of deposits	(1,781)
Purchase of long-term investments	(22,474)
Net Cash Used in Investing Activities	<u>(44,331)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds on term borrowings	116,432
Net Cash Provided by Financing Activities	<u>116,432</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 47,756

CASH AND CASH EQUIVALENTS, JULY 1 856,179

CASH AND CASH EQUIVALENTS, JUNE 30 \$ 903,935

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

NON-CASH OPERATING ACTIVITIES

In-kind contribution of services	<u><u>\$ 112,695</u></u>
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ADDITIONAL CASH FLOW INFORMATION

Cash payments for interest	<u><u>\$ 74</u></u>
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The accompanying notes are an integral part of the financial statements.

POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 Nature and Purpose of the Organization

Pocono Mountains United Way (the Organization) is a nonprofit organization dedicated to providing funds to various charitable and welfare organizations in Monroe County. The agency conducts an annual campaign to seek pledges of contributions for the following year which are then allocated to its member agencies. In 2019, the Organization merged with Pocono Alliance, Inc. a non-profit county-wide community planning organization with a focus on health and human services and system changes which support low and moderate income families as they improve their quality of life.

The Organization is an affiliate of both the United Way Worldwide and the United Way of Pennsylvania. Dues of 1.5 percent of the campaign total are paid annually to the United Way of America for the right to use the United Way name and logo as well as extensive research services, access to marketing materials, training courses, and national marketing efforts such as the National Football League television and radio advertising. Dues to the United Way of Pennsylvania are a fixed amount of \$4,200 for public policy review, management of the State employee campaign and specialized training and conferences.

NOTE 2 Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Basis of Presentation

The Organization's net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or law. These net assets may be used at the discretion of the Organization's management and the Board of Directors. The Organization's Board of Director's has designated a portion of the net assets without donor restrictions be set aside to reflect the net book value of all non-restricted land, building and equipment assets. The Board has also set aside a working capital portion of the net assets without donor restrictions to provide for grants and expenses in the event of crisis situations.

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.

Cash Equivalents

Cash equivalents include short-term highly liquid investments, which are readily convertible into cash. The Organization also considers certificates of deposit that mature in three months or less and are not permanently restricted to be cash equivalents.

POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 2 **Summary of Significant Accounting Policies (Continued)**

Concentration of Credit Risk

The Organization may be subject to credit risk on its cash and cash equivalent assets, which are placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation (“FDIC”) coverage is \$250,000 for all accounts. From time to time, the Organization may have amounts on deposit in excess of the FDIC limits. The Organization had an at risk balance of approximately \$550,000 at June 30, 2021.

Pledges Receivable

Pledges receivable include unconditional promises to give that are recognized as contributions when the promise is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Conditional promises to give are not included as support until the conditions on which they depend are substantially met. Any grants identified by management which include a barrier to recognizing the revenue are recorded as deferred support in the statement of financial position until such time that those barriers have been met.

The Organization maintains allowances for credit losses resulting from the inability of its donors to make pledged payments. The allowance is based on prior years’ experience and management’s analysis of specific promises made. The balance in the allowance for credit losses at June 30, 2021 was \$82,865.

Land, Building and Equipment

Donations of property, furniture and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Purchased property, furniture and equipment are carried at cost, less accumulated depreciation. Maintenance and repairs that neither materially add to the value of property nor appreciably prolong its life are charged to expense. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Related gains or losses from such transactions are credited or charged to income.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to thirty-nine years.

Valuation of Investments in Securities at Fair Value

The Organization complies with the provisions of FASB ASC 820, *Fair Value Measurement and Disclosures*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 2 Summary of Significant Accounting Policies (Continued)

Valuation of Investments in Securities at Fair Value (Continued)

ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Revenue Recognition

Public Support

In accordance with ASC 958, public support is comprised primarily of contributions which are recorded as revenue when an unconditional promise to give has been made. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

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.

Revenue

In accordance with ASC 606, *Revenue from Contracts with Customers*, revenue from the Organization's programs and events are recognized as the respective services are performed. Cash receipts collected for events which will occur in a future period are recognized as deferred revenue upon receipt and until such time that the performance obligation has been provided.

POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 2 Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

As of June 30, 2021, the Organization held no contract assets or contract liabilities.

Donated Materials and Services

Contributed services are recorded if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A significant amount of time has been donated by volunteers to agencies, programs, services and the fund-raising campaign during the year; however, such services are not required to be recorded under current accounting standards.

Functional Allocation of Expenses

The statement of functional expenses report certain categories of expenses that are attributable to one or more program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities and equipment, depreciation and operating expenses, which are allocated based on the use at each respective owned or leased property, as well as employment costs and contract services which are allocated on the basis of estimates of time and effort.

Income Taxes

The Internal Revenue Service recognizes Pocono Mountains United Way as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. Income from activities not directly related to these Organization's tax-exempt purpose, if any, would be subject to taxation as unrelated business income. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Organization complies with the guidance for uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities.

As of June 30, 2021, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 3 Liquidity and Availability

The Organization receives significant contributions, grants and pledges that are restricted in use by the donors. The Organization considers and treats these gifts as restricted in accordance with the directions of the donors and such funds remain unavailable for general expenditures. Unrestricted contributions, grants and pledges are considered for use with respect to ongoing, major programs, central to its annual operations and such unrestricted gifts are available to meet cash requirements for general expenditures. The Organization manages its liquidity in accordance with two guiding principles: (1) controlling its operations within a prudent range of financial soundness and stability and, (2) maintaining adequate liquid assets to fund near – term operating requirements. The Organization monitors its liquidity position on a monthly basis and funds and maintains unrestricted investments and deposits which are immediately available for current expenditures.

Financial assets available for general expenditure within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 903,935
Certificates of deposit	337,012
Pledges receivable	219,818
Grants receivable	1,013,818
Investments	<u>792,565</u>
	3,267,148
Less assets with donor restrictions	<u>686,403</u>
	<u>\$ 2,580,745</u>

As a part of Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Should the need arise to help manage unanticipated liquidity needs, the Organization has adequate net assets to obtain a line of credit, which it could draw upon if needed.

NOTE 4 Pledges Receivable

Pledges receivable at June 30, 2021 are comprised of the following:

Time restricted pledges and contributions	\$ 302,683
Less allowance for uncollectible pledges contributions	<u>82,865</u>
	<u>\$ 219,818</u>

POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 5 Land, Building and Equipment

Land, building and equipment as of June 30, 2021 was comprised of the following:

Land and building	\$	511,876
Building and site improvements		123,636
Furniture and fixtures		35,769
Equipment		59,014
		730,295
Less accumulated depreciation		101,169
		\$ 629,126

Depreciation expense was \$7,782 for the year ended June 30, 2021.

NOTE 6 Investments

The Organization's investments are recorded at fair value and have been categorized based upon a fair value hierarchy, in accordance with ASC 820 (see Note 2). All investments held at June 30, 2021 are considered Level 1 investments, and are summarized as follows:

	Investments at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Cash equivalent	\$ 52,684	\$ 0	\$ 0	\$ 52,684
Fixed income				
Exchange traded funds	27,025			27,025
Mutual funds	201,155			201,155
Equities				
Stocks	140,992			140,992
Exchange traded funds	119,446			119,446
Mutual funds	251,263			251,263
	\$ 792,565	\$ 0	\$ 0	\$ 792,565

Investment income for the year ended June 30, 2021, as reported on the statement of activities, is comprised of:

Interest and dividends	\$	19,160
Unrealized gains		109,283
Realized gains		21,941
Less investment fees		3,820
		\$ 146,564

Generally, for all mutual funds, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions.

POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 6 Investments (Continued)

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

NOTE 7 Term Debt

On March 11, 2020, the World Health Organization characterized an outbreak of novel strain of coronavirus (“COVID-19”) as a pandemic and on March 13, 2020, the United States declared a national emergency. As a result, the current economic environment has presented companies and organizations with unprecedented circumstances and challenges. Potential impacts to the Organization include disruptions and restrictions on the ability of employees to work, as well as travel and other restrictions imposed by governments. COVID-19 is also expected to adversely affect economies and financial markets in the United States and throughout the world. The extent of the impact on the Organization’s financial position, operating results and cash flows will depend on future developments, including the duration and spread of the outbreak, which are highly uncertain and cannot be predicted.

During the year ended June 30, 2020, the Organization applied for and was approved a \$110,600 loan under the Paycheck Protection Program (“PPP”) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments were not required to begin for six months after the funding of the loan. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government. During the year ended June 30, 2021, the Organization met the loan forgiveness requirements and recognized forgiveness of debt income of \$110,600.

During the year ended June 30, 2021, the Organization received a second PPP loan in the amount of \$116,431 which was subsequently forgiven in September 2021.

NOTE 8 Employee Benefit Plans

The Organization maintains a SEP/IRA plan, in which all full-time employees with at least one year of service receive benefits. Under the plan, employer contributions are made based upon an elective percentage of participants' base annual salaries. During the year ended June 30, 2021, pension expense of \$21,050 is included in employee benefits and was calculated based upon 5% of the base annual salaries.

POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 9 Net Assets with Donor Restrictions

At June 30, 2021, net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specific purpose:	
Future programs and operations	\$ 256,381
Subject to the Organization's appropriation:	
Original donor-restricted gift required to be maintained in perpetuity by donor	430,022
	<u>\$ 686,403</u>

Prior to the year ended June 30, 2021, the Organization received a gift of \$430,022 from a donor which was intended to support the Organization into perpetuity. Management is in development of an investment and endowment policy which would make the most use of the original donation.

NOTE 10 Recent Accounting Pronouncements

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Organization's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance will be effective for the year ending June 30, 2023. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Organization's financial statements.

NOTE 11 Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 30, 2022, the date the financial statements were available to be issued. Except as disclosed in Note 7, no events or transactions have occurred which would require recognition or disclosure in the financial statements.

NOTE 12 Change in Accounting Principle

In May 2014, the FASB issued new revenue recognition guidance under Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance provides a single, comprehensive model for recognizing revenue from contracts with customers. The new revenue recognition guidance supersedes existing guidance and requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective July 1, 2020 using the modified retrospective transition method, which requires the cumulative effect of adoption, if any, to be recognized as an adjustment to opening retained earnings in the period of adoption.

POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2021

NOTE 12 Change in Accounting Principle (Continued)

As part of the adoption of the ASU, the Organization elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The Organization's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. As a result, the Organization did not identify any material differences in the amount and timing of revenue recognition for its revenue streams. Accordingly, the Organization did not record any transition adjustment upon adoption of the new guidance. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard.

Additionally, in June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution was conditional. The implementation of this standard had no impact on the financial statements.

POCONO MOUNTAINS UNITED WAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-through Grantor Program or Cluster Title	Pass-Through Grantor's Number	Federal CFDA Number	Grant Period Beginning - Ending	Total Federal Expenditures	Passed Through to Subrecipients
Department of Agriculture					
Farm to School Grant Program	N/A	10.575	7/1/20 - 6/30/21	\$ 17,000	\$ 0
Department of the Treasury					
Volunteer Income Tax Assistance Matching Grant Program	N/A	21.009	10/1/20 - 9/30/21	\$ 5,000	\$ 0
Coronavirus Relief Fund	N/A	21.019	3/1/2020 - 11/30/2020	\$ 1,069,741	\$ 0
Emergency Rental Assistance Program	N/A	21.023	3/8/21 - 12/31/21	\$ 77,925	\$ 0
Department of Health and Human Services					
Community Service Block Grants - CARES	N/A	93.569			
Eviction Mediation Services			4/1/20 - 9/30/22	\$ 34,065	\$ 0
Information, Referral and Data Management Services			4/1/20 - 9/30/22	\$ 45,277	\$ 0
Community Service Block Grants - CARES	N/A	93.569			
Volunteer Income Tax Assistance Matching Grant Program			1/1/21-12/31/21	\$ 16,068	\$ 0
Information, Referral and Data Management Services			1/1/21-12/31/21	\$ 9,154	\$ 0
Community Care Behavioral Health Organization (CCBH)	N/A	93.569	3/1/21-12/31/21	\$ 80,086	\$ 0
Department of Housing and Development (HUD)					
Continuum of Care Program	N/A	14.267	12/1/20 - 11/30/21	\$ 34,008	\$ 0

POCONO MOUNTAINS UNITED WAY
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE A Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes federal grant activity of Pocono Mountains United Way under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the 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)*. Because the Schedule presents only a selected portion of the operations of Pocono Mountains United Way, it is not intended to and does not represent the financial position, change in net assets, functional expenses or cash flows of Pocono Mountains United Way.

NOTE B Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

NOTE C Indirect Cost Recovery

Pocono Mountains United Way did not recover its indirect costs using the 10% de minimis indirect cost rate provided under the Uniform Guidance.

**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**

To the Board of Directors of
Pocono Mountains United Way

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pocono Mountains United Way (the “Organization”), which comprise the statement of financial position as of June 30, 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, and have issued our report thereon September 30, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 Organization’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Concannon, Miller + Co., P.C.

Bethlehem, PA
September 30, 2022

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

To the Board of Directors of
Pocono Mountains United Way

Report on Compliance for Each Major Federal Program

We have audited Pocono Mountains United Way's (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. 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 Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Pocono Mountains United Way 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 Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal award program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Concannon, Miller + Co., P.C.

Bethlehem, PA
September 30, 2022

POCONO MOUNTAINS UNITED WAY
SSCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

I. Summary of Audit Results

- a. The auditor's report expresses an unmodified opinion on the financial statements of Pocono Mountains United Way.
- b. No significant deficiencies related to the audit of the financial statements of Pocono Mountains United Way were disclosed during the audit.
- c. No instances of noncompliance material to the financial statements of Pocono Mountains United Way were disclosed during the audit.
- d. No significant deficiencies related to the audit of the major federal award programs of Pocono Mountains United Way were disclosed during the audit.
- e. The auditor's report on compliance for the major federal award programs for Pocono Mountains United Way express an unmodified opinion.
- f. No audit findings relative to the major federal award programs for Pocono Mountains United Way were disclosed during the audit.
- g. The programs tested as major programs consisted solely of CFDA Number 21.019 – COVID-19 Coronavirus Relief Fund.
- h. The threshold for distinguishing Types A and B programs was \$750,000.
- i. Pocono Mountains United Way did not qualify as a low-risk auditee.

II. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with GAGAS:

- a. No matters were reported.

III. Findings and Questioned Costs – Federal Awards

- a. No matters were reported.

POCONO MOUNTAINS UNITED WAY
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021

NO PRIOR YEAR AUDIT FINDINGS