

**POCONO MOUNTAINS UNITED WAY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**



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**POCONO MOUNTAINS UNITED WAY
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10



INDEPENDENT AUDITORS' REPORT

Board of Directors
Pocono Mountains United Way
Stroudsburg, Pennsylvania

Opinion

We have audited the accompanying financial statements of Pocono Mountains United Way (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pocono Mountains United Way (Organization) as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Adjustments to Prior Period Financial Statements

The financial statements as of and for the year ended June 30, 2021 of Pocono Mountains United Way were audited by other auditors whose opinion dated September 30, 2022, expressed an unmodified opinion on those statements. As more fully described in Note 15, the Organization has restated its 2021 financial statements during the current year to properly account for contingent grants, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2021 financial statements before the restatement.

As part of our audit of the financial statements as of and for the year ended June 30, 2022, we also audited the adjustment described in Note 15 that was applied to restate the 2021 financial statements. In our opinion, the adjustment is appropriate and has been properly applied. We were not engaged to audit, review or apply procedures to the 2021 financial statements of the Organization other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 Audits of the Financial Statements

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

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

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

Board of directors
Pocono Mountains United Way

Other Matter

The financial statements as of June 30, 2021, were audited by Concannon Miller, whose shareholders and professional staff joined CliftonLarsonAllen LLP as of November 1, 2022, and has subsequently ceased operations. Concannon Miller's report dated September 30, 2022, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bethlehem, Pennsylvania
May 11, 2023

**POCONO MOUNTAINS UNITED WAY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	2022	2021 (As Restated)
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,689,941	\$ 903,935
Certificates of Deposit	109,271	337,012
Investments, at Fair Value	691,040	792,565
Grants Receivable	181,341	186,429
Pledges Receivable, Net	188,354	219,818
Prepaid Expenses	22,800	2,215
Total Current Assets	2,882,747	2,441,974
LAND, BUILDING AND EQUIPMENT, NET	615,429	629,126
Total Assets	\$ 3,498,176	\$ 3,071,100
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to Member Agencies	\$ 381,250	\$ 305,000
Accounts Payable and Accrued Expenses	106,906	92,227
Deferred Support	207,866	-
Designated Funds Payable	13,417	25,844
Donor Choice Designated to Agencies and Other United Ways	30,056	28,443
Total Current Liabilities	739,495	451,514
TERM DEBT	-	116,431
Total Liabilities	739,495	567,945
NET ASSETS		
Without Donor Restrictions:		
Undesignated	1,145,778	1,002,491
Board Designated:		
Land, Building, and Equipment	615,429	629,126
Working Capital	185,135	185,135
Total Net Assets Without Restrictions	1,946,342	1,816,752
With Donor Restrictions	812,339	686,403
Total Net Assets	2,758,681	2,503,155
Total Liabilities and Net Assets	\$ 3,498,176	\$ 3,071,100

See accompanying Notes to Financial Statements.

**POCONO MOUNTAINS UNITED WAY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and Grants	\$ 280,829	\$ 1,628,633	\$ 1,909,462
Current Campaigns	766,674	91,759	858,433
Fundraising Events, Net of Direct Expenses of \$3,933 and \$907, respectively	13,078		13,078
Contributed non-financial assets and services	124,500	20,965	145,465
Forgiveness of Debt Income - Paycheck Protection Program	116,431	-	116,431
Employee Retention Credits	37,635		37,635
Net Assets Released from Restrictions	1,615,421	(1,615,421)	-
Total Support and Revenue	2,954,568	125,936	3,080,504
 EXPENSES			
Programs and Events	2,461,562	-	2,461,562
General and Administrative	100,583	-	100,583
Fundraising	160,617	-	160,617
Total Expenses	2,722,762	-	2,722,762
 INCOME FROM OPERATIONS	231,806	125,936	357,742
 INVESTMENT LOSS, NET	(102,216)	-	(102,216)
 CHANGE IN NET ASSETS	129,590	125,936	255,526
Net Assets - Beginning of Year	1,816,752	686,403	2,503,155
 NET ASSETS - END OF YEAR	\$ 1,946,342	\$ 812,339	\$ 2,758,681

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and Grants	\$ 1,401,347	\$ 190,622	\$ 1,591,969
Current Campaigns	826,924	-	826,924
Fundraising Events, Net of Direct Expenses of \$907	12,164	-	12,164
Contributed non-financial assets and services	112,695		112,695
Forgiveness of Debt Income - Paycheck Protection Program	110,600	-	110,600
Net Assets Released from Restrictions	723,159	(723,159)	-
Total Support and Revenue	3,186,889	(532,537)	2,654,352
 EXPENSES			
Programs and Events	2,837,786	-	2,837,786
General and Administrative	79,270	-	79,270
Fundraising	110,841	-	110,841
Total Expenses	3,027,897	-	3,027,897
 INCOME (LOSS) FROM OPERATIONS	158,992	(532,537)	(373,545)
 INVESTMENT INCOME, NET	146,564	-	146,564
 CHANGE IN NET ASSETS	305,556	(532,537)	(226,981)
Net Assets - Beginning of Year	1,511,196	1,218,940	2,730,136
 NET ASSETS - END OF YEAR	\$ 1,816,752	\$ 686,403	\$ 2,503,155

See accompanying Notes to Financial Statements.

**POCONO MOUNTAINS UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	<u>Programs and Events</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 703,245	\$ 72,387	\$ 76,363	\$ 851,995
Employee Benefits	61,786	2,947	8,907	73,640
Payroll Taxes	<u>62,825</u>	<u>6,230</u>	<u>6,825</u>	<u>75,880</u>
Total Salaries and Related Expenses	827,856	81,564	92,095	1,001,515
Program Expenses	391,056	-	-	391,056
Community Investment Grants	309,451	-	-	309,451
Scholarships	112,448	-	-	112,448
Bad Debt Expense	21,836	-	-	21,836
Collections	-	-	3,665	3,665
Depreciation	35,075	2,875	4,217	42,167
Dues and Subscriptions	36,953	3,029	4,442	44,424
Insurance	11,915	977	1,433	14,325
Interest Expense	80	7	10	97
Miscellaneous	6,042	-	-	6,042
Occupancy	27,057	1,870	2,743	31,670
Postage	4,664	382	561	5,607
Printing and Publicity	131,377	-	36,962	168,339
Professional Fees	95,161	7,800	11,440	114,401
Rent	18,000	-	-	18,000
Subcontract Services	407,749	43	64	407,856
Supplies	6,284	515	755	7,554
Telephone	16,307	1,337	1,960	19,604
Travel, Meals, and Lodging	<u>2,251</u>	<u>184</u>	<u>270</u>	<u>2,705</u>
Total Expenses by Function	<u>1,633,706</u>	<u>19,019</u>	<u>68,522</u>	<u>1,721,247</u>
 Total Expenses	 <u>\$ 2,461,562</u>	 <u>\$ 100,583</u>	 <u>\$ 160,617</u>	 <u>\$ 2,722,762</u>

See accompanying Notes to Financial Statements.

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

	<u>Programs and Events</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</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	543,566	67,858	83,662	695,086
Program Expenses	1,509,495	-	-	1,509,495
Community Investment Grants	317,779	-	-	317,779
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	32,397	2,656	3,895	38,948
Insurance	10,034	822	1,206	12,062
Interest Expense	62	5	7	74
Miscellaneous	1,217	29	44	1,290
Occupancy	11,091	838	1,229	13,158
Postage	4,830	396	581	5,807
Printing and Publicity	116,225	30	10,547	126,802
Professional Fees	52,594	4,095	6,005	62,694
Rent	3,743	307	450	4,500
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	704	128	188	1,020
Total Expenses by Function	<u>2,294,220</u>	<u>11,412</u>	<u>27,179</u>	<u>2,332,811</u>
Total Expenses	<u>\$ 2,837,786</u>	<u>\$ 79,270</u>	<u>\$ 110,841</u>	<u>\$ 3,027,897</u>

See accompanying Notes to Financial Statements.

**POCONO MOUNTAINS UNITED WAY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 255,526	\$ (226,981)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Forgiveness of Debt Income - Paycheck Protection Program	(116,431)	(110,600)
Realized Gains on Investments	(27,923)	(21,941)
Unrealized (Gains) Losses on Investments	152,110	(109,283)
Depreciation	42,167	7,782
Changes in Operating Assets and Liabilities:		
Grants Receivable	5,088	395,290
Pledges Receivable, Net	31,464	99,508
Prepaid Expenses	(20,585)	(2,215)
Due to Member Agencies	76,250	(40,276)
Accounts Payable and Accrued Expenses	14,679	11,635
Deferred Support	207,866	-
Designated Funds Payable	(12,427)	(6,561)
Donor Choice Designations	1,613	(20,703)
Net Cash Provided (Used) by Operating Activities	609,397	(24,345)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(28,470)	(20,076)
Certificates of Deposit	227,741	(1,781)
Purchase of Long-Term Investments	(22,662)	(22,474)
Net Cash Provided (Used) by Investing Activities	176,609	(44,331)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on Term Borrowings	-	116,432
NET CHANGE IN CASH AND CASH EQUIVALENTS	786,006	47,756
Cash and Cash Equivalents - Beginning of Year	903,935	856,179
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,689,941	\$ 903,935

See accompanying Notes to Financial Statements.

**POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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.

National and State Affiliation

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.

Basis of Accounting

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

Financial Statement Presentation

The financial statements of the Organization have been presented in accordance with FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid, short-term investments with original maturities of three months or less; and investments in money market funds that are carried at cost plus accrued interest, which approximates fair value.

**POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 DESCRIPTION OF OPERATIONS AND 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 \$1,192,000 at June 30, 2022.

Investments

Investments with readily determinable fair values are reflected at fair market value. Donated securities are recorded at the fair value on the date of the gift. To adjust the carrying value, unrealized gains and losses are reported in the statements of activities as a component of investment income or loss.

The Organization invests in a professionally managed portfolio that contains fixed income bonds, publicly traded equities, and mutual funds. Such investments are exposed to various risks, such as market and credit.

Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

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.

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.

**POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation of Investments in Securities at Fair Value (Continued)

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.

Grants Receivable

Grants receivable represent amounts due from various grantors and governmental agencies. Management has determined that the receivables are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at June 30, 2022 and 2021.

Pledges Receivable

Pledges receivable are 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 Organization maintains allowances for credit losses resulting from the inability of its donors to make planned payments. Management considers the following factors when determining the collectability of specific donor accounts: historical collection experience, a review of the current status of receivables and judgment. Based on management's assessment, the Organization provides for estimated credit losses through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation and a credit to contributions receivable.

Property, Furniture 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.

**POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Furniture and Equipment (Continued)

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 three to thirty-nine years.

Due to Member Agencies

The amounts due to member agencies represent commitments due to, or expected to be due to the agencies and are released to them upon fulfilling the requirements set forth by the Organization.

Donor Choice Designated to Agencies and Other United Ways

Donor choice designations consist of contributions from individuals and businesses that designate their contributions to a specific agency or to a United Way other than Monroe County. These amounts are held on behalf of the contributors and are distributed as they are collected.

Revenue Recognition

Public support and contributions received are recorded as revenue and net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions or by law. In general, grants received by the Organization are considered contributions.

Public support and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donors for future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a restriction is fulfilled, net assets with donor restrictions are reclassified and reported in the statements of activities as net assets without donor restrictions.

Fundraising event and program revenues are not recognized until the revenue is earned, and the Organization does not believe it is required to provide additional good or services to fulfill its related performance obligation. Reciprocal transaction within program revenues are generally registration fees or ticket sales which are recognized as revenue upon conclusion of the event.

**POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Non-financial Assets and Contributed Services

Pursuant to the existing Financial Accounting Standards Board ASC 958-605, the Organization records and reports contributed non-financial assets and specialized services meeting the criteria for in-kind donations as revenue in the operating section of its statement of activities on the date the contribution is made known, regardless of the date on which the material or service is received. Furthermore, the Organization records and reports contributed non-financial assets and services at fair market value, which ASC topic 820 defines as “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.” The Organization also records and reports at the fair market value an offsetting expense in the proper natural expense category on its statement of functional expenses. However, if the contributed item or service is an asset that exceeds the Organization’s capitalization policy, the asset is recorded in the proper fixed asset category on the statement of financial position and revenue is recognized for the asset’s fair market value.

During the year ended June 30, 2022, the Organization adopted ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to provide more transparency about the measurement and use of contributed nonfinancial assets, such as materials and supplies while maintaining the existing recognition and measurement requirements described above. This new accounting update, which was effective for annual periods beginning after June 15, 2021, was implemented retroactive to FY2021 to enhance the comparability of the Organization’s financial statements. Consistent with the new accounting update, the Organization presents contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and also provides additional footnote disclosures, including a disclosure of a disaggregation of the amount of contributed nonfinancial assets by type.

However, despite the fact that a substantial number of volunteers have donated significant amounts of time in support of the Organization’s programs and fundraising campaigns, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services pursuant to existing accounting guidance.

Advertising and Promotions

Advertising costs are charged to operations when incurred. Total advertising costs for the years ended June 30, 2022 and 2021 were \$139,397 and \$114,716, respectively.

Estimates

In preparing financial statements in conformity with United States generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Expenses by Function

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Costs incurred to provide the Organization's programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, compensation costs are allocated by a department-level estimate of time and effort. Other office, occupancy, and operating expenses are allocated by organization-wide estimates of time and effort.

Reclassification

Certain amounts in the fiscal year 2021 financial statements have been reclassified to conform to the presentation of the fiscal year 2022 financial statements. These reclassifications had no effect on the previously reported net assets or changes therein.

Income Taxes

The Internal Revenue Service recognizes the Organization 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 consolidated 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 consolidated financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities.

As of June 30, 2022 and 2021, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

NOTE 2 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 monthly and funds and maintains unrestricted investments and deposits which are immediately available for current expenditures.

**POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

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

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 1,689,941	\$ 903,935
Certificates of Deposit	109,271	337,012
Investments, at Fair Value	691,040	792,565
Grants Receivable	181,341	186,429
Pledges Receivable	188,354	219,818
Total Financial Assets	2,859,947	2,439,759
Less: Net Assets With Donor Restrictions	812,339	686,403
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	\$ 2,047,608	\$ 1,753,356

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 3 GRANTS RECEIVABLE

Grants receivable consist of amounts due from the following:

	2022	2021
Monroe County Administrative Offices	\$ 91,706	\$ 96,995
Community Care Behavioral Health Organization	34,462	80,086
Pocono Mountains Visitors Bureau	13,028	-
Housing Alliance of Pennsylvania	15,145	4,348
NeighborWorks NEPA	10,000	-
Internal Revenue Service	17,000	5,000
Balance, end of year	\$ 181,341	\$ 186,429

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable consist of the Organization's public support derived from contributions from individuals and businesses primarily located in Monroe County, Pennsylvania. Pledges receivable are recorded net of an allowance for estimated uncollectible amounts as follows:

POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 PLEDGES RECEIVABLE (CONTINUED)

	<u>2022</u>	<u>2021</u>
Balance of 2019 campaign pledges	44,681	45,181
Balance of 2020 campaign pledges	69,258	184,004
Balance of 2021 campaign pledges	161,190	73,498
Balance of 2022 campaign pledges	17,926	-
	<u>293,055</u>	<u>302,683</u>
Less: Allowance for uncollectible pledges	104,701	82,865
	<u>\$ 188,354</u>	<u>\$ 219,818</u>

NOTE 5 LAND, BUILDING, AND EQUIPMENT

	<u>2022</u>	<u>2021</u>
Land and Building	\$ 511,876	\$ 511,876
Building Improvements	123,636	123,636
Furniture	57,068	35,769
Equipment	66,184	59,014
Total	<u>758,764</u>	<u>730,295</u>
Less: Accumulated Depreciation	143,335	101,169
Net Book Value	<u>\$ 615,429</u>	<u>\$ 629,126</u>
Depreciation Expense	<u>\$ 42,167</u>	<u>\$ 7,782</u>

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 1).

	Investments at Fair Value as of June 30, 2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash Equivalents	\$ 34,455	\$ -	\$ -	\$ 34,455
Mutual Funds				
Exchange Traded Funds	119,201			119,201
Fixed Income	185,688			185,688
Equities	216,017			216,017
Equities	135,679			135,679
	<u>\$ 691,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 691,040</u>

**POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 6 INVESTMENTS (CONTINUED)

	Investments at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Cash Equivalents	\$ 52,684	\$ -	\$ -	\$ 52,684
Mutual Funds				
Exchange Traded Funds	146,471			146,471
Fixed Income	201,155			201,155
Equities	251,263			251,263
Equities	140,992			140,992
	\$ 792,565	\$ -	\$ -	\$ 792,565

Investment income (loss) for the years ended June 30, 2022 and 2021, as reported on the statement of activities, is comprised of:

	2022	2021
Interest - savings accounts	\$ 1,510	\$ 2,938
Interest and dividends - brokerage account	26,437	16,222
Unrealized Gains (Losses)	(152,110)	109,283
Realized Gains	27,923	21,941
Less: Investment Fees	(5,976)	(3,820)
Total Investment Income (Loss)	\$ (102,216)	\$ 146,564

NOTE 7 TERM DEBT

In February 2021, the Organization applied and was approved for a \$116,431 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued 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. The loan was presented as Term Debt as of June 30, 2021 and was subsequently forgiven during the year ended June 30, 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.

NOTE 8 PENSION PLAN

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, contributions are made based upon a percentage of participants' base annual salaries (5% for each of the years ended June 30, 2022 and 2021). Pension expense was \$24,804 and \$21,050 for the years ended June 30, 2022 and 2021, respectively, and is included in employee benefits on the statement of activities.

**POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 9 NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent net assets that are not restricted by donor or grantor-imposed stipulations of time or purpose. The following outlines those assets designated by the Board of Directors for specific purposes:

Land, Building, and Equipment

This represents the net book value of the Organization's land, building, and equipment.

Working Capital

Net assets in an amount determined by the Organization's Board of directors are maintained to provide for allocated grants and functional expenses in the event of crisis situations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are either restricted by donor or grantor-imposed stipulations, purpose, or time or are perpetually restricted. Net assets are released from donor or grantor-imposed restrictions by incurring expenses that satisfy the restricted purpose or by the passage of time or other events specified by the donor or grantor.

Net assets with donor or grantor-imposed restrictions are as follows for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Releases	Balance June 30, 2022
Purpose Restricted:				
Anti-Poverty	\$ 20,807	\$ 90,664	\$ 60,343	\$ 51,128
Access to Healthy Food	6,296	7,555	7,472	6,379
Crisis Response	74,330	60,409	73,562	61,177
Diversity, Equity, Inclusion	5,420	14,519	625	19,314
Early Childhood	67,578	94,758	78,856	83,480
Homelessness Prevention	62,076	1,278,859	1,250,423	90,512
Scholarship	16,703	152,579	112,448	56,834
Other	3,171	42,014	31,692	13,493
Total Purpose Restricted	<u>256,381</u>	<u>1,741,357</u>	<u>1,615,421</u>	<u>382,317</u>
Perpetual in Nature	430,022			430,022
Total	<u>\$ 686,403</u>	<u>\$ 1,741,357</u>	<u>\$ 1,615,421</u>	<u>\$ 812,339</u>

Net assets with donor or grantor-imposed restrictions are as follows for the year ended June 30, 2022:

**POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 9 NET ASSETS (CONTINUED)

	Balance June 30, 2020	Additions	Releases	Balance June 30, 2021
Purpose Restricted:				
Anti-Poverty	\$ 4,000	\$ 20,807	\$ 4,000	\$ 20,807
Access to Healthy Food	1,765	5,096	565	6,296
Crisis Response	133,181	49,790	108,641	74,330
Diversity, Equity, Inclusion	-	5,420	-	5,420
Early Childhood	10,023	67,778	10,223	67,578
Homelessness Prevention	604,503	29,667	572,094	62,076
Scholarship	31,893	11,292	26,482	16,703
Other	3,553	772	1,154	3,171
Total Purpose Restricted	<u>788,918</u>	<u>190,622</u>	<u>723,159</u>	<u>256,381</u>
Perpetual in Nature	430,022			430,022
Total	<u>\$ 1,218,940</u>	<u>\$ 190,622</u>	<u>\$ 723,159</u>	<u>\$ 686,403</u>

Net assets are released from donor or grantor-imposed restrictions by incurring expenses that satisfy the restricted purpose or by the passage of time or other events specified by the donor or grantor.

Donor Restrictions Perpetual in Nature

Prior to the year ended June 30, 2021, the Organization received gifts totaling \$430,022 from various donor which has been intended to support a future endowment. As of June 30, 2022, the Organization has yet to implement a formal endowment policy and define the terms of use of the original donation. All such amounts have been recorded as net assets with donor restrictions and will be held within the investment account until such time that a formal policy is prepared and executed.

NOTE 10 DONATED PROFESSIONAL SERVICES AND MATERIALS

The Organization received donated professional services and materials as follows during the years ended June 30:

	Program Services	Management and General	Fundraising and Development	Total
<u>June 30, 2022</u>				
School Supplies	\$ 16,837	\$ -	\$ -	\$ 16,837
Advertising	127,228			127,228
Program Support	1,400			1,400
Total	<u>\$ 145,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,465</u>
<u>June 30, 2021</u>				
School Supplies	\$ 100	\$ -	\$ -	\$ 100
Advertising	110,845			110,845
Program Support	1,750			1,750
Total	<u>\$ 112,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,695</u>

**POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 10 DONATED PROFESSIONAL SERVICES AND MATERIALS

Valuation Techniques: Contributed advertising services are valued using the volume of hours and the average hourly rate of those providing the services. All other donated materials are valued using estimated US wholesale prices of identical or similar products using pricing data of similar products under a “like-kind” methodology, considering the goods condition and utility for use at the time of contribution.

Donor Restrictions and Use: For the year ended June 30, 2022, \$20,965 of contributed goods and services were considered restricted upon receipt until used in the Early Childhood program the donations were intended for. The remaining \$124,500 of contributed goods and services were not tied to a donor restriction. For the year ended June 30, 2021, all \$112,695 of the contributed goods and services were not tied to a donor restriction.

The Organization does not sell donated materials and only distributes items for program use.

NOTE 11 RELATED-PARTY TRANSACTIONS

Board members and their affiliated companies make annual pledges and contributions in support of the Organization’s mission. Pledges and contributions for the years ended June 30, 2022 and 2021 were approximately \$472,222 and \$669,366, respectively. Pledges outstanding as of June 30, 2022 and 2021 were approximately \$56,524 and \$130,705, respectively, and are recorded in Pledges Receivable, net.

Additionally, the Organization uses the services of the companies affiliated with members of the Board of Directors. Total expenses during the years ended June 30, 2022 and 2021 were \$199,626 and \$69,122, respectively.

NOTE 12 CONDITIONAL CONTRIBUTIONS

The Organization had \$1,289,896 in conditional grant and contribution revenue for which the condition had not been met as of June 30, 2022. The Organization had \$827,389 in conditional grant and contribution revenue for which the condition had been met as of June 30, 2021.

NOTE 13 RECENT ACCOUNTING PRONOUNCEMENTS

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 consolidated financial statements.

**POCONO MOUNTAINS UNITED WAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 14 SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 11, 2023, the date the financial statements were available to be issued. No events or transactions have occurred which would require recognition or disclosure in the financial statements.

NOTE 15 PRIOR PERIOD ADJUSTMENT

The Organization restated certain amounts on the statement of financial position for the year ended June 30, 2021 due to the correction of accounting for conditional grants. The adjustments are as follows:

	As Previously Stated	Reclassification	As Restated
Grants Receivable	1,013,818.00	(827,389.00)	186,429.00
Deferred Expenses	247,134.00	(247,134.00)	-
Accounts Payable	339,361.00	(247,134.00)	92,227.00
Deferred Support	827,389.00	(827,389.00)	-