

POCONO MOUNTAINS UNITED WAY

FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S 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 organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Pocono Mountains United Way as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pocono Mountains United Way and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pocono Mountains United Way'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 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 Pocono Mountains United Way'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 Pocono Mountains United Way'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.



Herbein + Company, Inc.

Reading, Pennsylvania

December 3, 2025

POCONO MOUNTAINS UNITED WAY

June 30

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,289,707	\$ 1,907,606
Certificates of deposit	789,917	57,758
Accounts receivable	11,974	13,263
Grants receivable	311,400	152,322
Pledges receivable, net	65,866	104,600
Prepaid expenses	24,131	19,047
	TOTAL CURRENT ASSETS	2,492,995
	2,254,596	
NONCURRENT ASSETS		
Investments	1,012,255	915,698
Right-of-use asset - finance lease	1,201	1,637
Property, furniture, and equipment:		
Land and building	511,876	511,876
Building improvements	123,636	123,636
Furniture	57,068	57,068
Equipment	146,359	108,756
	<u>838,939</u>	<u>801,336</u>
Less: accumulated depreciation	(248,544)	(208,441)
	<u>590,395</u>	<u>592,895</u>
	TOTAL NONCURRENT ASSETS	1,603,851
	1,510,230	
	TOTAL ASSETS	\$ 4,096,846
	\$ 3,764,826	
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 235,303	\$ 158,138
Due to member agencies	329,956	357,352
Donor choice designated to agencies and other United Ways	1,463	743
Deferred revenue	67,260	38,975
Finance lease liability	510	500
	TOTAL CURRENT LIABILITIES	634,492
	555,708	
NONCURRENT LIABILITY		
Finance lease liability	520	1,030
	TOTAL LIABILITIES	635,012
	556,738	
NET ASSETS		
Without donor restrictions:		
Undesignated	2,284,101	2,212,760
Board designated	185,135	185,135
Total without donor restrictions	<u>2,469,236</u>	<u>2,397,895</u>
With donor restrictions:		
Time and purpose	562,576	380,171
Perpetual in nature	430,022	430,022
Total with donor restrictions	<u>992,598</u>	<u>810,193</u>
	TOTAL NET ASSETS	3,461,834
	3,208,088	
	TOTAL LIABILITIES AND NET ASSETS	\$ 4,096,846
	\$ 3,764,826	

See accompanying notes.

POCONO MOUNTAINS UNITED WAY

STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2025			Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and grants	\$ 1,423,707	\$ 667,762	\$ 2,091,469	\$ 415,862	\$ 1,215,964	1,631,826
Current campaigns	633,940	112,863	746,803	884,060	160,889	1,044,949
Contributed nonfinancial assets	304,161	-	304,161	311,999	-	311,999
Special events, net of direct expenses of \$5,452 and \$5,505, respectively	908	-	908	9,945	-	9,945
Other income	8,200	3,500	11,700	5,790	9,525	15,315
Net assets released from restrictions	<u>601,720</u>	<u>(601,720)</u>	<u>-</u>	<u>1,467,653</u>	<u>(1,467,653)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	2,972,636	182,405	3,155,041	3,095,309	(81,275)	3,014,034
EXPENSES						
Programs and events	2,685,871	-	2,685,871	2,485,878	-	2,485,878
General and administrative	178,141	-	178,141	186,967	-	186,967
Fundraising	<u>158,051</u>	<u>-</u>	<u>158,051</u>	<u>280,382</u>	<u>-</u>	<u>280,382</u>
TOTAL EXPENSES	3,022,063	-	3,022,063	2,953,227	-	2,953,227
INCOME (LOSS) FROM OPERATIONS	(49,427)	182,405	132,978	142,082	(81,275)	60,807
INVESTMENT RETURN	120,768	-	120,768	98,275	-	98,275
CHANGE IN NET ASSETS	71,341	182,405	253,746	240,357	(81,275)	159,082
NET ASSETS AT BEGINNING OF YEAR	2,397,895	810,193	3,208,088	2,157,538	891,468	3,049,006
NET ASSETS AT END OF YEAR	\$ 2,469,236	\$ 992,598	\$ 3,461,834	\$ 2,397,895	\$ 810,193	\$ 3,208,088

See accompanying notes.

POCONO MOUNTAINS UNITED WAY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program Services	General and Administrative	Fundraising	Total
EXPENSES				
Salaries	\$ 722,206	\$ 97,006	\$ 41,667	\$ 860,879
Employee benefits	84,956	28,163	3,670	116,789
Payroll taxes	63,530	5,345	3,305	72,180
Total salaries and related expenses	870,692	130,514	48,642	1,049,848
Program expenses	708,440	-	-	708,440
Community investment grants	305,193	-	-	305,193
Scholarships	178,114	-	-	178,114
Bad debt expense	48,803	-	-	48,803
Collections	-	-	1,715	1,715
Dues and subscriptions	25,008	9,659	6,663	41,330
Insurance	13,757	990	902	15,649
Interest expense	6	20	1	27
Miscellaneous	544	1,508	3,000	5,052
Occupancy	11,743	3,122	875	15,740
Postage	461	460	37	958
Printing and publicity	100,721	1,543	25,882	128,146
Professional fees	334,929	25,008	67,938	427,875
Supplies	3,512	2,039	119	5,670
Telephone	7,407	656	637	8,700
Travel, meals, and lodging	9,955	339	200	10,494
United Way Worldwide and United Way of Pennsylvania dues	30,206	-	-	30,206
Depreciation	36,380	2,283	1,440	40,103
TOTAL EXPENSES	<u>\$ 2,685,871</u>	<u>\$ 178,141</u>	<u>\$ 158,051</u>	<u>\$ 3,022,063</u>

POCONO MOUNTAINS UNITED WAY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services	General and Administrative	Fundraising	Total
EXPENSES				
Salaries	\$ 818,047	\$ 91,737	\$ 122,188	\$ 1,031,972
Employee benefits	75,381	28,150	12,857	116,388
Payroll taxes	78,260	7,022	9,249	94,531
Total salaries and related expenses	971,688	126,909	144,294	1,242,891
Program expenses	276,953	-	-	276,953
Community investment grants	403,393	-	-	403,393
Scholarships	147,763	-	-	147,763
Bad debt expense	42,357	-	-	42,357
Collections	-	-	1,890	1,890
Dues and subscriptions	23,430	3,384	7,216	34,030
Insurance	11,758	1,257	1,945	14,960
Interest expense	-	36	-	36
Miscellaneous	3,402	2,304	29	5,735
Occupancy	14,298	1,537	2,360	18,195
Postage	698	72	112	882
Printing and publicity	80,027	40	42,943	123,010
Professional fees	418,407	44,715	69,202	532,324
Subcontract services	10,425	-	-	10,425
Supplies	9,215	985	1,524	11,724
Telephone	16,994	1,816	2,811	21,621
Travel, meals, and lodging	13,189	1,409	2,181	16,779
United Way Worldwide and United Way of Pennsylvania dues	18,455	-	-	18,455
Depreciation	23,426	2,503	3,875	29,804
TOTAL EXPENSES	<u>\$ 2,485,878</u>	<u>\$ 186,967</u>	<u>\$ 280,382</u>	<u>\$ 2,953,227</u>

POCONO MOUNTAINS UNITED WAY

STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 253,746	\$ 159,082
Adjustments to reconcile change in net assets to net cash from operating activities:		
Bad debt expense	48,803	42,357
Depreciation	40,103	29,804
Amortization of finance lease	436	437
Realized gain on investments	(21,702)	(31,276)
Unrealized gain on investments	(49,318)	(39,907)
Change in:		
Accounts receivable	1,289	(13,263)
Grants receivable	(159,078)	103,022
Pledges receivable, net	(10,069)	(25,744)
Prepaid expenses	(5,084)	(12,471)
Accounts payable and accrued expenses	77,165	(4,997)
Due to member agencies	(27,396)	47,127
Designated funds payable	-	(5,690)
Donor choice designated to agencies and other United Ways	720	(6,525)
Deferred revenue	<u>28,285</u>	<u>(56,178)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	177,900	185,778
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	228,553	179,020
Purchase of certificates of deposit	(732,159)	(231)
Purchase of investments	(254,090)	(196,055)
Purchase of equipment	<u>(37,603)</u>	<u>(42,572)</u>
NET CASH USED BY INVESTING ACTIVITIES	(795,299)	(59,838)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of finance lease liability	<u>(500)</u>	<u>(490)</u>
NET CHANGE IN CASH	(617,899)	125,450
CASH - BEGINNING OF YEAR	1,907,606	1,782,156
CASH - END OF YEAR	<u>\$ 1,289,707</u>	<u>\$ 1,907,606</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest on finance lease	\$ 26	\$ 36

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - 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.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America (U.S. GAAP).

Cash

For purposes of the statements of cash flows, the Organization considers all highly-liquid investments with a maturity of three months or less to be cash equivalents.

At various times during the years, the Organization had cash balances in excess of the federally insured limit in deposit accounts.

Certificates of Deposit

The Organization purchases certificates of deposit at local banks with its excess operating funds. Certificates of deposit are carried at cost plus accrued interest, which approximates fair value.

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, 2025 and 2024.

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.

The Organization maintains allowances for doubtful accounts 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 doubtful accounts 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.

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments

Investments with readily determinable fair values are measured at fair market value in the statements of financial position. Investment income or loss, including gains and losses of investments, interest and dividends, and investment fees are included in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor or law.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of financial position.

Leases

The Organization is the lessee of a postage machine. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. The postage machine was determined to be a finance lease and is included in right-of-use asset - finance lease and finance lease liability on the statements of financial position.

The Organization elected the practical expedient to not recognize right-of-use ("ROU") assets and liabilities for operating leases with shorter than 12-month terms. These leases will be expensed on a straight-line basis, and no operating lease liability will be recorded.

The Organization elected the practical expedient to use the risk-free rate as the discount rate for all leases based on the information available at commencement date in determining the present value of lease payments.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liability represent their obligation to make lease payments arising from the lease. The Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The Organization's lease terms may include options to extend or terminate the lease. When it is reasonably certain that they will exercise the option, the ROU asset and liability will be recalculated and adjusted. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Variable lease costs are not included within the measurement of the lease liability as they are entirely variable and the difference between the portion captured within the lease liability and the actual cost will be expensed as incurred. There are no associated variable lease costs with the leases noted above.

The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property, Furniture, and Equipment

Purchased property, furniture and equipment are capitalized at cost. Donations of property, furniture and equipment are recorded as contributions at their fair market value. The Organization's policy is to capitalize any assets in excess of \$1,000 with an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Such assets and lives are generally as follows:

Building	39 years
Building improvements	39 years
Furniture	5 - 7 years
Equipment	3 - 5 years

Maintenance and repairs of property, furniture, and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale, or other disposition of property, furniture, and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

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.

Net Assets

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets without donor restrictions include funds not subject to donor-imposed stipulations. In general, the revenues received and expenses incurred in conducting the Organization's charitable mission are included in this category.

Net Assets with Donor Restrictions - Net assets with donor restrictions includes gifts, grants, and pledges whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to specified purposes.

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets - continued

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

Contributions, Grants and Campaign Revenue

The Organization recognizes revenue from contributions in accordance with Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities* (Topic 958); *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC-606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised, and (2) a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets.

The Organization recognized contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. When a restriction is fulfilled, net assets with donor restriction are reclassified and reported in the statements of activities as net assets without donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There was no deferred revenue related to grants at June 30, 2025 and 2024.

Contributed Nonfinancial Assets

Contributed nonfinancial assets are presented as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Organization's activities).

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributed Nonfinancial Assets - continued

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of unpaid volunteers, which include the directors of the Organization, have made significant contributions of their time toward developing and achieving the Organization's goals and objectives. However, no amounts have been included in the financial statements for donated director or volunteer services, since they do not meet the criteria for recognition.

Contributed nonfinancial assets are reflected in the accompanying financial statements at their estimated fair value at the date of receipt. Donated goods and services totaled \$304,161 and \$311,999 for the years ended June 30, 2025 and 2024, respectively.

Revenue Recognition

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), which applies to exchange transactions with customers that are bound by contract or similar arrangement and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities:

Special events

The Organization conducts special events in which a portion of the gross proceeds paid by the participants or sponsor represents payment for the direct cost of the benefits received by the participant at the event (the exchange component), and a portion represents a contribution to the Organization. The fair value of meals or activities provided at special events is measured at the actual cost to the Organization and any sponsor benefit is determined based on the stand-alone price for those benefits. The contribution component is the excess of the gross proceeds over the fair value of the direct/sponsor benefit. Revenue is recognized when the event occurs, and the performance obligation is met. Fees paid in advance are maintained as deferred revenue until the event occurs. Deferred revenue related to special events totaled \$67,260 and \$38,975 at June 30, 2025 and 2024, respectively. Related deferred revenue at July 1, 2023 totaled \$37,505.

Advertising Costs

The Organization incurs advertising costs, which are expensed as incurred. Total advertising costs were \$122,995 and \$104,200, including contributed nonfinancial assets of \$119,645 and \$98,804, respectively, for the years ended June 30, 2025 and 2024, and are included in printing and publicity on the statements of functional expenses.

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Expense Allocations

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.

Tax-Exempt Status

The Organization has been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code. The Organization files federal and state information returns as required. There is no current year provision for federal or state income taxes.

In accordance with generally accepted accounting principles, the Organization accounts for uncertain tax positions relative to unrelated business income, if any, as required.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 3, 2025, the date the financial statements were available to be issued and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying financial statements.

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 2 - GRANTS RECEIVABLE

Grants receivable consist of amounts due from the following:

	2025	2024
Monroe County Administrative Offices	\$ 29,832	\$ 50,704
Community Care Behavioral Health Organization	34,866	34,608
Pocono Mountains Visitors Bureau	20,595	41,814
East Stroudsburg Area School District	-	25,196
AllOne Charities	150,000	-
Carbon-Monroe-Pike Mental Health Developmental Services	7,886	-
United States Department of Education	39,144	-
United Way of Pennsylvania	5,072	-
United Way of Wyoming Valley - PA	24,005	-
 Balance, end of year	 \$ 311,400	 \$ 152,322

NOTE 3 - 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:

	2025	2024
Balance of 2023 campaign pledges	\$ -	\$ 105,416
Balance of 2024 campaign pledges	73,506	7,250
	<hr/> 73,506	<hr/> 112,666
Allowance for uncollectible pledges	(7,640)	(8,066)
	<hr/> \$ 65,866	<hr/> \$ 104,600

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments held as of June 30 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Money market	\$ 41,373	\$ 66,765
Fixed income	297,208	290,888
Equities	<u>673,674</u>	<u>558,045</u>
	<u><u>\$ 1,012,255</u></u>	<u><u>\$ 915,698</u></u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 57,229	\$ 33,479
Unrealized gain	49,318	39,907
Realized gain	21,702	31,276
Investment fees	<u>(7,481)</u>	<u>(6,387)</u>
Total investment return	<u><u>\$ 120,768</u></u>	<u><u>\$ 98,275</u></u>

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Financial accounting standards require the use of fair value measurement. Pocono Mountains United Way, in accordance with generally accepted accounting principles, has applied fair value measurement and disclosure in the financial statements as follows:

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 or 2024.

Investments

The bank holds the investments of the Pocono Mountains United Way in accordance with the investment policy of the Organization. The investments are valued at the quoted market price for shares held at year end. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investments, or the net asset value (NAV) based on the fair value of the underlying investments less its liability.

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

The following tables set forth by level, within the fair value hierarchy, the Pocono Mountains United Way's assets at fair value as of June 30:

Investments at Fair Value as of June 30, 2025				
	Level 1	Level 2	Level 3	Total
Money market	\$ 41,373	\$ -	\$ -	\$ 41,373
Fixed income	297,208	-	-	297,208
Equities	<u>673,674</u>	<u>-</u>	<u>-</u>	<u>673,674</u>
Total	<u>\$1,012,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,012,255</u>

Investments at Fair Value as of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Money market	\$ 66,765	\$ -	\$ -	\$ 66,765
Fixed income	290,888	-	-	290,888
Equities	<u>558,045</u>	<u>-</u>	<u>-</u>	<u>558,045</u>
Total	<u>\$ 915,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 915,698</u>

NOTE 5 - LEASES

The Organization included the following amounts related to a finance lease asset and liability within the statements of financial position at June 30:

			2025	2024
Assets	Classification			
Right-of-use asset	Right-of-use asset - finance lease		\$ 1,201	\$ 1,637
Liabilities				
<u>Current</u>				
Finance lease	Current portion of finance lease liability		\$ 510	\$ 500
<u>Long-term</u>				
Finance lease	Noncurrent portion of finance lease liability		<u>520</u>	<u>1,030</u>
	Total lease liability		<u><u>\$ 1,030</u></u>	<u><u>\$ 1,530</u></u>

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 5 - LEASES - CONTINUED

The components of lease expense were as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Finance lease amortization	\$ 436	\$ 437
Interest on finance lease liability	\$ 26	\$ 36

Supplemental cash flow information related to leases was as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liability:		
Financing cash flows from finance leases (i.e. principal portion)	\$ 500	\$ 490

Supplemental balance sheet information related to leases was as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Weighted Average Remaining Lease Term		
Finance lease	2.00 years	3.00 years
Weighted Average Discount Rate		
Finance lease	1.96%	1.96%

Maturities of the lease liability are as follows for the years ending June 30:

2026	\$ 526
2027	<u>526</u>
Total lease payments	1,052
Less: present value discount	<u>(22)</u>
Total	<u>\$ 1,030</u>

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 6 - NET ASSETS

The Organization's net assets without donor restrictions are comprised of undesignated and board designated funds. From time to time the Board may designate a portion of net assets for specific purposes which would be included with net assets without donor restrictions. Board designated net assets total \$185,135 at both June 30, 2025 and 2024 and are held for working capital.

Net assets with donor restrictions consist of the following at June 30:

	2025	2024
Time and purpose:		
Access to healthy food	\$ 7,535	\$ 14,879
Early Childhood	100,029	135,032
Homeless prevention	155,710	191,981
Scholarship	12,862	17,459
Health initiatives	286,440	13,121
Other	-	7,699
Subtotal time and purpose	562,576	380,171
Perpetuity		
Endowment funds	430,022	430,022
Total net assets with donor restrictions	<u>\$ 992,598</u>	<u>\$ 810,193</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor. Net assets released from donor restrictions for the years ended June 30 were as follows:

	2025	2024
Anti-poverty	\$ -	\$ 21,095
Access to healthy food	13,344	2,502
Diversity, equity, inclusion	-	20,860
Early Childhood	80,504	147,116
Homelessness prevention	261,253	1,092,084
Scholarship	221,939	138,745
Health initiatives	16,581	9,366
Other	8,099	35,885
Total net assets released from restriction	<u>\$ 601,720</u>	<u>\$ 1,467,653</u>

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 7 - ENDOWMENT FUNDS

The Organization's endowment funds consist of donor-restricted endowment funds of which the original donations are to be held in perpetuity, with the income expendable by the Organization in accordance with donor instructions. As required by generally accepted accounting principles, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the laws of the Commonwealth of Pennsylvania as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization would classify as net assets with donor restrictions, in perpetuity (a) the original value of gift donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. In accordance with the laws of the Commonwealth of Pennsylvania, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Objectives

The Organization established endowment funds to provide a permanent source of income to support the Organization's mission. As approved by the Board of Directors, the endowments are invested in a traditional investment broker account. The Board maintains authority over how the money is invested in the traditional investment broker account.

The Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The board sets the spending rate for the endowments. The spending rate represents a limitation on the amount that may be applied to expenses. The Pennsylvania Uniform Principal and Income Act allows nonprofits to elect the appropriate expenditure between 2% and 7% of the endowment fair value, determined at least annually and averaged over a period of three years or more. The current spending policy is to distribute funds, at the board's discretion, at an amount no more than 7% of the market value of the corpus, which value is determined by computing a three-year rolling average, taken at the end of the preceding twelve quarters.

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 7 - ENDOWMENT FUNDS - CONTINUED

Underwater Endowment Funds

The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the director of the applicable donor gift instrument. The Organization has no underwater endowment funds at June 30, 2025 and 2024.

Changes in with donor restricted endowment net assets for the years ended June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Endowment net assets, beginning of year	\$ 430,022	\$ 430,022
Investment return:		
Interest and dividends, net	10,144	7,999
Net realized and unrealized gains	<u>59,850</u>	<u>32,429</u>
Total investment return	69,994	40,428
Distributions of funds	<u>(69,994)</u>	<u>(40,428)</u>
Endowment net assets, end of year	<u>\$ 430,022</u>	<u>\$ 430,022</u>

NOTE 8 - CONTRIBUTED NONFINANCIAL ASSETS

The value of donated services and materials provided by local businesses to benefit the Organization included with revenue in the financial statements and the corresponding expenses are as follows:

	<u>2025</u>	<u>2024</u>
Program Services:		
Advertising	\$ 119,645	\$ 98,804
Occupancy - HVAC	-	15,340
Professional fees	162,968	197,311
Program support	<u>21,548</u>	<u>544</u>
Total	<u>\$ 304,161</u>	<u>\$ 311,999</u>

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 8 - CONTRIBUTED NONFINANCIAL ASSETS - CONTINUED

Valuation Techniques:

Contributed advertising services and professional fees 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:

There are no restrictions on contributed nonfinancial assets at year end. The Organization does not sell contributed nonfinancial assets and only utilizes them for the activities detailed above.

NOTE 9 - CONCENTRATION OF CREDIT RISK

During the years ended June 30, 2025 and 2024, the Organization received approximately 13% (\$421,690) and 16% (\$489,552), respectively, of its revenues from one source: Monroe County and Community Care Behavioral Health (CCBH) with related receivables totaling \$34,866 and \$34,608, respectively.

NOTE 10 - PAYMENTS TO AFFILIATED AGENCIES

The Organization is an affiliate of both the United Way Worldwide and the United Way of Pennsylvania. Dues of 1.5% 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. For 2025 and 2024, dues to the United Way of Pennsylvania are a fixed amount of \$6,275 and \$5,250, respectively, for public policy review, management of the State employee campaign and specialized training and conferences.

Payments made to United Way Worldwide and United Way of Pennsylvania for the years ended June 30, 2025 and 2024 amounted to \$30,206 and \$18,455, respectively.

NOTE 11 - 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, 2025 and 2024). Pension expense was \$36,257 and \$32,482 for the years ended June 30, 2025 and 2024, respectively, and is included in employee benefits on the statements of activities.

POCONO MOUNTAINS UNITED WAY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 12 - CONTINGENCY

The Organization receives significant funding from state and local agencies. Revenue from these agencies is subject to audit and verification by the awarding agency. Any disallowed amounts, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures or claims which may be disallowed cannot be determined at this time. As of the date of this report, management is unaware of any material adjustments that will be required as a result of such audits.

NOTE 13 - AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Organization's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use within one year because of board designations and donor-imposed restrictions. The Organization's financial assets include cash, certificates of deposit, receivables, and investments.

	2025	2024
Cash	\$ 1,289,707	\$ 1,907,606
Certificates of deposit	789,917	57,758
Accounts receivable	11,974	13,263
Grants receivable	311,400	152,322
Pledges receivable, net	65,866	104,600
Investments	1,012,255	915,698
Total financial assets	3,481,119	3,151,247
Less amounts unavailable for general expenses within one year due to:		
Board designations	(185,135)	(185,135)
Donor restrictions for specific purposes	(562,576)	(380,171)
Donor restrictions, endowment	(430,022)	(430,022)
	(1,177,733)	(995,328)
Total financial assets available to meet cash needs for general expenses within one year	\$ 2,303,386	\$ 2,155,919

As part of the 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. In addition, the Organization has board designated funds totaling \$185,135 which could be used to meet cash needs, if necessary, with board approval.