

UNITED WAY OF BRADFORD COUNTY

AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021  
AND SIX MONTHS ENDED JUNE 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
United Way of Bradford County

We have audited the accompanying financial statements of United Way of Bradford County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Bradford County as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lochen & Chase, PC

Tunkhannock, Pennsylvania  
September 17, 2021

UNITED WAY OF BRADFORD COUNTY

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents (Note 1)	\$ 222,626	\$ 257,957
Campaign pledges receivable, net of allowance for uncollectible of \$27,244 and \$85,169	227,130	188,084
Investments (Note 2)	714,320	572,517
Prepaid insurance	1,129	1,129
Total current assets	<u>1,165,205</u>	<u>1,019,687</u>
NON-CURRENT ASSETS		
Property and equipment - net (Notes 1 and 3)	<u>1,829</u>	<u>3,692</u>
Total non-current assets	<u>1,829</u>	<u>3,692</u>
TOTAL ASSETS	<u>\$ 1,167,034</u>	<u>\$ 1,023,379</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 747	\$ 8,896
Payroll liabilities	3,885	1,592
Agency allocations and designations payable (Note 1)	542,646	538,551
TOTAL LIABILITIES	<u>547,278</u>	<u>549,039</u>
NET ASSETS - Page 5 Without donor restrictions	<u>619,756</u>	<u>474,340</u>
TOTAL NET ASSETS	<u>619,756</u>	<u>474,340</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,167,034</u>	<u>\$ 1,023,379</u>

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

UNITED WAY OF BRADFORD COUNTY

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021 AND SIX MONTHS ENDED JUNE 30, 2020

	-----2021-----		2020
	<u>Without Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Support, Revenues and Gains:			
Campaign income	\$ 722,234	\$ 722,234	\$ 243,712
Investment income (loss), net	117,661	117,661	(3,542)
Realized gain on investments	37,061	37,061	
COVID-19 grants	32,500	32,500	15,839
Appropriations returned (Note 1)	16,674	16,674	
Donated use of facilities (Note 1)	6,000	6,000	3,000
In-kind contributions	1,690	1,690	2,196
Contributions - non campaign	512	512	
Loss on disposal of assets	(831)	(831)	
Miscellaneous revenue			92
Total support, revenues and gains	<u>933,501</u>	<u>933,501</u>	<u>261,297</u>
Expenses:			
Program service expenses - Page 6	741,613	741,613	669,193
Management and general expenses - Page 6	34,686	34,686	25,380
Fundraising expenses - Page 6	11,786	11,786	
Total expenses	<u>788,085</u>	<u>788,085</u>	<u>694,573</u>
CHANGE IN NET ASSETS	145,416	145,416	(433,276)
NET ASSETS, DECEMBER 31	474,340	474,340	913,212
PRIOR PERIOD ADJUSTMENT (Note 5)			(5,596)
NET ASSETS, JUNE 30	<u>\$ 619,756</u>	<u>\$ 619,756</u>	<u>\$ 474,340</u>

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

UNITED WAY OF BRADFORD COUNTY

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021 AND SIX MONTHS ENDED JUNE 30, 2020

	Supporting Services				2021	2020
	Program Services	Management and General	Fundraising	Total	Total Expenses	Total Expenses
Salaries and related expenses:						
Salaries and wages	\$ 16,105	\$ 8,052	\$ 8,052	\$ 16,104	\$ 32,209	\$ 24,971
Payroll tax expense	1,350	675	675	1,350	2,700	2,201
Employee benefits (Note 1)	152	77	77	154	306	1,171
Total salaries and related expenses	17,607	8,804	8,804	17,608	35,215	28,343
Payments to agencies	554,161				554,161	533,450
Direct pays (pass-thru)	87,781				87,781	12,893
Bad debt expense	27,244				27,244	69,923
Accounting fees		19,640		19,640	19,640	9,099
COVID-19 response payments	17,126				17,126	15,600
Business registration fees	10,381				10,381	6,339
Bank and trust fees	6,425	115		115	6,540	2,863
Donated use of facilities	3,000	1,500	1,500	3,000	6,000	3,000
Campaign supplies	5,529				5,529	1,475
Outside contract services	3,399	546	218	764	4,163	1,075
Insurance		2,329		2,329	2,329	565
Designated gifts (pass-thru)	2,195				2,195	5,101
In-kind expenses	1,690				1,690	
Administrative fees	1,681				1,681	
Supplies		797	797	1,594	1,594	324
Telephone	710	355	356	711	1,421	889
Depreciation (Note 1)	1,033				1,033	889
Printing and copying	802				802	1,941
Travel		488		488	488	432
Special events expense	379				379	
Dues and subscriptions	285				285	127
Postage and shipping		112	111	223	223	150
Memberships	185				185	95
Total expenses	\$ 741,613	\$ 34,686	\$ 11,786	\$ 46,472	\$ 788,085	\$ 694,573

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

UNITED WAY OF BRADFORD COUNTY

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021 AND SIX MONTHS ENDED JUNE 30, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets - Page 5	\$ 145,416	\$ (433,276)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation (Note 1)	1,033	889
Bad debt expense	27,244	69,923
Realized and unrealized (gain) loss on investments, net	(143,931)	7,630
Loss on disposal of assets	831	
Decrease (increase) in operating assets		
Pledges receivable	(66,290)	107,902
Prepaid insurance		(1,129)
Increase (decrease) in operating liabilities		
Payroll liabilities	2,293	1,592
Accounts payable	(8,149)	8,896
Agency allocations and designations payable	4,094	167,046
Net cash used in operating activities	<u>(37,459)</u>	<u>(70,527)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	204,134	
Purchase of investments	(202,006)	(476)
Purchase of office equipment		(2,196)
Net cash provided by (used in) investing activities	<u>2,128</u>	<u>(2,672)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,331)	(73,199)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>257,957</u>	<u>331,156</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 222,626</u></u>	<u><u>\$ 257,957</u></u>

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



UNITED WAY OF BRADFORD COUNTY

NOTES TO FINANCIAL STATEMENTS

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**1. THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES:**

**NATURE OF ACTIVITIES** – United Way of Bradford County is a 501(c)(3) non-profit organization whose mission is to annually collect and distribute funds to member agencies, while raising awareness of community needs and the services provided by these agencies. This enables these agencies to focus their resources on helping people.

**BASIS OF ACCOUNTING** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

**FINANCIAL STATEMENT PRESENTATION** - The Organization presents information regarding its financial position and activities according to two classes of net assets:

Net Assets With Donor Restrictions – The portion of net assets subject to donor-imposed restrictions.

Net Assets Without Donor Restrictions – The portion of net assets not subject to donor-imposed restrictions.

**CASH AND CASH EQUIVALENTS** - For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**PLEDGES RECEIVABLE** – The majority of the promises to give are received from a broad base of Northeastern Pennsylvania residents and organizations as a result of the annual campaign and are due within one year. An allowance for uncollectible promises to give is based upon management’s evaluation of potential uncollectible pledges.

**INVESTMENTS** – Investments are measured at fair market value in the statement of financial position. Investment income (including realized gains and losses on investments, unrealized gains and losses on investments, interest, and dividends) is included in the determination of changes in net assets in the statement of activities.

**PROPERTY AND EQUIPMENT** – Property and equipment are stated at cost or, if donated, at estimated fair value at the date of the donation. Property and equipment are depreciated using the straight-line method over estimated useful lives of five to ten years. Depreciation expense at June 30, 2021 and 2020 was \$1,033 and \$889.

Office Equipment and Furniture	5-10 years
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See independent auditor’s report and notes to financial statements.

UNITED WAY OF BRADFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS

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**1. THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued):**

**DONATED SERVICES AND EQUIPMENT** – A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of their time is not reflected in the financial statements because it does not meet the current requirements for accounting recognition.

Contributed equipment and other in-kind contributions are reflected as contributions at their estimated fair value on the date of contribution.

**DONATED FACILITIES** – United Way of Bradford County receives a facility donation from Gannon Associates in the form of in-kind space used for an office. The in-kind space is located in a section of the Gannon Associates building and valued at \$500/month for a total of \$6,000 and \$3,000 for the year ended June 30, 2021 and 2020.

**CONTRIBUTIONS** - Contributions received are recorded as net assets with or without donor restrictions depending on the existence or nature of any donor restrictions.

**FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the scope and accounting Guidance for Contributions received and Contributions Made.***

The Organization follows FASB ASU 2018-08 when determining a recognition of contribution revenues. This ASU provides guidance on how to determine whether a transaction is a reciprocal transaction (exchange) or a nonreciprocal transaction (contribution). Additionally, the ASU provides guidance on the classification of a contribution as conditional or unconditional. Revenues and expenses arising from conditional contributions will not be recognized until the conditions of the contribution are met. Unconditional contributions are recognized in the period when either assets or specified assets are received or promised, while exchanges are recognized as revenue when performance obligations are satisfied.

Under this standard, grant income should be classified as an exchange transaction if the grantor directly receives something in exchange for the funds being provided (of approximate equal value, such as goods or services that the grantor directly receives). FASB guidance has now made it clear that grants that benefit the general public are not exchange transactions as the grantor is not directly receiving something of approximate equal value.

During 2021 and 2020, the Organization did not receive any conditional contributions.

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

UNITED WAY OF BRADFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS

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**1. THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued):**

**AGENCY ALLOCATIONS AND DESIGNATIONS PAYABLE** – Agency allocations and designations payable represent the amount of financial support that has been pledged to be given to specified participating agencies by the Allocations Committee of the Board of Directors. If, for any reason, the budgeted amount has not been fully disbursed to the participating agency the remaining portion of the undistributed allocation is returned to the net assets for future allocations. Allocations payable was \$542,646 and \$538,551 at June 30, 2021 and 2020.

Designations payable are donations that pass through the United Way and onto other agencies. None of these funds belong to the Organization.

**APPROPRIATIONS RETURNED** – Amounts allocated and accrued for in the prior fiscal year that were not distributed in the current fiscal year as the agencies did not request their full allocations or were unable to fulfill the requirements they outlined for use of the funds. Appropriations returned at June 30, 2021 and 2020 were \$16,674 and \$0.

**INCOME TAXES** - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity as defined within Sections 509(a)(9) and 170(b)(1)(A)(UI). The organization follows the guidance of *Accounting Standards Codification (ASC) 740, Accounting for Income Taxes*, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities.

The Organization's Forms 990, (*Return of Organization Exempt from Income Tax*), for the years ending June 30, 2020, December 31, 2019, and December 31, 2018 are subject to examination by the IRS, generally for three years after they were filed.

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

**COMPENSATED ABSENCES** - The Organization has not accrued compensated balances.

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

**2. FAIR VALUE MEASUREMENTS OF INVESTMENTS:**

GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in active markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

**VALUATION TECHNIQUES** - Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis.

**U.S. DOMESTIC EQUITY, MUTUAL FUNDS, FIXED INCOME AND TRUSTS** – Comprise securities measured at Level 1 and 2. Investments whose values are based on quoted market prices in active markets are classified within Level 1. These investments generally include equity and mutual fund securities traded on a national securities exchange or listed on the Nasdaq and U.S. government obligations. Corporate bonds, U.S. government agencies and municipal obligations are measured at Level 2 and are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

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

UNITED WAY OF BRADFORD COUNTY  
 NOTES TO FINANCIAL STATEMENTS

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2. FAIR VALUE MEASUREMENTS OF INVESTMENTS (Continued):

**RECURRING MEASUREMENTS** – Assets measured on a recurring basis as of June 30, 2021 and 2020:

	2021			Total
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
U.S. domestic equity mutual funds	\$ 376,444	\$	\$	\$376,444
International equity mutual funds	104,969			104,969
Fixed income mutual funds	<u>203,437</u>	_____	_____	<u>203,437</u>
Total mutual funds at fair value	684,850			684,850
Cash and cash equivalents	<u>29,470</u>	_____	_____	<u>29,470</u>
Total investments at fair value	<u>\$714,320</u>	<u>\$</u>	<u>\$</u>	<u>\$714,320</u>

	2020			Total
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
U.S. domestic equity mutual funds	\$286,272	\$	\$	\$286,272
International equity mutual funds	56,461			56,461
Fixed income mutual funds	<u>182,524</u>	_____	_____	<u>182,524</u>
Total mutual funds at fair value	525,257			525,257
Cash and cash equivalents	<u>47,260</u>	_____	_____	<u>47,260</u>
Total investments at fair value	<u>\$572,517</u>	<u>\$</u>	<u>\$</u>	<u>\$572,517</u>

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

(Continued)

UNITED WAY OF BRADFORD COUNTY  
 NOTES TO FINANCIAL STATEMENTS

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**3. PROPERTY AND EQUIPMENT:**

Property and equipment consists of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Office equipment	\$3,674	\$14,619
Accumulated depreciation	<u>(1,845)</u>	<u>(10,927)</u>
Property and equipment – net	<u>\$1,829</u>	<u>\$ 3,692</u>

**4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2021</u>	<u>2020</u>
Financial assets at year end	<u>\$1,165,205</u>	<u>\$1,019,687</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$1,165,205</u>	<u>\$1,019,687</u>

**5. PRIOR PERIOD ADJUSTMENT:**

The prior year’s financial statements were restated to correct an error made in previous years. The error relates to an understatement of pledge receivables and allocation payables and an overstatement of net assets without donor restrictions. The schedule below outlays the effect of the adjustment. Net assets at January 1, 2020 has been restated to correct the error.

	<u>As reported</u>	<u>As restated</u>	<u>Adjustment</u>
Pledge receivables	\$ 0	\$ 381,155	\$ 381,155
Allowance for doubtful accounts	0	15,246	15,246
Agency allocations and designation payables	0	371,505	371,505
Net assets without donor restrictions	913,212	907,616	5,596

**6. EVALUATION OF SUBSEQUENT EVENTS:**

The Organization has evaluated subsequent events through September 17, 2021, the date which the financial statements were available to be issued.

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