

THE UNITED WAY OF
LACKAWANNA, WAYNE AND PIKE COUNTIES
FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

INDEX

<u>PAGE</u>	<u>SCHEDULE</u>	
1-3		Independent Auditor's Report
4		Statements of Financial Position
5		Statements of Activities
6		Statement of Functional Expenses - 2024
7		Statement of Functional Expenses - 2023
8		Statements of Cash Flows
9-23		Notes to Financial Statements

SUPPLEMENTARY INFORMATION

24	1	Appropriations - Agencies/Reserves
25	2	Emergency Reserve Trust Fund
26	3	Memorial Trust Fund
27	4	U.C.C. Agencies Trust Fund



Certified Public Accountants
and Consultants

www.mmq.com

Independent Auditor's Report

To the Board of Directors of
The United Way of Lackawanna, Wayne and Pike Counties
Scranton, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The United Way of Lackawanna, Wayne and Pike Counties (the United Way) which comprise the statements of financial position as of June 30, 2024 and 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of the United Way as of June 30, 2024 and 2023, 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 (GAAS). 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 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 the 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.



To the Board of Directors of
The United Way of Lackawanna, Wayne and Pike Counties

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 GAAS 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 GAAS, 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 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 the 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.

To the Board of Directors of
The United Way of Lackawanna, Wayne and Pike Counties

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information in Schedules 1 to 4 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

MMQ + Associates, P.C.

Scranton, Pennsylvania
May 14, 2025

THE UNITED WAY OF LACKAWANNA, WAYNE AND PIKE COUNTIES

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	<u>ASSETS</u>	
	<u>2024</u>	<u>2023</u>
Cash without donor restrictions	\$ 1,792,291	\$ 2,036,144
Cash with donor restrictions	<u>2,175,298</u>	<u>2,055,869</u>
Cash and cash equivalents (Note 2)	3,967,589	4,092,013
Certificates of deposit	2,500,140	2,066,147
Pledges receivable, net of allowance for uncollectible pledges of \$213,488 in 2024 and \$209,793 in 2023 (Note 3)	349,540	249,701
Investments (Note 5)	2,671,993	2,469,240
Fixed assets, net of accumulated depreciation (Note 1)	55,722	44,727
Prepaid expenses	57,640	53,138
Grant and other receivables	159,741	179,881
Beneficial interest in assets held by a community foundation (Note 1)	<u>67,552</u>	<u>60,272</u>
Total assets	<u>\$ 9,829,917</u>	<u>\$ 9,215,119</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	\$ 35,242	\$ 80,045
Agency funds (Note 6)	198,392	144,478
Due to designated agencies	518,676	442,590
Reserve for community services	<u>6,982</u>	<u>6,982</u>
Total liabilities	<u>759,292</u>	<u>674,095</u>
Net assets		
Without donor restrictions		
Board designated (Note 7)	2,617,042	2,473,093
Undesignated	3,259,579	3,121,943
Net investment in land, buildings and equipment	<u>42,433</u>	<u>49,945</u>
Total net assets without donor restrictions	<u>5,919,054</u>	<u>5,644,981</u>
With donor restrictions		
Time restricted	720,100	839,590
Purpose restricted	<u>2,431,471</u>	<u>2,056,453</u>
Total net assets with donor restrictions	<u>3,151,571</u>	<u>2,896,043</u>
Total net assets	<u>9,070,625</u>	<u>8,541,024</u>
Total liabilities and net assets	<u>\$ 9,829,917</u>	<u>\$ 9,215,119</u>

The accompanying Notes are an integral part of these Financial Statements.

THE UNITED WAY OF LACKAWANNA, WAYNE AND PIKE COUNTIES

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support						
Campaign applicable to current period:						
Total amounts raised - current period	\$ 1,107,400	\$ -	\$ 1,107,400	\$ 1,147,838	\$ -	\$ 1,147,838
Less: Amounts designated by donors for specific organizations (Note 1)	134,743	-	134,743	129,050	-	129,050
Total contributions received - current period	972,657	-	972,657	1,018,788	-	1,018,788
Contributions received in prior periods released from restrictions (Note 9)	814,969	(814,969)	-	739,150	(739,150)	-
Gross campaign results	1,787,626	(814,969)	972,657	1,757,938	(739,150)	1,018,788
Campaign revenues received for next allocation period	-	681,584	681,584	-	814,969	814,969
Total campaign	1,787,626	(133,385)	1,654,241	1,757,938	75,819	1,833,757
Distributions from unrelated trusts	43,750	43,750	87,500	45,000	45,000	90,000
Grant revenue (Note 4)	289,363	766,756	1,056,119	323,899	568,395	892,294
Employee Retention Tax Credit income	-	-	-	231,651	-	231,651
State tax credit programs	-	396,806	396,806	-	436,860	436,860
Net realized and unrealized gains on investment transactions (Note 5)	199,929	61,996	261,925	116,253	37,055	153,308
Fees and grants	35,408	-	35,408	60,693	-	60,693
Investment income	104,120	73,017	177,137	69,228	34,556	103,784
Operational endowment income	49,225	-	49,225	50,545	-	50,545
Change in beneficial interest in assets held by community foundation (Note 1)	7,280	-	7,280	4,070	-	4,070
In-kind contributions (Note 1)	34,850	-	34,850	47,160	-	47,160
Other net assets released from restrictions (Note 9)	953,412	(953,412)	-	794,510	(794,510)	-
Total revenues, gains and other support	3,504,963	255,528	3,760,491	3,500,947	403,175	3,904,122
Expenses						
Program services	2,697,399	-	2,697,399	2,415,958	-	2,415,958
Supporting services						
Management and general	326,367	-	326,367	332,933	-	332,933
Fund raising	286,860	-	286,860	342,120	-	342,120
Total expenses	3,310,626	-	3,310,626	3,091,011	-	3,091,011
Change in net assets	194,337	255,528	449,865	409,936	403,175	813,111
Net assets, beginning of year	5,644,981	2,896,043	8,541,024	5,235,045	2,492,868	7,727,913
Transfer of United Way of Pike County net assets (Note 1)	79,736	-	79,736	-	-	-
Net assets, end of year	\$ 5,919,054	\$ 3,151,571	\$ 9,070,625	\$ 5,644,981	\$ 2,896,043	\$ 8,541,024

The accompanying Notes are an integral part of these Financial Statements.

THE UNITED WAY OF LACKAWANNA, WAYNE AND PIKE COUNTIES

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	<u>PROGRAM SERVICES</u>		<u>SUPPORT SERVICES</u>		
	Campaign & Community Service Programs	Total Program Services	Management and General	Fund Raising	Total
Salaries	\$ 470,630	\$ 470,630	\$ 218,689	\$141,518	\$ 830,837
Employee benefits	100,398	100,398	46,652	30,189	177,239
Payroll taxes	36,246	36,246	16,842	10,899	63,987
Total employee compensation	607,274	607,274	282,183	182,606	1,072,063
Allocations to member agencies	1,143,839	1,143,839	-	-	1,143,839
Scholarship awards	303,557	303,557	-	-	303,557
Community assistance programs	380,611	380,611	-	-	380,611
Public relations	126,545	126,545	-	-	126,545
State and national dues	45,003	45,003	-	-	45,003
Occupancy	20,131	20,131	10,064	10,064	40,259
Insurance	7,144	7,144	3,572	3,572	14,288
Dues	576	576	270	305	1,151
Telephone and website	19,998	19,998	9,999	9,999	39,996
Equipment maintenance and lease	10,974	10,974	5,158	5,815	21,947
Non-local travel and conferences	651	651	306	345	1,302
Auto	380	380	179	201	760
Supplies	5,763	5,763	2,709	3,054	11,526
Postage and freight	1,996	1,996	937	1,058	3,991
Printing	960	960	451	509	1,920
Newspapers and publications	553	553	259	293	1,105
Meetings	835	835	392	443	1,670
Auditing	10,050	10,050	4,723	5,327	20,100
Other professional fees	3,803	3,803	1,787	2,016	7,606
Events expense	-	-	-	57,875	57,875
Total operating expenses	2,690,643	2,690,643	322,989	283,482	3,297,114
Depreciation	6,756	6,756	3,378	3,378	13,512
Total expenses	\$ 2,697,399	\$2,697,399	\$ 326,367	\$286,860	\$3,310,626

The accompanying Notes are an integral part of these Financial Statements.

THE UNITED WAY OF LACKAWANNA, WAYNE AND PIKE COUNTIES

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	<u>PROGRAM SERVICES</u>		<u>SUPPORT SERVICES</u>		
	Campaign & Community Service Programs	Total Program Services	Management and General	Fund Raising	Total
Salaries	\$ 410,640	\$ 410,640	\$ 219,802	\$180,168	\$ 810,610
Employee benefits	102,164	102,164	54,685	44,824	201,673
Payroll taxes	31,626	31,626	16,928	13,876	62,430
Total employee compensation	544,430	544,430	291,415	238,868	1,074,713
Allocations to member agencies	1,130,319	1,130,319	-	-	1,130,319
Scholarship awards	264,420	264,420	-	-	264,420
Community assistance programs	256,930	256,930	-	-	256,930
Public relations	89,439	89,439	-	-	89,439
State and national dues	45,420	45,420	-	-	45,420
Occupancy	19,736	19,736	9,867	9,867	39,470
Insurance	6,105	6,105	3,053	3,053	12,211
Dues	175	175	82	93	350
Telephone and website	20,545	20,545	10,273	10,273	41,091
Equipment maintenance and lease	9,523	9,523	4,476	5,046	19,045
Non-local travel and conferences	2,027	2,027	952	1,074	4,053
Auto	26	26	12	14	52
Supplies	5,192	5,192	2,440	2,751	10,383
Postage and freight	2,710	2,710	1,272	1,436	5,418
Printing	532	532	250	282	1,064
Newspapers and publications	353	353	165	187	705
Meetings	639	639	300	339	1,278
Auditing	7,500	7,500	3,525	3,975	15,000
Other professional fees	3,887	3,887	1,827	2,060	7,774
Events expense	-	-	-	59,778	59,778
Total operating expenses	2,409,908	2,409,908	329,909	339,096	3,078,913
Depreciation	6,050	6,050	3,024	3,024	12,098
Total expenses	\$ 2,415,958	\$2,415,958	\$ 332,933	\$342,120	\$3,091,011

The accompanying Notes are an integral part of these Financial Statements.

THE UNITED WAY OF LACKAWANNA, WAYNE AND PIKE COUNTIES

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Operating activities		
Increase in net assets	\$ 449,865	\$ 813,111
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	13,512	12,098
Net realized and unrealized gains on investment transactions	(261,925)	(153,308)
Change in beneficial interest in assets held by a community foundation	(7,280)	(4,070)
Decrease (increase) in operating assets:		
Pledges receivable	(99,839)	73,741
Prepaid expenses	(4,502)	(7,228)
Other receivables	20,140	(2,212)
Increase (decrease) in operating liabilities:		
Accounts payable	(44,803)	(21,547)
Accrued payroll and payroll taxes	-	(30,807)
Agency funds	53,914	(15,641)
Due to designated agencies	76,086	1,936
Reserve for community services	-	(657)
Net cash provided by operating activities	<u>195,168</u>	<u>665,416</u>
Investing activities		
Purchase of certificates of deposit	(433,993)	(280,780)
Purchase of fixed assets	(24,507)	(7,125)
Purchase of investments	(739,321)	(304,964)
Proceeds from sale of investments	798,493	431,561
Net cash used in investing activities	<u>(399,328)</u>	<u>(161,308)</u>
Financing activities		
None	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Net (decrease) increase in cash	(204,160)	504,108
Cash, cash equivalents and restricted cash, beginning	4,092,013	3,587,905
Transfer of United Way of Pike County cash	<u>79,736</u>	<u>-</u>
Cash, cash equivalents and restricted cash, ending	<u>\$ 3,967,589</u>	<u>\$ 4,092,013</u>

The accompanying Notes are an integral part of these Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Effective August 4, 2023, the organization became the United Way of Lackawanna, Wayne, and Pike Counties (the United Way) with the approval of the merger between the United Way of Pike County and the United Way of Lackawanna and Wayne Counties. The United Way is a non-profit organization providing combined fund raising and year-round services for the benefit of voluntary health and welfare agencies in greater Lackawanna, Wayne and Pike Counties and surrounding communities.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America; the more significant of which are described below.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets with Donor Restrictions

Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as support with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statements of Activities as net assets released from restriction.

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as without donor restrictions.

Revenue Recognition - Grants and Contracts

Grants and contracts normally provide for the recovery of direct and indirect costs, subject to an audit. The United Way recognizes revenue associated with direct and indirect costs as direct costs are incurred. The recovery of indirect costs is pursuant to an agreement, which provides for a predetermined fixed indirect cost rate.

Individual grant arrangements have been evaluated and most have been determined to be nonreciprocal, meaning the granting entity has not received a direct benefit in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution, i.e., when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met. Grants that have been determined to be reciprocal fall under the scope of ASC Topic 606 and are recognized as the performance obligations are satisfied.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Promises to Give/Pledges

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Public Support

Annual campaigns are conducted during January 1 to December 31 each year to raise support funds for allocation to participating agencies. Allocations are granted for the fiscal period July 1 through June 30. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Pledges are recorded by campaign year, and allowances are provided for amounts estimated to be uncollectible based on historical experience and other factors.

In-Kind Contributions

The United Way receives in-kind contributions of time from members of the community and volunteers related to program operations, special events, and fundraising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the United Way. No amounts have been recognized in the accompanying Statements of Activities because the criterion for recognition of such volunteer effort does not exist.

The United Way receives various in-kind services to promote program operations and fundraising campaigns. United Way Worldwide (UWW) maintains relationships with the National Football League (NFL), the Ad Council, and other organizations on behalf of local United Ways. UWW underwrites the cost to produce public service announcements that promote education, financial stability, and healthy living featuring individuals involved in various local United Way community volunteer activities. Local United Way's record the value of the in-kind media space received throughout the year. There was no in-kind media space recorded from UWW for the years ended June 30, 2024 and 2023. The United Way recorded in-kind contributions for local event advertising and campaign promotional incentives in the amount of \$34,850 and \$47,160 for the years ended June 30, 2024 and 2023, respectively. Related in-kind expenses are recorded as campaign and community service programs public relations expense in the amount of \$34,850 and \$47,160, respectively, for the years ended June 30, 2024 and 2023.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Fixed Assets

The United Way records fixed assets at cost and provides for depreciation on certain identifiable fixed assets using the straight-line method over the estimated useful lives of the respective assets. At June 30, 2024 and 2023, such assets were as follows:

	<u>2024</u>	<u>2023</u>
Office equipment	\$ 241,463	\$ 233,963
Leasehold improvements	<u>310,530</u>	<u>293,523</u>
	551,993	527,486
Less: Accumulated depreciation	<u>496,271</u>	<u>482,759</u>
	<u>\$ 55,722</u>	<u>\$ 44,727</u>

Depreciation expenses were \$13,512 and \$12,098 for the years ended June 30, 2024 and 2023.

Long-Lived Assets

The United Way reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that carrying amounts of the assets might not be recoverable.

Endowment Funds

Various endowment funds are subject to the restrictions of gift or Board designation instruments requiring that the principal be invested and the income be used according to the terms of the instrument. The financial records of the three such trust funds are maintained by Peoples Security Bank & Trust, and PNC Bank, N.A.

Distributions from Unrelated Trusts and Endowments

The United Way is the income beneficiary of three endowment funds, the Boise Morgan Trust Fund, the Scranton Area Foundation Operational Endowment and the Thomas G. Gallagher Jr. Fund, which are neither in its possession nor under its control, and are held and administered by an outside party. Accordingly, the values of these funds are not recorded on these financial statements. Income received totaled \$136,725 and \$140,545 in 2024 and 2023, respectively.

Occupancy

Operations are conducted from office space at 615 Jefferson Avenue, Scranton, Pennsylvania. Annual occupancy expense which provides for utilities, maintenance, and other services amounted to \$40,259 and \$39,470 for the years ended June 30, 2024 and 2023, respectively. Commitments are made on an annual basis and no long term contracts exist.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Income Tax Status

The United Way is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code.

In accordance with the Financial Accounting Standards Board guidance on accounting for uncertainty in income taxes, management evaluated the United Way's tax positions and concluded that the United Way had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the United Way is no longer subject to income tax examinations by the U.S., state or local tax authorities for years before 2021.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statements of Financial Position. Investment income or loss (including realized gains and losses on investments, interest and dividends) is reported in the Statement of Activities as increases or decreases in net assets without donor restrictions unless the income is restricted by donor or law.

Beneficial Interest

The United Way has adopted the accounting statement that establishes standards for transactions in which a community foundation accepts assets from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. It also states that a community foundation shall recognize its liability to the specified beneficiary concurrent with its recognition of cash or other financial assets received from the donor. The statement also specifically requires that if an NPO establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the NPO must account for the transfer of such assets as an asset.

Included on the accompanying Statements of Financial Position of the United Way is a "Beneficial interest in assets held by a community foundation" in the amount of \$67,552 and \$60,272 as of June 30, 2024 and 2023, respectively.

On May 10, 1984, the United Way entered into an agreement with the Scranton Area Foundation, Inc., (Foundation) to establish a fund, to serve as a receptacle for the unrestricted gifts of cash and other property that the United Way receives from time to time, for the purpose of segregating and using fund assets to further the United Way's mission in perpetuity.

Under the terms of the agreement, the United Way will receive distributions from an unrestricted endowment fund at the Foundation, as follows:

The net income of the Fund shall be paid to the United Way for its unrestricted use, as long as the United Way maintains its tax-exempt status under Internal Revenue Code Section 501(c)(3) and its non-private foundation status under Section 509(a) of the Code.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Beneficial Interest - (Continued)

The agreement also provides that The United Way Fund shall be subject to the provisions of the Indenture of the Foundation dated July 17, 1970, which sets forth the purposes and powers of the Foundation, including those provisions of the Indenture which at some time require variants from The United Way Fund's restrictions. The Foundation may substitute another beneficiary in the place of the United Way, if the United Way ceases to exist, or if the governing Board of the Foundation votes that support of the United Way is no longer necessary or is inconsistent with the needs of the community.

Designated Contributions

Campaign contributions received that are designated to specific organizations have been excluded from campaign revenue and funds allocated. Such contributions and corresponding allocations amounted to \$134,743 and \$129,050 for the years ending June 30, 2024 and 2023, respectively.

Advertising Costs

Advertising costs are expensed as incurred.

Cash Flows

For the purposes of the Statements of Cash Flows, the United Way considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include donor restricted cash and cash equivalents.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

Cost Allocations

The financial statements report certain expense categories that are attributable to more than one function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including general insurance, depreciation, occupancy and utilities are allocated to a functional region based on square-footage. Salaries and wages, employee benefits, and payroll taxes are allocated to a functional region based on estimated time and effort. All other non-direct expenses are charged to each function based on management's judgment of the proper allocation.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies - (Continued)

Liquidity

The United Way regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of June 30, 2024, the following financial assets are available to meet annual operating needs for the year ended June 30, 2025:

Financial assets at year-end:	
Cash without donor restrictions	\$ 1,792,291
Certificates of deposit	2,500,140
Grant and other receivables	159,741
Investments	2,671,993
	<hr/> 7,124,165
Less amounts not available to be used within one year:	
Agency funds	198,392
Due to designated agencies	518,676
Investments with donor restrictions	626,732
Board designated net assets	<hr/> 2,617,042
Financial assets available to meet general expenditures within one year	<hr/> <hr/> \$ 3,163,323

The United Way has various sources of liquidity at its disposal including cash, various receivables, and investments.

Subsequent Events

The United Way has evaluated subsequent events through May 14, 2025, the date on which the financial statements were available to be issued, and concluded no events or transactions occurred during that period requiring recognition or disclosure.

Note 2 - Cash and Cash Equivalents

The following table provides a reconciliation of cash without donor restrictions and cash with donor restrictions reported within the Statement of Financial Position that amount to the totals shown in the Statement of Cash Flows.

	<u>2024</u>	<u>2023</u>
<u>Without Donor Restrictions</u>		
PNC Bank, N.A. Checking	\$ 1,424,844	\$ 1,372,979
PNC Bank, N.A. Trust Fund	40,251	48,448
Peoples Security Bank & Trust Trust Fund	12,476	26,823
NBT Bank Money Market	-	42,482
NBT Checking	47,229	-
Fidelity Deposit and Discount Bank Money Market	-	256,402
Citizens Savings Bank Money Market	264,339	263,550
Luzerne Bank Money Market	-	25,360
Wayne Bank Checking	3,052	-
Petty cash	100	100
	<u>1,792,291</u>	<u>2,036,144</u>
<u>With Donor Restrictions</u>		
PNC Bank, N.A. Checking	2,162,321	2,051,021
PNC Bank, N.A., Agency Trust Fund	12,977	4,848
	<u>2,175,298</u>	<u>2,055,869</u>
Total cash and cash equivalents	<u>\$ 3,967,589</u>	<u>\$ 4,092,013</u>

Cash with donor restrictions consists of the cash held to meet the requirements of net assets with donor restrictions.

Note 3 - Pledges Receivable

Pledges receivable are due within one year. Included in "Pledges Receivable" are the following unconditional promises to give at June 30:

<u>Campaign</u>	<u>2024</u>	<u>2023</u>
2024	\$ -	\$ -
2023	563,028	1,555
2022	-	457,939
Gross unconditional pledges	563,028	459,494
Less: Allowance for uncollectible pledges	213,488	209,793
Total pledges receivable	<u>\$ 349,540</u>	<u>\$ 249,701</u>

Note 4 - Grant Revenue

Grant revenue for the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
<u>Without Donor Restrictions</u>		
VITA	\$ 75,320	\$ 57,874
PA MEDI	40,041	39,500
RSVP	112,801	153,719
COVID funding	16,367	50,644
All other undesignated grant revenues	44,834	22,162
Total without donor restrictions	289,363	323,899
<u>With Donor Restrictions</u>		
Success by 6 / Early Education Programs	15,000	3,000
Gift of Warmth – Lackawanna & Wayne	152,600	174,750
Day of Caring	7,000	-
Penn State Nutrition Program	5,610	6,428
Reducing Senior Isolation	189,500	290,900
Dolly Parton Imagination Library	149,186	86,117
Stronger Children Resilient Families	239,235	-
Financial Stability	8,625	7,200
Total with donor restrictions	766,756	568,395
Total grant revenue	\$ 1,056,119	\$ 892,294

Note 5 - Investments

The Emergency Reserve Trust Fund and Memorial Trust Fund are designated by the Board of Directors to provide an annual income to the Current Operating Fund for use in allocations.

The U.C.C. Agencies Trust Fund is restricted by the donor in that 6% of the fair market value of the assets of the Trust may only be distributed to former members of The United Community Chest, a predecessor organization. The Board of Directors has interpreted this to allow granting funds for both operational and extraordinary costs of the United Way.

At June 30, 2024 and 2023, investments were stated at fair value and consisted of the following:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
<u>Without Donor Restrictions</u>				
Board Designated Endowment Funds				
Corporate bonds	\$ 24,091	\$ 24,862	\$ 38,892	\$ 39,747
Common stock	513,412	293,632	498,947	294,268
Mutual funds	1,507,758	1,345,977	1,340,929	1,328,273
<u>With Donor Restrictions</u>				
Donor Restricted Endowment Fund				
Common stock	169,374	124,055	157,144	118,559
Mutual funds	457,358	410,109	433,328	438,531
Total investments	\$ 2,671,993	\$ 2,198,635	\$ 2,469,240	\$ 2,219,378

Note 5 - Investments - (Continued)

The investments are held in trust as of June 30, 2024 and 2023 as follows:

	2024	2023
Peoples Security Bank & Trust Company	\$ 343,853	\$ 310,134
PNC Bank, N.A.	2,328,140	2,159,106
Total investments	<u>\$ 2,671,993</u>	<u>\$ 2,469,240</u>

Net realized and unrealized gains (losses) for the years ended June 30, 2024 and 2023 are summarized as follows:

	2024	2023
Without donor restrictions		
Net realized gains	\$ 35,619	\$ 14,563
Net unrealized gains	164,310	101,690
	<u>199,929</u>	<u>116,253</u>
With donor restrictions		
Net realized gains (losses)	2,810	(27,704)
Net unrealized gains	59,186	64,759
	<u>61,996</u>	<u>37,055</u>
Total	<u>\$ 261,925</u>	<u>\$ 153,308</u>

Note 6 - Agency Funds

Agency funds represent contributions received by the United Way from various donors who designated such funds to be passed through to other organizations. The United Way does not have unilateral discretion over the use of these funds.

Note 7 - Net Assets Without Donor Restrictions - Board Designated

Board designated net assets at June 30, 2024 and 2023, consisted of the following:

	2024	2023
Emergency Reserve Trust Fund is designated by the Board of Directors to provide an annual income to the United Way for use in allocations	\$ 356,329	\$ 336,957
Memorial Trust Fund is designed by the Board of Directors to provide an annual income to the United Way for use in allocations	1,741,659	1,617,082
Joe Mahon Fund is designated by the Board of Directors to provide an annual award to a special volunteer	1,199	1,199
Donor funds to be allocated as needed by the Board of Directors	<u>517,855</u>	<u>517,855</u>
Total Board designated net assets	<u>\$ 2,617,042</u>	<u>\$ 2,473,093</u>

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions were available as of June 30, 2024 and 2023, for the following purposes:

	<u>2024</u>	<u>2023</u>
<u>Time restrictions:</u>		
Net campaign pledges received for future periods	\$ 720,100	\$ 839,590
<u>Purpose restrictions:</u>		
U.C.C. Agencies Trust Fund is restricted to use by former members of The United Community Chest, a predecessor organization	639,709	595,320
Tax credit program revenues restricted for next year program spending	643,797	637,420
Program grant revenues restricted for specified purposes	<u>1,147,965</u>	<u>823,713</u>
Total purpose restrictions	<u>2,431,471</u>	<u>2,056,453</u>
Total net assets with donor restrictions	<u>\$ 3,151,571</u>	<u>\$ 2,896,043</u>

Note 9 - Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows for the years ended June 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Time restrictions - 2023/2022 and 2022/2021 Campaigns	\$ 814,969	\$ 739,150
<u>Purpose restrictions</u>		
Trust fund income available for use in allocations	120,479	98,526
Funds used to satisfy program grant purpose restrictions	442,504	352,166
Funds used for State tax credit programs	<u>390,429</u>	<u>343,818</u>
Total purpose restrictions	<u>953,412</u>	<u>794,510</u>
Total released from restrictions	<u>\$ 1,768,381</u>	<u>\$ 1,533,660</u>

Note 10 - Pension Plan

The United Way adopted a money purchase pension plan effective January 1, 1996. The plan covers all employees over 21 years of age and having at least one year of service. The employer contribution on behalf of a participant was 8% of the participant's compensation for the years ending 2024 and 2023. For the years ended 2024 and 2023, pension expense was \$63,109 and \$63,038, respectively.

Note 11 - Fair Value Measurement

Fair value is 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. In determining fair value, the United Way uses various methods including market, income and cost approaches. Based on these approaches, the United Way often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The United Way utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the United Way is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level I: Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level II: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level III: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level III valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

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.

Mutual funds, Common Stock, Corporate Bonds and U.S. Government and Agencies obligations: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the United Way believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 11 - Fair Value Measurement - (Continued)

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2024 and 2023.

Assets Measured at Fair Value On a Recurring Basis:	June 30, 2024			
	Level I	Level II	Level III	Total
Corporate Bonds				
A2 Rating	\$ 24,091	\$ -	\$ -	\$ 24,091
Total Corporate Bonds	24,091	-	-	24,091
Mutual Funds				
Bond Funds	774,328	-	-	774,328
Equity Funds	1,190,788	-	-	1,190,788
Total Mutual Funds	1,965,116	-	-	1,965,116
Common Stock				
Industrials	95,550	-	-	95,550
Consumer Discretionary	33,503	-	-	33,503
Consumer Staples	62,295	-	-	62,295
Energy	50,041	-	-	50,041
Financial	141,149	-	-	141,149
Materials	22,694	-	-	22,694
Real Estate	20,712	-	-	20,712
Information Technology	97,580	-	-	97,580
Utilities	28,223	-	-	28,223
Health Care	98,106	-	-	98,106
Telecommunication Services	32,933	-	-	32,933
Total Common Stock	682,786	-	-	682,786
	<u>\$ 2,671,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,671,993</u>

Note 11 - Fair Value Measurement - (Continued)

Assets Measured at Fair Value On a Recurring Basis:	June 30, 2023			
	Level I	Level II	Level III	Total
Corporate Bonds				
A1 Rating	\$ 14,987	\$ -	\$ -	\$ 14,987
A2 Rating	23,905	-	-	23,905
Total Corporate Bonds	38,892	-	-	38,892
Mutual Funds				
Bond Funds	723,435	-	-	723,435
Equity Funds	1,050,822	-	-	1,050,822
Total Mutual Funds	1,774,257	-	-	1,774,257
Common Stock				
Industrials	78,552	-	-	78,552
Consumer Discretionary	38,284	-	-	38,284
Consumer Staples	62,182	-	-	62,182
Energy	58,072	-	-	58,072
Financial	115,358	-	-	115,358
Materials	23,763	-	-	23,763
Real Estate	18,742	-	-	18,742
Information Technology	90,543	-	-	90,543
Utilities	28,258	-	-	28,258
Health Care	104,060	-	-	104,060
Telecommunication Services	38,277	-	-	38,277
Total Common Stock	656,091	-	-	656,091
	<u>\$ 2,469,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,469,240</u>

Note 12 - Endowments

The United Way's endowment funds consist of three individual trust funds; one fund is donor restricted for agency payments, and the other two are board-designated funds established for various purposes. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on existence or absence of donor-imposed restrictions.

Endowment Net Asset Composition by type of fund as of June 30, 2024 and 2023 is as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 639,709	\$ 639,709
Board-designated endowment funds	2,097,988	-	2,097,988
Total	<u>\$ 2,097,988</u>	<u>\$ 639,709</u>	<u>\$ 2,737,697</u>

Note 12 - Endowments - (Continued)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 595,320	\$ 595,320
Board-designated endowment funds	1,954,039	-	1,954,039
Total	<u>\$ 1,954,039</u>	<u>\$ 595,320</u>	<u>\$ 2,549,359</u>

Changes in Endowment Net Assets for the years ended June 30, 2024 and 2023 are as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,954,039	\$ 595,320	\$ 2,549,359
Investment return:			
Investment income	41,545	10,442	51,987
Net realized and unrealized gains	199,929	61,996	261,925
Total investment return	241,474	72,438	313,912
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(97,525)	(28,049)	(125,574)
Endowment net assets, end of year	<u>\$ 2,097,988</u>	<u>\$ 639,709</u>	<u>\$ 2,737,697</u>

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,917,375	\$ 585,292	\$ 2,502,667
Investment return:			
Investment income	46,140	11,468	57,608
Net realized and unrealized gains	116,253	37,055	153,308
Total investment return	162,393	48,523	210,916
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(125,729)	(38,495)	(164,224)
Endowment net assets, end of year	<u>\$ 1,954,039</u>	<u>\$ 595,320</u>	<u>\$ 2,549,359</u>

The United Way has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds and board-designated funds.

Note 12 - Endowments - (Continued)

The donor-restricted endowment assets are invested by the Trustee (PNC Bank, N.A.) in a manner that is intended to produce growth and income. The United Way expects the donor-restricted endowment fund, over time, to provide a rate of return commensurate with the portfolio risk. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the United Way 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 United Way 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. For the donor-restricted funds, distributions each year are set at 6 percent of the average fair value of the fund assets of the three prior years. This is consistent with the United Way's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through investment return.

As approved by the Board of Directors, the board-designated endowment assets are invested in a manner that is intended to produce growth and income while assuming a balanced level of investment risk. The United Way expects its board-designated endowment funds, over time, to provide a total return commensurate with the portfolio's risk, client constraints, governing instruments, and funding policy. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the United Way relies on an active asset allocation strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The United Way 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. The United Way has a policy of appropriating for distribution each year 6 percent of its endowment funds' average fair value. In establishing this policy, the United Way considered the long-term expected return on its endowment. Accordingly, over the long term, the United Way expects the current spending policy to allow its endowment to grow at an average rate. This is consistent with the United Way's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through investment return.

Note 13 - Contingencies

The United Way filed amended quarterly payroll tax returns and recorded Employee Retention Tax Credit income in the amount of \$231,651 during the year ended June 30, 2023. Claims filed for the credits are subject to review and audit by regulatory agencies.

SUPPLEMENTARY INFORMATION

APPROPRIATIONS - AGENCIES/RESERVES

	Recommended Allocations	
	2024/2025	2023/2024
Regular appropriations - Lackawanna County		
American Red Cross of Lackawanna County	\$ -	\$ 15,000
The Arc of Northeastern Pennsylvania	50,000	47,000
Boys' and Girls' Club of Scranton	63,000	65,000
Catherine McAuley Center	60,000	-
Catholic Social Services, Inc.	50,000	60,000
Child Hunger Outreach Program	20,000	-
Commission on Economic Opportunity	50,000	30,000
Day Nursery Association	40,000	50,000
Jewish Community Center	58,000	38,500
Jewish Family Service of Lackawanna County	39,450	60,000
Meals on Wheels	42,000	50,000
Neighborworks of NEPA	85,000	70,000
Outreach Center for Community Resources	70,000	34,000
Lackawanna Blind Association	32,250	35,500
Scranton Primary Health Care Center	60,000	80,000
Serving Seniors, Inc.	-	5,000
St. Joseph's Center	90,000	91,000
United Cerebral Palsy	30,000	71,000
United Neighborhood Centers of Northeastern Pennsylvania	105,000	175,000
Women's Resource Center	90,000	95,000
Y.M.C.A. - Scranton	50,000	43,000
	<u>1,084,700</u>	<u>1,115,000</u>
 Program Grant Recipients - Wayne County	 55,500	 63,000
 Program Grant Recipients - Pike County	 28,000	 -
 Other applications of funds		
Reserve for Community Services	50,000	50,000
Reserve for replacement of fixed assets	6,000	6,000
Administration, Campaign and Allocations Fund - cost reimbursement	740,000	740,000
Dues	45,000	45,500
Total appropriations	<u>\$ 2,009,200</u>	<u>\$ 2,019,500</u>
 Funding		
Time restricted net assets - next allocation period	\$ 720,100	\$ 839,590
Amount to be funded by Campaign 2024/Campaign 2023	1,289,100	1,179,910
Total funding	<u>\$ 2,009,200</u>	<u>\$ 2,019,500</u>

The accompanying Notes are an integral part of these Financial Statements.

EMERGENCY RESERVE TRUST FUND

PEOPLES SECURITY BANK AND TRUST COMPANY

YEAR ENDED JUNE 30, 2024

	<u>Cash</u>	<u>Investments Fair Value</u>
Balance, beginning	\$ 26,823	\$ 310,134
Increases		
Investment income, net	7,965	-
Purchase of securities	-	84,252
Proceeds from sale or redemption of securities (net realized gain of \$31,103)	82,685	-
Unrealized gain/loss on securities	-	1,049
	<u>90,650</u>	<u>85,301</u>
Decreases		
Distribution to the Operating Fund	20,745	-
Purchase of securities	84,252	-
Book value of securities sold or redeemed	-	51,582
	<u>104,997</u>	<u>51,582</u>
Net (decrease) increase for the year	<u>(14,347)</u>	<u>33,719</u>
Balance, ending	<u>\$ 12,476</u>	<u>\$ 343,853</u>
Cost of investments		<u>\$ 207,959</u>

The accompanying Notes are an integral part of these Financial Statements.

MEMORIAL TRUST FUND

PNC BANK, N.A.

YEAR ENDED JUNE 30, 2024

	<u>Cash</u>	<u>Investments Fair Value</u>
Balance, beginning	<u>\$ 48,448</u>	<u>\$ 1,568,634</u>
Increases		
Investment income, net	33,580	-
Purchase of securities	-	468,631
Proceeds from sale or redemption of securities (net realized gain of \$4,516)	503,634	-
Unrealized gain/loss on securities	<u>-</u>	<u>163,261</u>
	<u>537,214</u>	<u>631,892</u>
Decreases		
Distribution to the Operating Fund	76,780	-
Purchase of securities	468,631	-
Book value of securities sold or redeemed	<u>-</u>	<u>499,118</u>
	<u>545,411</u>	<u>499,118</u>
Net (decrease) increase for the year	<u>(8,197)</u>	<u>132,774</u>
Balance, ending	<u><u>\$ 40,251</u></u>	<u><u>\$ 1,701,408</u></u>
Cost of investments		<u><u>\$ 1,456,513</u></u>

The accompanying Note are an integral part of these Financial Statements.

U.C.C. AGENCIES TRUST FUND

PNC BANK, N.A.

YEAR ENDED JUNE 30, 2024

	<u>Cash</u>	<u>Investments Fair Value</u>
Balance, beginning	<u>\$ 4,848</u>	<u>\$ 590,472</u>
Increases		
Investment income, net	10,442	-
Purchase of securities	-	186,438
Proceeds from sale or redemption of securities (net realized gain of \$2,810)	212,174	-
Unrealized gain/loss on securities	<u>-</u>	<u>59,186</u>
	<u>222,616</u>	<u>245,624</u>
Decreases		
Distributions to the Operating Fund	28,049	-
Purchase of securities	186,438	-
Book value of securities sold or redeemed	<u>-</u>	<u>209,364</u>
	<u>214,487</u>	<u>209,364</u>
Net increase for the year	<u>8,129</u>	<u>36,260</u>
Balance, ending	<u><u>\$ 12,977</u></u>	<u><u>\$ 626,732</u></u>
Cost of investments		<u><u>\$ 534,164</u></u>

The accompanying Notes are an integral part of these Financial Statements.