

**PLEASANT VALLEY
ECUMENICAL NETWORK**

**Financial Statements
For the Years Ended
December 31, 2020 and 2019**

PLEASANT VALLEY ECUMENICAL NETWORK
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Independent Accountant's Review Report

To the Board of Directors of
Pleasant Valley Ecumenical Network

We have reviewed the accompanying financial statements of Pleasant Valley Ecumenical Network (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Pleasant Valley Ecumenical Network and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Known Departure from Accounting Principles Generally Accepted in the United States of America

As disclosed in Note 1 to these financial statements, accounting principles generally accepted in the United States of America require that the end of year cost of inventory on hand be reflected in the financial statements. Management has informed me the inventory cost is not recorded on the financial statements and that the effects of this departure from the accounting principles generally accepted in the United States of America on the financial statements have not been determined.

Francis X. Mullane Inc.

Brodheads ville, PA
November 9, 2021

**Pleasant Valley Ecumenical Network
Statement of Financial Position
December 31, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
ASSETS		
<i>Current Assets</i>		
Cash - Checking	\$208,067	\$91,889
Cash - Savings	1,825	1,815
Cash - Building fund	2,606	5,318
Cash account - held in escrow	24,984	27,472
Grants receivable	-	20,879
Prepaid expenses	1,842	2,122
Total Current Assets	<u>239,324</u>	<u>149,495</u>
<i>Property and Equipment</i>		
Buildings and improvements	971,279	904,373
Equipment	149,281	36,516
Accumulated depreciation	(75,052)	(46,033)
Total Property and Equipment	<u>1,045,508</u>	<u>894,856</u>
<i>Other Assets</i>		
Note receivable	<u>11,000</u>	<u>13,000</u>
Total Assets	<u><u>\$1,295,832</u></u>	<u><u>\$1,057,351</u></u>
 LIABILITIES AND NET ASSETS		
<i>Current Liabilities</i>		
Accounts payable	\$15,879	\$5,999
Tenant rent deposit	1,690	2,898
Prepaid tenant rent	3,050	2,600
Payroll taxes payable	1,393	1,642
Total Current Liabilities	<u>22,012</u>	<u>13,139</u>
<i>Long Term Liabilities</i>		
Mortgage payable	139,044	240,589
<i>Net Assets</i>		
Without donor restrictions	1,134,776	803,623
With donor restrictions	-	-
Total Net Assets	<u>1,134,776</u>	<u>803,623</u>
Total Liabilities and Net Assets	<u><u>\$1,295,832</u></u>	<u><u>\$1,057,351</u></u>

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Pleasant Valley Ecumenical Network
Statement of Activities
Years Ended December 31, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
Changes in Net Assets Without Donor Restrictions		
<i>Public Support</i>		
General contributions	\$484,050	\$557,472
Government grants	775,553	428,791
Total Support	<u>1,259,603</u>	<u>986,263</u>
<i>Revenue</i>		
Miscellaneous	1,479	4,890
Fundraisers (net of \$0 and \$3,156 expenses)	-	2,888
Rental income	45,633	56,775
Interest income	118	81
Total Revenue	<u>47,230</u>	<u>64,634</u>
<i>Net assets released from restrictions</i>	-	13,250
Total Unrestricted Support and Revenue	<u>1,306,833</u>	<u>1,064,147</u>
<i>Expenses</i>		
Client services	883,550	797,848
Rental expenses	23,647	25,757
Management and General Expenses	66,740	69,792
Total Expenses	<u>973,937</u>	<u>893,397</u>
<i>Increase(Decrease) in Net Assets Without Donor Restrictions</i>	332,896	170,750
Changes in Net Assets With Donor Restrictions		
Net assets released from restrictions	-	<u>(13,250)</u>
<i>Increase(Decrease) in Net Assets With Donor Restrictions</i>	-	<u>(13,250)</u>
Loss from sale of capital asset (unrestricted)	<u>(1,743)</u>	<u>-</u>
<i>Increase (decrease) in Net Assets</i>	331,153	157,500
Net Assets, January 1	803,623	646,123
Net Assets, December 31	<u>\$1,134,776</u>	<u>\$803,623</u>

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Pleasant Valley Ecumenical Network
Statement of Cash Flows
Years Ended December 31, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<i>Cash Flows From Operating Activities</i>		
Change in net assets	\$331,153	\$157,500
Noncash expenses, liabilities and gains included in income:		
Depreciation	31,411	25,731
(Increase)decrease deposit	-	(534)
Increase(decrease) payroll taxes withheld	(249)	(1,246)
Increase(decrease) tenant deposits	(1,208)	(400)
Increase(decrease) prepaid tenant rent	450	2,600
Increase(decrease) prepaid accrued taxes	-	(1,461)
(Increase)decrease prepaid expenses	280	(340)
(Increase)decrease grants receivable	20,879	1,549
Increase (decrease) in accounts payable	9,880	295
Net Cash Flow Provided(Used) by Operations	<u>392,596</u>	<u>183,694</u>
<i>Cash Flows From Investing Activities</i>		
Add back basis of equipment sold	5,243	-
Equipment purchases	(121,968)	(20,530)
New building improvements	(65,338)	(27,913)
Net Cash Flow Provided(Used) by Investing	<u>(182,063)</u>	<u>(48,443)</u>
<i>Cash Flows From Financing Activities</i>		
Note receivable, sale of building	2,000	2,000
Repayment of mortgage payable	(101,545)	(154,823)
Net Cash Flow Used by Financing	<u>(99,545)</u>	<u>(152,823)</u>
Total Net Cash Flow	110,988	(17,572)
Cash at beginning of year	<u>126,494</u>	<u>144,066</u>
Cash at end of year	<u><u>\$237,482</u></u>	<u><u>\$126,494</u></u>
<u>Supplemental Information:</u>		
Interest paid	<u>\$10,456</u>	<u>\$14,376</u>
Excise taxes paid	<u>-</u>	<u>\$2,907</u>

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Pleasant Valley Ecumenical Network
Schedule of Functional Expenses
Years Ended December 31, 2020 and 2019

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	<u>Client</u> <u>Services</u>	<u>Rental</u>	<u>Management</u> <u>& General</u> <u>Expenses</u>	<u>Total</u> <u>2,020</u>	<u>Total</u> <u>2019</u> <i>Summarized</i>
Food purchased	\$84,415	-	-	\$84,415	\$37,177
Food donated	586,914	-	-	586,914	575,633
Clothing purchased	6,269	-	-	6,269	3,009
Toys (donated and purchased)	36,101	-	-	36,101	37,263
Summer lunch program costs	48,406	-	-	48,406	28,905
Supplies	10,456	-	-	10,456	4,665
Clothing donated	12,423	-	-	12,423	30,000
Insurance	-	\$4,480	\$6,068	10,548	9,861
Professional fees	-	622	933	1,555	5,713
Office supplies	-	-	2,785	2,785	4,977
Postage	-	-	485	485	836
Fundraiser mailing	-	-	593	593	1,409
Marketing and advertising	-	-	1,225	1,225	986
Repairs & maintenance	4,868	4,738	4,868	14,474	8,733
Auto expense	8,904	-	-	8,904	2,242
Mortgage interest	-	4,182	6,274	10,456	14,376
Miscellaneous	-	-	1,707	1,707	1,252
Salary	51,024	-	21,868	72,892	65,801
Payroll taxes	3,903	-	1,673	5,576	5,080
Income taxes on unrelated income	-	280	-	280	1,446
Property taxes	5,318	3,546	-	8,864	10,248
Registration and fees	-	-	690	690	1,278
Telephone & internet costs	-	-	2,159	2,159	2,147
Utilities	5,916	-	5,916	11,832	11,496
Trash removal	-	1,007	1,510	2,517	3,133
Depreciation	18,633	4,792	7,986	31,411	25,731
Total Expenses	\$883,550	\$23,647	\$66,740	\$973,937	\$893,397

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Pleasant Valley Ecumenical Network
Notes to Financial Statements
Year Ended December 31, 2020

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Note 1 - Summary of Significant Accounting Policies

Nature of Activities

The Pleasant Valley Ecumenical Network (PVEN) is a nonprofit corporation formed March 23, 1989. It is a community service organization, organized by and made up of area churches, which provides food and clothing (free of charge) to all residents in need. The clothing and food is donated by members of the community and received through government programs. Its service area is the West End of Monroe County, Pennsylvania.

Plant, Assets and Depreciation

PVEN's policy is to capitalize property and equipment over \$500. Purchased property and equipment are recorded at cost and donated equipment and property are valued at their estimated fair value. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. The Organization reports the expiration of donor restrictions when the donated or acquired asset is placed in service. The Network reclassifies restricted net assets to unrestricted assets at that time.

PVEN provides for depreciation using the straight-line method, charging revenues in amounts estimated to recover the cost of the property over their estimated useful life. Rates used to calculate depreciation are as follows:

Buildings and improvements 10 - 40 years
Equipment 5 - 7 years

Revenue Recognition

Contributions and grants received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Grants and contributions received with donor restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Pleasant Valley Ecumenical Network
Notes to Financial Statements
Year Ended December 31, 2020

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Note 1 - Summary of Significant Accounting Policies (continued)

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation, which is allocated on the basis of estimates of time and effort, as well as depreciation, and occupancy, which are allocated accorded to building use by the categories.

Income Tax Status

PVEN 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 other than a private foundation. PVEN rents out part of its real property. Since the property is debt financed, income tax is due on a portion of the net rental income.

Cash and Cash Equivalents

For purposes of the statements of cash flows PVEN considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Revenues

PVEN receives donations from area churches, individuals, organizations and local business as well as grants from Pennsylvania state programs managed by Monroe County and Pennsylvania Department of Education, respectively, as well as food donations from Federal programs.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Pleasant Valley Ecumenical Network
Notes to Financial Statements
Year Ended December 31, 2020

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Note 1 - Summary of Significant Accounting Policies (continued)

Donated and Contributed Services and Goods

PVEN receives donated clothes, toys and food to be distributed to local residents as needed. These goods are recorded as support and as a matching expense. The values are determined by the weight of the donations valued at current rates determined by third party organizations.

PVEN receives donated services from a variety of unpaid volunteers in the performance of its programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Network that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restrictions, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with restrictions. When a restriction expires, restricted net assets are reclassified to net assets without restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Inventory

Accounting principles generally accepted in the United States of America require that the end of year cost of inventory on hand be reflected in the financial statements. Since most of the Network's clothing and food have been donated and are valued by weight, management has determined that it is not practical to place a value on goods not yet given away. Therefore PVEN does not record a value for inventory on the statement of financial position nor on the statement of activities. Food and clothing are expensed as they are purchased and/or received as a donation.

Pleasant Valley Ecumenical Network
Notes to Financial Statements
Year Ended December 31, 2020

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Note 1 - Summary of Significant Accounting Policies (continued)

Comparative Information

Information for the year ended December 31, 2019 on the statement of functional expenses is presented for comparative purposes only and was extracted from the financial statements for that year. That financial information should be reviewed in conjunction with the complete financial statements presented for that year.

Note 2 - Depreciation Expense

Depreciation for 2020 and 2019 was \$31,411 and \$25,731, respectively

Note 3 - Assets with Donor Restrictions

There are no donor restricted funds as of December 31, 2020

Note 4 - Concentrations

The Network receives a substantial amount of its support from the member local churches and organizations. A significant reduction in the level of this support, if it were to occur, may have an effect on the Network's programs and activities. The Network also receives Pennsylvania state grants through Monroe County and the Pennsylvania Department of Education and surplus food donations through federal programs (See Note 6). The amount is determined each year based on availability and funding.

Note 5 - Government Grants

The Network received funds through the Monroe County State Food Purchase Program for the purchase of food to be distributed to those in need in the community. The moneys are paid to PVEN as reimbursement for purchased food items. PVEN received \$110,014 and \$32,750 in the years ended December 31, 2020 and 2019, respectively. PVEN also received a \$121,588 and \$25,669 SFSP grants in 2020 and 2019 respectively from the Pennsylvania Department of Education to fund a summer lunch program. This grant is based on the number of meals served to eligible recipients.

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Notes to Financial Statements
Year Ended December 31, 2020

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Note 5 - Government Grants (continued)

The Network acts as a distributor for the Federal TEFAP and CSFP programs, where certain food items, as available, are given to the network through Monroe County, PA to be distributed to those in need. The total amount of food received in 2020 and 2019 through these programs is 276,087 and 228,625 pounds, respectfully. They are valued for the financial statements at \$1.74 and \$1.62 per pound, resulting in \$480,391 and \$370,372 in grants for 2020 and 2019. These donated items are recorded as an offsetting expense since PVEN does not record inventory on the financial statements (See Note 1).

Note 6 - Promises to Give

As of December 31, 2020, there are no unconditional promises to give from donors to the Network.

Note 7 - Evaluation of Subsequent Events

The Network has evaluated subsequent events through November 9, 2021, the date which the financial statements were available to be issued.

Note 8 - Income Tax Filing

The Network has been determined by the Internal Revenue Service to be a church related entity and is therefore not required to file an income tax return. The board decided to voluntarily file the Federal 990 beginning with tax year 2015. The Network's federal income tax returns for years before 2018 are no longer subject to examination by the Internal Revenue Service.

Note 9 - Volunteers

Volunteers provide the labor for organizing, storing, packing and distributing the food and clothing to the clients. In 2020 and 2019, volunteers provided approximately 1,464 and 3,450 hours in working with the donated clothing and 2,716 and 6,150 hours in working with the food, respectively. Even though the volunteer hours are not reported on the financial statements (See Note 1) an approximate value for 2020 and 2019 of the donated time (at \$12.75 and \$12.75 per hour) is \$53,295 and \$122,000, respectively.

Pleasant Valley Ecumenical Network
Notes to Financial Statements
Year Ended December 31, 2020

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Note 10 - Donated Food and Clothing from Public

The Network receives almost all of the clothing provided to area residents as donations from individuals in the community. For purposes of the financial statement, the used clothing is valued at \$1 per pound, resulting in \$12,424 and \$30,000 recorded as donations for 2020 and 2019 respectfully.

The Network also receives donated food items from churches, individuals and organizations. The total amount of food received in 2020 and 2019 from these sources was 61,220 and 128,556 pounds, respectfully. The donations are valued for the financial statements at \$1.74 and \$1.62 per pound, resulting in \$106,523 and \$208,260 in donations for 2020 and 2019.

Both types of donated items are recorded as an offsetting expense since PVEN does not record inventory on the financial statements (See Note 1).

Note 11 - Building Complex and Rental Portion

In 2018 PVEN purchased a complex of buildings and land on Route 209 in Brodheadsville, PA. As of September, 2019 renovations were complete and the complex began to serve as its operational center. Parts of the property were rented out to other non profits and businesses in 2019. The building, renovations and land costs allocated for PVEN's use as of December 31, 2020 total \$723,871. Those costs allocated to the rental portions total \$247,408.

The tenants are on month to month leases.

Note 12 - Mortgage Payable

PVEN has a mortgage from the First Northern Bank used in the purchase of and guaranteed by the Route 209 property. The balance of the mortgage as of December 31, 2020 and 2019 was \$139,044 and \$240,589, respectively. Payments are currently interest only with principal reductions to be made dependent on the outcome of the Capital Campaign. Subsequent loan payments are to be determined. The final payment is currently scheduled for February 24, 2027. The loan has a 4.375% rate of interest fixed for first five years. Mortgage interest expense for 2020 and 2019 was \$10,456 and \$14,376.

Pleasant Valley Ecumenical Network
Notes to Financial Statements
Year Ended December 31, 2020

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Note 13 - Note Receivable

PVEN sold the previous operations building on November 1, 2018 for \$35,000. As part of the sales agreement, PVEN accepted a judgment note for \$15,000 at zero percent interest. The note will be repaid in seven yearly installments of \$2,000 each, starting November 1, 2019 with a final installment of \$1,000 on November 1, 2026. A payment of \$2,000 was received in 2020 and 2019.