

Certified Public Accountants

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**ORION COMMUNITIES, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022 and 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Orion Communities, Inc.  
Phoenixville, Pennsylvania

### **Opinion**

We have audited the accompanying financial statements of Orion Communities, Inc. (a nonprofit organization), which comprise the statements of financial position, as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orion Communities, Inc. as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **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.

### **Basis for Opinion**

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

### **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 Orion Communities, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Orion Communities, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Orion Communities, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charges 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.

#### **Report on Summarized Comparative Information**

We have previously audited Orion Communities, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audit financial statements in our report dated February 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Bond, Pezzano + Etze, PC*

Collegeville, Pennsylvania  
March 20, 2023

**ORION COMMUNITIES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 and 2021**

|                                       | <b>2022</b>       | <b>2021</b>       |
|---------------------------------------|-------------------|-------------------|
| <b>ASSETS</b>                         |                   |                   |
| Cash and cash equivalents             | \$ 568,915        | \$ 597,182        |
| Investments                           | 40,482            | 47,791            |
| Security deposit                      | <u>2,900</u>      | <u>2,900</u>      |
| TOTAL ASSETS                          | <u>\$ 612,297</u> | <u>\$ 647,873</u> |
| <br><b>LIABILITIES AND NET ASSETS</b> |                   |                   |
| Liabilities                           |                   |                   |
| Other liabilities                     | <u>\$ 19,412</u>  | <u>\$ 12,165</u>  |
| TOTAL LIABILITIES                     | 19,412            | 12,165            |
| Net Assets                            |                   |                   |
| Without donor restrictions            | 335,382           | 427,946           |
| With donor restrictions               | <u>257,503</u>    | <u>207,762</u>    |
| TOTAL NET ASSETS                      | 592,885           | 635,708           |
| TOTAL LIABILITIES AND NET ASSETS      | <u>\$ 612,297</u> | <u>\$ 647,873</u> |

See accompanying notes to financial statements.

**ORION COMMUNITIES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021**

|  | Year Ended December 31, 2022 |                           |                     | Year Ended December 31, 2021 |                           |                     |
|--|------------------------------|---------------------------|---------------------|------------------------------|---------------------------|---------------------|
|  | Without Donor<br>Restriction | With Donor<br>Restriction | Total               | Without Donor<br>Restriction | With Donor<br>Restriction | Total               |
| <b>SUPPORT AND REVENUES</b>  |                              |                           |                     |                              |                           |                     |
| Support:   |                              |                           |                     |                              |                           |                     |
| Community Coalition  | \$ 71,901                    | \$ -                      | \$ 71,901           | \$ 70,840                    | \$ -                      | \$ 70,840           |
| Contributions  | 344,601                      | 66,900                    | 411,501             | 259,028                      | -                         | 259,028             |
| Contributions of Nonfinancial Assets   | 187,660                      | -                         | 187,660             | 85,082                       | -                         | 85,082              |
| Foundation Awards/Grants   | 209,805                      | 344,996                   | 554,801             | 245,619                      | 340,846                   | 586,465             |
| Special Events, Net of Related Expenses of \$32,786 - 2022 and \$22,728 - 2021 | 57,036                       | -                         | 57,036              | 65,716                       | -                         | 65,716              |
| Released from Restriction  | 353,398                      | (353,398)                 | -                   | 243,581                      | (243,581)                 | -                   |
| Total Support  | <u>1,224,401</u>             | <u>58,498</u>             | <u>1,282,899</u>    | <u>969,866</u>               | <u>97,265</u>             | <u>1,067,131</u>    |
| Revenues:  |                              |                           |                     |                              |                           |                     |
| Investment Income  | (1,885)                      | (8,757)                   | (10,642)            | (209)                        | 4,850                     | 4,641               |
| Interest Income  | 546                          | -                         | 546                 | 310                          | -                         | 310                 |
| Other Income   | 1,000                        | -                         | 1,000               | 20,500                       | -                         | 20,500              |
|  | <u>(339)</u>                 | <u>(8,757)</u>            | <u>(9,096)</u>      | <u>20,601</u>                | <u>4,850</u>              | <u>25,451</u>       |
| <b>TOTAL SUPPORT AND REVENUES</b>  | <b>\$ 1,224,062</b>          | <b>\$ 49,741</b>          | <b>\$ 1,273,803</b> | <b>\$ 990,467</b>            | <b>\$ 102,115</b>         | <b>\$ 1,092,582</b> |
| <b>PROGRAM SERVICES</b>  |                              |                           |                     |                              |                           |                     |
| Bridge Case Management   | 462,040                      | -                         | 462,040             | 324,163                      | -                         | 324,163             |
| Financial Assistance   | 459,780                      | -                         | 459,780             | 300,563                      | -                         | 300,563             |
| Technology Resource Center   | 17,846                       | -                         | 17,846              | 12,230                       | -                         | 12,230              |
| Community Outreach   | 115,079                      | -                         | 115,079             | 51,034                       | -                         | 51,034              |
| STARS  | 54,109                       | -                         | 54,109              | 20,492                       | -                         | 20,492              |
| GLAD   | 22,463                       | -                         | 22,463              | 15,863                       | -                         | 15,863              |
| Total Program Services   | <u>1,131,317</u>             | <u>-</u>                  | <u>1,131,317</u>    | <u>724,345</u>               | <u>-</u>                  | <u>724,345</u>      |
| <b>SUPPORTING SERVICES</b>   |                              |                           |                     |                              |                           |                     |
| Management and General   | 103,490                      | -                         | 103,490             | 73,714                       | -                         | 73,714              |
| Fundraising  | 81,819                       | -                         | 81,819              | 55,633                       | -                         | 55,633              |
| Total Supporting Expenses  | <u>185,309</u>               | <u>-</u>                  | <u>185,309</u>      | <u>129,347</u>               | <u>-</u>                  | <u>129,347</u>      |
| <b>TOTAL EXPENSES</b>  | <b>1,316,626</b>             | <b>-</b>                  | <b>1,316,626</b>    | <b>853,692</b>               | <b>-</b>                  | <b>853,692</b>      |
| <b>CHANGE IN NET ASSETS</b>  | <b>(92,564)</b>              | <b>49,741</b>             | <b>(42,823)</b>     | <b>136,775</b>               | <b>102,115</b>            | <b>238,890</b>      |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>   | <b>427,946</b>               | <b>207,762</b>            | <b>635,708</b>      | <b>291,171</b>               | <b>105,647</b>            | <b>396,818</b>      |
| <b>NET ASSETS AT END OF YEAR</b>   | <b>\$ 335,382</b>            | <b>\$ 257,503</b>         | <b>\$ 592,885</b>   | <b>\$ 427,946</b>            | <b>\$ 207,762</b>         | <b>\$ 635,708</b>   |

See accompanying notes to financial statements.

**ORION COMMUNITIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|                                  | Program Services       |                      |                            |                    |                  |                  | Supporting Services    |                        |                  | Total Expenses    |                                |
|----------------------------------|------------------------|----------------------|----------------------------|--------------------|------------------|------------------|------------------------|------------------------|------------------|-------------------|--------------------------------|
|                                  | Bridge Case Management | Financial Assistance | Technology Resource Center | Community Outreach | STARS            | GLAD             | Total Program Services | Management and General | Fundraising      |                   | Total Support Service Expenses |
| Salaries                         | \$ 293,822             | \$ 55,078            | \$ 1,216                   | \$ 68,190          | \$ 24,653        | \$ 11,116        | \$ 454,075             | \$ 59,461              | \$ 58,669        | \$ 118,130        | \$ 572,205                     |
| Payroll Taxes                    | 24,588                 | 4,609                | 102                        | 5,706              | 2,063            | 930              | 37,998                 | 4,976                  | 4,910            | 9,886             | 47,884                         |
| Employee Benefits                | 14,459                 | 2,710                | 60                         | 3,356              | 1,213            | 547              | 22,345                 | 2,926                  | 2,887            | 5,813             | 28,158                         |
| Contract Hire                    | 2,047                  | 384                  | 8                          | 475                | 172              | 77               | 3,163                  | 414                    | 409              | 823               | 3,986                          |
| Professional Services            | 69,052                 | 25,894               | 8,631                      | 17,263             | 13,810           | 3,453            | 138,103                | 25,894                 | 8,631            | 34,525            | 172,628                        |
| Program Expenses                 | 1,265                  | 357,314              | 1,357                      | 11,117             | 2,224            | 2,183            | 375,460                | -                      | -                | -                 | 375,460                        |
| Rent/Facility Maintenance        | 27,946                 | 5,081                | 2,541                      | 2,541              | 5,081            | 2,541            | 45,731                 | 2,541                  | 2,541            | 5,082             | 50,813                         |
| Utilities and Insurance          | 6,775                  | 1,232                | 616                        | 616                | 1,232            | 616              | 11,087                 | 616                    | 616              | 1,232             | 12,319                         |
| Technology                       | 1,597                  | 479                  | 319                        | 319                | 160              | -                | 2,874                  | 160                    | 160              | 320               | 3,194                          |
| Office Supplies                  | 4,478                  | 995                  | 995                        | 1,493              | 299              | 199              | 8,459                  | 498                    | 995              | 1,493             | 9,952                          |
| Business Expenses                | 16,011                 | 6,004                | 2,001                      | 4,003              | 3,202            | 801              | 32,022                 | 6,004                  | 2,001            | 8,005             | 40,027                         |
| <b>Total Functional Expenses</b> | <b>\$ 462,040</b>      | <b>\$ 459,780</b>    | <b>\$ 17,846</b>           | <b>\$ 115,079</b>  | <b>\$ 54,109</b> | <b>\$ 22,463</b> | <b>\$ 1,131,317</b>    | <b>\$ 103,490</b>      | <b>\$ 81,819</b> | <b>\$ 185,309</b> | <b>\$ 1,316,626</b>            |

See accompanying notes to financial statements.

**ORION COMMUNITIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                  | Program Services       |                      |                            |                    |                  | Supporting Services |                        |                        | Total Expenses   |                   |                                |
|----------------------------------|------------------------|----------------------|----------------------------|--------------------|------------------|---------------------|------------------------|------------------------|------------------|-------------------|--------------------------------|
|                                  | Bridge Case Management | Financial Assistance | Technology Resource Center | Community Outreach | STARS            | GLAD                | Total Program Services | Management and General |                  | Fundraising       | Total Support Service Expenses |
| Salaries                         | \$ 226,720             | \$ 31,524            | \$ 1,098                   | \$ 18,722          | \$ 5,049         | \$ 5,049            | \$ 288,162             | \$ 41,967              | \$ 36,455        | \$ 78,422         | \$ 366,584                     |
| Payroll Taxes                    | 18,198                 | 2,530                | 88                         | 1,503              | 405              | 405                 | 23,129                 | 3,368                  | 2,926            | 6,294             | 29,423                         |
| Employee Benefits                | 8,477                  | 1,179                | 41                         | 700                | 189              | 189                 | 10,775                 | 1,569                  | 1,363            | 2,932             | 13,707                         |
| Contract Hire                    | -                      | 1,185                | -                          | -                  | -                | -                   | 1,185                  | 5,926                  | 4,741            | 10,667            | 11,852                         |
| Professional Services            | 22,963                 | 22,963               | 4,593                      | 13,778             | 4,593            | 4,593               | 73,483                 | 13,778                 | 4,593            | 18,371            | 91,854                         |
| Program Expenses                 | 4,922                  | 228,129              | 1,237                      | 8,733              | 2,778            | 1,265               | 246,662                | 2,530                  | 2,530            | 5,060             | 50,600                         |
| Rent/Facility Maintenance        | 27,830                 | 5,060                | 2,530                      | 2,530              | 5,060            | 2,530               | 45,540                 | 446                    | 446              | 892               | 8,914                          |
| Utilities and Insurance          | 4,902                  | 891                  | 446                        | 446                | 891              | 446                 | 8,022                  | 56                     | 56               | 112               | 1,117                          |
| Technology                       | 558                    | 167                  | 112                        | 112                | 56               | -                   | 1,005                  | 437                    | 1,311            | 1,748             | 8,739                          |
| Office Supplies                  | 3,932                  | 874                  | 874                        | 874                | 262              | 175                 | 6,991                  | 3,637                  | 1,212            | 4,849             | 24,240                         |
| Business Expenses                | 6,061                  | 6,061                | 1,211                      | 3,636              | 1,211            | 1,211               | 19,391                 |                        |                  |                   |                                |
| <b>Total Functional Expenses</b> | <b>\$ 324,163</b>      | <b>\$ 300,563</b>    | <b>\$ 12,230</b>           | <b>\$ 51,034</b>   | <b>\$ 20,492</b> | <b>\$ 15,863</b>    | <b>\$ 724,345</b>      | <b>\$ 73,714</b>       | <b>\$ 55,633</b> | <b>\$ 129,347</b> | <b>\$ 853,692</b>              |

See accompanying notes to financial statements.

**ORION COMMUNITIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31, 2022 and 2021**

|  | <b>2022</b>       | <b>2021</b>       |
|--|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>      |                   |                   |
| Change in Net Assets                             | \$ (42,823)       | \$ 238,890        |
| Unrealized (Gain)/Loss on Investments            | 7,309             | (4,227)           |
| Changes in:                                      |                   |                   |
| Prepaid Expenses                                 | -                 | 554               |
| Other Liabilities                                | <u>7,247</u>      | <u>6,718</u>      |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b> | <u>(28,267)</u>   | <u>241,935</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |                   |                   |
| Purchase of Securities                           | <u>-</u>          | <u>(43,564)</u>   |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b> | -                 | (43,564)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |                   |                   |
| PPP Loan Forgiveness                             | <u>-</u>          | <u>(57,851)</u>   |
| <b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b> | <u>-</u>          | <u>(57,851)</u>   |
| <b>NET INCREASE IN CASH</b>                      | (28,267)          | 140,520           |
| <b>CASH AT BEGINNING OF YEAR</b>                 | <u>597,182</u>    | <u>456,662</u>    |
| <b>CASH AT END OF YEAR</b>                       | <u>\$ 568,915</u> | <u>\$ 597,182</u> |

See accompanying notes to financial statements.

**ORION COMMUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Orion Communities, Inc. ("The Organization") is a nonprofit organization that believes all individuals deserve equitable access to life's basic needs of shelter, food, clothing, transportation, access to healthcare, and respectful human interactions. For 45 years, Orion has offered hope for individuals and families experiencing hardship due to poverty, disability, or illness by addressing immediate crises and supporting discovery of individual pathways to self-reliance. We listen, collaborate, and honor all people, no exceptions. Orion seeks to address systemic challenges by modeling inclusivity and belonging while seeking to assure all voices are heard at the decision-making table. Without receipt of government funding, Orion works with creativity, compassion, and collaboration while championing diversity, equity, and inclusion to create a healthier tomorrow for our clients and our community.

Orion's mission has been served by offering the following programs:

Bridge Case Management

Bridge Case Management is the temporary or interim provision of short-term case management services to assist in a period of transition, crisis, or change. Orion's clients may be homeless, hungry, in danger of eviction or having their utilities turned off. In these situations, a permanent case manager may be unnecessary or difficult to engage on short notice. In 2022, Orion Communities assisted 1,450 households with their immediate need for life's basic essentials, a 30% increase in the past five years.

Financial Assistance

After an assessment of needs and resources, critical funds may help stabilize individuals and families who are under-resourced. Orion has three pools of funds:

- Community Emergency Fund provides funds for critical situations to assist with life's basic needs or to keep a client from catastrophic losses. In 2022, Orion provided \$148,000 in direct aid.
- ROOFs (Readily Obtainable Occupancy Funds) provides temporary hotel stays and security deposit assistance for individuals and families moving from homelessness to permanent housing. In 2022, this fund provided \$161,000 in support.
- Gifts-In-Kind and Restricted Funds provided an additional \$44,000 in direct support.

STARS (Sharing Technology Advances Reading Skills)

An academic gap exists between children from under-resourced households and their peers. STARS is a literacy, digital literacy, STEM (Science, Technology, Engineering & Math) and computer/book giveaway program that engages children to improve academic performance. In 2022, 55 children participated in STEM workshops and book clubs plus thousands of children's books were gifted to encourage students to become successful readers.

Community Outreach

Community Outreach is an endeavor that assesses needs, develops strategies, and provides services that will fill the gaps to in-need and at risk populations. Community Outreach also raises community awareness and develops a collaborative approach to meet the needs of the community as well as provide an understanding of the existing services. One example is offering Bridges Out of Poverty workshops to create a network of people with a common language and understanding of local poverty. The goal is to prevent and reduce poverty with all voices at the decision-making table.

GLAD (Gutsy Ladies Achieving their Destiny)

This 'trauma informed' program for single mothers is designed to be responsive to the impact of trauma and emphasize safety while helping participants build on their parenting skills, identify their passions, and develop education plans to fulfill those passions. Built into the program are "learning to learn" components which include critical thinking and self-regulation skills.

Technology Resource Center

Lack of access to tech resources can lead to a disparity gap in education, health and finances. The technology resource center provides free access to computers, internet, phones, and copiers/fax to facilitate in bridging the gap.

**ORION COMMUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August, 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Under the provisions of the "Guide", net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restriction will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization currently has no perpetual donor restrictions.

Contributions and Revenue Recognition

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Contributed Services

The Organization receives significant contributed services per year in the form of volunteer hours, although no value is included. The value of these services does not meet the criteria for recognition in the financial statements.

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 revenues and expenses during the reported period. Actual results could differ from those estimates.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses. Net investment return is reported as an increase or (decrease) in net assets without donor restriction unless restricted by donors.

**ORION COMMUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Concentration of Risk - Major Donors

Three contributors provided support totaling 32% of the Organization's revenues for the year ended December 31, 2022. Three contributors provided support totaling 30% of the Organization's revenues for the year ended December 31, 2021.

The Organization receives a large donation from a local charitable organization in the Phoenixville area that provides emergency housing assistance to people experiencing homelessness. Orion Communities, Inc. orchestrates the needed housing and the donor charitable organization disburses the funding needed for the emergency housing directly to Orion. Orion then provides the monetary assistance through its ROOFs (Readily Obtainable Occupancy Funds) program.

Functional Expenses

The costs of providing program and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

| <u>Expense</u>            | <u>Method of Allocation</u> |
|---------------------------|-----------------------------|
| Salaries                  | Time and effort             |
| Payroll taxes             | Time and effort             |
| Employee benefits         | Time and effort             |
| Contract hire             | Actual                      |
| Professional services     | Program utilization         |
| Rent/facility maintenance | Square footage              |
| Utilities and insurance   | Square footage              |
| Technology                | Program utilization         |
| Office supplies           | Program utilization         |
| Business expenses         | Program utilization         |

Tax-Exempt Status

The Organization is exempt from federal income taxes under Section 501 (c )(3) of the Internal Revenue Code. The Organization files annual information returns as required. In accordance with generally accepted accounting principles, the Organization accounts for uncertain tax positions relative to unrelated business income, if any, as required.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 20, 2023, the date the financial statements were available to be issued.

**ORION COMMUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - CASH AND CERTIFICATE OF DEPOSIT BALANCES**

The Organization maintained cash balances in six checking accounts and one money market account at five financial institutions during the year ended December 31, 2022. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a combined total of \$250,000 per institution. No balances in any of these institutions exceeded FDIC insured limits as of December 31, 2022.

**NOTE 3 - FAIR VALUE MEASUREMENTS AND DISCLOSURES**

Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Unadjusted quoted market prices for identical assets in active markets as of the measurement date.

Level 2 - Other observable inputs, either directly or indirectly, including:

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

Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset.

The following is a description of the valuation methodology used for assets measured at fair value.

*Common stock, mutual funds, exchange traded funds, corporate bonds and U.S. government securities*: valued at the closing price reported on the active market on which the individual securities are traded.

The following table presents the Organization's assets measured at fair value within the fair value hierarchy as of December 31, 2022:

|                                   | <u>Level 1</u>          | <u>Level 2</u>     | <u>Level 3</u>     | <u>Total</u>            |
|-----------------------------------|-------------------------|--------------------|--------------------|-------------------------|
| Mutual Funds                      | \$ 36,093               | \$ -               | \$ -               | \$ 36,093               |
| Stocks - Equities                 | 4,389                   | -                  | -                  | 4,389                   |
| <b>Total Assets at Fair Value</b> | <b><u>\$ 40,482</u></b> | <b><u>\$ -</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 40,482</u></b> |

**ORION COMMUNITIES, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - INVESTMENTS**

Investments are comprised of the following as of December 31, 2022:

|                   | Cost      | Market    |
|-------------------|-----------|-----------|
| Mutual Funds      | \$ 41,004 | \$ 36,093 |
| Stocks - Equities | 6,484     | 4,389     |
|                   | \$ 47,488 | \$ 40,482 |

A summary of earnings on investments for the year ended December 31, 2022 are as follows:

|                                |             |
|--------------------------------|-------------|
| Interest and Dividends         | \$ 591      |
| Unrealized Gains/(Losses), net | (11,233)    |
|                                | \$ (10,642) |

**NOTE 5 - LIQUIDITY**

The following reflects the Organization's financial assets as of December 31, 2022, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date:

|  |            |
|--|------------|
| Financial assets, at year-end  | \$ 609,397 |
| Less those unavailable for general expenditures within one year, due to:               |            |
| Contractual or donor-imposed restrictions:   |            |
| Restricted by donor with time or purpose restrictions                                  | (257,503)  |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 351,894 |

In 2020, the Board approved establishing an operating reserve, beginning in 2021, not to exceed \$24,000 per year with funding from the general operating budget of \$2,000 per month. The current balance of the operating reserve is \$48,321 as of December 31, 2022.

**NOTE 6 - LINE OF CREDIT**

The Organization has a \$20,000 variable rate nondisclosable revolving line of credit with Phoenixville Bank due on May 30, 2023. The balance on the line of credit on December 30, 2022 was \$0.

**NOTE 7 - DONATED SERVICES AND ASSETS**

The Organization received gifts-in-kind for the years ended December 31:

|                       | 2022       | 2021      |
|-----------------------|------------|-----------|
| Professional Services | \$ 155,400 | \$ 80,237 |
| Printing              | 4,000      | 3,986     |
| Goods                 | 28,260     | -         |
| Total                 | \$ 187,660 | \$ 84,223 |

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be respectfully declined.

**ORION COMMUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - DONATED SERVICES AND ASSETS, continued**

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated.

The Organization was provided pro bono consulting services to assist in the development of a strategic fundraising plan. The value of the services provided for 2022 was \$150,000 based on current market rates. The amount is reflected in the statement of activities as contribution revenue and the statement of functional expenses as professional fees.

The Organization was provided pro bono legal services to assist in the creation of Board documents. The service was valued at a fair market value of \$5,400 for the hours provided at ordinary and customary rates for attorneys and paralegals in the Southeastern Pennsylvania area providing similar levels of expertise. The amount is reflected in the statement of activities as contribution revenue and the statement of functional expenses as professional fees.

The Organization was provided with free printing services from a local vendor. The services were valued based on the current rates charged for similar services provided by that vendor. The amount is reflected in the statement of activities as contribution revenue and the statement of functional expenses according to program or supporting service.

Throughout the year, the Organization is gifted with donations of goods that enhance its mission. These goods include, but are not limited to clothing, gift cards, personal hygiene products and other similar items given for distribution to the clients the Organization serves. These goods are valued at fair market value and recorded as contribution revenue in the statement of activities and as program expenses, according to purpose, in the statement of functional expenses.

All gifts-in-kind received by the Organization for the years ended December 31, 2022 and 2021 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

**NOTE 8 - LEASE COMMITMENTS**

The Organization relocated and entered into a monthly lease commitment for office space commencing on March 15, 2016 and ending February 28, 2023, with an amendment to the lease to include rental of the lower level effective October 1, 2018. Monthly rent payments begin at \$2,400 (and \$1,030 for the lower level) and are subject to increase annually at a rate of three percent. In addition to the rent payments, a fixed operating charge for common area maintenance of \$350 is charged monthly.

Minimum lease payments are as follows for the years ended December 31:

|      | <u>Rent</u>     | <u>CAM</u>    |
|------|-----------------|---------------|
| 2023 | \$ 8,050        | \$ 700        |
|      | <u>\$ 8,050</u> | <u>\$ 700</u> |

Total rental expense, including common area maintenance, was \$49,345 and \$49,345 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 9 - RELATED PARTY TRANSACTIONS**

The Organization received \$71,901 and \$70,840 in contributions from Community Coalition during the years ended December 31, 2022 and 2021, respectively. Members of the Orion board served as board members of the Community Coalition in 2022 and 2021.

**ORION COMMUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - NET ASSETS**

The Organization's net assets with donor restriction are subject to the following purpose restrictions:

|   |                   |
|---|-------------------|
| Financial Assistance                    | \$ 70,000         |
| Angel Fund                              | 3,200             |
| Phoenixville Bridges                    | 10,000            |
| ROOFs                                   | 40,000            |
| STARS                                   | 29,195            |
| Bridge Case Management                  | 29,000            |
| Steel Town Vets                         | 1,152             |
| Legacy Society                          | 36,093            |
| Technology                              | 6,350             |
| Heat                                    | 14,244            |
| Hotel                                   | 18,269            |
| Total net assets with donor restriction | <u>\$ 257,503</u> |

Net assets released from restriction by satisfying the restricted purposes for the year ended December 31, 2022, are as follows:

|  |                   |
|--|-------------------|
| Flood Relief                                     | \$ 3,100          |
| 45th Anniversary                                 | 250               |
| Diversity, Equity and Inclusion                  | 2,500             |
| Angel Fund                                       | 1,200             |
| Bridge Case Management                           | 31,000            |
| Financial Assistance                             | 83,141            |
| Hotel  | 1,731             |
| FEP  | 9,971             |
| GLAD   | 12,219            |
| Heat   | 15,757            |
| ROOFs  | 156,905           |
| STARS  | 34,453            |
| Steel Town Vets                                  | 1,171             |
| Total net assets released from donor restriction | <u>\$ 353,398</u> |

**NOTE 11 - RETIREMENT PLAN**

The Organization has a SIMPLE IRA plan for all employees. Employees are eligible to participate after 30 days of employment. The Organization is required to match up to 3% of the employee's gross salary only when the employee contributes. Pension expense under this plan for the year ended December 31, 2022 was \$3,254.