

UNITED WAY OF FRANKLIN COUNTY

FINANCIAL REPORT

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of Franklin County
Chambersburg, Pennsylvania

Opinion

We have audited the financial statements of the United Way of Franklin County (Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 of Franklin County as of December 31, 2023 and 2022, and the results of its operations 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

Responsibilities of Management 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.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement result 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 judgement 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 Organization'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 Organization'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.

A handwritten signature in cursive script that reads "Boyer & Ritter". The signature is written in black ink and is centered on the page.

Chambersburg, Pennsylvania
June 10, 2024

UNITED WAY OF FRANKLIN COUNTY

STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 144,200	\$ 145,260
Pledges receivable, net of allowance for expected credit losses 2023 \$44,060; 2022 \$46,377	64,707	46,334
Program receivables	-	20,000
Prepaid expenses	7,069	5,797
Other investments	1,181	1,107
Property and equipment, net	229,137	239,590
Cash surrender value of life insurance policy	5,396	5,192
Endowment fund	919,611	856,164
Beneficial interest in perpetual trusts	583,208	542,831
Total assets	\$ 1,954,509	\$ 1,862,275
LIABILITIES AND NET ASSETS		
Liabilities		
Allocations payable	\$ 159,950	\$ 170,000
Designations payable	10,892	18,976
Accounts payable	12,998	12,760
Accrued payroll and withholdings	10,086	9,540
Compensated absences	1,298	987
Total liabilities	195,224	212,263
Net Assets		
Without donor restrictions		
Undesignated	178,691	137,229
Board designated	400,989	371,093
With donor restrictions	1,179,605	1,141,690
Total net assets	1,759,285	1,650,012
Total liabilities and net assets	\$ 1,954,509	\$ 1,862,275

See Notes to Financial Statements.

UNITED WAY OF FRANKLIN COUNTY

**STATEMENT OF ACTIVITIES
Year Ended December 31, 2023**

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
Public Support and Revenue				
Gross campaign results -				
released from restriction	\$ 455,379	\$ -	\$ -	\$ 455,379
Less: donor designations	(22,929)	-	-	(22,929)
Net campaign revenue	432,450	-	-	432,450
Gross campaign results for:				
2022/2023 and 2023/2024 campaigns	-	-	531,367	531,367
Designations fee	-	-	3,132	3,132
Less: donor designations	-	-	(72,613)	(72,613)
Less: provision for uncollectibles	-	-	(13,578)	(13,578)
Net campaign revenue	-	-	448,308	448,308
Stepping Forward Works	139,756	-	28,192	167,948
EITC income	-	-	9,000	9,000
Other program income	43,047	-	5,165	48,212
Non Campaign Contributions				
In-kind contributions	54,176	-	-	54,176
Net investment return	278	49,896	33,551	83,725
Change in value of perpetual trusts	-	-	40,377	40,377
Other revenue	125	-	-	125
Net assets released from restriction				
Expiration of time	-	-	(432,450)	(432,450)
Expiration of purpose restriction	114,228	(20,000)	(94,228)	-
Total public support and revenue	784,060	29,896	37,915	851,871

(Continued)

UNITED WAY OF FRANKLIN COUNTY

STATEMENT OF ACTIVITIES (Continued)
Year Ended December 31, 2023

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
Allocations and Expenses				
Program Services				
Gross funds allocated/distributed	232,563	-	-	232,563
Less: donor designations	(72,613)	-	-	(72,613)
Net funds allocated/distributed	159,950	-	-	159,950
Allocation services other	6,787	-	-	6,787
Stepping Forward Works	56,433	-	-	56,433
Other program services	292,917	-	-	292,917
Total program services	516,087	-	-	516,087
Supporting Services				
Organizational administration	122,932	-	-	122,932
Fundraising	96,004	-	-	96,004
United Way Worldwide dues	7,575	-	-	7,575
Total supporting services	226,511	-	-	226,511
Total allocations and expenses	742,598	-	-	742,598
Changes in net assets	41,462	29,896	37,915	109,273
Net Assets:				
January 1, 2023	137,229	371,093	1,141,690	1,650,012
December 31, 2023	\$ 178,691	\$ 400,989	\$ 1,179,605	\$ 1,759,285

See Notes to Financial Statements.

UNITED WAY OF FRANKLIN COUNTY

**STATEMENT OF ACTIVITIES
Year Ended December 31, 2022**

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
Public Support and Revenue				
Gross campaign results - released from restriction	\$ 494,172	\$ -	\$ -	\$ 494,172
Less: donor designations	(25,705)	-	-	(25,705)
Net campaign revenue	468,467	-	-	468,467
Gross campaign results for:				
2021/2022 and 2022/2023 campaigns	-	-	481,283	481,283
Designations fee	-	-	3,971	3,971
Less: donor designations	-	-	(40,077)	(40,077)
Less: provision for uncollectibles	-	-	(30,579)	(30,579)
Net campaign revenue	-	-	414,598	414,598
Stepping Forward Works	36,711	-	-	36,711
EITC income	-	-	25,000	25,000
Other program income	49,376	-	69,228	118,604
Non Campaign Contributions				
Financial Assets	-	-	107,234	107,234
In-kind contributions	56,823	-	-	56,823
Net investment return	(53)	(33,543)	(87,300)	(120,896)
Change in value of perpetual trusts	-	-	(116,139)	(116,139)
Other Revenue	673	-	-	673
Net assets released from restriction				
Expiration of time	-	-	(468,467)	(468,467)
Expiration of purpose restriction	37,838	-	(37,838)	-
Total public support and revenue	649,835	(33,543)	(93,684)	522,608

(Continued)

UNITED WAY OF FRANKLIN COUNTY

STATEMENT OF ACTIVITIES (Continued)
Year Ended December 31, 2022

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
Allocations and Expenses				
Program Services				
Gross funds allocated/distributed	210,077	-	-	210,077
Less: donor designations	(40,077)	-	-	(40,077)
Net funds allocated/distributed	170,000	-	-	170,000
Allocation services other	7,053	-	-	7,053
Stepping Forward Works	88,456	-	-	88,456
Other program services	201,897	-	-	201,897
Total program services	467,406	-	-	467,406
Supporting Services				
Organizational administration	137,538	-	-	137,538
Fundraising	107,964	-	-	107,964
United Way Worldwide dues	10,454	-	-	10,454
Total supporting services	255,956	-	-	255,956
Total allocations and expenses	723,362	-	-	723,362
Changes in net assets	(73,527)	(33,543)	(93,684)	(200,754)
Net Assets:				
January 1, 2022	210,756	404,636	1,235,374	1,850,766
December 31, 2022	\$ 137,229	\$ 371,093	\$ 1,141,690	\$ 1,650,012

See Notes to Financial Statements.

UNITED WAY OF FRANKLIN COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	Program Services				Support Services				
	Allocation Services	Stepping Forward Works	Other Program Services	Total Program	Organizational Administration	Fundraising	UWW Dues	Total Support	Total
Gross funds allocated/distributed	\$ 232,563	\$ -	\$ -	\$ 232,563	\$ -	\$ -	\$ -	\$ -	\$ 232,563
Less: donor designations	(72,613)	-	-	(72,613)	-	-	-	-	(72,613)
Net funds allocated/distributed	159,950	-	-	159,950	-	-	-	-	159,950
Salaries	4,097	20,485	83,989	108,571	47,116	49,164	-	96,280	204,851
Payroll taxes	359	1,794	7,354	9,507	4,126	4,305	-	8,431	17,938
Employee benefits	609	3,043	12,476	16,128	6,999	7,303	-	14,302	30,430
	5,065	25,322	103,819	134,206	58,241	60,772	-	119,013	253,219
Campaign supplies	-	-	-	-	-	14,085	-	14,085	14,085
Program supplies	-	-	83,049	83,049	-	-	-	-	83,049
Utilities	159	797	3,265	4,221	1,832	1,912	-	3,744	7,965
Office supplies	48	242	994	1,284	557	582	-	1,139	2,423
Equipment maintenance	(5)	(26)	(108)	(139)	(60)	(63)	-	(123)	(262)
Contracted services	-	22,483	-	22,483	-	-	-	-	22,483
Professional fees	-	-	-	-	44,676	-	-	44,676	44,676
Scholarships	-	-	20,000	20,000	-	-	-	-	20,000
Telephone/network	795	3,977	16,306	21,078	9,147	9,545	-	18,692	39,770
Donated telephone/network	70	350	1,435	1,855	805	840	-	1,645	3,500
Website	35	177	725	937	407	424	-	831	1,768
Professional development	64	322	1,322	1,708	741	774	-	1,515	3,223
Insurance	116	581	2,380	3,077	1,335	1,393	-	2,728	5,805
Postage	45	227	933	1,205	523	546	-	1,069	2,274
Dues	67	337	1,379	1,783	774	808	-	1,582	3,365
Meetings	18	91	374	483	210	219	-	429	912
Advertising	1	7	2,001	2,009	15	16	-	31	2,040
Special event supplies	-	-	-	-	-	439	-	439	439
Donated materials and supplies	-	-	48,701	48,701	-	-	-	-	48,701
Miscellaneous	100	501	2,056	2,657	1,152	1,203	-	2,355	5,012
Interest	-	-	-	-	173	-	-	173	173
Depreciation	209	1,045	4,286	5,540	2,404	2,509	-	4,913	10,453
	1,722	31,111	189,098	221,931	64,691	35,232	-	99,923	321,854
United Way Worldwide dues	-	-	-	-	-	-	7,575	7,575	7,575
Total functional expenses	\$ 166,737	\$ 56,433	\$ 292,917	\$ 516,087	\$ 122,932	\$ 96,004	\$ 7,575	\$ 226,511	\$ 742,598

See Notes to Financial Statements.

UNITED WAY OF FRANKLIN COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program Services				Support Services				
	Allocation Services	Stepping Forward Works	Other Program Services	Total Program	Organizational Administration	Fundraising	UWW Dues	Total Support	Total
Gross funds allocated/distributed	\$ 210,077	\$ -	\$ -	\$ 210,077	\$ -	\$ -	\$ -	\$ -	\$ 210,077
Less: donor designations	(40,077)	-	-	(40,077)	-	-	-	-	(40,077)
Net funds allocated/distributed	170,000	-	-	170,000	-	-	-	-	170,000
Salaries	3,952	27,665	67,186	98,803	51,377	47,425	-	98,802	197,605
Payroll taxes	299	2,094	5,085	7,478	3,888	3,589	-	7,477	14,955
Employee benefits	588	4,118	10,001	14,707	7,648	7,059	-	14,707	29,414
	4,839	33,877	82,272	120,988	62,913	58,073	-	120,986	241,974
Campaign supplies	-	-	-	-	-	11,983	-	11,983	11,983
Program supplies	-	-	23,312	23,312	-	-	-	-	23,312
Utilities	247	1,731	4,204	6,182	3,215	2,967	-	6,182	12,364
Office supplies	66	464	1,126	1,656	861	795	-	1,656	3,312
Equipment maintenance	423	2,962	7,192	10,577	5,500	5,077	-	10,577	21,154
Contracted services	-	39,073	-	39,073	-	-	-	-	39,073
Professional fees	-	-	-	-	45,667	-	-	45,667	45,667
Scholarships	-	-	8,200	8,200	-	-	-	-	8,200
Telephone/network	744	5,208	12,649	18,601	9,672	8,928	-	18,600	37,201
Website	3	24	59	86	45	41	-	86	172
Professional development	135	944	2,292	3,371	1,753	1,618	-	3,371	6,742
Insurance	122	857	2,083	3,062	1,592	1,470	-	3,062	6,124
Postage	72	501	1,218	1,791	931	860	-	1,791	3,582
Dues	94	658	1,600	2,352	1,223	1,129	-	2,352	4,704
Meetings	9	65	157	231	120	111	-	231	462
Advertising	-	-	2,015	2,015	-	-	-	-	2,015
Special event supplies	-	-	-	-	-	11,325	-	11,325	11,325
Donated materials and supplies	-	-	48,435	48,435	-	-	-	-	48,435
Miscellaneous	49	340	827	1,216	632	583	-	1,215	2,431
Interest	-	-	-	-	160	-	-	160	160
Depreciation	250	1,752	4,256	6,258	3,254	3,004	-	6,258	12,516
	2,214	54,579	119,625	176,418	74,625	49,891	-	124,516	300,934
United Way Worldwide dues	-	-	-	-	-	-	10,454	10,454	10,454
Total functional expenses	\$ 177,053	\$ 88,456	\$ 201,897	\$ 467,406	\$ 137,538	\$ 107,964	\$ 10,454	\$ 255,956	\$ 723,362

See Notes to Financial Statements.

UNITED WAY OF FRANKLIN COUNTY

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Changes in net assets	\$ 109,273	\$ (200,754)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	10,453	12,516
Net realized and unrealized (gains) losses on other investments	(74)	126
Change in cash surrender value of life insurance policy	(204)	(24)
Net realized and unrealized (gains) losses on endowment fund assets	(61,066)	149,030
Contribution of non financial asset	-	(107,234)
Net change in value on perpetual trust assets	(63,950)	97,352
Changes in assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	(18,373)	29,970
Program receivables	20,000	(9,935)
Prepaid expenses	(1,272)	2,528
(Decrease) increase in:		
Allocations and designations payable	(18,134)	(277)
Accounts payable	238	7,751
Accrued payroll and withholdings	546	1,303
Compensated absences	311	(150)
Net cash used in operating activities	(22,252)	(17,798)
Cash Flows From Investing Activities		
Proceeds from sale of endowment fund investments	183,834	-
Purchase of endowment fund investments	(206,215)	(28,187)
Distributions from endowments	20,000	-
Distributions from perpetual trusts	23,573	18,787
Net cash provided by (used in) investing activities	21,192	(9,400)
Net decrease in cash and cash equivalents	(1,060)	(27,198)
Cash and Cash Equivalents:		
Beginning	145,260	172,458
Ending	<u>\$ 144,200</u>	<u>\$ 145,260</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 173</u>	<u>\$ 160</u>

See Notes to Financial Statements.

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities: The United Way of Franklin County (Organization), was formed to effectuate and consolidate fundraising for those health, welfare, character-building and recreational agencies of Franklin County and which are institutional members of this Organization; to secure and provide funds to assist in the maintenance and operation of such agencies; to assist in the coordination of the work of the various social agencies; and to aid in the development of social welfare and recreational programs which shall be commensurate with the needs of the area. The Organization is governed by a volunteer Board of Directors consisting of individuals from the local community.

Basis of Presentation: The United Way of Franklin County's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as promulgated for not-for-profit organizations. Those standards require the Organization to report information regarding its financial position and activities according to the following classes of net assets:

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. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified in the Statements of Activities from net assets with donor restrictions to net assets without donor restrictions.

Use of Estimates: The preparation of the financial statements in conformity with U.S. GAAP 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 reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, accounts receivable and investments. The Organization maintains its cash deposits with high credit quality financial institutions that provide Federal Deposit Insurance Corporation (FDIC) coverage up to \$250,000 per institution. At December 31, 2023 and 2022, there were no bank balances which exceeded federally insured limits, or which are not federally insured.

The Organization's pledges and program receivables consist of unsecured amounts due from donors. The Organization records an allowance, when necessary, for potential losses.

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Cash and Cash Equivalents: For purposes of the Statements of Cash Flows, the Organization considers all short-term debt securities purchased with maturities of three months or less to be cash equivalents.

Investments: Investments in marketable securities are measured at fair value using quoted prices from national security exchanges. Investment income and losses (including gains and losses on investments, interest, and dividends) are included in the Statements of Activities as increases or decreases in net assets without donor restrictions unless the income or losses are restricted by donor or law.

Promises-to-Give: Unconditional promises-to-give are expected to be collected within one year and are recorded at net realizable value. An allowance for uncollectible pledges, when deemed necessary, is based on past collection experience and on current economic conditions.

Property and Equipment: Property and equipment are stated at cost less accumulated depreciation. Property and equipment costing over \$1,500 are capitalized. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Upon retirement or sale, the cost and accumulated depreciation of such assets are removed from the accounts, and any resulting gain or loss is included in the determination of changes in net assets. Expenditures for maintenance and repairs, which neither materially add to the value of property and equipment nor appreciably prolong their useful lives, are charged to expense as incurred.

Split-Interest Agreements: Gifts received under the terms of trust or other arrangements in which the Organization has a beneficial interest, but is not the sole beneficiary, are accounted for as split-interest agreements. Such agreements include perpetual trusts held by third parties, charitable-remainder trusts and charitable-gift annuities. The time periods covered by these agreements are expressed either as a specific number of years (or in perpetuity), or as an individual's remaining life or lives of individuals designated by the donor.

Under such arrangements, assets are invested and administered by the Organization, a trustee, or a fiscal agent, and distributions are made to beneficiaries during the term of the agreement. At the end of the agreement's term, remaining assets are distributed to or retained by either the Organization or another beneficiary.

Absent donor-imposed conditions, the Organization recognizes contribution revenue and related assets and liabilities when irrevocable split-interest agreements naming the Organization as trustee or fiscal agent are executed, or when the Organization is notified of agreements' existence as in cases where an unrelated third party (such as a bank) acts as Trustee.

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Split-Interest Agreements (Continued): Contribution revenues recognized under split-interest agreements are classified as increases in net assets without donor restrictions or net assets with donor restrictions based on donors' instructions in underlying agreements. During term of the agreement, changes in the value of split-interest agreements are recognized in the Statements of Activities as "change in the value of split-interest agreements" and classified as without donor restriction or with donor restriction based upon the classification when the contribution was initially recognized. Upon termination of the agreement, asset and liability accounts related to the split-interest agreement are closed and any remaining amounts are recognized as changes in the value of split-interest agreements and classified in the appropriate net asset categories.

Endowment Fund: The Organization has established the United Way Endowment Fund, which is maintained with a local financial services company, via an irrevocable trust agreement. The endowment consists of individual funds established to provide investment income for the Organization's operations. The endowment includes donor restricted contributions, the income from which is used to support the Organization's operations. Net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

The Commonwealth of Pennsylvania has not enacted a version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Relevant law for reporting of endowment funds is provided in Pa. C.S. Section 5548, *Investment of Trust Funds*. The Board of the United Way of Franklin County has interpreted the Commonwealth of Pennsylvania state law as requiring the preservation of the fair value of the original gift as of the gift of the donor restricted endowment fund absent explicit donor stipulations to the contrary.

The Organization classifies as net assets with donor restrictions the original value of gifts donated to the donor restricted endowment fund. Investment income from the donor restricted endowment fund is supported without donor restriction and available to support the operations of the Organization. Net appreciation on the donor restricted endowment fund is reported as a change in net assets without donor restriction.

The Organization considers several factors when making determinations to appropriate or accumulate donor restricted endowment funds. These factors include the duration and preservation of the fund, the mission of the Organization, the purpose of any donor restrictions, general economic conditions, the possible effects of inflation and deflation, the expected total returns from income and the appreciation of investments and other resources.

Endowment assets are invested consistent with an investment-policy statement monitored by the Board of Directors. To satisfy long-term rate-of-return objectives, the Organization relies on a long-term strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Endowment investments consist primarily of mutual funds with an allocation target of sixty/forty between equities and debt securities, respectively.

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Designations Payable: The Organization receives pledges that are donor designated for member and non-member agencies, for which the Organization does not have variance power. These contributions are distributed after they have been collected. In these instances, the United Way of Franklin County acts as an agent. The designations payable at December 31, 2023 and 2022, are presented in the Statements of Financial Position.

Compensated Absences: At year-end, the Organization accrued a liability for employees' unused vacation which was used within the first 30 days of the subsequent year. Employees may carry over unused paid time off (PTO) but must use the carryover within 30 days of the subsequent year. Unused PTO will be paid upon termination provided an employee has completed more than one year of employment and provides proper notification of resignation.

Revenue and Revenue Recognition: Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets without donor restriction. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. 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 reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as increases in net assets without donor restriction.

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

Donated Materials and Services: Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values upon receipt.

Contributed services are reported as contributions at fair value if such services create or enhance non-financial assets, would have been purchased if not provided by donation, require specialized skills and are provided by individuals possessing such specialized skills.

Advertising Expense: The Organization expenses advertising costs as incurred.

Allocations of Functional Expenses: The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, the Organization's expenses have been allocated among the programs and supporting services benefited. Such allocations are determined equitably by management.

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income Taxes: The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Consequently, the Organization will not incur any liability for Federal income tax, except for that arising from unrelated-business activities.

Management has assessed the Organization's exposure to income taxes at the entity level due to uncertain tax positions taken in current and previously filed tax returns. Examples of uncertain tax positions taken at the entity level include the continuing validity of the Organization's exempt status and the prospect of being subject to the Federal filing requirement arising from unrelated business activities. Presently, management believes that it is more likely than not that the Organization's tax positions will be sustained upon examination, including any appeals and litigation, and consequently, the Organization has no exposure to income tax liabilities arising from uncertain tax positions.

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 10, 2024, the date the financial statements were available to be issued.

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 2. Liquidity

Financial assets available for general expenditure; that is, without donor or other restrictions limiting their use; within one year of the Statements of Financial Position, comprise the following:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 144,200	\$ 145,260
Pledges receivable	64,707	46,334
Program receivables	-	20,000
Other investments	1,181	1,107
Cash surrender value of life insurance policy	5,396	5,192
Endowment funds	919,611	856,164
Beneficial interest in perpetual trusts	583,208	542,831
Total financial assets	<u>1,718,303</u>	<u>1,616,888</u>
Less amounts not available for use within one year:		
Net assets with donor restrictions:		
Endowment fund	518,622	485,071
Beneficial interest in perpetual trusts	583,208	542,831
Board designated portion of endowment fund	400,989	371,093
Financial assets not available for use within one year	<u>1,502,819</u>	<u>1,398,995</u>
Financial assets available to meet general expenditures within one year	<u>\$ 215,484</u>	<u>\$ 217,893</u>

United Way of Franklin County is funded in part by contributions from donors that contain restrictions. Those restrictions require that resources be used for certain purposes or in future periods. Therefore, the Organization must maintain adequate resources to meet those responsibilities to its donors, and as a result, certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due. The Organization invests its cash in excess of its daily needs in interest-bearing accounts and marketable securities. The Organization can also draw upon a \$100,000 line-of-credit (as discussed in Note 9).

Board designated net assets represent cash reserves established by the Organization's Board of Directors for future use. However, these reserves may be available currently if necessary.

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 3. Promises-to-Give

Included in pledges receivable are the following, unconditional promises-to-give:

	2023	2022
Pledges receivable within one year	\$ 110,151	\$ 92,711
Less: Allowance for uncollectible pledges	(45,444)	(46,377)
Pledges receivable, net of allowance for uncollectible pledges	<u>\$ 64,707</u>	<u>\$ 46,334</u>

Note 4. Property and Equipment

Property and equipment at December 31, 2023 and 2022, consist of the following:

	2023	2022
Land	\$ 43,000	\$ 43,000
Land improvements	5,048	5,048
Building and improvements	300,562	300,562
Equipment	55,345	56,858
	<u>403,955</u>	<u>405,468</u>
Less: accumulated depreciation	(174,818)	(165,878)
Property and equipment, net	<u>\$ 229,137</u>	<u>\$ 239,590</u>

Depreciation expense was \$10,453 and \$12,516 in 2023 and 2022, respectively.

Note 5. Life Insurance Policy

The Organization was the recipient of a restricted contribution from a former board member to purchase a life insurance policy on the lives of the donor and his wife. A one-time premium of \$7,055 was paid on the survivorship whole-life policy. The Organization is the owner of the policy but is only entitled to 20.00% of the death proceeds as the remainder is designated for other beneficiaries. Total cash value of the policy at December 31, 2023 and 2022, was \$26,891 and \$25,962, respectively, of which 20.00%, or \$5,396 and \$5,192, respectively, was recorded as an asset on the Statements of Financial Position.

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 6. Beneficial Interest in Perpetual Trusts

The Organization is the beneficiary of several perpetual trusts which are administered by third-party trustees. Under the terms of these arrangements, the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity, but the Organization will never receive the assets held in trust. None of the underlying trust agreements place any restrictions on the use of the income. The Organization has recorded its beneficial interest in these trusts at the fair values of the trusts' assets on the dates that the Organization was notified of the trusts' existence. The contributions have been recognized as support with donor restrictions. Distributions from the trusts are reported as contributions without donor restrictions. Increases and decreases in the fair values of the trusts' assets are recognized as gains or losses with donor restrictions. The Organization's proportionate share of the fair value of the trusts' assets totaled \$583,208 and \$542,831 at December 31, 2023 and 2022, respectively. Income from the perpetual trusts for the years ended December 31, 2023 and 2022, consists of the following:

	2023	2022
Gross unrealized (losses) gains	\$ 63,950	\$ (97,352)
Contribution of non financial asset	-	107,234
Less distributions	(23,573)	(18,787)
Net change in value	<u>\$ 40,377</u>	<u>\$ (8,905)</u>

Note 7. Endowment Fund

Endowment fund investments at December 31, 2023 and 2022, consist of the following:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Money market account	\$ 35,361	\$ 35,360	\$ 56,512	\$ 56,512
Mutual funds and ETFs - fixed income	357,856	398,302	334,540	395,160
Mutual funds and ETFs - equities	526,394	411,654	465,112	388,287
	<u>\$ 919,611</u>	<u>\$ 845,316</u>	<u>\$ 856,164</u>	<u>\$ 839,959</u>

Endowment funds by net asset classification are as follows at December 31, 2023 and 2022:

	2023	2022
Without donor restrictions - Board designated	\$ 400,989	\$ 371,093
With donor restrictions	518,622	485,071
	<u>\$ 919,611</u>	<u>\$ 856,164</u>

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 7. Endowment Fund (Continued)

Changes in endowment net assets for the year ended December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 371,093	\$ 485,071	\$ 856,164
Investment Returns			
Investment income	30,971	-	30,971
Realized gain (loss)	1,851	-	1,851
Unrealized gain (loss)	25,664	33,551	59,215
Trustee commission	(8,590)	-	(8,590)
Net investment income	<u>49,896</u>	<u>33,551</u>	<u>83,447</u>
Distributions for operations	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
Endowment net assets, end of year	<u>\$ 400,989</u>	<u>\$ 518,622</u>	<u>\$ 919,611</u>

Changes in endowment net assets for the year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 404,636	\$ 572,371	\$ 977,007
Investment Returns			
Investment income	32,014	-	32,014
Realized gain (loss)	(3)	-	(3)
Unrealized gain (loss)	(61,727)	(87,300)	(149,027)
Trustee commission	(3,827)	-	(3,827)
Net investment income	<u>(33,543)</u>	<u>(87,300)</u>	<u>(120,843)</u>
Endowment net assets, end of year	<u>\$ 371,093</u>	<u>\$ 485,071</u>	<u>\$ 856,164</u>

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 8. Fair Value Measurements

The Organization follows the provisions of FASB's Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and liabilities. ASC 820 defines fair value as 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.

The Organization's financial assets that are recorded at fair value consist of investments in marketable securities, cash value of a life insurance policy, endowment fund investments and beneficial interests in perpetual trusts. The Organization's financial liabilities consist of obligations under trust and annuity agreements which approximate the liabilities' fair values. The Organization has no non-financial assets or liabilities that are recognized and disclosed at their fair values.

ASC 820 establishes a three-level, fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on other significant, observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable, market data for substantially the assets' full terms.

Level 3: Fair values are calculated by using price models and/or discounted, cash flow methodologies, and may require significant, management judgment or estimation. These methodologies may result in significant portions of the fair values being derived from unobservable data.

The following are descriptions of the valuation methodology used for assets measured at fair value. There have been no changes in the valuation methods.

- Common stock and mutual funds are principally valued at the regular trading-session-closing price on the exchange or market in which such funds are traded.
- Equity (stock) funds listed or traded on any national market or exchange are valued at the last sales price as of the close of the securities exchange on which such securities are traded.
- Fixed income (bond) funds, other than money market instruments, are generally valued at the most recent bid price of the equivalent quoted yield for such securities (or those of comparable maturity, quality and type).
- Cash surrender value of life insurance policy is based on contract value per the insurance contract.
- Endowment funds are valued based on the aggregate value of individual marketable securities held by the fund.
- Perpetual trusts are valued based on the percentage of beneficial interest of the respective assets held by the trust as provided by the Trustees.

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 8. Fair Value Measurements (Continued)

The following tables set forth, by level within the fair value hierarchy, the Organization's financial assets at fair value as of December 31, 2023 and 2022:

Financial Assets at Fair Value as of December 31, 2023

	Level 1	Level 2	Level 3	Total
Investments				
Equity funds	\$ 567	\$ -	\$ -	\$ 567
Bond funds	614	-	-	614
Endowment Fund				
Money market account	35,361	-	-	35,361
Mutual funds - fixed income	526,394	-	-	526,394
Mutual funds - equities	292,945	64,911	-	357,856
Cash surrender value of life insurance policy	-	5,396	-	5,396
Perpetual trusts	-	-	583,208	583,208
	<u>\$ 855,881</u>	<u>\$ 70,307</u>	<u>\$ 583,208</u>	<u>\$ 1,509,396</u>

Financial Assets at Fair Value as of December 31, 2022

	Level 1	Level 2	Level 3	Total
Investments				
Equity funds	\$ 520	\$ -	\$ -	\$ 520
Bond funds	587	-	-	587
Endowment Fund				
Money market account	56,512	-	-	56,512
Mutual funds - fixed income	465,112	-	-	465,112
Mutual funds - equities	266,827	67,713	-	334,540
Cash surrender value of life insurance policy	-	5,192	-	5,192
Perpetual trusts	-	-	542,831	542,831
	<u>\$ 789,558</u>	<u>\$ 72,905</u>	<u>\$ 542,831</u>	<u>\$ 1,405,294</u>

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 8. Fair Value Measurements (Continued)

The table below sets forth a summary of changes in the fair values of the Organization's perpetual trusts (Level 3 assets) for the years ended December 31, 2023 and 2022:

	2023	2022
Balance - January 1,	\$ 542,831	\$ 551,736
Realized and unrealized gains (losses)	40,377	(116,139)
Contribution of non financial asset	-	107,234
Investment income	23,573	18,787
Distribution of investment income	(23,573)	(18,787)
Balance - December 31,	<u>\$ 583,208</u>	<u>\$ 542,831</u>

Note 9. Line-of-Credit

The Organization has a \$100,000 unsecured line-of-credit agreement with M&T Bank. Advances on the line are payable on demand and require monthly interest payments. At December 31, 2023, the interest rate is 10.00%. At December 31, 2023 and 2022, the Organization had NO outstanding balances on the line-of-credit. There was no Interest expense related to this line-of-credit for the years ended December 31, 2023 and 2022, respectively.

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 10. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2023 and 2022, consist of the following:

	2023	2022
Subject to expenditure for specified purpose:		
EITC funding	\$ 4,121	\$ 20,121
Sponsorships for specific future programs/events	5,165	69,228
COVID-19 relief campaign	615	615
Roof campaign	532	532
Whole home repairs grant	28,192	-
Subject to the passage of time:		
Promises to give that are unavailable until due	39,149	23,291
Not subject to spending policy or appropriation:		
Beneficial interests in perpetual trusts	583,208	542,831
Endowments:		
Permanently restricted to endowment by donors	518,623	485,072
	<u>\$ 1,179,605</u>	<u>\$ 1,141,690</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Satisfaction of purpose restrictions:		
EITC	\$ 25,000	\$ 10,250
Sponsorships for specific programs/events	69,228	27,588
Total satisfaction of purpose restrictions	94,228	37,838
Satisfaction of time restrictions:		
Promises to give that were unavailable until due	432,450	468,467
Total satisfaction of restrictions	<u>\$ 526,678</u>	<u>\$ 506,305</u>

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 11. In-Kind Contributions

The Organization receives various non-cash donations for use at fundraising events, or for distribution to those in need. These donations are recorded at fair market value at the date they are received. In-kind contributions for the years ended December 31, 2023 and 2022, consist of the following:

	2023	2022
Contributions		
Materials	\$ 48,701	\$ 48,435
Advertising	1,975	2,015
Supplies	-	6,373
Network	3,500	-
	<u>\$ 54,176</u>	<u>\$ 56,823</u>
Expenses		
Donated materials and supplies	\$ 48,701	\$ 48,435
Advertising	1,975	2,015
Special event supplies	-	6,373
Network	3,500	-
	<u>\$ 54,176</u>	<u>\$ 56,823</u>

For the years ended December 31, 2023 and 2022, donated materials and supplies include 600 and 582 pounds of goods, respectively, donated during the Organization's annual food drive. The donated food were valued at \$1.73 per pound, as provided by Food Rescue US, and the donated personal care items were valued based on the Salvation Army's Donation Value Guide.

Numerous volunteers have donated service hours to the Organization; however, these service hours are not reported in the financial statements as they do not require specialized skills.

The Organization is in a unique position to connect agencies with people and organizations that have items to donate. In these circumstances the Organization serves as an intermediary. The values of in-kind donations where the organization services as intermediary are not recognized as contributions by the Organization.

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

UNITED WAY OF FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 12. Pension Plan

The Organization sponsors a SIMPLE IRA Plan for employees who receive at least \$5,000 of calendar year compensation. Under the Plan, the Organization makes matching contributions up to 3.00% of eligible employees' compensation. Matching contributions to the Plan were \$6,119 and \$4,759, for 2023 and 2022, respectively.

Note 13. Commitments and Contingencies

The Organization strives to distribute the maximum amount of gross campaign pledges to member agencies. Factors impacting that amount are uncollected pledges, donor designations and costs of administration and fundraising. Annually, management determines the allocation to member agencies and makes written commitments establishing the support they will receive for the following calendar year. Allocations payable at December 31, 2023 and 2022, are \$159,950 and \$170,000, respectively.

The Organization relies on community donations; consequently, the Organization may experience substantial support reductions if severe local economic conditions arise.

Note 14. Dues to United Way Worldwide and United Way of Pennsylvania

For the right to use the logo and related United Way services, the Organization paid dues of one cent per each campaign dollar raised to the United Way Worldwide (UWWW). UWWW provides access to training, national radio and television advertisements and the NFL partnership and promotion. The Organization paid \$7,575 and \$10,454 in dues to the UWWW for the years ended December 31, 2023 and 2022, respectively.

Voluntary dues are paid to United Way of Pennsylvania for representation before the state legislature in Harrisburg. United Way of Pennsylvania has taken the lead in several state-wide initiatives of great local importance such as the "2-1-1" line for information/referral. The Organization paid \$3,150 and \$3,150 in dues to the United Way of Pennsylvania for the years ended December 31, 2023 and 2022, respectively.