

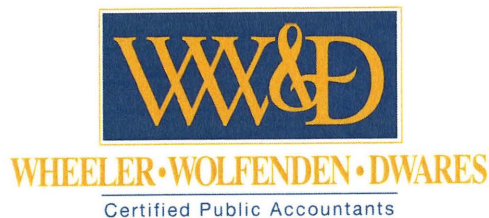
UNITED WAY OF CHESTER COUNTY, INC.

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

June 30, 2020 and 2019

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
United Way of Chester County, Inc.  
Exton, Pennsylvania

We have audited the accompanying financial statements of United Way of Chester County, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

### **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.

### **Auditors' Responsibility**

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

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

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

To the Board of Directors  
United Way of Chester County, Inc.

### **Opinion**

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Chester County, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of campaign revenue, allocations to partner agencies, and schedule of COVID 19 distributions are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script, reading "William E. G. Anderson, CPA", is written over a horizontal line.

October 1, 2020  
Wilmington, Delaware



UNITED WAY OF CHESTER COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	ASSETS	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 747,387	\$ 824,722
Certificates of deposit	547,262	535,851
Pledges receivable – net	642,626	668,806
Office equipment and furniture – net	8,259	1,246
Security deposits	5,355	5,355
TOTAL ASSETS	<u>\$ 1,950,889</u>	<u>\$ 2,035,980</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Allocations payable to partner agencies	\$ 264,000	\$ 1,060,000
Donor designated contributions payable	148,489	269,404
Accounts payable and accrued expenses	11,001	3,677
Escheat reserves	1,287	1,067
Deferred leadership program fees	41,237	42,095
Payroll protection program loan	136,900	-
Total liabilities	602,914	1,376,243
NET ASSETS		
Without donor restrictions	1,139,531	617,999
With donor restrictions	208,444	41,738
Total net assets	<u>1,347,975</u>	<u>659,737</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,950,889</u>	<u>\$ 2,035,980</u>

The accompanying notes are an integral part of these financial statements.

## UNITED WAY OF CHESTER COUNTY, INC.

## STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Campaign revenue	\$ 3,004,090	\$ 208,444	\$ 3,212,534
Less: amounts designated by donors for specific organizations	(507,033)	-	(507,033)
Less: provision for uncollectible pledges	(138,123)	-	(138,123)
Net campaign revenue	2,358,934	208,444	2,567,378
Meetings and events	3,994	-	3,994
Leadership training – administrative revenue	46,908	-	46,908
Leadership training – program fees	20,258	-	20,258
Interest income	18,372	-	18,372
Service fees	49,497	-	49,497
Special events	50,558	-	50,558
Other income	41,599	-	41,599
	2,590,120	208,444	2,798,564
Net assets released from restrictions			
Satisfaction of purpose restrictions	41,738	(41,738)	-
Total support and revenue	2,631,858	166,706	2,798,564
<b>OPERATIONAL EXPENSES</b>			
Program services			
Allocations and special distributions			
Allocations to agencies and other United Ways	771,033	-	771,033
Less: allocations funded through contributor designations	(507,033)	-	(507,033)
Net allocations	264,000	-	264,000
COVID 19 special distribution	622,758	-	622,758
Other special distributions and projects	148,336	-	148,336
Total allocations and special distributions	1,035,094	-	1,035,094
Agency relations and community development	403,528	-	403,528
Community engagement	162,178	-	162,178
Supporting services			
Fundraising	225,807	-	225,807
Management and administrative	152,630	-	152,630
Leadership training / meetings and events	84,775	-	84,775
Total allocations and operating expenses	2,064,012	-	2,064,012
OPERATING INCOME (LOSS)	567,846	166,706	734,552
<b>NON-OPERATING REVENUE (EXPENSE)</b>			
Agency allocation adjustments	4,000	-	4,000
Donor events	(27,200)	-	(27,200)
Contract services	(23,114)	-	(23,114)
Total non-operating expense	(46,314)	-	(46,314)
Change in net assets	521,532	166,706	688,238
Net assets – beginning of year	617,999	41,738	659,737
Net assets – end of year	\$ 1,139,531	\$ 208,444	\$ 1,347,975

The accompanying notes are an integral part of these financial statements.

2019		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 2,705,415	\$ 41,738	\$ 2,747,153
(648,508)	-	(648,508)
(143,517)	-	(143,517)
<u>1,913,390</u>	<u>41,738</u>	<u>1,955,128</u>
4,141	-	4,141
22,000	-	22,000
29,980	-	29,980
26,406	-	26,406
49,832	-	49,832
74,551	-	74,551
16,288	-	16,288
<u>2,136,588</u>	<u>41,738</u>	<u>2,178,326</u>
<u>75,786</u>	<u>(75,786)</u>	<u>-</u>
2,212,374	(34,048)	2,178,326
1,708,508	-	1,708,508
(648,508)	-	(648,508)
<u>1,060,000</u>	<u>-</u>	<u>1,060,000</u>
-	-	-
<u>185,387</u>	<u>-</u>	<u>185,387</u>
1,245,387	-	1,245,387
395,207	-	395,207
184,641	-	184,641
228,642	-	228,642
164,379	-	164,379
90,531	-	90,531
<u>2,308,787</u>	<u>-</u>	<u>2,308,787</u>
(96,413)	(34,048)	(130,461)
499	-	499
(37,336)	-	(37,336)
(27,161)	-	(27,161)
<u>(63,998)</u>	<u>-</u>	<u>(63,998)</u>
(160,411)	(34,048)	(194,459)
<u>778,410</u>	<u>75,786</u>	<u>854,196</u>
<u>\$ 617,999</u>	<u>\$ 41,738</u>	<u>\$ 659,737</u>

UNITED WAY OF CHESTER COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2020 and 2019

	2020				
	Program Services - Non allocation		Supporting Services		Total
	Agency Relations and Community Development	Community Engagement	Fundraising	Management and Administrative	
EXPENSES					
Salaries	\$ 237,438	\$ 95,427	\$ 132,866	\$ 72,190	\$ 537,921
Payroll taxes	19,781	7,950	11,069	6,014	44,814
Employee benefits	43,278	17,394	24,218	13,157	98,047
	<u>300,497</u>	<u>120,771</u>	<u>168,153</u>	<u>91,361</u>	<u>680,782</u>
Bank fees	1,604	644	897	488	3,633
Call center	10,295	4,138	5,761	3,129	23,323
Computer supplies and consulting	14,959	6,012	8,371	4,548	33,890
Conferences, travel and parking	4,296	1,726	2,404	1,306	9,732
Depreciation	383	154	214	116	867
Dues – United Way Worldwide	-	-	-	29,944	29,944
Insurance	4,039	1,623	2,260	1,228	9,150
Membership dues	3,612	1,452	2,021	1,099	8,184
Office expense	3,165	1,272	1,771	963	7,171
Other	326	131	182	99	738
Postage	2,069	832	1,158	629	4,688
Printing and supplies	12,879	5,176	7,207	3,915	29,177
Processing fees	27	11	15	9	62
Professional fees	8,192	3,292	4,584	2,490	18,558
Rent and occupancy	29,801	11,977	16,676	9,061	67,515
Resource Development Outsourcing	3,934	1,581	2,202	1,196	8,913
Service agreements	1,471	591	823	447	3,332
Utilities	1,979	795	1,108	602	4,484
Total expenses	<u>\$ 403,528</u>	<u>\$ 162,178</u>	<u>\$ 225,807</u>	<u>\$ 152,630</u>	<u>\$ 944,143</u>

The accompanying notes are an integral part of these financial statements.

2019

Program Services - Non allocating		Supporting Services		
Agency Relations and Community Development	Community Engagement	Fundraising	Management and Administrative	Total
\$ 225,004	\$ 105,636	\$ 130,322	\$ 73,362	\$ 534,324
19,299	9,061	11,178	6,293	45,831
39,890	18,728	23,104	13,005	94,727
<u>284,193</u>	<u>133,425</u>	<u>164,604</u>	<u>92,660</u>	<u>674,882</u>
1,706	801	988	557	4,052
-	-	-	-	-
17,852	8,381	10,340	5,821	42,394
7,467	3,506	4,325	2,435	17,733
286	134	166	94	680
-	-	-	35,809	35,809
4,074	1,913	2,360	1,328	9,675
1,486	698	861	485	3,530
2,499	1,173	1,448	815	5,935
22	10	13	8	53
3,285	1,542	1,903	1,071	7,801
21,057	9,886	12,196	6,866	50,005
173	81	100	57	411
7,245	3,401	4,196	2,363	17,205
27,603	12,959	15,987	9,000	65,549
13,347	5,364	7,469	4,059	30,239
1,458	684	844	476	3,462
<u>1,454</u>	<u>683</u>	<u>842</u>	<u>475</u>	<u>3,454</u>
<u>\$ 395,207</u>	<u>\$ 184,641</u>	<u>\$ 228,642</u>	<u>\$ 164,379</u>	<u>\$ 972,869</u>

UNITED WAY OF CHESTER COUNTY, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors	\$ 2,504,639	\$ 1,925,592
Cash received from other sources	212,814	214,962
Interest received	18,372	26,406
Cash paid to local agencies	(2,603,128)	(2,081,586)
Cash paid to employees and suppliers	<u>(327,641)</u>	<u>(492,031)</u>
Net cash provided (utilized) by operating activities	(194,944)	(406,657)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(11,411)	(10,144)
Purchase of equipment	<u>(7,880)</u>	<u>-</u>
Net cash utilized by investing activities	(19,291)	(10,144)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from payroll protection program loan	<u>136,900</u>	<u>-</u>
Net cash provided by financing activities	<u>136,900</u>	<u>-</u>
Net decrease in cash and cash equivalents	(77,335)	(416,801)
Cash and cash equivalents – beginning of year	<u>824,722</u>	<u>1,241,523</u>
Cash and cash equivalents – end of year	<u><u>\$ 747,387</u></u>	<u><u>\$ 824,722</u></u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

United Way of Chester County, Inc. (the Organization) was incorporated on October 9, 1944, as a Pennsylvania not-for-profit organization. The Organization is governed by a volunteer Board of Directors. The Organization's mission is to unite people and mobilize resources to build better lives and stronger communities.

The Organization conducts annual campaigns to raise support for grants to partner agencies and other not-for-profit agencies designated by donors. Partner agencies are health and social service organizations that have met the multi-year application and evaluation process. The Organization also performs community referral and public education services on behalf of Chester County not-for-profit health and human services agencies. The Organization's revenues are from contributions and processing fees.

United Way of Chester County, Inc. maintains a voluntary affiliation with the United Way Worldwide, which provides research, marketing and education services to local United Ways. The Organization will remain 100% in compliance with all United Way Worldwide Standards of Excellence.

2. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations. Consequently, revenue and gains are recognized when earned, and expenses and losses are recognized when incurred.

3. Financial Statement Presentation

In accordance with ASC 958, *Not-for-Profit Entities*, the Organization is required to report information regarding its financial position and activities according to the following net asset classifications:



NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Financial Statement Presentation (Continued)

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed stipulations 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 board of directors.

**Net assets with donor restrictions:** Net assets subject to donor-imposed stipulations. 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, where by the donor has stipulated the funds be maintained in perpetuity.

4. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America includes the use of estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could vary from the estimates that were used.

5. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with original maturities of three months or less that present insignificant risk of change in value to be cash equivalents. Cash and cash equivalents includes funds in the Organization's checking, savings and money market accounts.

6. Pledges Receivable and Conditional Support Receivable

Pledges receivable are recognized as revenue in the period the pledge is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contribution revenue. Conditional support receivable is not included as support until the conditions on which they depend are substantially met.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Office Equipment and Furniture

Office equipment and furniture are stated at cost. The Organization's capitalization threshold is \$2,500. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives, ranging from 3 to 7 years. Additions with a cost value of less than \$2,500 are expensed. Maintenance and repairs not considered renewals or betterments are charged to expense as incurred. Upon sale or retirement, the costs of the assets and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is included in income.

8. Contributions

Contributions received are recorded as with or without donor restrictions, depending on the existence and / or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 statement of activities as net assets released from restrictions.

Long-lived assets acquired with gifts of cash restricted for those acquisitions are reported as with or without donor restrictions depending on whether there is an explicit, donor-imposed time requirement as to how long the assets must be maintained. Absent donor stipulations, the Organization records these gifts as net assets without donor restrictions. Long-lived assets are reported as net assets with donor restrictions only if the Organization must maintain the assets in perpetuity or if the donor explicitly restricts the proceeds from any future disposition of the assets to reinvestment in long-lived assets.

9. In-kind Support

The Organization recognizes contributed professional services if the services received (1) create or enhance non-financial assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets and materials are recognized at fair market value when received. The Organization also receives a significant amount of skilled, contributed time, primarily from the Board of Directors, which does not meet either of the two criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, the expenses directly related to each program and supporting service are combined with certain common costs of the Organization which have been allocated primarily based on the time spent on each function and on estimates made by management. The expenses that are allocated include salaries and wages, benefits, payroll taxes, computer supplies and consulting, and printing and supplies, which are allocated on a basis of time and effort.

11. Operating and Non-operating Classifications

Support, revenue and expenses are classified in the statement of activities as operating and non-operating. The operating classification includes campaign revenue, leadership training, special events, interest and service fee income, and other income and expenses of operating the Organization. The non-operating classification includes expenses not related to operating the Organization.

12. Income Taxes

United Way of Chester County, Inc. is exempt from federal income tax under Section 501(c)(3) of the *Internal Revenue Code* and has been classified as a publicly supported organization. The Organization has been classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, donors qualify for the maximum charitable deduction allowed by the *Internal Revenue Code*.

The Organization adheres to ASC 740-10, *Income Tax*, as it relates to uncertain tax positions. Management has reviewed its current and past federal income tax positions and has determined, based on clear and unambiguous tax law and regulations, that the tax positions taken are certain and that there is no likelihood that a material tax assessment would be made if a respective government agency examined tax returns subject to audit. Accordingly, no provision for the effects of uncertain tax positions has been recorded.

Currently, the 2016, 2017 and 2018 tax years are open and subject to examination by the Internal Revenue Service and the Commonwealth of Pennsylvania. However, the Organization is not currently under audit nor has the Organization been contacted by either jurisdiction. Interest and penalties related to income taxes are included in income tax expense when incurred.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

14. New Accounting Pronouncement

Effective July 1, 2019, the Corporation retrospectively changed its accounting method for revenue recognition as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers. The new revenue recognition guidance requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for those goods or services. The Corporation adopted the requirements of the new revenue recognition guidance as of July 1, 2019, utilizing the full retrospective transition method. The effect of this change had no effect on the Corporation's financial statements.

15. Subsequent Events

In March 2020, the Director General of the World Health Organization declared COVID-19 a pandemic. We are still processing the impact COVID-19 may have on our business, but there can be no assurance that this analysis will enable us to avoid part or all of any impact from the spread of COVID-19 or its consequences, including downturns in business sentiment generally. The extent to which the COVID-19 pandemic and global efforts to contain its spread will impact our operations will depend on future developments, which are highly uncertain and cannot be predicted at this time, and includes the duration, severity, and scope of the pandemic and the actions taken to contain or treat the COVID-19 pandemic.

United Way of Chester County, Inc. has evaluated subsequent events through October 1, 2020, which is the date the financial statements were available to be issued.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at June 30:

	2020	2019
Cash	\$ 255,884	\$ 79,326
Money market	491,503	745,396
Total	<u>\$ 747,387</u>	<u>\$ 824,722</u>

## NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets as of June 30:

	2020	2019
Financial assets at year end		
Cash and Cash Equivalents	\$ 747,387	\$ 824,722
Certificates of deposits	547,262	535,851
Pledges receivable - net	642,626	668,806
Total	<u>1,937,275</u>	<u>2,029,379</u>
Less amounts not available to be used within one year		
Board designated endowment	24,371	79,713
Net assets with donor restrictions	208,444	41,738
Less net assets with purpose restrictions to be met in less than one year	(208,444)	(41,738)
Total	<u>24,371</u>	<u>79,713</u>
Financial Assets available to meet general expenditure over the next twelve months	\$ <u>1,912,904</u>	\$ <u>1,949,666</u>

## NOTE D – PLEDGES RECEIVABLE AND PROVISION FOR UNCOLLECTIBLE PLEDGES

Pledges receivable consist of amounts due to the Organization for its annual campaigns and special events. All pledges receivable are due in less than one year. Pledges receivable consisted of the following at June 30:

	2020	2019
2019 – 2020	\$ 745,779	\$ -
2018 – 2019 campaign	31,179	777,736
2017 – 2018 campaign	36,423	47,850
2016 – 2017 campaign	-	52,371
Special events	6,000	3,000
	<u>819,381</u>	<u>880,957</u>
Less: provision for uncollectible pledges		
2019 – 2020	(109,153)	-
2018 – 2019	(31,179)	(111,930)
2017 – 2018	(36,423)	(47,850)
2016 – 2017	-	(52,371)
	<u>(176,755)</u>	<u>(212,151)</u>
Pledges receivable – net	\$ <u>642,626</u>	\$ <u>668,806</u>

NOTE D – PLEDGES RECEIVABLE AND PROVISION FOR UNCOLLECTIBLE PLEDGES  
(CONTINUED)

The provision for uncollectible pledges is an estimate of the amount of outstanding pledges that will not be collected. The provision for uncollectible pledges is estimated by management and based on historical trends as well as current economic factors. The provision is applied against the current year gross campaign, including donor designations, and applied to the remaining outstanding pledges of prior years' campaigns.

The following is an analysis of the provision activity for the years ended June 30:

	2020	2019
Balance – beginning	\$ 212,151	\$ 346,515
Provision for uncollectible pledges	109,153	111,930
Pledges written off	(88,863)	(163,157)
Collection of pledges previously reserved	(55,686)	(83,137)
Balance – ending	<u>\$ 176,755</u>	<u>\$ 212,151</u>

NOTE E – OFFICE EQUIPMENT AND FURNITURE

Office equipment and furniture consisted of the following at June 30:

	2020	2019
Furniture	\$ 18,422	\$ 10,541
Equipment	7,806	7,806
Computer software	55,920	55,920
Computer hardware	6,500	6,500
	<u>88,648</u>	<u>80,767</u>
Less: accumulated depreciation	(80,389)	(79,521)
Office equipment and furniture – net	<u>\$ 8,259</u>	<u>\$ 1,246</u>

Depreciation expense amounted to \$867 and \$680 for the years ended June 30, 2020 and 2019, respectively.

NOTE F – LINE OF CREDIT

The Organization has an unsecured bank line of credit with a limit of \$250,000, due on demand. Interest is payable monthly at the *Wall Street Journal*'s prime floating rate, with a floor of 4.75%. The line of credit has been extended to January 30, 2021. At June 30, 2020 and 2019, the Organization had no borrowings against the line of credit, and no interest was paid or incurred. The interest rate in effect on the line of credit was 4.75% and 5.50% for the years ended June 30, 2020 and 2019, respectively.

Subsequent to June 30, 2020 and prior to October 1, 2020, there were no draws or repayments on the line of credit.

## NOTE G – NET ASSETS

Net assets with donor restrictions are available for the following purpose as of June 30:

	2020	2019
Specific Purpose		
COVID-19 relief fund	\$ 185,600	\$ -
Mobile home project	17,844	-
Pre-K EITC	5,000	-
Financial Stability	-	41,738
	<u>\$ 208,444</u>	<u>\$ 41,738</u>

Net assets without donor restrictions are available for the following purpose as of June 30:

	2020	2019
Unrestricted – undesignated	\$ 1,115,160	\$ 538,286
Unrestricted – board-designated – financial stability	24,371	79,713
Total	<u>\$ 1,139,531</u>	<u>\$ 617,999</u>

Net assets released from net assets with donor restrictions are as of June 30:

	2020	2019
Satisfaction of Purpose Restrictions		
Financial Stability	<u>\$ 41,738</u>	<u>\$ 75,786</u>

The 2020 increase in net assets without donor restrictions is directly related to a change in how community impact grant funding is accounted for under a new investment model. Historically, the organization made commitments to agencies that covered an entire year. With the uncertainty of fund raising in the COVID 19 era the change has been made to shorten term funding commitments, typically three months at a time. As a result, “Allocations payable to partner agencies” is reduced, and “Net assets without donor restrictions” is increased proportionately. The organization continues to assess and evaluate its financial commitments and strategy, and will make adjustments as necessary as the full impact of the pandemic on fund raising is evaluated.

## NOTE H – RETIREMENT PLANS

The Organization sponsors a tax-deferred annuity plan under *Internal Revenue Code* Section 403(b), covering all eligible employees, whereby individual contracts with an insurance company are purchased for all full-time employees meeting certain service requirements. Employee contributions are voluntary. The Organization contributes monthly to the plan based on 10% of each qualified employee’s regular annual salary. The total value of the employees’ accounts is vested over five years. Pension expense for the years ended June 30, 2020 and 2019, was \$41,624 and \$36,922, respectively.



## NOTE I – OPERATING LEASES

In 2017, the Organization entered into a five-year and three month lease for a new office space. The lease commenced August 1, 2017, and expires October 31, 2022.

In May 2016, the Organization entered into a five-year operating lease for a postage machine. The lease expires in August 2021. The lease is non-renewable and the organization has an option to purchase the machine at the end of the agreement.

In June 2020, the Organization entered into a five-year operating lease for a new copier. The lease expires in May 2025. At the end of the lease, the Organization has the option to purchase the copier, continue leasing the machine on a month to month basis, or return the machine.

Rent and occupancy expense was \$67,515 and \$65,549 for the years ended June 30, 2020 and 2019, respectively.

Future minimum rental payments under operating leases are as follows for the years ending June 30:

2021	\$	72,645
2022		73,315
2023		25,670
2024		1,560
2025		1,430
Total	\$	<u>174,620</u>

## NOTE J – RELATED PARTY TRANSACTIONS

In 2020 and 2019, one Board member was affiliated with an agency receiving an allocation. The total amount of allocation to the agency for the years ended June 30, 2020 and 2019, was \$3,750 and \$15,000, respectively.

During the years ended June 30, 2020 and 2019, the Organization maintained checking, money market and investment accounts at two financial institutions where members of the Board are employed as Vice Presidents. At June 30, 2020 and 2019, the value of these accounts was \$756,711 and \$814,117, respectively.

## NOTE K – CONCENTRATIONS OF CREDIT RISK

The Federal Deposit Insurance Corporation's insured limit is \$250,000 per depositor. At times, account balances may exceed federally insured limits. The amount of credit exposure in excess of federally insured limits for cash and cash equivalents and certificates of deposit at June 30, 2020 and 2019, was \$569,919 and \$613,237, respectively. Unless noted otherwise, the Organization does not require collateral or other security to support financial instruments with credit risks.

## NOTE L – NOTES PAYABLE

In April 2020, the organization received a loan under the payroll protection program. No payments are due on the loan until November 2020. The interest rate is 1%, and the loan matures in April 2022. The balance on the loan as of June 30, 2020 was \$136,900. A portion, or all of the loan amount may be forgiven if the organization meets specific requirements detailed in the loan documents. The Organization expects the entire amount to be forgiven.

## NOTE M – FAIR VALUE OF ASSETS AND LIABILITIES

The Organization adheres to accounting standards on *Fair Value Measurements and Disclosures*. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of fair value are as follows:

- Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 – Inputs that are unobservable, including those that are not derived from market data or which cannot be corroborated by market data. The determination of fair value for investments included in the Level 3 category requires considerable subjectivity and estimation.

### Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis include pledges receivable, which are considered significantly unobservable inputs (Level 3). The fair value at June 30, 2020 and 2019, was \$642,626 and \$668,806, respectively. Fair value for unconditional promises to give is determined by the amount of contributions due to the Organization at year end.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

July 1, 2018	\$	728,621
New promises received		3,082,297
Payments received against outstanding promises		(3,007,748)
Change in provision for uncollectible promises		<u>(134,364)</u>
June 30, 2019		668,806
New promises received		3,617,099
Payments received against outstanding promises		(3,607,883)
Change in provision for uncollectible promises		<u>(35,396)</u>
June 30, 2020	\$	<u><u>642,626</u></u>

## NOTE N – SPECIAL EVENTS

During years ended June 30, 2020 and 2019, the Organization sponsored one and two events, respectively, to raise funds.

The first event, Live United in Music, raised \$66,950 and \$71,775, in proceeds and corporate sponsorship for the years ended June 30, 2020 and 2019, respectively. The expense of the event totaled \$43,592, including \$27,200 in in-kind donations, and \$44,960, including \$32,736 in in-kind donations, for the years ended June 30, 2020 and 2019, respectively.

The second event, Color 5K Run / Walk, collected \$20,971 in race fees, donations, and corporate sponsorship for the year ended June 30, 2019. Expenses totaled \$10,546, including \$4,600 in in-kind donations, for the year ended June 30, 2019.

During years ended June 30, 2020 and 2019, the Organization received in-kind income of \$27,200 and \$37,336, respectively.

For the years ended June 30, the net proceeds from the special events were as follows:

	2020	2019
Proceeds from special events	\$ 50,558	\$ 74,551
In-kind donations	27,200	37,336
Gross margin	77,758	111,887
Other event expenses	(27,200)	(37,336)
Net proceeds from special events	<u>\$ 50,558</u>	<u>\$ 74,551</u>

## SUPPLEMENTARY INFORMATION

UNITED WAY OF CHESTER COUNTY, INC.

SCHEDULES OF CAMPAIGN REVENUE

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Campaign revenue – publicly announced	\$ 3,617,099	\$ 3,082,297
Contributions received on past campaigns	55,686	83,137
Less: campaigns managed by United Way of Chester County, Inc. and collected / distributed by other entities	(433,560)	(396,352)
Less: contributions received from special events	(66,950)	(92,721)
Contributions in-kind used for United Way programs	<u>40,259</u>	<u>70,792</u>
Total campaign revenue	\$ <u><u>3,212,534</u></u>	\$ <u><u>2,747,153</u></u>

UNITED WAY OF CHESTER COUNTY, INC.

SCHEDULES OF ALLOCATIONS TO PARTNER AGENCIES

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Allocations to partner agencies		
Big Brothers / Big Sisters Southeastern Pennsylvania	\$ 2,000	\$ 8,000
Cerebral Palsy Association of Chester County, Inc.	10,000	40,000
Charles A. Melton Arts & Education Center	2,500	10,000
ChesPenn Health Services	11,250	45,000
Chester County Council Boy Scouts of America	1,250	5,000
Chester County Food Bank	2,500	10,000
Chester County Health Department	2,500	10,000
Chester County Hospital Foundation	3,750	15,000
Chester County Intermediate Unit	3,750	15,000
Chester County OIC	15,500	62,000
Chester County Women's Services	2,000	8,000
Child Guidance Resource Center	5,750	23,000
Clinic - Phoenixville	2,500	10,000
Coatesville Area Senior Center	2,000	8,000
Coatesville Youth Initiative	7,500	30,000
Community Volunteers in Medicine	11,250	45,000
Consumer Credit Counseling Service of Delaware Valley dba Clarifi	2,000	8,000
Crime Victims' Center of Chester County, Inc.	10,000	40,000
Domestic Violence Center of Chester County	5,000	20,000
Downingtown Area Senior Center, Inc.	2,500	10,000
Family Service of Chester County	13,500	58,000
Friends Association for Care and Protection of Children	11,250	45,000
Good Samaritan Shelter, Inc.	4,500	18,000
Home of the Sparrow	<u>3,750</u>	<u>15,000</u>
Forward balance . . .	138,500	558,000

UNITED WAY OF CHESTER COUNTY, INC.

SCHEDULES OF ALLOCATIONS TO PARTNER AGENCIES – CONTINUED

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Allocations to partner agencies (Continued)		
Balance forwarded . . .	\$ 138,500	\$ 558,000
Housing Authority of Chester County	2,000	8,000
Human Services, Inc.	2,500	10,000
Legal Aid Southeastern Pennsylvania, Chester County Division	6,250	25,000
Life Transforming Ministries	7,500	30,000
Maternal and Child Health Consortium	2,500	10,000
North Star of Chester County (formerly Interfaith Housing Assistance)	3,750	15,000
Open Hearth, Inc.	5,000	20,000
Orion Communities	2,500	10,000
Parkesburg Point Youth Center	2,500	10,000
Phoenixville Area Children's Learning Center	11,250	45,000
Phoenixville Area Community Services	3,750	15,000
Phoenixville Senior Center	3,000	12,000
Safe Harbor of Chester County, Inc.	12,500	50,000
Salvation Army Service Extension (Service Units)	5,000	20,000
Surrey Services for Seniors	2,500	10,000
Tower Health at Home - Pottstown	2,500	10,000
The Arc of Chester County	7,500	30,000
Volunteer English Program of Chester County	3,750	15,000
West Chester Area Day Care Center	16,250	65,000
West Chester Area Senior Center	5,500	22,000
West Chester Food Cupboard	2,500	10,000
YMCA of Greater Brandywine, Brandywine YMCA	8,750	35,000
Youth Mentoring Partnership	6,250	25,000
	<u>264,000</u>	<u>1,060,000</u>
Total allocations to partner agencies	\$ 264,000	\$ 1,060,000

Continued ...



UNITED WAY OF CHESTER COUNTY, INC.

SCHEDULES OF ALLOCATIONS TO PARTNER AGENCIES – CONTINUED

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Other partner agency allocations		
Family Services	\$ 50,000	\$ 50,000
Open Hearth, Inc.	<u>70,000</u>	<u>70,000</u>
Total financial stability allocations	<u>120,000</u>	<u>120,000</u>
Share the Warmth	<u>15,430</u>	<u>26,031</u>
Total other partner agency allocations	<u>\$ 135,430</u>	<u>\$ 146,031</u>

UNITED WAY OF CHESTER COUNTY, INC.  
SCHEDULE OF COVID19 SPECIAL DISTRIBUTION

For the Year Ended June 30, 2020

	<u>2020</u>
Allocations to partner agencies	
A Haven	\$ 5,000
ABC123 Early Learning Center	3,000
ACT in Faith	5,000
Alianzas De Phoenixville	2,500
Ann's Heart	5,000
Barclay Friends	5,000
Brandywine Grace Church	5,000
Bridge Academy and Community Center	5,000
CCIU Head Start	2,500
Cerebral Palsy Association of Chester County	8,500
Chester County Food Bank	30,000
Chester County Hospital	10,000
Chester County Women's Services	5,000
Child Guidance Resource Center	10,000
Christ the King Deaf Church	2,500
Clarifi	5,000
Coatesville Area Senior Center	5,000
Coatesville Youth Initiative	3,000
Community Health and Dental Care	5,000
Community Volunteers in Medicine	5,000
CYWA	10,000
Domestic Violence Center of Chester County	5,000
Downingtown Communities that Care	10,000
Family Promise of Southern Chester County	15,000
Family Service	5,000
Friends Association	5,000
Friends Home in Kennett	5,000
Good Neighbors, Inc.	10,000
Good Samaritan Services	5,000
	<hr/>
Forward balance . . .	197,000

UNITED WAY OF CHESTER COUNTY, INC.

SCHEDULE OF COVID19 SPECIAL DISTRIBUTION - CONTINUED

For the Year Ended June 30, 2020

	<u>2020</u>
Allocations to partner agencies (Continued)	
Balance forwarded . . .	\$ 197,000
Good Works, Inc.	10,000
Greater Deliverance Development Outreach	1,500
Health Care Access Phoenixville	2,500
Hearts in Hands Community Center	2,500
Home of the Sparrow	5,000
Honey Brook Food Pantry	8,000
Hope Beyond Borders / Coatesville Kids to College	5,000
Hopewell United Methodist Church	2,500
Housing Authority	15,000
Human Services	5,000
KenCrest	2,500
Kennett Area Community Services	40,000
Keystone Human Services	2,500
La Comunidad Hispana	35,000
Life Transforming Ministries	5,000
MCHC	5,000
Melton Center	2,500
Mighty Writers	2,500
New London Counseling Center	4,758
North Star of Chester County	2,000
Octorara Food Cupboard	5,000
Open Hearth / FSC	10,000
Orion	5,000
Oxford Area Neighborhood Services	10,000
Oxford Lighthouse	5,000
Oxford Neighborhood Services	10,000
Oxford Senior Center	3,000
Parkesburg Point	10,000
Peacemaker Center	5,000
Forward balance...	<u>418,758</u>

UNITED WAY OF CHESTER COUNTY, INC.

SCHEDULE OF COVID19 SPECIAL DISTRIBUTION - CONTINUED

For the Year Ended June 30, 2020

	<u>2020</u>
Allocations to partner agencies (Continued)	
Balance forwarded . . .	\$ 418,758
Phoenixville Area Children's Learning Centers	5,000
Phoenixville Area Community Services (PACS)	5,000
Phoenixville Area Positive Alternatives (PAPA)	4,000
Phoenixville Area Senior Center	5,000
Phoenixville Women's Outreach	5,000
Providence Church Coatesville	2,500
Safe Harbor	5,000
Salvation Army Service Extension	10,000
Salvation Army West Chester	5,000
SILO	15,000
St. Mary's Franciscan Shelter	3,000
St. Vincent de Paul	1,500
Surrey Services	2,500
The Arc of Chester County	5,000
The Clinic Phoenixville	5,000
The Garage	13,000
The Hickman	5,000
Valley Youth House	2,500
Volunteer English Program	2,500
West Chester Area Day Care Center	5,000
West Chester Area Senior Center	4,000
West Chester Food Cupboard	25,000
West Chester Methodist Church	2,500
West Chester Senior Center	10,000
Westside Community Center	2,500
YMCA Greater Brandywine	35,000
YMCA Kennett Square	6,000
Young Moms	5,000
Youth Mentoring Partnership	<u>7,500</u>
Total COVID 19 special allocations	<u>\$ 622,758</u>