

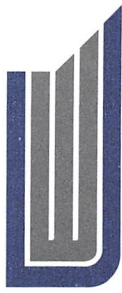


**United Way  
of Chester County**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2022**

## CONTENTS

Independent Auditors' Report	1
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Independent Auditors' Report on Internal Control	21
Supplementary Information	
Schedule of Campaign Revenue	23
Schedule of Grants to Non-Profit Agencies	24



## INDEPENDENT AUDITORS' REPORT

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

### **Opinion**

We have audited the accompanying financial statements of United Way of Chester County (a nonprofit corporation), which comprise the statement of financial position as of June 30, 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 United Way of Chester County as of June 30, 2022, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 United Way of Chester County 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 United Way of Chester County'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 United Way of Chester County'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 United Way of Chester County'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.



**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 18, 2022, on our consideration of United Way of Chester County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering United Way of Chester County's internal control over financial reporting and compliance.

**Report on Supplementary Information**

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

*Umbreit, Wilczek & Associates, P.C.*

Kennett Square, Pennsylvania  
October 18, 2022

**UNITED WAY OF CHESTER COUNTY, INC.**

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022

	<u>2022</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 1,065,134
Certificates of deposit	568,345
Accounts receivable	50,394
Pledges receivable	
General, net	1,071,816
Capital campaign, net	593,467
Prepaid	10,322
Security deposits	5,355
<b>TOTAL CURRENT ASSETS</b>	<u>3,364,833</u>
<b>PROPERTY AND EQUIPMENT</b> , net of accumulated depreciation of \$85,671	960,228
<b>PLEDGES RECEIVABLE</b> , net of current	<u>567,007</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,892,068</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 108,741
Donor designated contributions payable	324,605
Loan payable, current portion	-
Escheat reserves	5,347
Grants payable to partner agencies	1,496,663
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,935,356</u>
Loan payable, net of current portion	748,000
<b>TOTAL LIABILITIES</b>	<u><u>\$ 2,683,356</u></u>
<b>NET ASSETS</b>	
Without donor restrictions	
Board designated	33,560
Unrestricted	1,524,017
	<u>1,557,577</u>
With donor restrictions	651,135
<b>TOTAL NET ASSETS</b>	<u><u>2,208,712</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 4,892,068</u></u>

See Independent Auditors' Report and Notes to Financial Statements

**UNITED WAY OF CHESTER COUNTY, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	2022 Totals
<b>SUPPORT AND REVENUE</b>			
Campaign contributions	\$ 2,215,997	\$ 1,572,591	\$ 3,788,588
Less: donor designations	(642,572)	-	(642,572)
Less: collection losses	(126,162)	-	(126,162)
Total campaign contributions	1,447,263	1,572,591	3,019,854
Grants	421,110	45,000	466,110
Leadership training	50,000	-	50,000
In-kind contributions	19,088	-	19,088
Interest income	7,850	-	7,850
Service fees	61,935	-	61,935
Special events, net of expenses of \$84,693	139,327	-	139,327
Other income	29,256	-	29,256
Net assets released from restrictions	1,182,352	(1,182,352)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>3,358,181</b>	<b>435,239</b>	<b>3,793,420</b>
<b>GRANTS AND OPERATIONAL EXPENSES</b>			
Program services			
Grants and special distributions			
Grants to agencies	1,667,663	-	1,667,663
Other special distributions and projects	101,150	-	101,150
Total grants and special distributions	1,768,813	-	1,768,813
Agency relations and community development	597,055	-	597,055
Community engagement	428,014	-	428,014
Supporting services			
Management and administrative	175,751	-	175,751
Fundraising	171,384	-	171,384
<b>TOTAL GRANTS AND OPERATIONAL EXPENSES</b>	<b>3,141,017</b>	<b>-</b>	<b>3,141,017</b>
<b>CHANGES IN NET ASSETS</b>	<b>217,164</b>	<b>435,239</b>	<b>652,403</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,340,413</b>	<b>215,896</b>	<b>1,556,309</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,557,577</b>	<b>\$ 651,135</b>	<b>\$ 2,208,712</b>

See Independent Auditors' Report and Notes to Financial Statements

**UNITED WAY OF CHESTER COUNTY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services		Supporting Services		<b>2022 Totals</b>
	Agency Relations and Community Development	Community Engagement	Management and Administrative	Fundraising	
<b>COMPENSATION RELATED</b>					
Salaries	\$ 239,130	\$ 146,575	\$ 94,881	\$ 93,837	\$ 574,423
Payroll taxes	18,401	11,278	7,301	7,220	44,200
Employee benefits	37,407	22,929	14,842	14,679	89,857
<b>TOTAL COMPENSATION RELATED</b>	<u>294,938</u>	<u>180,782</u>	<u>117,024</u>	<u>115,736</u>	<u>708,480</u>
Bank processing fee	2,614	1,602	1,037	1,026	6,279
Call center	160,313	160,313	-	-	320,626
Computer supplies	29,249	17,928	11,605	11,477	70,259
Conferences, travel and parking	15,174	9,301	6,021	5,955	36,451
Contract services	275	168	109	108	660
Depreciation	1,479	907	587	581	3,554
Dues - United Way Worldwide	14,180	8,692	5,627	5,565	34,064
Insurance	5,051	3,097	2,005	1,983	12,136
Interest	-	-	2,462	-	2,462
Office supplies	2,665	1,634	1,057	1,046	6,402
Membership dues	4,629	2,837	1,837	1,817	11,120
Misc. expenses	1,272	780	504	499	3,055
Occupancy	30,825	18,895	12,231	12,096	74,047
Postage	578	354	229	227	1,388
Printing	12,149	7,447	4,821	4,767	29,184
Professional fees	20,711	12,694	8,217	8,127	49,749
Service agreements	334	204	132	131	801
Utilities	619	379	246	243	1,487
<b>TOTAL EXPENSES</b>	<u><u>\$ 597,055</u></u>	<u><u>\$ 428,014</u></u>	<u><u>\$ 175,751</u></u>	<u><u>\$ 171,384</u></u>	<u><u>\$ 1,372,204</u></u>

# UNITED WAY OF CHESTER COUNTY

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 652,403
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,554
Increase in discount on pledges receivable	38,293
Increase in operating assets:	
Accounts and pledges receivable	(1,179,382)
Prepaid expenses	(10,322)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	83,394
Allocations payable to agencies	1,001,511
Donor designated payable	(53,187)
Escheat reserves	3,430
Deferred revenue	(74,967)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>464,727</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment in certificates of deposit	(2,956)
Purchase of equipment	(957,252)
Proceeds from loan	748,000
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(212,208)</u>
<b>NET INCREASE IN CASH</b>	252,519
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>812,615</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,065,134</u></u>
<b>INTEREST PAID</b>	<u><u>\$ 2,462</u></u>

See Independent Auditors' Report and Notes to Financial Statements



**UNITED WAY OF CHESTER COUNTY****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES**Nature of Organization

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 non-profit agencies and other not-for-profit agencies designated by donors. 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, program contracts, special events 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.

Basis of Accounting

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.

Financial Statement Presentation

Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-10-65-1, the Organization is required to report information regarding its financial position and activities according to two mutually exclusive classes according to the existence or absence of donor-imposed restrictions. See Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.



**UNITED WAY OF CHESTER COUNTY****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Cont'd)**Net Assets with Donor Restrictions

Net assets with donor restrictions is the part of net assets of the Organization that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions. When a restriction expires, 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.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction is met in the same reporting period in which the support is received and recognized.

Net Assets without Donor Restrictions

Net assets without donor restrictions is the part of net assets of the Organization that is not subject to donor-imposed restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

**UNITED WAY OF CHESTER COUNTY****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Cont'd)**Accounts and Grants Receivable

Accounts and grants receivable are primarily due from public and private organizations that conduct campaigns from government agencies and other not-for-profit organizations and balances are stated at unpaid amounts. Management has determined that an allowance for uncollectible accounts is not necessary.

Pledges Receivable

Pledges receivable are recognized as revenues or gains in the period the pledge is received. Pledges receivable due in one year or less are recorded at their net realizable value. Pledges receivable due in more than one year are recorded at 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.

Allowance for Uncollectible Pledges

Pledges receivable are stated net of allowance for uncollectible pledges. Allowances for uncollectible pledges are reviewed and estimated by management annually. At year end, a final accounting is made of the prior year's campaign. Pledges receivable related to the prior year campaign that have not been realized are determined to be uncollectible and are written off against the allowance.

Property and Equipment

Office equipment and furniture are stated at cost. The Organization's capitalization threshold is \$3,000. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of 3 to 7 years. Additions with a cost value of less than \$3,000 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.

**UNITED WAY OF CHESTER COUNTY****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Cont'd)**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 in 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.

Noncash Contributions

Accounting standards require that only services that (1) create or enforce long-lived 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 must be recorded. 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, 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.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. The Organization is not a private foundation. Accordingly, donors qualify for the maximum charitable deduction allowed by the *Internal Revenue Code*.

Allocations of 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

**UNITED WAY OF CHESTER COUNTY****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Cont'd)**Allocations of Functional Expenses (Cont'd)

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, occupancy costs, computer supplies, consulting, printing, and office supplies, which are allocated on a basis of time and effort.

Revenue Recognition

Contributions, bequests, and gifts are recognized on receipt and formal acceptance by the Organization. Grant revenues are recognized when received or when spent, whichever occurs first. Revenue from special events is recognized as earned having applicable costs concurrently recognized. Interest and investment income is recognized as earned.

The Organization recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service to the customer. The Organization's principal activities resulting in contracts with customers are special events, leadership training, and service fees.

The performance obligation related to special events is to provide the customer with access to the event on a specified date. The transaction price is based on published rates. The Organization recognizes revenue from special events in the period the goods and services are provided.

The performance obligation related to leadership training is to provide the customer with access to the leadership training classes on the specified dates. Enrollment to the classes is based on published rates, which the customer must pay prior to the enrollment deadline date. The Organization recognizes revenue from leadership training over the period the services are provided.

The performance obligation related to service fees is to provide the customer with the service agreed upon by both parties by the agreed upon date. Service fee rates are based on published rates. Customers pay at the time the services are rendered. The Organization recognizes revenue from service fees in the period the services are provided.

Because the benefits received from special events, leadership training, and service fees have an original expected duration of one year or less, the Organization has elected the practical expedient and not disclosed the value of unsatisfied



# UNITED WAY OF CHESTER COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### Revenue Recognition (Cont'd)

performance obligations and expected timing for completion related to the revenue.

#### Date of Management's Review

Management has evaluated those events and transactions that occurred after the statement of financial position date of June 30, 2022 through October 18, 2022, the date the financial statements were available to be issued, and determined there were no other items to be disclosed.

### NOTE 2 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following represents the Organization's financial assets as of June 30, 2022:

#### Financial assets:

Cash and cash equivalents	\$ 1,065,134
Certificates of deposits	568,345
Accounts receivable	50,394
Pledges receivable - net	1,071,816
Total	<u>2,755,689</u>

#### Less amounts not available to be used within one year

Board designated net assets	(33,560)
Net assets with donor restrictions	(651,135)
Total	<u>(684,695)</u>

Total financial assets available within one year	<u>\$ 2,070,994</u>
--	---------------------

The Organization has \$2,070,994 of financial assets, consisting of cash, certificates of deposit, accounts and pledges receivable, available within one year of the balance sheet date to meet cash needs for general expenditures. The Organization has a policy to structure its financial assets to be available as its general expenditures and obligations come due.

# UNITED WAY OF CHESTER COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at several financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, account balances can be in excess of the insured amount. Cash balances in excess of insured amounts at June 30, 2022 was \$1,024,870.

### NOTE 4 – PLEDGES RECEIVABLE AND PROVISION FOR UNCOLLECTIBLE PLEDGES

#### General Campaign

General campaign pledges receivable consist of amounts due to the Organization for its annual campaigns. All pledges receivable are due in less than one year. As of June 30, 2022, pledges receivable consisted of the following:

2021-2022	\$ 1,204,272
2020-2021 campaign	126,172
2019-2020 campaign	26,705
	<u>1,357,149</u>
Less: provision for uncollectible pledges	
2021-2022	(135,463)
2020-2021	(123,165)
2019-2020	(26,705)
	<u>(285,333)</u>
Pledges receivable - net	<u><u>\$ 1,071,816</u></u>

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. 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 year ended June 30, 2022:

Balance - beginning	\$ 230,574
Provision for uncollectible pledges	135,463
Pledges written off	(71,403)
Collection of pledges previously reserved	(9,301)
Balance - ending	<u><u>\$ 285,333</u></u>



## UNITED WAY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**NOTE 4 –PLEDGES RECEIVABLE AND PROVISION FOR UNCOLLECTIBLE  
PLEDGES (Cont'd)****Capital Campaign**

Capital campaign pledges receivable consist of amounts due to the Organization for its building campaign. All pledges receivable are due in one to six years. As of June 30, 2022, pledges receivable consisted of the following:

	<u>2022</u>
Gross pledges receivable	\$ 1,225,100
Less: discount	(38,293)
Less: provision for uncollectible pledges	(26,333)
Net pledges receivable	<u>\$ 1,160,474</u>
Receivable in less than one year	\$ 619,800
Receivable in one to six years	605,300
Total pledges receivable	<u>\$ 1,225,100</u>

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. The provision is applied against the current year gross campaign.

Pledges receivable due in more than one year after June 30, 2022 have been discounted using a discount rate of 3%.

# UNITED WAY OF CHESTER COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### NOTE 5 – CAPITAL CAMPAIGN

During the year ended June 30, 2022, the Organization conducted a special campaign for the purchase and renovations of an office building. The following shows the funds received and designated purposes of those funds as of June 30, 2022:

Special building campaign	<u>\$ 1,395,050</u>
Purchase investment	187,000
Loan payments	748,000
Building renovations	340,000
Building reserve	120,050
Total designations	<u>\$ 1,395,050</u>

### NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022:

	<u>2022</u>
Building	\$ 953,959
Furniture	18,422
Equipment	11,098
Computer software	55,920
Computer hardware	6,500
	<u>1,045,899</u>
Less: accumulated depreciation	<u>(85,671)</u>
Net property and equipment	<u>\$ 960,228</u>

Depreciation expense for the year ended June 30, 2022 was \$3,554.

### NOTE 7 – 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, 2023. At June 30, 2022, 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% for the year ended June 30, 2022.

**UNITED WAY OF CHESTER COUNTY**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**NOTE 8 - MORTGAGE PAYABLE**

During the year ended June 30, 2022, the Organization entered into a mortgage payable for a new building purchase. The loan commenced June 1, 2022 with the final payment due on June 1, 2029. Interest only payments of \$2,462 are due through June 1, 2023 then interest and principal payments of \$3,952 are due through May 1, 2029 with a final payment of all unpaid interest and principal due June 1, 2029.

Future minimum required loan payments as of June 30, 2022 are as follows:

<u>Year ending June 30,</u>	
2023	\$ -
2024	18,201
2025	18,933
2026	19,694
2027	20,486
Thereafter	<u>670,686</u>
	<u>\$ 748,000</u>

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purpose as of June 30, 2022:

	<u>2021</u>
Building purchase	\$ 441,091
Mobile home project	45,040
Financial stability center	108,200
Law Enforcement Task Force	11,804
Time restricted	<u>45,000</u>
	<u>\$ 651,135</u>

# UNITED WAY OF CHESTER COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (Cont'd)

Net assets with donor restrictions released during the year ended June 30, 2022 are as follows:

Satisfaction of Purpose Restrictions	
Financial Stability	\$ 39,166
COVID-19 relief fund	126,006
Mobile home project	24,327
Pre-K EITC	10,000
Volunteer income tax assistance	18,588
Law Enforcement Task Force	10,306
	<u>\$ 228,393</u>

### NOTE 10 – BOARD DESIGNATED NET ASSETS

Net assets without donor restrictions designated by the Board for the following purposes as of June 30, 2022 are as follows:

Leadership program	\$ 15,393
Financial stability center	18,167
	<u>\$ 33,560</u>

### NOTE 11 – REVENUE RECOGNITION

#### Performance Obligations

Revenue and support received for the Organization's special events are comprised of an exchange element based upon the benefits provided to the participants and a contribution element for the portion of the payment received in excess of the participant benefits. The Organization recognizes exchange revenue from its special events at the point in time to which the fundraiser relates. The performance obligation consists of providing participants with an event. Exchange revenues from the Organization's special events are reported as special events in the statement of activities.

The Organization recognizes revenue from leadership training over the period of time to which the leadership training classes relate. The performance obligation consists of providing the participant with continuous access to the leadership training over the class term.

# UNITED WAY OF CHESTER COUNTY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### NOTE 11 – REVENUE RECOGNITION (Cont'd)

#### Performance Obligations (Cont'd)

The Organization recognizes revenue from service fees at the point in time the services are provided. The performance obligation consists of providing the customer with the agreed upon contracted services at the time of purchase.

The Organization does not have any significant payment terms as payment is received before, during, or shortly after the point in time of the transaction.

#### Disaggregation of Revenue

The disaggregation of the timing of recognizing revenue from contracts with customers for the year ended June 30, 2022, is as follows:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Total</u>
Fundraising events	\$ 224,020	\$ -	\$ 224,020
Leadership training	-	50,000	50,000
Service fees	61,935	-	61,935
	<u>\$ 285,955</u>	<u>\$ 50,000</u>	<u>\$ 335,955</u>

### NOTE 12 – NONCASH CONTRIBUTIONS

Noncash contributions consisted of the following at June 30, 2022:

	2022			
	Program	Management	Fundraising	Total
Donated services	\$ 19,088	\$ -	\$ -	\$ 19,088

The Organization also received \$31,480 of donated goods which are included as revenue and expense for special events in the statement of activities for the year ended June 30, 2022.



## UNITED WAY OF CHESTER COUNTY

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

#### NOTE 13 – 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 year ended June 30, 2022 was \$42,607.

#### NOTE 14 – LEASE COMMITMENT

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. Rent expense was \$74,047 for the year ended June 30, 2022.

Future minimum required lease payments as of June 30, 2022 are as follows:

<u>Year ending June 30,</u>	
2023	\$ <u>24,110</u>

#### NOTE 15 – COVID-19 IMPACT

In December 2019, there was an outbreak of a novel strain of coronavirus (COVID-19) that has since spread throughout the United States of America. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, on March 19, 2020, Pennsylvania Governor Tom Wolf ordered the closure of physical locations for all “non-essential” businesses through June 26, 2020. The Organization closed its physical location to the public and employees worked remotely to the extent possible. The Organization applied for and received relief grants from foundations and governments. It was able to continue services to its clients with altered procedures.

As restrictions lifted throughout the year ended June 30, 2022, the Organization was able to return to normal procedures as deemed allowable by the Board.





**UMBREIT  
WILECZEK**  
& ASSOCIATES, PC  
CERTIFIED PUBLIC ACCOUNTANTS

Timothy D. Umbreit, CPA, CGMA  
Kathleen A. Wileczek, CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of United Way of Chester County (a nonprofit organization), which comprise the statement of financial position as of June 30, 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, and have issued our report thereon dated October 18, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered United Way of Chester County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Chester County's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Chester County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether United Way of Chester County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Umbreit, Wilczek & Associates, P.C.*

October 18, 2022  
Kennett Square, Pennsylvania

**UNITED WAY OF CHESTER COUNTY, INC.**

SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAMPAIGN REVENUE  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>2022</u>
Campaign revenue - publicly announced	2,848,559
Less: campaigns managed by United Way of Chester County, inc. and collected/distributed by other entities	(390,395)
Less: contributions received from special events	(224,020)
Contributions in-kind used for United Way programs	<u>19,088</u>
Total campaign revenue	<u><u>\$ 2,253,232</u></u>

**UNITED WAY OF CHESTER COUNTY, INC.**

SUPPLEMENTARY INFORMATION  
SCHEDULE OF GRANTS TO NON-PROFIT AGENCIES  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>2,022</u>
Grants to non-profit agencies	
A Child's Light	\$ 12,500
A Haven	10,000
Alianzas de Phoenixville	12,500
Ann's Heart	7,500
Bournelyf Special Camp	1,500
Brandywine Valley Active Aging	60,000
Bridge Academy & Community Center	5,000
CASA Youth Advocates	10,000
Cerebral Palsy Assoc. of Chester County	25,000
ChesPenn	10,000
Chester County Connect Care	5,000
Chester County Food Bank	10,000
Chester County Health Department	5,000
Child Guidance Resource Center	25,000
Christ the King Deaf Church - DeafCAN! PA	5,000
Clarifi	5,000
Coatesville Youth Initiative	10,000
Crime Victims' Center of Chester County	20,000
CVIM	25,000
Domestic Violence Center of Chester County	20,000
Downingtown Communities that Care	10,000
Family Promise of Southern Chester County	12,500
Family Service of Chester County	40,000
Friends Association	20,000
Good Neighbors, Inc.	10,000
Good Samaritan Services	15,000
Greater Deliverance Development Outreach	3,000
Handi-Crafters	25,000
Health Care Access	8,000
Home of the Sparrow	15,000
Hope Beyond Borders - Coatesville Kids to College	25,000
Hopewell Methodist Church	15,000
Housing Authority of Chester County	30,000
Housing Partnership	25,000
Kennett Area Community Services	30,000
LCH Health and Community Services	37,500
Legal Aid SEPA	20,000
MCHC	20,000
Meals on Wheels Chester County	5,000
Mighty Writers	20,000
Mom's House	5,000
New London Counseling Center	13,000
North Star of Chester County	10,000
Balance Forward	<u>\$ 698,000</u>

**UNITED WAY OF CHESTER COUNTY, INC.**

SUPPLEMENTARY INFORMATION  
SCHEDULE OF GRANTS TO NON-PROFIT AGENCIES  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>2022</u>
Grants to non-profit agencies (cont'd)	
Balance forwarded	\$ 698,000
Octorara Area Food Cupboard	7,000
Open Hearth, Inc.	30,000
Orion Communities	12,000
Oxford Area Neighborhood Services	20,000
Parkesburg POINT	10,000
Phoenixville Area Children's Learning Center	26,413
Phoenixville Area Community Services	40,000
Phoenixville Area Positive Alternatives	10,000
Phoenixville Area Senior Center	20,000
Phoenixville Women's Outreach	11,250
Safe Harbor of Chester County	15,000
SILO Works	25,000
St. Vincent De Paul of Coatesville	5,000
Surrey Services	10,000
The Arc of Chester County	15,000
The Clinic	15,000
The Garage Community & Youth Center	20,000
The Hickman	15,000
The Peacemaker Center	10,000
VisionCorps	10,000
Volunteer English Program	15,000
West Chester Area Daycare Center	10,000
West Chester Area Senior Center	27,000
West Chester Food Cupboard	40,000
Westside Community Center	10,000
YMCA Oscar Lasko	10,000
Young Moms	10,000
Youth Mentoring Partnership	100,000
	<hr/>
Total grants to non-profit agencies	1,246,663
Other partner agency grants	
Financial stability grants	
Family Services	24,000
Open Hearth, Inc.	70,000
	<hr/>
	94,000
Friends Association	250,000
Other non allocated grants	77,000
Total other non-profit agency grants	<hr/> <hr/>
	\$ 1,667,663