



**United Way
of Chester County**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2024 AND 2023**

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INDEPENDENT AUDITOR'S 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 statements of financial position as of June 30, 2024 and 2023, and 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 financial statements referred to above present fairly, in all material respects, the financial position of United Way of Chester County as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audit in accordance with 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. 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 and *Government 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 and *Government 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 7, 2024, 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 supplementary information on pages 27 and 28 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, Wileczek & Associates, P.C.

Kennett Square, Pennsylvania
October 7, 2024

UNITED WAY OF CHESTER COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 334,916	\$ 816,876
Certificates of deposit	215,280	206,791
Accounts receivable	-	92,905
Pledges receivable		
General, net	737,980	992,149
Capital campaign, net	193,788	259,380
Prepaid expenses	14,991	9,796
TOTAL CURRENT ASSETS	<u>1,496,955</u>	<u>2,377,897</u>
Property and equipment, net	1,484,034	1,516,362
Pledges receivable, net of current	<u>284,419</u>	<u>381,760</u>
TOTAL ASSETS	<u><u>\$ 3,265,408</u></u>	<u><u>\$ 4,276,019</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 109,012	\$ 117,490
Donor designated contributions payable	213,341	216,038
Loan payable, current portion	31,431	26,136
Escheat reserves	7,231	6,587
Grants payable to partner agencies	438,337	1,248,333
TOTAL CURRENT LIABILITIES	<u>799,352</u>	<u>1,614,584</u>
Grants payable, net of current portion	-	83,333
Loan payable, net of current portion	<u>385,416</u>	<u>519,770</u>
TOTAL LIABILITIES	1,184,768	2,217,687
NET ASSETS		
Without donor restrictions		
Board designated	50,000	23,707
Unrestricted	1,843,363	1,638,507
	<u>1,893,363</u>	<u>1,662,214</u>
With donor restrictions	<u>187,277</u>	<u>396,118</u>
TOTAL NET ASSETS	<u>2,080,640</u>	<u>2,058,332</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,265,408</u></u>	<u><u>\$ 4,276,019</u></u>

See Independent Auditor's Report and Notes to Financial Statements

UNITED WAY OF CHESTER COUNTY, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	2024 Total
SUPPORT AND REVENUE			
Campaign contributions	\$ 1,840,644	\$ 26,421	\$ 1,867,065
Less: donor designations	(346,548)	-	(346,548)
Less: collection losses	(106,529)	-	(106,529)
Total campaign contributions	1,387,567	26,421	1,413,988
Grants	371,854	-	371,854
In-kind contributions	2,500	-	2,500
Leadership training	42,500	-	42,500
Service fees	35,595	-	35,595
Special events, (net of direct expenses of \$111,506)	180,504	-	180,504
Other income	592	-	592
Interest income	19,991	-	19,991
Net assets released from restrictions	235,262	(235,262)	-
TOTAL SUPPORT AND REVENUE	2,276,365	(208,841)	2,067,524
GRANTS AND OPERATIONAL EXPENSES			
Program services			
Grants and special distributions			
Grants to agencies	600,388	-	600,388
Other special distributions and projects	28,044	-	28,044
Total grants and special distributions	628,432	-	628,432
Agency relations and community development	563,144	-	563,144
Community engagement	519,675	-	519,675
Supporting services			
Management and administrative	156,517	-	156,517
Fundraising	177,448	-	177,448
TOTAL GRANTS AND OPERATIONAL EXPENSES	2,045,216	-	2,045,216
CHANGES IN NET ASSETS	231,149	(208,841)	22,308
NET ASSETS - BEGINNING OF YEAR	1,662,214	396,118	2,058,332
NET ASSETS - END OF YEAR	\$ 1,893,363	\$ 187,277	\$ 2,080,640

See Independent Auditor's Report and Notes to Financial Statements

UNITED WAY OF CHESTER COUNTY, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Total
SUPPORT AND REVENUE			
Campaign contributions	\$ 1,715,443	\$ 302,858	\$ 2,018,301
Less: donor designations	(361,122)	-	(361,122)
Less: collection losses	(69,820)	-	(69,820)
Total campaign contributions	1,284,501	302,858	1,587,359
Grants	459,994	-	459,994
In-kind contributions	137,747	-	137,747
Leadership training	88,818	-	88,818
Service fees	38,044	-	38,044
Special events, (net of direct expenses of \$139,955)	172,787	-	172,787
Employee Retention Tax Credit	219,604	-	219,604
Other income	6,682	-	6,682
Interest income	9,293	-	9,293
Net assets released from restrictions	557,875	(557,875)	-
TOTAL SUPPORT AND REVENUE	2,975,345	(255,017)	2,720,328
GRANTS AND OPERATIONAL EXPENSES			
Program services			
Grants and special distributions			
Grants to agencies	1,264,950	-	1,264,950
Other special distributions and projects	163,116	-	163,116
Total grants and special distributions	1,428,066	-	1,428,066
Agency relations and community development	611,146	-	611,146
Community engagement	491,594	-	491,594
Supporting services			
Management and administrative	200,903	-	200,903
Fundraising	138,999	-	138,999
TOTAL GRANTS AND OPERATIONAL EXPENSES	2,870,708	-	2,870,708
CHANGES IN NET ASSETS	104,637	(255,017)	(150,380)
NET ASSETS - BEGINNING OF YEAR	1,557,577	651,135	2,208,712
NET ASSETS - END OF YEAR	\$ 1,662,214	\$ 396,118	\$ 2,058,332

See Independent Auditor's Report and Notes to Financial Statements

UNITED WAY OF CHESTER COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024

	Program Services		Supporting Services		2024 Total
	Agency Relations and Community Development	Community Engagement	Management and Administrative	Fundraising	
COMPENSATION RELATED					
Salaries	\$ 269,664	\$ 224,568	\$ 82,803	\$ 106,294	\$ 683,329
Payroll taxes	20,541	17,106	6,307	8,096	52,050
Employee benefits	46,677	38,871	14,333	18,399	118,280
TOTAL COMPENSATION RELATED	336,882	280,545	103,443	132,789	853,659
Bank processing fees	2,526	2,104	776	995	6,401
Call Center	112,957	112,956	-	-	225,913
Computer supplies	24,836	20,683	7,626	9,789	62,934
Conferences, travel and parking	10,436	9,173	3,204	4,113	26,926
Depreciation	17,438	14,522	5,355	6,873	44,188
Dues - United Way Worldwide	10,141	8,445	3,114	3,998	25,698
Event supplies	-	9,805	-	-	9,805
Insurance	8,469	7,053	2,601	3,338	21,461
Interest	-	-	18,282	-	18,282
Office supplies	3,211	2,674	986	1,266	8,137
Meetings and training	-	4,913	-	-	4,913
Membership dues	2,990	2,490	918	1,179	7,577
Postage	815	679	250	321	2,065
Printing	6,083	10,681	1,868	2,397	21,029
Professional fees	13,848	22,533	4,252	5,459	46,092
Service agreements	9,557	7,959	2,935	3,766	24,217
Utilities	2,955	2,460	907	1,165	7,487
TOTAL EXPENSES	\$ 563,144	\$ 519,675	\$ 156,517	\$ 177,448	\$ 1,416,784

See Independent Auditor's Report and Notes to Financial Statements

UNITED WAY OF CHESTER COUNTY, INC.

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services		Supporting Services		2023 Total
	Agency Relations and Community Development	Community Engagement	Management and Administrative	Fundraising	
COMPENSATION RELATED					
Salaries	\$ 249,097	\$ 183,640	\$ 93,927	\$ 76,105	\$ 602,769
Payroll taxes	18,824	13,878	7,098	5,751	45,551
Employee benefits	37,236	27,451	14,040	11,376	90,103
TOTAL COMPENSATION RELATED	305,157	224,969	115,065	93,232	738,423
Bank processing fees	2,637	1,944	994	806	6,381
Call Center	156,184	156,184	-	-	312,368
Computer supplies	24,838	18,310	9,365	7,588	60,101
Conferences, travel and parking	18,382	13,553	6,932	5,617	44,484
Depreciation	17,107	12,612	6,451	5,227	41,397
Dues - United Way Worldwide	10,673	7,869	4,025	3,261	25,828
Insurance	9,726	7,170	3,668	2,972	23,536
Interest	-	-	29,351	-	29,351
Office supplies	6,294	4,640	2,373	1,923	15,230
Membership dues	5,004	3,689	1,887	1,528	12,108
Occupancy	10,450	7,704	3,940	3,192	25,286
Postage	1,135	837	428	346	2,746
Printing	8,921	6,577	3,364	2,725	21,587
Professional fees	21,793	16,066	8,217	6,658	52,734
Service agreements	9,675	7,133	3,648	2,956	23,412
Utilities	3,170	2,337	1,195	968	7,670
TOTAL EXPENSES	\$ 611,146	\$ 491,594	\$ 200,903	\$ 138,999	\$ 1,442,642

UNITED WAY OF CHESTER COUNTY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 22,308	\$ (150,380)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	44,188	41,397
Decrease in discount on pledges receivable	(8,426)	(17,353)
(Increase) decrease in operating assets:		
Accounts and pledges receivable	518,434	573,843
Prepaid expenses	(5,195)	526
Security deposits	-	5,355
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(8,478)	8,749
Donor designated contributions payable	(2,697)	(108,567)
Escheat reserves	644	1,240
Grants payable to partner agencies	(893,329)	(164,997)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(332,551)</u>	189,813
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(312,823)	(205,000)
Purchase of equipment	(11,860)	(597,531)
Proceeds from maturities of certificates of deposit	304,333	566,554
NET CASH USED BY INVESTING ACTIVITIES	(20,350)	(235,977)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on loan	(129,059)	(202,094)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(481,960)	(248,258)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	816,876	1,065,134
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 334,916</u>	<u>\$ 816,876</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 18,282</u>	<u>\$ 29,351</u>

See Independent Auditor's Report and Notes to Financial Statements

UNITED WAY OF CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023****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.

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

UNITED WAY OF CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)****Net Assets with Donor Restrictions (Cont'd)**

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.

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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with original maturities of twelve 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, money market accounts and certificates of deposit.

Investments

As required by the Investment Topic of the FASB ASC, the Organization reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income restricted by a donor is reported as an increase in unrestricted net assets if the restrictions are met in the reporting period in which the investment income is recognized.

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.

UNITED WAY OF CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)****Pledges Receivable**

Pledges receivable are recognized as revenues in the period in which notification of 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 the present value of estimated future cash flows using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discounts on pledges receivable 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. The provision is applied against the current year gross campaign and applied to the remaining outstanding pledges of prior years' campaigns. Pledges receivable related to the prior year campaigns 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 three to seven years.

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 statements of activities as net assets released from restrictions.

UNITED WAY OF CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)****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 leadership training, service fees, and special events.

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.

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.

Because the benefits received from leadership training, service fees, and special events have an original expected duration of one year or less, the Organization has elected the practical expedient and not disclosed the value of unsatisfied performance obligations and expected timing for completion related to the revenue.

In-Kind Contributions

Contributions of tangible assets and materials are recognized at fair market value on the date of donation.

UNITED WAY OF CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)****In-Kind Contributions (Cont'd)**

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. 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.

During the year ended June 30, 2023, the Organization began offering local nonprofits the usage of its meeting rooms at no charge. For the years ended June 30, 2024 and 2023, the Organization donated 609 and 116 hours of facilities at estimated total values of \$64,270 and \$14,083, respectively.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the lease payments over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Allocations of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements 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, occupancy costs, computer supplies, consulting, printing, and office supplies, which are allocated on a basis of time and effort.

UNITED WAY OF CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)****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.

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.

Date of Management Review

The Organization has evaluated those events and transactions that occurred after the statement of financial position date of June 30, 2024 through October 7, 2024, the date the financial statements were available to be issued, and determined there were no other items to be disclosed.

UNITED WAY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditures such as operating expenses were as follows:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 334,916	\$ 816,876
Certificates of deposits	215,280	206,791
Accounts receivable	-	92,905
Pledges receivable - net	737,980	992,149
Total	<u>1,288,176</u>	<u>2,108,721</u>
Less amounts not available to be used within one year		
Board designated net assets	(50,000)	(23,707)
Net assets with donor restrictions	(187,277)	(396,118)
Total	<u>(237,277)</u>	<u>(419,825)</u>
Total financial assets available within one year	<u>\$ 1,050,899</u>	<u>\$ 1,688,896</u>

At June 30, 2024 and 2023, the Organization had \$1,050,899 and \$1,688,896, respectively, of financial assets 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. Management evaluates, at least annually, any additional investment or designated reserve options for excess liquidity, based on expected operations.

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. There was no uninsured cash balance for the year ended June 30, 2024. Cash balances in excess of insured amounts at June 30, 2023 was \$172,775.

UNITED WAY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 4 – FAIR VALUE MEASUREMENT

Accounting standards require that assets that are measured at fair value be categorized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to measurements involving significant unobservable inputs. If the inputs used fall within different levels of the hierarchy, the categorization is based upon the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted market prices for identical assets and liabilities in active markets.
- Level 2 – Unadjusted quoted market prices for similar assets and liabilities in active markets (other than those included in Level 1), which are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3 – Significant unobservable inputs for the asset or liability.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2024:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 215,280	\$ -	\$ 215,280

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2023:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 206,791	\$ -	\$ 206,791

UNITED WAY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 5 –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, 2024 and 2023, pledges receivable consisted of the following:

	2024	2023
2023-2024 campaign	\$ 794,220	\$ -
2022-2023 campaign	27,974	919,406
2021-2022 campaign	20,065	234,797
2020-2021 campaign	-	123,368
2019-2020 campaign	-	26,705
Special events sponsorship	2,250	2,000
	<u>844,509</u>	<u>1,306,276</u>
Less: provision for uncollectible pledges		
2023-2024 campaign	(78,555)	-
2022-2023 campaign	(27,974)	(69,820)
2021-2022 campaign	-	(94,234)
2020-2021 campaign	-	(123,368)
2019-2020 campaign	-	(26,705)
	<u>(106,529)</u>	<u>(314,127)</u>
Pledges receivable - net	<u>\$ 737,980</u>	<u>\$ 992,149</u>

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, 2024 and 2023, pledges receivable consisted of the following:

	2024	2023
Gross pledges receivable	\$ 519,501	\$ 690,860
Less: discount	(12,514)	(20,940)
Less: provision for uncollectible pledges	(28,780)	(28,780)
Net pledges receivable	<u>\$ 478,207</u>	<u>\$ 641,140</u>
Receivable in less than one year	\$ 222,568	\$ 288,160
Receivable in one to six years	296,933	402,700
Total pledges receivable	<u>\$ 519,501</u>	<u>\$ 690,860</u>

UNITED WAY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 5 – PLEDGES RECEIVABLE AND PROVISION FOR UNCOLLECTIBLE PLEDGES (Cont'd)

Pledges receivable due in more than one year have been discounted using a discount rate of 3%.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2024 and 2023:

	2024	2023
Building	\$ 1,499,327	\$ 1,492,841
Furniture	45,752	45,752
Equipment	13,180	7,806
Computer software	55,920	55,920
Computer hardware	39,507	39,507
	<u>1,653,686</u>	<u>1,641,826</u>
Less: accumulated depreciation	<u>(169,652)</u>	<u>(125,464)</u>
Net property and equipment	<u>\$ 1,484,034</u>	<u>\$ 1,516,362</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$44,188 and \$41,397, respectively.

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, 2025. At June 30, 2024 and 2023, 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 8.50% for the years ended June 30, 2024 and 2023.

NOTE 8 - MORTGAGE PAYABLE

During the year ended June 30, 2022, the Organization entered into a mortgage payable for the 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. The balance on the mortgage payable was \$416,847 and \$545,906, respectively, at June 30, 2024 and 2023.

UNITED WAY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 8 - MORTGAGE PAYABLE (Cont'd)

Future minimum required loan payments as of June 30, 2024 were as follows:

<u>Year ending June 30,</u>	
2025	\$ 31,431
2026	32,696
2027	34,011
2028	35,379
Thereafter	283,330
	<u>\$ 416,847</u>

NOTE 9 - GRANTS PAYABLE

Community grants for each campaign year are approved by the Board. In June 2024, the Organization and Board revamped the award and payment process for community grants. Half of community grants, rather than all, were approved and recorded as liabilities at June 30, 2024. The remaining half will be approved in the first quarter of the year ending June 30, 2025. All grants awarded by December 2024 will be fully paid by June 30, 2025. Grants payable for the years ended June 30, 2024 and 2023 were \$438,337 and \$1,331,666, respectively.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Building purchase, renovation, and loan payoff	\$ -	\$ 50,000
Mobile home project	30,754	35,314
Financial stability center	2,746	100,000
Law enforcement task force	10,309	10,804
Social Innovation lab	143,468	200,000
	<u>\$ 187,277</u>	<u>\$ 396,118</u>

UNITED WAY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (Cont'd)

Net assets with donor restrictions released during the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
Building purchase, renovation, and loan payoff	\$ 50,000	\$ 492,205
Mobile home project	4,560	11,470
Financial stability center	101,754	8,200
Law enforcement task force	495	1,000
Social Innovation lab	78,453	-
Time restricted pledges	-	45,000
	<u>\$ 235,262</u>	<u>\$ 557,875</u>

NOTE 11 – BOARD DESIGNATED NET ASSETS

Net assets without donor restrictions designated by the Board for the following purposes as of June 30, 2024 and 2023 were as follows:

	2024	2023
Leadership program	\$ -	\$ 5,461
Financial stability center	-	18,246
Capital improvements	50,000	-
	<u>\$ 50,000</u>	<u>\$ 23,707</u>

NOTE 12 – ENDOWED FUNDS HELD BY THE CHESTER COUNTY COMMUNITY FOUNDATION

The Organization is the beneficiary of endowed funds at the Chester County Community Foundation. Each fiscal year, the Organization is allowed to withdraw up to 5% of the fund balance as of June 30. The distributable amount of the fund as of June 30, 2024 and 2023 was \$1,065 and \$944, respectively. As of June 30, 2024 and 2023, no funds had been distributed.

NOTE 13 – REVENUE RECOGNITION

Performance Obligations

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 YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 13 – 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.

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 statements of activities.

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, 2024, was as follows:

	Point in Time	Over Time	Total
Special events	\$ 292,010	\$ -	\$ 292,010
Leadership training	-	42,500	42,500
Service fees	35,595	-	35,595
	<u>\$ 327,605</u>	<u>\$ 42,500</u>	<u>\$ 370,105</u>

The disaggregation of the timing of recognizing revenue from contracts with customers for the year ended June 30, 2023, was as follows:

	Point in Time	Over Time	Total
Special events	\$ 312,742	\$ -	\$ 312,742
Leadership training	-	88,818	88,818
Service fees	38,044	-	38,044
	<u>\$ 350,786</u>	<u>\$ 88,818</u>	<u>\$ 439,604</u>

UNITED WAY OF CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 14 – DONATED MATERIALS AND SERVICES

The Organization received contributions of the following nonfinancial assets reflected within the statements of activities for the years ended June 30, 2024 and 2023:

	2024	2023
Donated services	\$ 2,500	\$ 82,353
Donated materials	-	55,394
	<u>\$ 2,500</u>	<u>\$ 137,747</u>

All donated services and materials were utilized by the Organization's programs. Unless otherwise noted, no donor restrictions existed for contributed nonfinancial assets.

The Organization received donated services of leadership training for its programs during the years ended June 30, 2024 and 2023. Donated services are valued at the standard hourly rates charged for those services.

In the years ended June 30, 2024 and 2023, the Organization received various donated materials to support special events. Valuation of these materials and services are at retail prices for acquiring similar materials or services. These amounts have been recognized as revenue and expenses in special events on the statement of activities.

The Organization also received items to be sold at its special events. Contributed auction items are valued based on the actual cash proceeds received from the sale of the items.

The Organization also received \$55,395 of donated materials and \$61,766 of donated services utilized for renovations to the building. Valuation of these materials are at retail prices for acquiring similar materials. Donated services are valued at the standard hourly rates charged for those services. These amounts have also been recognized in property and equipment on the statement of financial position for the year ended June 30, 2023.

NOTE 15 – 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

UNITED WAY OF CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023****NOTE 15 – RETIREMENT PLANS (Cont'd)**

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, 2024 and 2023 was \$64,506 and \$40,051, respectively.

NOTE 16 – LEASE COMMITMENT

In 2017, the Organization entered into a five-year and three month lease for office space. The lease commenced August 1, 2017, and expired October 31, 2022. The lease was not renewed because the Organization moved into the newly purchased and renovated building, see Notes 5. Rent expense was \$25,286 for the year ended June 30, 2023.



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

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

INDEPENDENT AUDITOR'S 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, 2024, 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 7, 2024.

Report on 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.

Report on 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 7, 2024
Kennett Square, Pennsylvania

UNITED WAY OF CHESTER COUNTY, INC.

**SUPPLEMENTARY INFORMATION
SCHEDULES OF CAMPAIGN REVENUE
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Campaign revenue - publicly announced	\$ 1,917,336	\$ 2,027,150
Less: campaigns managed by United Way of Chester County, Inc. and collected/distributed by other entities	(61,546)	(124,869)
Less: contributions received from special events	(292,010)	(312,742)
Contributions in-kind used for United Way programs	<u>2,500</u>	<u>20,587</u>
Total campaign revenue	<u>\$ 1,566,280</u>	<u>\$ 1,610,126</u>

See Independent Auditor's Report and Notes to Financial Statements

UNITED WAY OF CHESTER COUNTY, INC.

**SUPPLEMENTARY INFORMATION
SCHEDULES OF GRANTS TO NON-PROFIT AGENCIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Grants to non-profit agencies		
A Child's Light	\$ -	\$ 20,000
A Haven	-	10,000
ACT in Faith Greater West Chester	-	10,000
Aidan's Heart Foundation	-	100,000
Alianzas de Phoenixville	15,000	-
Ann's Heart	25,000	10,000
Bournelyf Special Camp	-	5,000
Brandywine Valley Active Aging	-	40,000
Bridge Academy & Community Center	-	5,000
CASA Youth Adocates	-	15,000
Cerebral Palsy Assoc. of Chester County	-	30,000
Charles A. Melton Arts & Education Center	-	10,000
ChesPenn Health Services	-	20,000
Chester County Connect Care	-	10,000
Chester County Economic Development Council	25,000	-
Chester County Food Bank	20,000	-
Chester County Hospital Foundation	-	10,000
Chester County OIC	-	20,000
Child Guidance Resource Center	-	15,000
Christ the King Deaf Church - DeafCAN! PA	-	10,000
Community Volunteers in Medicine	-	30,000
Crime Victims' Center of Chester County	-	25,000
Domestic Violence Center of Chester County	-	10,000
Downingtown Communities that Care	-	10,000
Family Service of Chester County	-	40,000
Fiorenza's Food for Friends	15,000	5,000
Good Neighbors, Inc.	-	15,000
Good Samaritan Services	-	15,000
Health Care Access	-	10,000
Home of the Sparrow	-	15,000
Honey Brook Food Pantry	15,000	10,000
Hope Beyond Borders - Coatesville Kids to College	-	20,000
Hopewell Methodist Church	-	15,000
Housing Authority of Chester County	-	25,000
Housing Partnership of Chester County	-	25,000
Human Services, Inc.	-	15,000
Kennett Area Community Services	20,000	20,000
Balance Forward	\$ 135,000	\$ 645,000

See Independent Auditor's Report and Notes to Financial Statements

UNITED WAY OF CHESTER COUNTY, INC.

SUPPLEMENTARY INFORMATION SCHEDULES OF GRANTS TO NON-PROFIT AGENCIES FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Grants to non-profit agencies (cont'd)		
Balance forwarded	\$ 135,000	\$ 645,000
LCH Health and Community Services	-	30,000
Legal Aid SEPA	25,000	25,000
Life Transforming Ministries	40,000	-
Maternal and Child Health Consortium	-	25,000
Mom's House	20,000	5,000
New London Counseling Center	-	15,000
North Star of Chester County	-	15,000
Open Hearth, Inc.	95,000	30,000
Orion Communities	20,000	20,000
Oxford Area Neighborhood Services	5,000	10,000
Oxford Area Senior Center	-	5,000
Oxford SILO Works	15,000	15,000
Phoenixville Area Community Services	25,000	25,000
Phoenixville Area Senior Center	-	20,000
Phoenixville Women's Outreach	-	10,000
Safe Harbor of Chester County	-	15,000
Surrey Services	-	10,000
The Arc of Chester County	-	20,000
The Barn at Spring Brook Farm	-	5,000
The Garage Community & Youth Center	-	15,000
The Peacemaker Center	-	10,000
The Salvation Army - West Chester	-	10,000
Volunteer English Program	20,000	15,000
West Chester Area Daycare Center	-	10,000
West Chester Area Senior Center	-	28,500
West Chester Communities that Care	-	10,000
West Chester Food Cupboard	40,000	40,000
Westside Community Center	-	10,000
Young Moms	-	5,000
Total grants to non-profit agencies	<u>\$ 440,000</u>	<u>\$ 1,098,500</u>
Other partner agency grants		
Financial stability grants		
Family Services	-	24,000
Open Hearth, Inc.	70,000	70,000
	<u>70,000</u>	<u>94,000</u>
Life Transforming Ministries	77,420	-
Other non allocated grants	12,968	72,450
Total other non-profit agency grants	<u>\$ 600,388</u>	<u>\$ 1,264,950</u>

See Independent Auditor's Report and Notes to Financial Statements