

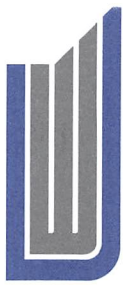


**United Way of
Southern Chester County**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
AUGUST 31, 2024 AND 2023**

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9
Supplementary Information	
Schedules of Allocations to Agencies	24



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Southern Chester County
Kennett Square, Pennsylvania

Opinion

We have audited the accompanying financial statements of United Way of Southern Chester County (a nonprofit corporation), which comprise the statements of financial position as of August 31, 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 Southern Chester County as of August 31, 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. 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 Southern 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 Southern 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 Southern 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 Southern 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations to agencies on page 24 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
November 21, 2024

UNITED WAY OF SOUTHERN CHESTER COUNTY

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 514,039	\$ 640,176
Pledges receivable, net	219,154	143,546
Prepaid expenses	6,952	5,216
TOTAL CURRENT ASSETS	740,145	788,938
Investments	645,047	576,975
Property and equipment, net of depreciation	69	402
Operating lease right-of-use assets	79,050	-
Security deposit	1,525	800
Accrued interest	-	30
TOTAL ASSETS	\$ 1,465,836	\$ 1,367,145
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,327	\$ 5,730
Accrued expenses	22,096	16,901
Allocations payable to agencies	750,000	750,000
Donor designated payable	3,981	1,379
Operating lease liabilities, current portion	18,392	-
TOTAL CURRENT LIABILITIES	795,796	774,010
Operating lease liabilities, net of current portion	60,844	-
TOTAL LIABILITIES	856,640	774,010
NET ASSETS		
Without donor restrictions		
Unrestricted	(98,175)	54,189
Board designated	477,046	378,775
Total without donor restrictions	378,871	432,964
With donor restrictions	230,325	160,171
TOTAL NET ASSETS	609,196	593,135
TOTAL LIABILITIES AND NET ASSETS	\$ 1,465,836	\$ 1,367,145

See Independent Auditor's Report and Notes to Financial Statements

UNITED WAY OF SOUTHERN CHESTER COUNTY

**STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024**

	2024		
	Without Donor Restrictions	With Donor Restrictions	Totals
PUBLIC SUPPORT AND REVENUES			
Campaign contributions	\$ 910,101	\$ 50,000	\$ 960,101
Less: donor designations	(32,177)	-	(32,177)
Less: collection losses	(11,063)	-	(11,063)
Total campaign contributions	866,861	50,000	916,861
Endowment donations	3,156	-	3,156
Fundraising events, net of direct costs of \$27,713	47,991	-	47,991
Miscellaneous income	298	-	298
Investment income	108,169	29,071	137,240
Net assets released from restrictions	8,917	(8,917)	-
TOTAL PUBLIC SUPPORT AND REVENUE	1,035,392	70,154	1,105,546
EXPENSES			
Distributions to agencies	750,000	-	750,000
Program services	212,247	-	212,247
Administration	120,360	-	120,360
Fundraising	6,878	-	6,878
TOTAL EXPENSES	1,089,485	-	1,089,485
CHANGE IN NET ASSETS	(54,093)	70,154	16,061
NET ASSETS - BEGINNING OF YEAR	432,964	160,171	593,135
NET ASSETS - END OF YEAR	\$ 378,871	\$ 230,325	\$ 609,196

See Independent Auditor's Report and Notes to Financial Statements

UNITED WAY OF SOUTHERN CHESTER COUNTY

**STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023**

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
PUBLIC SUPPORT AND REVENUES			
Campaign contributions	\$ 983,245	\$ -	\$ 983,245
Less: donor designations	(5,285)	-	(5,285)
Less: collection losses	(24,011)	-	(24,011)
Total campaign contributions	<u>953,949</u>	<u>-</u>	<u>953,949</u>
Endowment donations	2,934	-	2,934
Fundraising events, net of direct costs of \$29,476	32,664	-	32,664
Miscellaneous income	126	-	126
Investment income	64,350	9,246	73,596
Net assets released from restrictions	<u>8,420</u>	<u>(8,420)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,062,443</u>	<u>826</u>	<u>1,063,269</u>
EXPENSES			
Distributions to agencies	750,000	-	750,000
Program services	234,565	-	234,565
Administration	119,137	-	119,137
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>1,103,702</u>	<u>-</u>	<u>1,103,702</u>
CHANGE IN NET ASSETS	(41,259)	826	(40,433)
NET ASSETS - BEGINNING OF YEAR	<u>474,223</u>	<u>159,345</u>	<u>633,568</u>
NET ASSETS - END OF YEAR	<u>\$ 432,964</u>	<u>\$ 160,171</u>	<u>\$ 593,135</u>

See Independent Auditor's Report and Notes to Financial Statements

UNITED WAY OF SOUTHERN CHESTER COUNTY

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2024**

	2024			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
COMPENSATION RELATED				
Salaries	\$ 124,991	\$ 73,086	\$ 4,694	\$ 202,771
Payroll taxes	10,339	6,045	388	16,772
Employee benefits	<u>15,097</u>	<u>8,827</u>	<u>567</u>	<u>24,491</u>
TOTAL COMPENSATION RELATED	<u>150,427</u>	<u>87,958</u>	<u>5,649</u>	<u>244,034</u>
Accounting	-	8,900	-	8,900
Advertising	1,947	-	-	1,947
Bank processing fees	1,158	-	-	1,158
Dues and memberships	5,999	3,519	210	9,728
Depreciation	-	334	-	334
Events	2,740	203	-	2,943
Insurance	2,657	1,554	100	4,311
Lease expense	11,364	6,645	427	18,436
Office supplies	267	988	-	1,255
Postage	630	315	-	945
Printing	4,651	-	-	4,651
Professional fees	14,007	2,196	-	16,203
Repairs and maintenance	280	163	10	453
Technology	9,439	5,520	354	15,313
Telephone and internet	1,981	1,158	75	3,214
Travel	<u>4,700</u>	<u>907</u>	<u>53</u>	<u>5,660</u>
TOTAL EXPENSES	<u>\$ 212,247</u>	<u>\$ 120,360</u>	<u>\$ 6,878</u>	<u>\$ 339,485</u>

See Independent Auditor's Report and Notes to Financial Statements

UNITED WAY OF SOUTHERN CHESTER COUNTY

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023**

	2023			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
COMPENSATION RELATED				
Salaries	\$ 144,586	\$ 74,446	\$ -	\$ 219,032
Payroll taxes	11,841	6,097	-	17,938
Employee benefits	24,017	12,366	-	36,383
TOTAL COMPENSATION RELATED	<u>180,444</u>	<u>92,909</u>	-	<u>273,353</u>
Accounting	-	8,600	-	8,600
Advertising	46	-	-	46
Bank processing fees	1,540	35	-	1,575
Dues and memberships	7,174	3,414	-	10,588
Depreciation	-	334	-	334
Events	5,758	376	-	6,134
Insurance	2,834	1,459	-	4,293
Lease expense	9,803	5,047	-	14,850
Office supplies	2,817	904	-	3,721
Postage	4,918	326	-	5,244
Printing	5,593	-	-	5,593
Professional fees	1,501	7	-	1,508
Repairs and maintenance	44	22	-	66
Staff development	44	23	-	67
Technology	7,282	3,750	-	11,032
Telephone and internet	1,694	872	-	2,566
Travel	3,073	1,059	-	4,132
TOTAL EXPENSES	<u>\$ 234,565</u>	<u>\$ 119,137</u>	<u>\$ -</u>	<u>\$ 353,702</u>

See Independent Auditor's Report and Notes to Financial Statements

UNITED WAY OF SOUTHERN CHESTER COUNTY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 16,061	\$ (40,433)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	334	334
Change in allowance for collection losses	(5,792)	(2,641)
Net realized and unrealized (gains) losses on investments	(102,814)	(44,549)
Donations of marketable securities	(37,803)	(50,447)
Noncash operating lease expense	(79,050)	-
(Increase) decrease in operating assets:		
Pledges receivable	(69,816)	97,617
Prepaid expenses	(1,736)	945
Security deposit	(725)	-
Accrued interest	30	(30)
Increase (decrease) in operating liabilities:		
Accounts payable	(4,403)	901
Accrued expenses	5,195	(13,595)
Operating lease liability	79,236	-
Donor designated payable	2,602	(2,058)
Deferred income	-	(304)
	(198,681)	(54,260)
NET CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(25,877)	(72,388)
Proceeds from sale of investments	98,421	60,948
	72,544	(11,440)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(126,137)	(65,700)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	640,176	705,876
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 514,039	\$ 640,176
 SUPPLEMENTAL INFORMATION		
Noncash recognition of new operating lease (ASC 842)	\$ 84,052	\$ -

See Independent Auditor's Report and Notes to Financial Statements

UNITED WAY OF SOUTHERN CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**Nature of Organization

The United Way of Southern Chester County (the “Organization”) is dedicated to improving the quality of life in southern Chester County by mobilizing society’s capacity to care. As a nonprofit, the Organization is a unique partnership that involves donors including staff, volunteers, businesses, other nonprofits, and concerned individuals to achieve results that matter and to make a lasting impact on the quality of life in its community.

The Organization engages in a fall fund-raising campaign to raise funds for member agencies, as well as other 501(c)(3) organizations. The Organization focuses community attention on the most critical human needs in southern Chester County, as well as addressing both the symptoms and the root cause of southern Chester County’s most plaguing issues.

The Organization is dependent upon contributions from corporate and individual donors to support its program services. The level of such contributions can be affected by economic and other conditions. In addition, the choice on the part of the donors to designate their gifts for specific agencies can result in reduced funding available to fund programs. A decrease in undesignated contributions could adversely affect the Organization’s ability to provide services and to allocate funds to its member agencies.

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 SOUTHERN CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023****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 are 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 expires in the reporting period in which the support is 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all liquid investments with an original maturity of three months or less to be cash equivalents.

Pledges Receivable

Unconditional pledges to give are recognized as revenues at estimated fair value in the period in which notification of such pledge is received. Unconditional pledges to give due in one year or less are recorded at their net realizable value. Unconditional pledges to give due in more than one year are recorded at present value in the year pledged using present value techniques. Conditional pledges to give are recognized when the conditions on which they depend are substantially met.

UNITED WAY OF SOUTHERN CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)**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 using a three-year average. 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.

Investments

Investments in marketable securities with readily determinable fair values are carried at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

Donor-Restricted Endowment Fund

A Donor-Restricted Endowment Fund is an endowment fund that is created by a donor stipulation requiring investment of the gift in perpetuity or for a specified term. Some donors or laws may require that a portion of income, gains or both be added to the gift and invested subject to similar restrictions. The Organization's endowment fund is managed by the Chester County Community Foundation. Up to 5% of the investment value at year end may be used to fund the ongoing future operations of the Organization.

Property and Equipment

Property and equipment are stated at cost. Major renewals and improvements over \$5,000 are capitalized while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed. Depreciation is computed under the straight-line method over estimated useful lives of 3-7 years for furniture and equipment.

UNITED WAY OF SOUTHERN CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 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 fundraising 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 activity resulting in contracts with customers is fundraising events.

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

Because the benefit received from fundraising events has 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.

Noncash Contributions

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

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization. Accounting standards require that only volunteer services that (1) create or enforce long-lived assets or (2) require specialized skills provided by individuals possessing skills that would typically need to be purchased if not donated must be recorded. The value of these services does not meet these requirements. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied.

UNITED WAY OF SOUTHERN CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)**Advertising Costs

The Organization expenses advertising costs as they are incurred. Advertising expense was \$1,947 and \$46 for the years ended August 31, 2024 and 2023, 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.

Allocation of Functional Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program and supporting services. Fundraising expenses are costs related to development and other fundraising efforts. Management and general expenses are costs directly related to the overall operation of the Organization, but are not associated with program or fundraising services. Certain management and general expenses, such as payroll and related costs, occupancy, and insurance, are allocated to program and fundraising services based on the usage of employees' time and other resources available.

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.

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.

UNITED WAY OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

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

Date of Management's Review

Management has evaluated those events and transactions that occurred after the statement of financial position date of August 31, 2024 through November 21, 2024, 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

As of August 31, 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	\$ 514,039	\$ 640,176
Pledges receivable	219,154	143,546
Less: donor restricted financial assets	(50,000)	-
Total financial assets available within one year	\$ 683,193	\$ 783,722

At, August 31, 2024 and 2023, the Organization had \$683,193 and \$783,722, respectively, of financial assets, consisting of cash 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.

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 FOR CASH HELD IN BANK

The Organization maintains its cash balances at several financial institutions. These balances are insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation up to \$250,000. At times, deposits can be in excess of the insured amount. Cash balances in excess of insured amounts at August 31, 2024 and 2023 were \$0 and \$4,743, respectively.

UNITED WAY OF SOUTHERN CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consisted of the following at August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Pledges receivable related to current campaign	\$ 246,317	\$ 176,501
Allowance for uncollectible pledges	<u>(27,163)</u>	<u>(32,955)</u>
	<u>\$ 219,154</u>	<u>\$ 143,546</u>

Pledges receivable were as follows for the years ended August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Gross amounts due in less than one year	<u>\$ 246,317</u>	<u>\$ 176,501</u>

NOTE 5 – INVESTMENTS

Investments, stated at fair value, consisted of the following at August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Chester County Community Foundation Investment Pool	\$ 180,325	\$ 160,171
Certificate of deposit	-	49,975
Various stocks and ETFs	<u>464,722</u>	<u>366,829</u>
	<u>\$ 645,047</u>	<u>\$ 576,975</u>

Investment income for the year ended August 31, 2024 is summarized as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 31,188	\$ 4,939	\$ 36,127
Net realized gains (losses) on investments	-	2,336	2,336
Net unrealized gains (losses) on investments	76,981	23,497	100,478
Investment fees	<u>-</u>	<u>(1,701)</u>	<u>(1,701)</u>
	<u>\$ 108,169</u>	<u>\$ 29,071</u>	<u>\$ 137,240</u>

UNITED WAY OF SOUTHERN CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

NOTE 5 – INVESTMENTS (Cont’d)

Investment income for the year ended August 31, 2023 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 26,658	\$ 4,470	\$ 31,128
Net realized gains (losses) on investments	-	475	475
Net unrealized gains (losses) on investments	37,692	6,382	44,074
Investment fees	-	(2,081)	(2,081)
	<u>\$ 64,350</u>	<u>\$ 9,246</u>	<u>\$ 73,596</u>

NOTE 6 – FAIR VALUE MEASUREMENT

In accordance with the Fair Value Measurement Topic of the FASB ASC, assets that are measured at fair value are 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.
- Level 3 – Significant unobservable inputs for the asset or liability.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment.

UNITED WAY OF SOUTHERN CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

NOTE 6 – FAIR VALUE MEASUREMENT (Cont'd)

The following table presents assets that were measured at fair value on a recurring basis at August 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Chester County Community				
Foundation Investment Pool	\$ -	\$ -	\$ 180,325	\$ 180,325
Exchange-traded funds	464,722	-	-	464,722
	<u>\$ 464,722</u>	<u>\$ -</u>	<u>\$ 180,325</u>	<u>\$ 645,047</u>

The following table presents assets that were measured at fair value on a recurring basis at August 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Chester County Community				
Foundation Investment Pool	\$ -	\$ -	\$ 160,171	\$ 160,171
Certificate of deposit	49,975	-	-	49,975
Exchange-traded funds	366,829	-	-	366,829
	<u>\$ 416,804</u>	<u>\$ -</u>	<u>\$ 160,171</u>	<u>\$ 576,975</u>

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different value measurement at the reporting date.

Changes in Level 3 fair value measurements for the years ended August 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 160,171	\$ 159,345
Dividends	4,939	4,470
Unrealized gain (loss)	23,497	6,382
Realized gain (loss)	2,336	475
Grant distribution	(8,917)	(8,420)
Fees	(1,701)	(2,081)
Balance at end of year	<u>\$ 180,325</u>	<u>\$ 160,171</u>

UNITED WAY OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

NOTE 7 – ENDOWMENT FUNDS

The Organization’s endowment consists of two individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

In 2004, the Organization established an endowment fund restricted in perpetuity with the Chester County Community Foundation (the “Foundation”) that was funded with contributions designated for an endowment fund. The Foundation endowment fund is governed by its investment policy, investment committee fiduciary structure, and target asset allocation.

The Organization is permitted to spend five percent of the endowment fund each year to provide grants for community nonprofits or for its own operating and capital needs.

In 2014, the Organization created a Board-designated endowment fund held by Vanguard and overseen by the Organization’s Finance Committee. Per the Organization’s investment policy, the assets of the endowment fund shall be invested in a manner intended to maximize the total return of the fund over the long term. The assets shall be broadly diversified, with the assets divided among asset classes within specified ranges while assets are less than \$1,500,000 and another set of asset classes within specified ranges when assets are greater than \$1,500,000.

As an operating guideline, the Organization has targeted growth of the combined endowment funds to a total asset level of \$1,500,000 before distributions will be taken to sustain operations.

Endowment net asset composition by type of fund as of August 31, 2024 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 180,325	\$ 180,325
Board-designated endowment funds	477,046	-	477,046
	<u>\$ 477,046</u>	<u>\$ 180,325</u>	<u>\$ 657,371</u>

UNITED WAY OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

NOTE 7 – ENDOWMENT FUNDS (Cont'd)

Endowment net asset composition by type of fund as of August 31, 2023 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 160,171	\$ 160,171
Board-designated endowment funds	<u>378,775</u>	<u>-</u>	<u>378,775</u>
	<u>\$ 378,775</u>	<u>\$ 160,171</u>	<u>\$ 538,946</u>

Changes in endowment net assets for the year ended August 31, 2024 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, September 1, 2023	\$ 378,775	\$ 160,171	\$ 538,946
Dividends	9,240	4,939	14,179
Unrealized gain (loss)	76,957	23,497	100,454
Realized gain (loss)	-	2,336	2,336
Deposits	12,074	-	12,074
Grant distribution	-	(8,917)	(8,917)
Fees	-	(1,701)	(1,701)
Balance, August 31, 2024	<u>\$ 477,046</u>	<u>\$ 180,325</u>	<u>\$ 657,371</u>

Changes in endowment net assets for the year ended August 31, 2023 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, September 1, 2022	\$ 323,015	\$ 159,345	\$ 482,360
Dividends	7,285	4,470	11,755
Unrealized gain (loss)	37,121	6,382	43,503
Realized gain (loss)	-	475	475
Deposits	11,354	-	11,354
Grant distribution	-	(8,420)	(8,420)
Fees	-	(2,081)	(2,081)
Balance, August 31, 2023	<u>\$ 378,775</u>	<u>\$ 160,171</u>	<u>\$ 538,946</u>

UNITED WAY OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Furniture and office equipment	\$ 12,580	\$ 17,775
Less: accumulated depreciation	<u>(12,511)</u>	<u>(17,373)</u>
Property and equipment, net	<u>\$ 69</u>	<u>\$ 402</u>

Depreciation expense for the years ended August 31, 2024 and 2023 was \$334.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows at August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Donor-restricted endowment	\$ 180,325	\$ 160,171
Programs	<u>50,000</u>	<u>-</u>
	<u>\$ 230,325</u>	<u>\$ 160,171</u>

Net assets with donor restrictions released during the years ended August 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Change in endowment value	<u>\$ 8,917</u>	<u>\$ 8,420</u>

NOTE 10 – BOARD DESIGNATED FUNDS

The Board of Directors established an endowment fund comprised of the investment returns from the donor restricted endowment fund and surplus operating funds. Earnings of this fund will be used for future needs of the Organization as approved by the Board of Directors. The balances assigned to the Board Designated Endowment Fund at August 31, 2024 and 2023 were \$477,046 and \$378,775, respectively.

UNITED WAY OF SOUTHERN CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

NOTE 11 – REVENUE RECOGNITION

Performance Obligations

Revenue and support received for the Organization's fundraisers 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 fundraisers 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 fundraisers are reported as fundraising events in the statement 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 August 31, 2024 was as follows:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Total</u>
Fundraising events	\$ 75,704	\$ -	\$ 75,704

The disaggregation of the timing of recognizing revenue from contracts with customers for the year ended August 31, 2023 was as follows:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Total</u>
Fundraising events	\$ 62,140	\$ -	\$ 62,140

NOTE 12 – CONCENTRATION OF REVENUE

Revenue from one donor provided approximately 16% and 19%, respectively, of the Organization's total public support and revenues for the years ended August 31, 2024 and 2023.

UNITED WAY OF SOUTHERN CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023****NOTE 13 – NONCASH CONTRIBUTIONS**

The Organization received donated items to be sold at its annual fundraising auction totaling \$19,403 and \$19,778, respectively, for the years ended August 31, 2024 and 2023. Contributed auction items are valued based on actual retail prices for acquiring similar materials. The value of these items are included in fundraising event revenue and expense on the statements of activities.

Proceeds from auction items sold are recorded at actual amounts received from sale.

NOTE 14 – OPERATING LEASE COMMITMENT

The Organization evaluated current contracts to determine which met the criteria of a lease. The operating lease right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the operating lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms.

The Organization has utilized a risk-free rate of 4.72% to discount future lease payments.

The Organization had an operating lease for its prior office location. The leasing arrangement commenced June 1, 2021, and expired May 31, 2024. The lease did not provide an option to renew. The payments associated with the lease were not subject to recognition under ASU No. 2016-02, *Leases (Topic 842)*. Lease expense for the years ended August 31, 2024 and 2023 for operating leases not subject to recognition under ASU No. 2016-02, *Leases (Topic 842)* was \$12,150 and \$14,850, respectively.

In February 2024, the Organization signed an operating lease for its current office location. The leasing arrangement commenced May 1, 2024, and expires April 30, 2029. The lease requires monthly payments of \$1,525 for the first year with a 1.5% increase annually. The Organization's lease consists primarily of real estate leasing for office space. The current lease does not provide an option to renew.

Lease expense for the year ended August 31, 2024 for operating leases subject to recognition under ASU No. 2016-02, *Leases (Topic 842)* was \$6,100. There were no leases for the year ended August 31, 2023 that were subject to recognition under ASU No. 2016-02, *Leases (Topic 842)*.

UNITED WAY OF SOUTHERN CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

NOTE 14 – OPERATING LEASE COMMITMENT (Cont’d)

Future maturities of operating lease liabilities subject to ASU No. 2016-02, *Leases (Topic 842)* are as follows:

For the year ended August 31:

2025	\$	18,392
2026		18,667
2027		18,947
2028		19,232
2029		12,948
Total operating lease payments		88,186
Less: present value discount		(8,950)
Total operating lease obligations	\$	79,236

NOTE 15 – DEFINED CONTRIBUTION PENSION PLAN

The Organization implemented a defined contribution pension plan. The plan covers all full-time employees over the age of 21 who have completed the 60-day probationary period. Upon completion of the 60-day probationary period, the benefit will back-date to the day of hire. The Organization contributes six percent of eligible employees' regular annual salary. Pension plan expenses were \$12,084 and \$12,989, respectively, for the years ended August 31, 2024 and 2023.

SUPPLEMENTARY INFORMATION

UNITED WAY OF SOUTHERN CHESTER COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULES OF ALLOCATIONS TO AGENCIES
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

DISTRIBUTIONS TO AGENCIES:	<u>2024</u>	<u>2023</u>
Adult Literacy Program at Kennett Library	\$ 34,840	\$ 34,540
Crime Victims' Center of Chester County, Inc.	24,100	23,600
Domestic Violence Center of Chester County	30,440	33,180
Family Service of Chester County	16,980	15,580
Garage Community and Youth Center	73,160	70,440
Housing Partnership of Chester County	5,180	2,940
Kennett After School Association	17,720	20,220
Kennett Area Community Service	158,880	151,320
Kennett Area Senior Center	12,360	15,080
LCH	116,760	115,220
Maternal and Child Health Consortium	25,760	25,900
Meals on Wheels of Chester County	5,540	5,180
Mighty Writers El Futuro Kennett	7,260	4,300
New London Counseling Center	12,260	8,580
Oxford Area Senior Center	9,080	12,180
Oxford Neighborhood Services Center	71,940	64,160
RSVP	7,620	7,260
SILO	24,520	20,440
Tick Tock Early Learning Center	60,880	65,620
The Wardrobe/Wings for Success	8,200	14,520
VisionCorps	-	2,180
YMCA of Greater Brandywine - Kennett branch	-	2,300
YoungMoms	26,520	35,260
TOTAL DISTRIBUTIONS TO AGENCIES	<u>\$ 750,000</u>	<u>\$ 750,000</u>