



**United Way of
Southern Chester County**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
AUGUST 31, 2023 AND 2022**

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INDEPENDENT AUDITORS' 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, 2023 and 2022, 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, 2023 and 2022 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 25 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 30, 2023

UNITED WAY OF SOUTHERN CHESTER COUNTY

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 640,176	\$ 705,876
Accounts and pledges receivable, net	143,546	238,522
Prepaid expenses	5,216	6,161
TOTAL CURRENT ASSETS	788,938	950,559
Investments	576,975	470,539
Property and equipment, net of depreciation	402	736
Security deposit	800	800
Accrued interest	30	-
TOTAL ASSETS	\$ 1,367,145	\$ 1,422,634
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 5,730	\$ 4,829
Accrued expenses	16,901	30,496
Allocations payable to agencies	750,000	750,000
Deferred revenue	-	304
Donor designated payable	1,379	3,437
TOTAL CURRENT LIABILITIES	774,010	789,066
NET ASSETS		
Without donor restrictions		
Unrestricted	54,189	151,208
Board designated	378,775	323,015
Total without donor restrictions	432,964	474,223
With donor restrictions	160,171	159,345
TOTAL NET ASSETS	593,135	633,568
TOTAL LIABILITIES AND NET ASSETS	\$ 1,367,145	\$ 1,422,634

See Independent Auditors' Report and Notes to Financial Statements

UNITED WAY OF SOUTHERN CHESTER COUNTY

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
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	953,949	-	953,949
Endowment donations	2,934	-	2,934
Fundraising events, net of direct costs of \$29,476	32,664	-	32,664
Investment income	64,350	9,246	73,596
Miscellaneous income	126	-	126
Net assets released from restrictions	8,420	(8,420)	-
TOTAL PUBLIC SUPPORT AND REVENUE	1,062,443	826	1,063,269
EXPENSES			
Distributions to agencies	750,000	-	750,000
Program services	234,565	-	234,565
Administration	119,137	-	119,137
Fundraising	-	-	-
TOTAL EXPENSES	1,103,702	-	1,103,702
CHANGES IN NET ASSETS	(41,259)	826	(40,433)
NET ASSETS AT BEGINNING OF YEAR	474,223	159,345	633,568
NET ASSETS AT END OF YEAR	\$ 432,964	\$ 160,171	\$ 593,135

See Independent Auditors' Report and Notes to Financial Statements

UNITED WAY OF SOUTHERN CHESTER COUNTY

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
PUBLIC SUPPORT AND REVENUES			
Campaign contributions	\$ 1,184,261	\$ -	\$ 1,184,261
Less: donor designations	(6,573)	-	(6,573)
Less: collection losses	(38,686)	-	(38,686)
Total campaign contributions	1,139,002	-	1,139,002
Endowment donations	2,796	-	2,796
Fundraising events, net of direct costs of \$34,839	42,302	-	42,302
Investment income	(55,806)	(30,243)	(86,049)
Miscellaneous income	829	-	829
Net assets released from restrictions	8,268	(8,268)	-
TOTAL PUBLIC SUPPORT AND REVENUE	1,137,391	(38,511)	1,098,880
EXPENSES			
Distributions to agencies	758,000	-	758,000
Program services	213,325	-	213,325
Administration	211,957	-	211,957
Fundraising	-	-	-
TOTAL EXPENSES	1,183,282	-	1,183,282
CHANGES IN NET ASSETS	(45,891)	(38,511)	(84,402)
NET ASSETS AT BEGINNING OF YEAR	520,114	197,856	717,970
NET ASSETS AT END OF YEAR	\$ 474,223	\$ 159,345	\$ 633,568

See Independent Auditors' Report and Notes to Financial Statements

UNITED WAY OF SOUTHERN CHESTER COUNTY

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

	2023			
	Program Services	Management and General	Fundraising	Totals
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	180,444	92,909	-	273,353
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	\$ 234,565	\$ 119,137	\$ -	\$ 353,702

UNITED WAY OF SOUTHERN CHESTER COUNTY

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022**

	2022			
	Program Services	Management and General	Fundraising	Totals
COMPENSATION RELATED				
Salaries	\$ 124,414	\$ 112,933	\$ -	\$ 237,347
Payroll taxes	9,767	8,866	-	18,633
Employee benefits	22,991	20,870	-	43,861
TOTAL COMPENSATION RELATED	<u>157,172</u>	<u>142,669</u>	-	<u>299,841</u>
Accounting	-	8,300	-	8,300
Advertising	400	-	-	400
Bank processing fees	2,670	80	-	2,750
Dues and memberships	6,092	5,603	-	11,695
Depreciation	-	767	-	767
Events	3,539	216	-	3,755
Insurance	2,277	2,066	-	4,343
Lease expense	6,114	5,549	-	11,663
Postage	8,290	266	-	8,556
Printing	13,599	-	-	13,599
Professional fees	1,640	35,284	-	36,924
Repairs and maintenance	751	682	-	1,433
Technology	7,699	7,250	-	14,949
Telephone and internet	1,372	1,246	-	2,618
Travel	1,710	1,979	-	3,689
TOTAL EXPENSES	<u>\$ 213,325</u>	<u>\$ 211,957</u>	<u>\$ -</u>	<u>\$ 425,282</u>

UNITED WAY OF SOUTHERN CHESTER COUNTY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (40,433)	\$ (84,402)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	334	767
Collection losses	24,011	38,686
Net realized and unrealized (gains) losses on investments	(44,549)	101,286
Donations of marketable securities	(50,447)	(61,900)
(Increase) decrease in operating assets:		
Accounts and pledges receivable	70,965	3,911
Prepaid expenses	945	(1,060)
Accrued interest	(30)	-
Increase (decrease) in operating liabilities:		
Accounts payable	901	(3,353)
Accrued expenses	(13,595)	9,222
Allocations payable to agencies	-	(100,000)
Donor designated payable	(2,058)	1,301
Deferred income	(304)	304
	(54,260)	(95,238)
NET CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(72,388)	(307,958)
Proceeds from sale of investments	60,948	368,018
	(11,440)	60,060
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
NET DECREASE IN CASH	(65,700)	(35,178)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	705,876	741,054
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 640,176	\$ 705,876

See Independent Auditors' Report and Notes to Financial Statements

UNITED WAY OF SOUTHERN CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022****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, 2023 AND 2022****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)**Net Assets with Donor Restrictions

Net assets with donor restrictions is the part of net assets of the Organization that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and 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 is met in the same reporting period in which the support is received and recognized.

Net Assets without Donor Restrictions

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

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.

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.

UNITED WAY OF SOUTHERN CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)**Accounts and Grants Receivable

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

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.

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.

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, 2023 AND 2022****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)**Noncash Donations

Noncash donations are recorded at fair market value at the date of donation and have been included in revenue and expenses for the year. The estimated fair value of supplies, equipment, marketable securities, and other assets are recorded as contribution revenue.

Donated Services

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.

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.

UNITED WAY OF SOUTHERN CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)**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 statement 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.

Recently adopted accounting standards

In the year ended August 31, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (August 31, 2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized no operating lease right-of-use assets and operating lease liabilities in its statement of financial position as of August 31, 2023. The adoption did not result in any material effect on amounts reported in the accompanying financial statements.

The FASB issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. Adoption of these ASUs runs concurrent with the Organization's adoption of ASU 2016-02.

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

UNITED WAY OF SOUTHERN CHESTER COUNTY**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022****NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Cont'd)**Allocation of Functional Expenses (Cont'd)

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.

Advertising Costs

The Organization expenses advertising costs as they are incurred. Advertising expense was \$46 and \$400 for the years ended August 31, 2023 and 2022, respectively.

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.

Reclassifications

Certain reclassifications have been made to the August 31, 2022 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Date of Management's Review

Management has evaluated those events and transactions that occurred after the statement of financial position date of August 31, 2023 through November 30, 2023, the date the financial statements were available to be issued, and determined there were no other items to be disclosed.

UNITED WAY OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 2 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of August 31, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditures such as operating expenses were as follows:

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 640,176	\$ 705,876
Accounts and pledges receivable	143,546	238,522
Total financial assets available within one year	\$ 783,722	\$ 944,398

The Organization had \$783,722 and \$944,398, 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.

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 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, 2023 was \$4,743. There were no cash balances in excess of insured amounts at August 31, 2022.

NOTE 4 – ACCOUNTS AND PLEDGES RECEIVABLE

As of August 31, 2023 and 2022, accounts and pledges receivable consisted of the following:

	2023	2022
Pledges receivable related to current campaign	\$ 176,501	\$ 274,118
Allowance for uncollectible pledges	(32,955)	(35,596)
	\$ 143,546	\$ 238,522

UNITED WAY OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 4 – ACCOUNTS AND PLEDGES RECEIVABLE (Cont'd)

Accounts and pledges receivable are as follows for the years ended August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	<u>\$ 143,546</u>	<u>\$ 238,522</u>

NOTE 5 – INVESTMENTS

As of August 31, 2023 and 2022, investments, stated at fair value, consisted of the following:

	<u>2023</u>	<u>2022</u>
Chester County Community Foundation		
Investment Pool	\$ 160,171	\$ 159,345
Certificate of deposit	49,975	-
Various stocks and ETFs	<u>366,829</u>	<u>311,194</u>
	<u>\$ 576,975</u>	<u>\$ 470,539</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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>

UNITED WAY OF SOUTHERN CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 5 – INVESTMENTS (Cont’d)

Investment income for the year ended August 31, 2022 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 14,243	\$ 4,724	\$ 18,967
Net realized gains (losses) on investments	(7,637)	11,477	3,840
Net unrealized gains (losses) on investments	(62,412)	(43,825)	(106,237)
Investment fees	-	(2,619)	(2,619)
	<u>\$ (55,806)</u>	<u>\$ (30,243)</u>	<u>\$ (86,049)</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, 2023 AND 2022

NOTE 6 – FAIR VALUE MEASUREMENT (Cont'd)

The following table presents assets that are 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 following table presents assets that are measured at fair value on a recurring basis at August 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Chester County Community				
Foundation Investment Pool	\$ -	\$ -	\$ 159,345	\$ 159,345
Exchange-traded funds	311,194	-	-	311,194
	<u>\$ 311,194</u>	<u>\$ -</u>	<u>\$ 159,345</u>	<u>\$ 470,539</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 at August 31, 2023 are as follows:

	<u>2023</u>
Balance, September 1, 2022	\$ 159,345
Dividends	4,470
Unrealized gain (loss)	6,382
Realized gain (loss)	475
Grant distribution	(8,420)
Fees	(2,081)
Balance, August 31, 2023	<u>\$ 160,171</u>

UNITED WAY OF SOUTHERN CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 6 – FAIR VALUE MEASUREMENT (Cont’d)

Changes in Level 3 fair value measurements at August 31, 2022 are as follows:

	<u>2022</u>
Balance, September 1, 2021	\$ 197,856
Dividends	4,724
Unrealized gain (loss)	(43,825)
Realized gain (loss)	11,477
Grant distribution	(8,268)
Fees	<u>(2,619)</u>
Balance, August 31, 2022	<u><u>\$ 159,345</u></u>

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furniture and office equipment	\$ 17,775	\$ 17,775
Less: accumulated depreciation	<u>(17,373)</u>	<u>(17,039)</u>
Net property and equipment	<u><u>\$ 402</u></u>	<u><u>\$ 736</u></u>

Depreciation expense for the years ended August 31, 2023 and 2022 was \$334 and \$767, respectively.

NOTE 8 – 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 or 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.

UNITED WAY OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 8 – ENDOWMENT FUNDS (Cont'd)

Once the endowment fund reaches the balance set by the Board of Directors, currently set at \$1,500,000, 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. The Organization's long-term goal is to keep the endowment fund intact until it reaches an amount such that its earnings will cover operating costs.

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 endowment fund to a level of \$1,500,000 in assets before distributions will be taken.

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

	Without Donor Restrictions	With Donor Restrictions	Total
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>

Endowment net asset composition by type of fund as of August 31, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 159,345	\$ 159,345
Board-designated endowment funds	<u>323,015</u>	<u>-</u>	<u>323,015</u>
	<u>\$ 323,015</u>	<u>\$ 159,345</u>	<u>\$ 482,360</u>

UNITED WAY OF SOUTHERN CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 8 – ENDOWMENT FUNDS (Cont'd)

Changes in endowment net assets as of August 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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>

Changes in endowment net assets as of August 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, September 1, 2021	\$ 372,128	\$ 197,856	\$ 569,984
Dividends	8,761	4,724	13,485
Unrealized gain (loss)	(62,251)	(43,825)	(106,076)
Realized gain (loss)	(6,687)	11,477	4,790
Deposits	11,064	-	11,064
Grant distribution	-	(8,268)	(8,268)
Fees	-	(2,619)	(2,619)
Balance, August 31, 2022	<u>\$ 323,015</u>	<u>\$ 159,345</u>	<u>\$ 482,360</u>

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at August 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Donor-restricted endowment	<u>\$ 160,171</u>	<u>\$ 159,345</u>

UNITED WAY OF SOUTHERN CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

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

Net assets with donor restrictions released during the years ended August 31, 2023 and 2022 are as follows:

	2023	2022
Change in endowment value	\$ 8,420	\$ 8,268

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 balance assigned to the Board Designated Endowment Fund at August 31, 2023 and 2022 are \$378,775 and \$323,015, respectively.

NOTE 11 – DONATED MATERIALS

The Organization received donated materials for fundraising event auction items totaling \$19,778 and \$17,299 for the years ended August 31, 2023 and 2022. These materials are included in net fundraising event revenue on the statement of activities.

NOTE 12 – LEASE COMMITMENT

The Organization has an operating lease for its current office location. The leasing arrangement commenced June 1, 2021, and expires May 31, 2024. The Organization's lease consists primarily of real estate leasing for office space. The current lease does not provide an option to renew. Therefore, the payments associated with the lease are not subject to recognition under ASU No. 2016-02, *Leases (Topic 842)*. Lease expense for the years ended August 31, 2023 and 2022 were \$14,850 and \$11,663, respectively.

Future minimum required lease payments as of August 31, 2023 are as follows:

For the year ended August 31,

2024	\$ 10,485
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UNITED WAY OF SOUTHERN CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 13 – 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 \$12,989 and \$14,577, respectively, for the years ended August 31, 2023 and 2022.

NOTE 14 – CONCENTRATION OF REVENUE

Revenue from one donor provided approximately 19% and 45%, respectively, of the Organization's total public support and revenues for the years ended August 31, 2023 and 2022.

NOTE 15 – 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, 2023 is as follows:

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

UNITED WAY OF SOUTHERN CHESTER COUNTY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

NOTE 15 – REVENUE RECOGNITION (Cont’d)

The disaggregation of the timing of recognizing revenue from contracts with customers for the year ended August 31, 2022 is as follows:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Total</u>
Fundraising events	<u>\$ 77,141</u>	<u>\$ -</u>	<u>\$ 77,141</u>

SUPPLEMENTARY INFORMATION

UNITED WAY OF SOUTHERN CHESTER COUNTY

**SUPPLEMENTARY INFORMATION
SCHEDULES OF ALLOCATIONS TO AGENCIES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
DISTRIBUTIONS TO AGENCIES:		
Adult Literacy Program at Kennett Library	\$ 34,540	\$ 38,640
Crime Victims' Center of Chester County, Inc.	23,600	13,240
Domestic Violence Center of Chester County	33,180	38,640
Family Service of Chester County	15,580	23,640
Garage Community and Youth Center	70,440	70,920
Housing Partnership of Chester County	2,940	-
Kennett After School Association	20,220	21,820
Kennett Area Community Service	151,320	115,360
Kennett Area Senior Center	15,080	15,580
LCH	115,220	119,040
Maternal and Child Health Consortium	25,900	20,580
Meals on Wheels of Chester County	5,180	4,320
Mighty Writers El Futuro Kennett	4,300	-
New London Counseling Center	8,580	-
Oxford Area Senior Center	12,180	9,460
Oxford Neighborhood Services Center	64,160	85,420
RSVP	7,260	11,040
SILO	20,440	29,180
Southern Chester County Opportunity Network	-	5,000
Tick Tock Early Learning Center	65,620	82,280
VisionCorps	2,180	-
Wings for Success	14,520	18,920
YMCA of Greater brandywine - Kennett branch	2,300	-
YoungMoms	35,260	34,920
	<u>750,000</u>	<u>758,000</u>
TOTAL DISTRIBUTIONS TO AGENCIES	\$ 750,000	\$ 758,000