

United Way of York County
Financial Statements and
Supplementary Information
March 31, 2020 and 2019



United Way of York County

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March 31, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors
United Way of York County
York, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of York County, which comprise the statement of financial position as of March 31, 2020 and 2019, and the related statements of activities, functional expenses - by natural classification, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of York County as of March 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter - Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, 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 supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

RKL LLP

June 8, 2020
York, Pennsylvania

United Way of York County

Statement of Financial Position

	March 31,	
	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash	\$ 176,066	\$ 355,993
Campaign promises to give, net	3,031,152	3,403,210
Other receivables	60,671	36,809
Prepaid expenses	32,769	36,500
Total Current Assets	<u>3,300,658</u>	<u>3,832,512</u>
Property and Equipment, Net	<u>146,413</u>	<u>146,908</u>
Other Assets		
Investments	3,997,627	4,264,874
Interest in net assets of a community foundation	420,600	494,536
Total Other Assets	<u>4,418,227</u>	<u>4,759,410</u>
Total Assets	<u>\$ 7,865,298</u>	<u>\$ 8,738,830</u>

United Way of York County

Statement of Financial Position (continued)

	March 31,	
	2020	2019
<i>Liabilities and Net Assets</i>		
Current Liabilities		
Line of credit	\$ 320,687	\$ 300,000
Accounts and designations payable	1,655,413	1,915,769
Accrued payroll and payroll taxes	58,090	61,046
Allocations payable	531,591	635,178
Accrued expenses	5,062	4,927
Total Liabilities	2,570,843	2,916,920
Net Assets		
Without donor restrictions	2,170,934	2,323,335
With donor restrictions	3,123,521	3,498,575
Total Net Assets	5,294,455	5,821,910
Total Liabilities and Net Assets	\$ 7,865,298	\$ 8,738,830

United Way of York County

Statement of Activities

	Year Ended March 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Prior year campaign revenue (2019)	\$ 244,443	\$ -	\$ 244,443
Donor designations	72,842	-	72,842
Net Campaign Revenue (2019)	317,285	-	317,285
Prior year campaign pledges	5,731,255	(5,731,255)	-
Less: provision for uncollectible pledges	(380,000)	380,000	-
Less: donor designations	(1,968,546)	1,968,546	-
Net Assets Released from Restrictions	3,382,709	(3,382,709)	-
Current year campaign results (2020)	-	5,306,317	5,306,317
Less: provision for uncollectible pledges	-	(375,000)	(375,000)
Less: donor designations	-	(1,755,930)	(1,755,930)
Net Campaign Revenue (2020)	-	3,175,387	3,175,387
Total Campaign Revenue	3,699,994	(207,322)	3,492,672
Grants	301,604	35,000	336,604
Contributions and bequests	31,473	106,464	137,937
In-kind contributions	117,380	-	117,380
Investment income, net of fees	140,359	(24,887)	115,472
Rental income	76,031	-	76,031
Service fees	52,597	-	52,597
Miscellaneous income	12,531	-	12,531
Gain (loss) on sale of investments	3,593	(904)	2,689
Other net assets released from restrictions	136,686	(136,686)	-
Total Support and Revenue	4,572,248	(228,335)	4,343,913
Expenses			
Program services	3,301,146	-	3,301,146
Supporting services			
Organizational administration	426,036	-	426,036
Resource development	784,584	-	784,584
Total Expenses	4,511,766	-	4,511,766
Excess (Deficiency) of Support and Revenue over Expense	60,482	(228,335)	(167,853)
Unrealized Holding Losses on Investments	(138,947)	(146,719)	(285,666)
Change in Interest in Net Assets of a Community Foundation	(73,936)	-	(73,936)
Changes in Net Assets	\$ (152,401)	\$ (375,054)	\$ (527,455)

See accompanying notes.

United Way of York County

Statement of Activities (continued)

	Year Ended March 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Prior year campaign revenue (2018)	\$ 274,573	\$ -	\$ 274,573
Donor designations	27,292	-	27,292
Net Campaign Revenue (2018)	<u>301,865</u>	<u>-</u>	<u>301,865</u>
Prior year campaign pledges	5,828,778	(5,828,778)	-
Less: provision for uncollectible pledges	(390,000)	390,000	-
Less: donor designations	(1,886,088)	1,886,088	-
Net Assets Released from Restrictions	<u>3,552,690</u>	<u>(3,552,690)</u>	<u>-</u>
Current year campaign results (2019)	-	5,731,255	5,731,255
Less: provision for uncollectible pledges	-	(380,000)	(380,000)
Less: donor designations	-	(1,968,546)	(1,968,546)
Net Campaign Revenue (2019)	<u>-</u>	<u>3,382,709</u>	<u>3,382,709</u>
Total Campaign Revenue	3,854,555	(169,981)	3,684,574
Grants	378,391	-	378,391
Contributions and bequests	22,747	82,904	105,651
In-kind contributions	126,664	-	126,664
Investment income, net of fees	142,757	(14,150)	128,607
Rental income	76,023	-	76,023
Service fees	56,256	-	56,256
Miscellaneous income	140	-	140
Loss on sale of investments	(13,034)	(9,358)	(22,392)
Other net assets released from restrictions	71,372	(71,372)	-
Total Support and Revenue	<u>4,715,871</u>	<u>(181,957)</u>	<u>4,533,914</u>
Expenses			
Program services	3,694,408	-	3,694,408
Supporting services			
Organizational administration	357,593	-	357,593
Resource development	725,900	-	725,900
Total Expenses	<u>4,777,901</u>	<u>-</u>	<u>4,777,901</u>
Deficiency of Support and Revenue over Expense	(62,030)	(181,957)	(243,987)
Unrealized Holding Gains on Investments	29,243	15,369	44,612
Change in Interest in Net Assets of a Community Foundation	<u>(8,983)</u>	<u>-</u>	<u>(8,983)</u>
Changes in Net Assets	<u>\$ (41,770)</u>	<u>\$ (166,588)</u>	<u>\$ (208,358)</u>

See accompanying notes.

United Way of York County

Statement of Functional Expenses - by Natural Classification

	Year Ended March 31, 2020			
	Program Services	Supporting Services		Totals
	Community Impact	Organizational Administration	Resource Development	
Allocation/awards	\$ 4,092,272	\$ -	\$ -	\$ 4,092,272
Spending policy distributions	33,334	-	-	33,334
Less: donor designations	(1,968,546)	-	-	(1,968,546)
	2,157,060	-	-	2,157,060
Salaries and wages	523,445	238,082	356,228	1,117,755
Employee benefits	94,933	43,179	64,607	202,719
Professional services	71,240	32,403	48,482	152,125
Advertising	42,384	-	75,492	117,876
Scholarships and sponsorships	76,579	-	29,342	105,921
Dues and subscriptions	47,140	21,441	32,081	100,662
Payroll taxes	42,108	19,152	28,656	89,916
Campaign and communications	20,851	12,384	17,540	50,775
Equipment repair and maintenance	20,975	9,540	14,274	44,789
Computer	22,283	8,598	12,990	43,871
School readiness	43,548	-	-	43,548
Campaign incentives	-	-	43,165	43,165
Youth court	37,390	-	-	37,390
Depreciation	13,900	6,322	9,460	29,682
Occupancy	10,524	4,787	7,161	22,472
Insurance	10,377	4,720	7,061	22,158
Interest	8,242	3,749	5,609	17,600
Cash management fees	7,873	3,581	5,357	16,811
Conference and training	8,204	3,437	5,142	16,783
Supplies	7,472	3,398	5,085	15,955
Travel	8,127	1,711	2,559	12,397
Meeting expense	5,557	2,528	3,782	11,867
Telephone	4,776	2,172	3,250	10,198
Postage	4,494	2,044	3,059	9,597
Equipment rental	4,265	1,940	2,902	9,107
Quality enhancement	5,490	-	-	5,490
Miscellaneous expenses	1,909	868	1,300	4,077
	\$ 3,301,146	\$ 426,036	\$ 784,584	\$ 4,511,766

United Way of York County

Statement of Functional Expenses - by Natural Classification (continued)

	Year Ended March 31, 2019			
	Program Services	Supporting Services		Totals
	Community Impact	Organizational Administration	Resource Development	
Allocation/awards	\$ 4,462,090	\$ -	\$ -	\$ 4,462,090
Spending policy distributions	31,776	-	-	31,776
Less: donor designations	(1,886,088)	-	-	(1,886,088)
	2,607,778	-	-	2,607,778
Salaries and wages	514,965	180,675	333,261	1,028,901
Employee benefits	99,424	34,883	64,342	198,649
Professional services	9,335	49,636	9,049	68,020
Advertising	42,948	-	96,875	139,823
Scholarships and sponsorships	46,261	-	25,111	71,372
Dues and subscriptions	43,190	15,153	27,950	86,293
Payroll taxes	47,219	16,567	30,558	94,344
Campaign and communications	24,475	11,100	19,224	54,799
Equipment repair and maintenance	27,748	9,735	17,957	55,440
Computer	18,843	12,377	20,932	52,152
School readiness	47,338	-	-	47,338
Campaign incentives	-	-	29,979	29,979
Youth court	41,285	-	-	41,285
Depreciation	8,612	3,021	5,573	17,206
Occupancy	12,283	4,309	7,948	24,540
Insurance	11,309	3,968	7,318	22,595
Interest	2,292	804	1,483	4,579
Cash management fees	7,379	2,589	4,775	14,743
Conference and training	4,556	1,111	2,049	7,716
Supplies	9,610	3,372	6,218	19,200
Travel	9,318	1,619	2,985	13,922
Meeting expense	5,741	2,014	3,716	11,471
Telephone	3,282	1,151	2,124	6,557
Postage	4,951	1,737	3,204	9,892
Equipment rental	3,404	1,194	2,203	6,801
Quality enhancement	39,216	-	-	39,216
Miscellaneous expenses	1,646	578	1,066	3,290
	<u>\$ 3,694,408</u>	<u>\$ 357,593</u>	<u>\$ 725,900</u>	<u>\$ 4,777,901</u>

United Way of York County

Statement of Changes in Net Assets

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Net Assets at March 31, 2018	\$ 2,365,105	\$ 3,665,163	\$ 6,030,268
Changes in net assets	<u>(41,770)</u>	<u>(166,588)</u>	<u>(208,358)</u>
Net Assets at March 31, 2019	2,323,335	3,498,575	5,821,910
Changes in net assets	<u>(152,401)</u>	<u>(375,054)</u>	<u>(527,455)</u>
Net Assets at March 31, 2020	<u><u>\$ 2,170,934</u></u>	<u><u>\$ 3,123,521</u></u>	<u><u>\$ 5,294,455</u></u>

United Way of York County

Statement of Cash Flows

	Years Ended March 31,	
	2020	2019
Cash Flows from Operating Activities		
Changes in net assets	\$ (527,455)	\$ (208,358)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	29,682	17,206
Provision for uncollectible campaign promises to give	25,497	(53,399)
Restricted contributions - property and equipment	(30,765)	-
(Gain) loss on sale of investments	(2,689)	22,392
Unrealized holding (gains) losses on investments	285,666	(44,612)
Change in interest in net assets of a community foundation	73,936	8,983
Proceeds from sale of donated securities	70,369	63,569
(Increase) decrease in assets		
Campaign promises to give	276,192	25,442
Other receivables	(23,862)	(3,926)
Prepaid expenses	3,731	3,374
Increase (decrease) in liabilities		
Accounts and designations payable	(260,356)	(55,272)
Accrued payroll and payroll taxes	(2,956)	4,274
Allocations payable	(103,587)	14,462
Deferred revenue	-	(32,396)
Accrued expenses	135	1,088
	<u>(186,462)</u>	<u>(237,173)</u>
Net Cash Used in Operating Activities		
Cash Flows from Investing Activities		
Capital expenditures	(29,187)	(57,440)
Purchase of investments	(136,968)	(150,595)
Proceeds from sale of investments	121,238	114,011
	<u>(44,917)</u>	<u>(94,024)</u>
Net Cash Used in Investing Activities		
Cash Flows from Financing Activities		
Restricted contributions - property and equipment	30,765	-
Net change in line of credit	20,687	300,000
	<u>51,452</u>	<u>300,000</u>
Net Cash Provided by Financing Activities		
Net Decrease in Cash	(179,927)	(31,197)
Cash at Beginning of Year	355,993	387,190
Cash at End of Year	\$ 176,066	\$ 355,993

United Way of York County

Statement of Cash Flows (continued)

	Years Ended March 31,	
	2020	2019
Supplementary Cash Flows Information		
Interest paid	<u>\$ 17,600</u>	<u>\$ 4,579</u>

Supplementary Schedule of Noncash Investing and Financing Activities**In 2020**

Investments of \$70,369 were received as payments on campaign promises to give.

In 2019

Investments of \$63,569 were received as payments on campaign promises to give.

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 1 - Nature of Operations

United Way of York County's (the Organization) mission is to build a stronger, caring community by cultivating financial generosity, volunteerism, and advocacy.

The Organization administers an annual fundraising campaign in York County, Pennsylvania and uses those funds to support a variety of human service programs in York County.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Campaign Promises to Give and Appropriations

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, promises to give are recorded at year-end for outstanding campaign pledges, with an allowance for amounts estimated to be uncollectible. Substantially, all of the pledges receivable are from corporations and individuals. The Organization maintains reserves for potential uncollectible pledges, which in the aggregate have not exceeded management's expectations. After two years, uncollected campaign pledges are written off. Subsequent receipts relating to such amounts are recorded as prior year campaign revenue.

The provision for uncollectible pledges is computed based upon a historical average, adjusted by management's estimates of current economic factors applied to the gross campaign contributions, excluding donor designations.

Community care donations and pledges are recorded as donor restricted revenue in the current campaign year and released into net assets without donor restrictions as time restrictions are satisfied in the subsequent year. Donor designated pledges are accounted for as a liability, until dispensed to the designated agency. Those amounts are not accounted for as revenue by the Organization, but are reported as part of the campaign results, from which the amounts are then deducted to arrive at the campaign revenue. The Organization honors all requests by donors with regard to direct designations.

Donor designated pledges are assessed fundraising and processing fees, based on actual historical costs in accordance with United Way Worldwide's membership standards as outlined in its publication titled *Cost Deduction Standards for Membership Requirement M*.

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Other Receivables

Other receivables are stated at outstanding balances. The Organization considers these receivables to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to operations when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair market value, if contributed.

Property and equipment are depreciated using the straight-line method over the estimated average useful lives of the assets as follows:

Building and improvements	5 to 40 years
Furniture and equipment	3 to 10 years
Computer equipment	3 to 5 years
Vehicle	5 years

Maintenance, repairs, and minor renewals, which do not significantly improve or extend the lives of the respective assets, are charged to operations when incurred. Additions, improvements, and major renewals are capitalized.

The Organization's policy is to capitalize purchases of \$2,500 or more.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and the discount rates reflecting varying degrees of perceived risk. The management of the Organization concluded that no impairment adjustments were required during the years ended March 31, 2020 and 2019.

Investments

Investments in debt and equity securities with readily determinable fair values are reported at the fair value. Contributed investments are valued at market value on the date contributed. Unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations. Realized gains and losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations.

Note 2 - Summary of Significant Accounting Policies (continued)

Interest in Net Assets of a Community Foundation

Interest in net assets of a community foundation is reported at fair value as determined by the community foundation.

Net Assets

Net assets of the Organization and changes therein are classified and reported based on the existence or absence of donor-imposed stipulations as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that are restricted for a specified purpose or passage of time or are restricted in perpetuity.

Revenue Recognition

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

All contributions are considered to be available for operations unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions that increases that net asset class. When a restriction expires, which is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grants

Grant revenue that is deemed to be an exchange transaction is classified as revenue without donor restrictions or deferred revenue, as appropriate, when received or receivable. Such grant revenue is not deemed to be a contribution since the proceeds thereof are used to pursue objectives of the grantor.

Grant revenue that is deemed to be a contribution is classified as revenue with donor restrictions when received or receivable. Such grant revenue is not deemed to be in respect of exchange transactions since the proceeds thereof are non-reciprocal, unconditional, and voluntary.

Agency Funds

The Organization may accept grant funds on behalf of another not-for-profit organization and agree to disburse funds for grant expenses or back to the not-for-profit organization at some point in the future.

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Agency Funds (continued)

The Organization maintains variance power and fiduciary responsibility for all grant funds held under agency agreements. These funds are reported as assets. However, a liability, "Agency Funds", has been established for the fair value of the funds, generally equivalent to the present value of the future payments expected to be made on behalf of the not-for-profit organization. The Organization holds no agency funds as of March 31, 2020 and 2019.

Functional Expense Classification

The cost of providing the various programs and other activities are summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services consist of organizational administration (management and general) and resource development (fundraising) expenses. Expenses require allocation on a reasonable basis that is consistently applied. Expenses are generally allocated on the basis of estimates of time and effort.

Advertising

Advertising costs are expensed as incurred. For the years ended March 31, 2020 and 2019, advertising expense amounted to \$117,876 and \$139,823, respectively.

Change in Accounting Principles

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 supersedes or replaces nearly all U.S. GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization implemented this standard during the year ended March 31, 2020. The Organization has determined that the adoption of ASU 2014-09 did not result in an adjustment to net assets as of April 1, 2019 and did not have a material effect on the 2020 financial statements.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (A Consensus of the FASB Emerging Issues Task Force)*. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. The Organization has determined that the adoption of ASU 2016-18 had no effect on the 2020 financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

Change in Accounting Principles (continued)

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions. The update provides a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance. For contributions received, this guidance is effective for annual periods beginning after December 15, 2018, or annual periods beginning after June 15, 2018 for public business entities. For contributions made, this guidance is effective for the annual period beginning after December 15, 2019, or annual periods beginning after December 15, 2018 for public business entities. During the year ended March 31, 2020, the Organization implemented the provisions of ASU 2018-08 applicable to contributions received under a modified perspective basis. Accordingly, there is no effect on net assets in connection with the Organization's implementation of this standard.

Recent Accounting Pronouncement

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, and subsequently amended in ASU 2019-10. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases, based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. Currently, the new standard will be effective for fiscal years beginning after December 15, 2020. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Note 3 - Tax-Exempt Status

The Organization is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from income taxes on related activities pursuant to Section 509(a) of the Code. In addition, the Organization was organized under the Pennsylvania Nonprofit Corporation Law and is exempt from state income taxes.

Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Organization, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Organization has taken no uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before March 31, 2017.

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 4 - Fair Value of Financial Instruments

The fair value hierarchy prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full-term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following valuation techniques were used to measure fair value of assets in the tables below on a recurring basis:

Cash and cash equivalents - The carrying amounts approximate fair value because of the short-term nature of these investments.

Mutual funds - Fair value of mutual funds was based on quoted market prices for the identical securities.

Interest in net assets of a community foundation - Fair value of the interest in net assets of a community foundation was based on the Organization's ownership interest of the fund as determined by the community foundation. The fund assets were valued based on the performance of underlying investments as well as an administrative fee.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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 fair value measurement at the reporting date.

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 4 - Fair Value of Financial Instruments

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy are as follows as of March 31:

	2020			
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 83,129	\$ 83,129	\$ -	\$ -
Mutual Funds				
Domestic equity	1,833,707	1,833,707	-	-
Fixed income	1,625,192	1,625,192	-	-
International equity	455,599	455,599	-	-
Total Investments	3,997,627	3,997,627	-	-
Interest in Net Assets of a Community Foundation	420,600	-	-	420,600
	\$ 4,418,227	\$ 3,997,627	\$ -	\$ 420,600
	2019			
Cash and Cash Equivalents	\$ 33,456	\$ 33,456	\$ -	\$ -
Mutual Funds				
Domestic equity	2,044,579	2,044,579	-	-
Fixed income	1,695,815	1,695,815	-	-
International equity	491,024	491,024	-	-
Total Investments	4,264,874	4,264,874	-	-
Interest in Net Assets of a Community Foundation	494,536	-	-	494,536
	\$ 4,759,410	\$ 4,264,874	\$ -	\$ 494,536

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 4 - Fair Value of Financial Instruments (continued)

Changes in Fair Value Levels (continued)

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended March 31, 2020 and 2019, there were no transfers in or out of Level 3.

For assets falling within Level 3 in the fair value hierarchy, the activity recognized is as follows during the years ended March 31, 2020 and 2019:

	<u>Interest in Net Assets of a Community Foundation</u>
Balance at March 31, 2018	\$ 503,519
Unrealized losses	<u>(8,983)</u>
Balance at March 31, 2019	494,536
Unrealized losses	<u>(73,936)</u>
Balance at March 31, 2020	<u><u>\$ 420,600</u></u>

The unrealized losses for interest in net assets of a community foundation, classified as Level 3, are included as change in interest in net assets of a community foundation in the statement of activities.

Note 5 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor restrictions or other designations limiting their use, within one year of the statement of financial position, comprise the following as of March 31:

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash	\$ 176,066	\$ 355,993
Campaign promises to give, net	3,031,152	3,403,210
Other receivables	60,671	36,809
Investments	3,997,627	4,264,874
Distributions from interest in net assets of a community foundation	<u>21,880</u>	<u>22,423</u>
Total Financial Assets	<u><u>7,287,396</u></u>	<u><u>8,083,309</u></u>

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 5 - Liquidity and Availability (continued)

	<u>2020</u>	<u>2019</u>
Amounts Not Available to be Used for General Expenditures Within One Year		
Cash and promises to give subject to donor restrictions	\$ (1,772,874)	\$ (1,975,418)
Investments subject to donor restrictions	(1,350,647)	(1,523,157)
Board designated for Endowment	<u>(1,175,538)</u>	<u>(1,236,653)</u>
Total Amounts Not Available to be Used for General Expenditures Within One Year	<u>(4,299,059)</u>	<u>(4,735,228)</u>
Financial Assets Available to be Used for General Expenditures Within One Year		
	<u>\$ 2,988,337</u>	<u>\$ 3,348,081</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

The investment funds include donor restricted endowment funds subject to specific purpose as well as funds designated by the board as endowments. The donor-restricted and board-designated endowment funds as of March 31, 2020 and 2019 of \$2,526,185 and \$2,759,810, respectively, are subject to a target spending rate of 4.5%, as approved by the Board of Directors on an annual basis (refer to Note 11). Additional withdrawals may be approved at the discretion of the Board of Directors. Although the Organization does not intend to spend from the board-designated fund other than the approved annual distribution, if any, these funds could be made available if necessary.

The Organization also has a line of credit available to meet short-term needs. See Note 13 for additional information.

Note 6 - In-kind Contributions

Contributed assets, including contributed equipment and materials, are reported in the accompanying financial statements at their fair market value as of the date the assets were received.

During the years ended March 31, 2020 and 2019, the Organization also recognized the value of contributed services that met the requirements for recognition in the statement of activities. In addition, a substantial number of individual volunteers and businesses have donated significant amounts of time to the Organization's program and administrative functions. These services do not meet the criteria for recognition as contributed services, and are not reflected on the accompanying financial statements.

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 6 - In-kind Contributions (continued)

In-kind contributions consist of the following for the years ended March 31:

	<u>2020</u>	<u>2019</u>
Campaign incentives	\$ 43,165	\$ 29,979
Advertising	42,829	73,706
Miscellaneous	31,386	22,979
	<u>\$ 117,380</u>	<u>\$ 126,664</u>

Note 7 - Concentration of Cash Risk

The Organization maintains cash balances at several financial institutions located in Pennsylvania. At times during the years ended March 31, 2020 and 2019, the Organization's cash balances exceeded the federally insured limit of \$250,000.

Note 8 - Campaign Promises to Give

Campaign promises to give represent funds raised to fund the subsequent year's operations. The due date of the campaign promises to give as of March 31, 2020 and 2019 is less than one year.

Campaign promises to give consist of the following as of March 31:

	<u>2020</u>	<u>2019</u>
Campaign promises to give	\$ 3,471,509	\$ 3,818,070
Allowance for uncollectible campaign promises to give	<u>(440,357)</u>	<u>(414,860)</u>
	<u>\$ 3,031,152</u>	<u>\$ 3,403,210</u>

Note 9 - Property and Equipment

Property and equipment consist of the following at March 31:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 799,011	\$ 799,011
Computer equipment	84,441	102,190
Vehicle	29,186	19,675
Land *	26,063	26,063
Furniture and equipment	15,475	15,475
	954,176	962,414
Accumulated depreciation	<u>(807,763)</u>	<u>(815,506)</u>
	<u>\$ 146,413</u>	<u>\$ 146,908</u>

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 9 - Property and Equipment (continued)

Depreciation for the years ended March 31, 2020 and 2019 was \$29,682 and \$17,206, respectively.

* Not depreciated

Note 10 - Investments

The cost, gross unrealized gains and losses, and fair value for investments consist of the following as of March 31:

	2020			
	Cost	Gross Unrealized		Fair Value
		Gains	Losses	
Cash and Cash Equivalents	\$ 83,129	\$ -	\$ -	\$ 83,129
Mutual Funds				
Domestic equity	1,780,800	162,332	(109,425)	1,833,707
Fixed income	1,568,369	68,489	(11,666)	1,625,192
International equity	489,302	27,040	(60,743)	455,599
	<u>\$ 3,921,600</u>	<u>\$ 257,861</u>	<u>\$ (181,834)</u>	<u>\$ 3,997,627</u>
	2019			
Cash and Cash Equivalents	\$ 33,456	\$ -	\$ -	\$ 33,456
Mutual Funds				
Domestic equity	1,694,694	353,823	(3,938)	2,044,579
Fixed income	1,696,123	8,506	(8,814)	1,695,815
International equity	445,406	45,618	-	491,024
	<u>\$ 3,869,679</u>	<u>\$ 407,947</u>	<u>\$ (12,752)</u>	<u>\$ 4,264,874</u>

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 11 - Endowments (continued)

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the relevant state law as not requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unless specifically defined by a donor restricted endowment fund required by donor stipulation, the Organization considers the following factors in making a determination to accumulate or appropriate endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

The following schedule represents the endowment net asset composition by type of endowment fund as of March 31:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 1,350,647	\$ 1,350,647
Board designated endowment funds	1,175,538	-	1,175,538
	<u>\$ 1,175,538</u>	<u>\$ 1,350,647</u>	<u>\$ 2,526,185</u>
	2019		
Donor restricted endowment funds	\$ -	\$ 1,523,157	\$ 1,523,157
Board designated endowment funds	1,236,653	-	1,236,653
	<u>\$ 1,236,653</u>	<u>\$ 1,523,157</u>	<u>\$ 2,759,810</u>

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 11 - Endowments (continued)

Funds with Deficiencies

The relevant state law has no requirement to restore donor-restricted fund deficiencies and accounting standards provide that the generally accepted rule of reporting such deficiencies as net assets without donor restrictions should be applied only in the absence of donor stipulations or laws to the contrary. The Organization has interpreted state law to allow spending of the original principal with no requirement to restore fund deficiencies to the original value. As such, the Organization has no underwater endowments as of March 31, 2020 and 2019. Any fund deficiencies are reported as reductions to net assets with donor restrictions.

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization has a total return policy of appropriating for distribution each year a percent of its endowment fund's market value. The spending rate shall be recommended to the Board of Directors each year based on the rolling average based on the market values of the preceding twelve quarters calculated annually as of December 31 for the board designated endowment fund and as of June 30 for the donor-restricted endowment fund. The spending rate shall be based on the size, growth, and performance of the endowment fund and the needs of the operating budget. The target spending rate will be 4.5%. Additional withdrawals may be approved at the discretion of the Board of Directors. For the years ended March 31, 2020 and 2019, the spending rate was 4.5% for the donor-restricted endowment fund and 3.0% for the board designated endowment fund.

Note 12 - Interest in Net Assets of a Community Foundation

The Organization is the beneficiary of endowment funds of the York County Community Foundation (Foundation), a community foundation. As beneficiary, the Organization is entitled to annual distributions from the funds, based upon the Foundation's spending policy. The balance of the endowment funds are unavailable to the Organization for immediate withdrawal. The Foundation maintains variance power only over distributions from the funds.

The organizational endowment fund created by the Organization at the Foundation is reflected in the statement of financial position as interest in net assets of a community foundation. Future contributions are at the discretion of the Board of Directors of the Organization. As of March 31, 2020 and 2019, the fair value of the Organization's interest in net assets of a community foundation amounted to \$420,600 and \$494,536, respectively.

In addition to the organizational endowment fund, contributions made by third parties directly to the Foundation created designated endowment funds, which are not assets of the Organization, and are not reflected in the statement of financial position. The Foundation maintains variance power over the designated endowment funds. The Organization receives information on the value of the fund on an annual basis. As of March 31, 2020 and 2019, the balance of the Foundation fund in which the Organization is currently designated by the contributor as the beneficiary amounted to \$18,757 and \$22,016, respectively, which includes the fund's accumulated investment earnings in excess of annual distributions and fees.

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 13 - Line of Credit

The Organization has an unsecured line of credit agreement with M&T Bank, authorized up to \$750,000. Amounts borrowed against this line of credit bear interest at the 30-day LIBOR rate, plus 2.75 basis points. The interest for the line of credit was 4.75% and 5.25% as of March 31, 2020 and 2019, respectively. The outstanding balances on this line of credit were \$320,687 and \$300,000, respectively, as of March 31, 2020 and 2019.

Note 14 - Retirement Plan

The Organization has a defined contribution retirement plan. The plan covers substantially all eligible employees. Contributions to the plan are paid by the Organization at a rate of 8% of the employees' compensation, as defined in the plan document. Contributions to the plan for the years ended March 31, 2020 and 2019 amounted to \$71,805 and \$67,100, respectively.

Note 15 - Commitments

The Organization leases various office equipment and other services under operating leases, which have varying terms and monthly payments.

Future minimum lease payments under operating leases, assuming no change in the current terms, consist of the following for the remaining four years ending March 31:

2021	\$	20,526
2022		10,661
2023		9,107
2024		4,554
		<hr/>
	\$	44,848

Total rent expense for the years ended March 31, 2020 and 2019 for these leases amounted to \$46,528 and \$38,914, respectively.

Note 16 - Rental Income

The Organization leases multiple portions of their property to unrelated entities for office space, with varying contract terms.

Rental income relating to these leases amounted to \$76,031 and \$76,023 for the years ended March 31, 2020 and 2019, respectively.

Future minimum rental lease payments, assuming no change in current terms, amount to \$31,679 for the remaining year ending March 31, 2021.

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 17 - Net Assets

The Organization's net assets without donor restrictions consist of undesignated and board-designated amounts for the following purposes as of March 31:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 995,396	\$ 1,086,682
Board-designated for Endowment	<u>1,175,538</u>	<u>1,236,653</u>
	<u>\$ 2,170,934</u>	<u>\$ 2,323,335</u>

The Organization's net assets with donor restrictions consist of the following as of March 31:

	<u>2020</u>	<u>2019</u>
Subject to the passage of time and expenditures for specific purpose		
Campaign - cash and promises to give, net of donor designations payable	\$ 1,638,494	\$ 1,845,816
Scholarships - cash	90,417	92,302
Sponsorships - cash	39,728	37,300
Early literacy initiatives - cash	4,235	-
Perpetual in nature		
Endowment - investments	<u>1,350,647</u>	<u>1,523,157</u>
	<u>\$ 3,123,521</u>	<u>\$ 3,498,575</u>

Note 18 - Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economy, financial markets, public support, and the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Organization.

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which established the Paycheck Protection Program (the Program). The Program was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis. The Organization applied for a loan under the Program and received from its bank a loan in the amount of \$264,135 on April 15, 2020. The loan is forgivable if the Organization meets certain criteria as established under the Program. The Organization will apply for loan forgiveness in fiscal year 2021. The Organization anticipates there may be further guidance issued by the Small Business Administration (SBA), the U.S. Department of Treasury, the bank, and other regulators related to the Program which could impact the loan and loan forgiveness. Any of the loan amount not forgiven under the Program is expected to be due in April 2022 with interest at 1.0%. Payments are deferred for six months; however, interest shall continue to accrue over this period. The loan is unsecured and does not require personal guarantees.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

United Way of York County

Notes to Financial Statements

March 31, 2020 and 2019

Note 19 - Subsequent Events

The Organization has evaluated subsequent events through June 8, 2020. This date is the date the financial statements were available to be issued. No material events subsequent to March 31, 2020 were noted, except as discussed in Note 18.

United Way of York County

Schedule of Activities - Focus on Our Future - A Child Care Initiative

	Years Ended March 31,	
	2020	2019
Support and Revenue		
Grants	\$ 51,945	\$ 73,900
United Way allocation	50,000	45,000
Contributions and bequests	31,534	30,741
In-kind contributions	24,036	21,966
	<u>157,515</u>	<u>171,607</u>
Total Support and Revenue	157,515	171,607
Expenses		
Salaries and wages	64,365	52,048
School readiness	40,684	46,729
Scholarships	23,885	3,544
Employee benefits	8,701	6,319
Quality enhancement	5,490	39,216
Payroll taxes	5,456	4,600
Travel	993	1,553
Printing and publications	514	1,015
Conference and training	512	844
Telephone	165	90
Meeting expense	70	60
Dues and subscriptions	69	69
Supplies	66	27
Postage	57	413
	<u>151,027</u>	<u>156,527</u>
Total Expenses	151,027	156,527
Changes in Net Assets	\$ 6,488	\$ 15,080

United Way of York County

Schedule of Activities - Truancy Prevention Initiative

	Years Ended March 31,	
	2020	2019
Support and Revenue		
Grants	\$ 229,657	\$ 304,491
United Way allocation	31,000	31,000
In-kind contributions	2,918	450
Contributions and bequests	800	4,892
	<u>264,375</u>	<u>340,833</u>
Total Support and Revenue	264,375	340,833
Expenses		
Salaries and wages	197,829	174,519
Youth court	37,390	41,285
Employee benefits	27,824	18,815
Payroll taxes	17,722	17,391
Travel	3,374	3,152
School readiness	2,864	609
Meeting expense	2,133	1,069
Postage	1,230	879
Printing and publications	514	515
Telephone	165	90
Conference and training	135	545
Cash management fee	57	-
Supplies	-	27
	<u>291,237</u>	<u>258,896</u>
Total Expenses	291,237	258,896
Changes in Net Assets	\$ (26,862)	\$ 81,937