



United Way of York County

**Financial Statements and
Supplementary Information**

March 31, 2023 and 2022



United Way of York County

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of United Way of York County (the Organization), which comprise the statement of financial position as of March 31, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of March 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Notes 2 and 16 to the financial statements, in 2023 the Organization adopted new accounting guidance regarding leases. Our opinion is not modified with respect to this matter.

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 the Organization's ability to continue as a going concern for 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 GAAS 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 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 GAAS, 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 the Organization'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 the Organization'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 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

January 5, 2024
York, Pennsylvania

United Way of York County

Statement of Financial Position

	March 31,	
	2023	2022
Assets		
Current Assets		
Cash	\$ 710,803	\$ 490,617
Campaign promises to give, net	2,113,961	2,528,281
Grants receivable	-	30,000
Other receivables	52,635	43,593
Prepaid expenses	15,627	5,726
Total Current Assets	2,893,026	3,098,217
Property and Equipment, Net	29,874	106,510
Other Assets		
Investments	4,692,273	5,227,760
Interest in net assets of a community foundation	537,651	593,053
Right-of-use asset - operating leases	200,766	-
Total Other Assets	5,430,690	5,820,813
Total Assets	\$ 8,353,590	\$ 9,025,540

United Way of York County

Statement of Financial Position (continued)

	March 31,	
	2023	2022
Liabilities and Net Assets		
Current Liabilities		
Current portion of operating lease liability	\$ 50,582	\$ -
Accounts and designations payable	1,388,954	1,275,931
Accrued payroll and payroll taxes	72,500	84,722
Allocations payable	510,645	518,475
Accrued expenses	3,568	4,138
Deferred revenue	-	5,060
Total Current Liabilities	2,026,249	1,888,326
Long-Term Debt	-	264,135
Operating Lease Liability	149,811	-
Total Liabilities	2,176,060	2,152,461
Net Assets		
Without donor restrictions	3,514,877	3,366,825
With donor restrictions	2,662,653	3,506,254
Total Net Assets	6,177,530	6,873,079
Total Liabilities and Net Assets	\$ 8,353,590	\$ 9,025,540

United Way of York County

Statement of Activities

	Year Ended March 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Prior year campaign revenue (2022)	\$ 658,865	\$ -	\$ 658,865
Donor designations	(180,475)	-	(180,475)
Net Campaign Revenue (2022)	478,390	-	478,390
Prior year campaign pledges	4,589,523	(4,589,523)	-
Less: provision for uncollectible pledges	(200,000)	200,000	-
Less: donor designations	(1,316,306)	1,316,306	-
Net Assets Released from Restrictions	3,073,217	(3,073,217)	-
Current year campaign results (2023)	-	4,065,002	4,065,002
Less: provision for uncollectible pledges	-	(376,519)	(376,519)
Less: donor designations	-	(1,147,510)	(1,147,510)
Net Campaign Revenue (2023)	-	2,540,973	2,540,973
Total Campaign Revenue	3,551,607	(532,244)	3,019,363
Grants	528,823	-	528,823
Gain on sale of property and equipment	403,672	-	403,672
Investment return, net of fees	125,565	(54,786)	70,779
Contributions and bequests	4,040	63,665	67,705
Service fees	37,126	-	37,126
In-kind contributions	29,047	-	29,047
Miscellaneous income	4,582	-	4,582
Other net assets released from restrictions	160,648	(160,648)	-
Rental income	-	-	-
Gain (loss) on sale of investments	(57,141)	1,178	(55,963)
Total Support and Revenue	4,787,969	(682,835)	4,105,134
Expenses			
Program services	3,371,820	-	3,371,820
Supporting services			
Organizational administration	495,772	-	495,772
Resource development	797,080	-	797,080
Total Expenses	4,664,672	-	4,664,672
Excess (Deficiency) of Support and Revenue over Expenses	123,297	(682,835)	(559,538)
Forgiveness of Long-Term Debt	264,135	-	264,135
Unrealized Holding Losses on Investments	(183,978)	(160,766)	(344,744)
Change in Interest in Net Assets of a Community Foundation	(55,402)	-	(55,402)
Changes in Net Assets	\$ 148,052	\$ (843,601)	\$ (695,549)

See accompanying notes.

United Way of York County

Statement of Activities (continued)

	Year Ended March 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenue			
Prior year campaign revenue (2021)	\$ 849,379	\$ -	\$ 849,379
Donor designations	(116,018)	-	(116,018)
Net Campaign Revenue (2021)	<u>733,361</u>	<u>-</u>	<u>733,361</u>
Prior year campaign pledges	4,524,690	(4,524,690)	-
Less: provision for uncollectible pledges	(329,000)	329,000	-
Less: donor designations	(1,568,706)	1,568,706	-
Net Assets Released from Restrictions	<u>2,626,984</u>	<u>(2,626,984)</u>	<u>-</u>
Current year campaign results (2022)	-	4,589,523	4,589,523
Less: provision for uncollectible pledges	-	(200,000)	(200,000)
Less: donor designations	-	(1,316,306)	(1,316,306)
Net Campaign Revenue (2022)	<u>-</u>	<u>3,073,217</u>	<u>3,073,217</u>
Total Campaign Revenue	3,360,345	446,233	3,806,578
Grants	288,339	70,000	358,339
Gain on sale of property and equipment	-	-	-
Investment return, net of fees	109,175	(47,504)	61,671
Contributions and bequests	11,855	68,050	79,905
Service fees	49,073	-	49,073
In-kind contributions	51,147	-	51,147
Miscellaneous income	5,285	-	5,285
Other net assets released from restrictions	161,158	(161,158)	-
Rental income	26,673	-	26,673
Gain on sale of investments	73,049	69,949	142,998
Total Support and Revenue	<u>4,136,099</u>	<u>445,570</u>	<u>4,581,669</u>
Expenses			
Program services	3,247,380	-	3,247,380
Supporting services			
Organizational administration	408,939	-	408,939
Resource development	697,558	-	697,558
Total Expenses	<u>4,353,877</u>	<u>-</u>	<u>4,353,877</u>
Excess (Deficiency) of Support and Revenue over Expenses	(217,778)	445,570	227,792
Forgiveness of Long-Term Debt	264,135	-	264,135
Unrealized Holding Losses on Investments	(98,553)	(45,125)	(143,678)
Change in Interest in Net Assets of a Community Foundation	<u>30,595</u>	<u>-</u>	<u>30,595</u>
Changes in Net Assets	<u>\$ (21,601)</u>	<u>\$ 400,445</u>	<u>\$ 378,844</u>

See accompanying notes.

United Way of York County

Statement of Functional Expenses - by Natural Classification

	Year Ended March 31, 2023			
	Program	Supporting Services		Totals
	Services	Organizational	Resource	
	Community			
Impact				
Allocation/awards	\$ 3,340,558	\$ -	\$ -	\$ 3,340,558
Spending policy distributions	38,361	-	-	38,361
Less: donor designations	<u>(1,316,306)</u>	<u>-</u>	<u>-</u>	<u>(1,316,306)</u>
	2,062,613	-	-	2,062,613
Salaries and wages	615,287	279,855	418,731	1,313,873
Professional services	129,687	58,988	88,258	276,933
Employee benefits	116,031	52,847	79,073	247,951
Scholarships and sponsorships	138,544	-	17,280	155,824
Payroll taxes	50,346	22,899	34,262	107,507
Dues and subscriptions	37,542	17,075	25,548	80,165
Computer	35,986	13,886	20,979	70,851
Occupancy	23,541	10,707	16,019	50,267
Advertising	29,083	-	19,198	48,281
Campaign and communications	16,243	9,648	13,665	39,556
School readiness	25,051	-	-	25,051
Depreciation	9,793	4,454	6,665	20,912
Campaign incentives	-	-	19,380	19,380
Insurance	8,407	3,824	5,720	17,951
Youth court	17,378	-	-	17,378
Conference and training	7,824	3,277	4,903	16,004
Cash management fees	7,417	3,373	5,046	15,836
Supplies	6,463	2,939	4,397	13,799
Postage	6,216	2,827	4,231	13,274
Telephone	5,634	2,562	3,833	12,029
Meeting expense	5,003	2,276	3,405	10,684
Miscellaneous expenses	4,147	1,885	2,824	8,856
Building repairs and maintenance	3,439	1,565	2,341	7,345
Quality enhancement	6,587	-	-	6,587
Travel	3,005	633	946	4,584
Equipment rental	553	252	376	1,181
Interest	-	-	-	-
	<u>\$ 3,371,820</u>	<u>\$ 495,772</u>	<u>\$ 797,080</u>	<u>\$ 4,664,672</u>

United Way of York County

Statement of Functional Expenses - by Natural Classification (continued)

	Year Ended March 31, 2022				
	Program	Supporting Services			Totals
	Services				
	Community	Organizational	Resource		
Impact	Administration	Development			
Allocation/awards	\$ 3,714,907	\$ -	\$ -	\$ 3,714,907	
Spending policy distributions	35,963	-	-	35,963	
Less: donor designations	(1,568,706)	-	-	(1,568,706)	
	2,182,164	-	-	2,182,164	
Salaries and wages	494,418	224,879	336,474	1,055,771	
Professional services	83,914	38,168	57,107	179,189	
Employee benefits	97,551	44,370	66,389	208,310	
Scholarships and sponsorships	66,459	-	25,464	91,923	
Payroll taxes	41,971	19,089	28,562	89,622	
Dues and subscriptions	47,460	21,586	32,299	101,345	
Computer	32,792	12,653	19,116	64,561	
Occupancy	11,725	5,333	7,978	25,036	
Advertising	59,286	-	38,151	97,437	
Campaign and communications	8,328	4,947	7,006	20,281	
School readiness	12,732	-	-	12,732	
Depreciation	12,880	5,858	8,766	27,504	
Campaign incentives	-	-	22,281	22,281	
Insurance	11,732	5,336	7,983	25,051	
Youth court	11,568	-	-	11,568	
Conference and training	2,149	900	1,347	4,396	
Cash management fees	8,381	3,812	5,702	17,895	
Supplies	5,814	2,644	3,957	12,415	
Postage	5,600	2,547	3,812	11,959	
Telephone	5,949	2,706	4,049	12,704	
Meeting expense	5,375	2,445	3,658	11,478	
Miscellaneous expenses	4,381	1,991	2,983	9,355	
Building repairs and maintenance	13,659	6,213	9,295	29,167	
Quality enhancement	12,772	-	-	12,772	
Travel	1,320	278	416	2,014	
Equipment rental	3,910	1,778	2,660	8,348	
Interest	3,090	1,406	2,103	6,599	
	<u>\$ 3,247,380</u>	<u>\$ 408,939</u>	<u>\$ 697,558</u>	<u>\$ 4,353,877</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, 2021	\$ 3,388,426	\$ 3,105,809	\$ 6,494,235
Changes in net assets	<u>(21,601)</u>	<u>400,445</u>	<u>378,844</u>
Net Assets at March 31, 2022	3,366,825	3,506,254	6,873,079
Changes in net assets	<u>148,052</u>	<u>(843,601)</u>	<u>(695,549)</u>
Net Assets at March 31, 2023	<u>\$ 3,514,877</u>	<u>\$ 2,662,653</u>	<u>\$ 6,177,530</u>

United Way of York County

Statement of Cash Flows

	Years Ended March 31,	
	2023	2022
Cash Flows from Operating Activities		
Changes in net assets	\$ (695,549)	\$ 378,844
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	20,912	27,504
Provision for uncollectible campaign promises to give	59,486	153,116
(Gain) loss on sale of investments	55,963	(142,998)
Gain on sale of property and equipment	(403,672)	-
Unrealized holding losses on investments	344,744	143,678
Change in interest in net assets of a community foundation	55,402	(30,595)
Proceeds from sale of donated securities	76,247	127,677
Forgiveness of long-term debt	(264,135)	(264,135)
Amortization of right-of-use asset - operating leases	44,925	-
(Increase) decrease in assets		
Campaign promises to give	278,587	(564,274)
Grants receivable	30,000	(30,000)
Other receivables	(9,042)	38,433
Prepaid expenses	(9,901)	21,120
Increase (decrease) in liabilities		
Accounts and designations payable	113,023	(468,817)
Accrued payroll and payroll taxes	(12,222)	(6,501)
Allocations payable	(7,830)	(3,907)
Accrued expenses	(570)	(579)
Deferred revenue	(5,060)	60
Obligations under operating leases	(45,298)	-
Net Cash Used in Operating Activities	(373,990)	(621,374)
Cash Flows from Investing Activities		
Capital expenditures	-	(17,932)
Proceeds from sale of property and equipment	459,396	-
Purchase of investments	(94,756)	(97,894)
Proceeds from sale of investments	229,536	98,428
Net Cash Provided by (Used in) Investing Activities	594,176	(17,398)
Cash Flows from Financing Activities		
Net change in line of credit	-	(274,968)
Net Cash Used in Financing Activities	-	(274,968)
Net Increase (Decrease) in Cash	220,186	(913,740)
Cash at Beginning of Year	490,617	1,404,357
Cash at End of Year	\$ 710,803	\$ 490,617

See accompanying notes.

United Way of York County

Statement of Cash Flows (continued)

	Years Ended March 31,	
	2023	2022
Supplementary Cash Flows Information		
Interest paid	\$ -	\$ 6,599

Supplementary Schedule of Noncash Investing and Financing Activities

In 2023

Investments of \$76,247 were received as payments on campaign promises to give.

A right-of-use asset - operating leases and operating lease liability of \$10,192 was recorded in conjunction with the adoption of Accounting Standards Codification (ASC) Topic 842, *Leases*. Additionally, a right-of-use asset - operating leases and operating lease liability of \$235,499 was recorded during the year ended March 31, 2023.

In 2022

Investments of \$127,677 were received as payments on campaign promises to give.

United Way of York County

Notes to Financial Statements

March 31, 2023 and 2022

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*.

Note 2 - Summary of Significant Accounting Policies (continued)

Grants and Other Receivables

Grants and 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, 2023 and 2022.

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.

Right-of-Use Assets and Lease Liabilities

The Organization records leases in accordance with Topic 842, *Leases*, as of April 1, 2022, which recognizes most leases on the statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of twelve months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or April 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization elected to use the rate specified in the respective lease agreement, if available, or the Organization's incremental borrowing rate at the lease commencement date (or April 1, 2022 for existing leases existing upon the adoption of Topic 842).

Adoption of Topic 842 resulted in the recording of an additional ROU asset and lease liability related to the Organization's operating leases of \$10,192 at April 1, 2022. The adoption of the new lease standard did not materially impact the changes in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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, 2023 and 2022.

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 - by natural classification. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Donated or Contributed Investments, Services, or Materials

Donated or contributed services, or materials meeting the criteria for recognition, are reflected in the financial statements as in-kind contributions at their estimated value on the date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of goods and services received for special event auctions are valued at the realized sales price. Contributions of other tangible assets are recognized at the fair value when received.

Advertising

Advertising costs are expensed as incurred. For the years ended March 31, 2023 and 2022, advertising expense amounted to \$48,281 and \$97,437, respectively.

Change in Accounting Principles

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure to key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. The new standards are effective for fiscal years beginning after December 15, 2021. During the year ended March 31, 2023, the Organization implemented the provisions of the relevant standards (refer to Note 16).

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Also, this ASU requires disclosure of a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets as well as additional information around valuation and usage of the contributed nonfinancial assets. The amendments in this standard should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. During the year ended March 31, 2023, the Organization implemented the provisions of this standard.

United Way of York County

Notes to Financial Statements

March 31, 2023 and 2022

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, 2020.

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, 2023 and 2022

Note 4 - Fair Value of Financial Instruments (continued)

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:

	2023			
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 130,449	\$ 130,449	\$ -	\$ -
Mutual Funds				
Domestic equity	2,449,569	2,449,569	-	-
Fixed income	1,485,509	1,485,509	-	-
International equity	626,746	626,746	-	-
Total Investments	4,692,273	4,692,273	-	-
Interest in Net Assets of a Community Foundation	537,651	-	-	537,651
	\$ 5,229,924	\$ 4,692,273	\$ -	\$ 537,651
	2022			
Cash and Cash Equivalents	\$ 213,428	\$ 213,428	\$ -	\$ -
Mutual Funds				
Domestic equity	2,467,408	2,467,408	-	-
Fixed income	1,860,309	1,860,309	-	-
International equity	686,615	686,615	-	-
Total Investments	5,227,760	5,227,760	-	-
Interest in Net Assets of a Community Foundation	593,053	-	-	593,053
	\$ 5,820,813	\$ 5,227,760	\$ -	\$ 593,053

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.

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, 2023 and 2022, there were no transfers in or out of Level 3.

United Way of York County

Notes to Financial Statements

March 31, 2023 and 2022

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>2023</u>	<u>2022</u>
Financial Assets		
Cash	\$ 710,803	\$ 490,617
Campaign promises to give, net	2,113,961	2,528,281
Grants receivable	-	30,000
Other receivables	52,635	43,593
Investments	4,692,273	5,227,760
Distributions from interest in net assets of a community foundation	22,459	21,778
Total Financial Assets	<u>7,592,131</u>	<u>8,342,029</u>
Amounts Not Available to be Used for General Expenditures Within One Year		
Cash and promises to give subject to donor restrictions	(1,034,346)	(1,663,573)
Investments subject to donor restrictions	(1,628,307)	(1,842,681)
Board designated for Endowment	(1,262,761)	(1,462,737)
Total Amounts Not Available to be Used for General Expenditures Within One Year	<u>(3,925,414)</u>	<u>(4,968,991)</u>
Financial Assets Available to be Used for General Expenditures Within One Year	<u>\$ 3,666,717</u>	<u>\$ 3,373,038</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, 2023 and 2022 of \$2,891,068 and \$3,305,418, 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.

United Way of York County

Notes to Financial Statements

March 31, 2023 and 2022

Note 6 - In-kind Contributions

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

	<u>2023</u>	<u>2022</u>
Campaign incentives	\$ 19,380	\$ 22,281
Quality enhancement	6,137	6,906
School readiness	3,530	-
Advertising	-	18,860
Miscellaneous	-	3,100
	<u>\$ 29,047</u>	<u>\$ 51,147</u>

Campaign incentives are goods and services donated to the Organization for prizes for the annual fundraising campaign. This support is valued at the estimated fair value in the financial statements based on current costs for similar services and products.

Quality enhancement, school readiness and miscellaneous consist of supplies and other goods donated to the Organization for program use. This support is valued at the estimated fair value in the financial statements based on current costs for similar services and products.

Contributed advertising includes digital billboard and other discounted advertising for program and organization awareness. This support is reported at the estimated fair value in the financial statements based on current rates for similar services.

There are no associated donor restrictions related to in-kind contributions received during the years ended March 31, 2023 and 2022.

During the years ended March 31, 2023 and 2022, 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.

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, 2023 and 2022, 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, 2023 and 2022 is less than one year.

United Way of York County

Notes to Financial Statements

March 31, 2023 and 2022

Note 8 - Campaign Promises to Give (continued)

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

	<u>2023</u>	<u>2022</u>
Campaign promises to give	\$ 2,727,098	\$ 3,081,932
Allowance for uncollectible campaign promises to give	<u>(613,137)</u>	<u>(553,651)</u>
	<u>\$ 2,113,961</u>	<u>\$ 2,528,281</u>

Note 9 - Property and Equipment

Property and equipment consist of the following at March 31:

	<u>2023</u>	<u>2022</u>
Computer equipment	\$ 70,210	\$ 88,579
Vehicle	29,186	29,186
Furniture and equipment	11,270	26,745
Building and improvements	-	799,011
Land *	-	26,063
	<u>110,666</u>	<u>969,584</u>
Accumulated depreciation	<u>(80,792)</u>	<u>(863,074)</u>
	<u>\$ 29,874</u>	<u>\$ 106,510</u>

Depreciation for the years ended March 31, 2023 and 2022 was \$20,912 and \$27,504, 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:

	<u>2023</u>			
	<u>Cost</u>	<u>Gross Unrealized</u>		<u>Fair Value</u>
		<u>Gains</u>	<u>Losses</u>	
Cash and Cash Equivalents	\$ 130,449	\$ -	\$ -	\$ 130,449
Mutual Funds				
Domestic equity	1,976,947	513,920	(41,298)	2,449,569
Fixed income	1,598,858	6,113	(119,462)	1,485,509
International equity	610,386	52,169	(35,809)	626,746
	<u>\$ 4,316,640</u>	<u>\$ 572,202</u>	<u>\$ (196,569)</u>	<u>\$ 4,692,273</u>

United Way of York County

Notes to Financial Statements

March 31, 2023 and 2022

Note 10 - Investments (continued)

	2022			
	Cost	Gross Unrealized		Fair Value
		Gains	Losses	
Cash and Cash Equivalents	\$ 213,428	\$ -	\$ -	\$ 213,428
Mutual Funds				
Domestic equity	1,639,093	832,601	(4,286)	2,467,408
Fixed income	1,923,231	-	(62,922)	1,860,309
International equity	635,247	78,038	(26,670)	686,615
	<u>\$ 4,410,999</u>	<u>\$ 910,639</u>	<u>\$ (93,878)</u>	<u>\$ 5,227,760</u>

Long-term investments held as of March 31, 2023 and 2022 are comprised of investments in cash and cash equivalents and equity and fixed income securities. As of March 31, 2023 and 2022, the Organization has recorded total unrealized holding losses on twenty-nine and twenty-five of these securities, respectively. Management believes that holding losses recorded on these investments are not a permanent impairment, but rather a temporary market decline. The following tables show the investments' gross unrealized losses and fair value, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of March 31:

	2023					
	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mutual Funds, Temporarily Impaired						
Domestic equity	\$ 239,148	\$ (34,822)	\$ 40,567	\$ (6,476)	\$ 279,715	\$ (41,298)
Fixed income	-	-	1,186,588	(119,462)	1,186,588	(119,462)
International equity	40,252	(907)	224,373	(34,902)	264,625	(35,809)
	<u>\$ 279,400</u>	<u>\$ (35,729)</u>	<u>\$ 1,451,528</u>	<u>\$ (160,840)</u>	<u>\$ 1,730,928</u>	<u>\$ (196,569)</u>

	2022					
	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mutual Funds, Temporarily Impaired						
Domestic equity	\$ 37,597	\$ (4,286)	\$ -	\$ -	\$ 37,597	\$ (4,286)
Fixed income	1,757,046	(58,817)	103,263	(4,105)	1,860,309	(62,922)
International equity	312,703	(26,670)	-	-	312,703	(26,670)
	<u>\$ 2,107,346</u>	<u>\$ (89,773)</u>	<u>\$ 103,263</u>	<u>\$ (4,105)</u>	<u>\$ 2,210,609</u>	<u>\$ (93,878)</u>

United Way of York County

Notes to Financial Statements

March 31, 2023 and 2022

Note 11 - Endowments

The Organization's endowments consist of several funds established for a variety of purposes. Its endowments include both a donor restricted endowment fund, and funds designated by the Board of Directors to function as an endowment. As required by accounting principles generally accepted in the United States of America (U.S. GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 1,628,307	\$ 1,628,307
Board designated endowment funds	1,262,761	-	1,262,761
	<u>\$ 1,262,761</u>	<u>\$ 1,628,307</u>	<u>\$ 2,891,068</u>
	2022		
Donor restricted endowment funds	\$ -	\$ 1,842,681	\$ 1,842,681
Board designated endowment funds	1,462,737	-	1,462,737
	<u>\$ 1,462,737</u>	<u>\$ 1,842,681</u>	<u>\$ 3,305,418</u>

United Way of York County

Notes to Financial Statements

March 31, 2023 and 2022

Note 11 - Endowments (continued)

Interpretation of Relevant Law (continued)

The following schedule represents the changes in endowment net assets for the years ended March 31:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 1,462,737	\$ 1,842,681	\$ 3,305,418
Investment return			
Interest and dividends, net	20,495	21,936	42,431
Net losses (realized and unrealized)	(102,782)	(159,588)	(262,370)
Disbursements	(117,689)	(76,722)	(194,411)
Endowment Net Assets, End of Year	\$ 1,262,761	\$ 1,628,307	\$ 2,891,068
	2022		
Endowment Net Assets, Beginning of Year	\$ 1,458,278	\$ 1,865,361	\$ 3,323,639
Investment return			
Interest and dividends, net	16,266	24,422	40,688
Net gains (losses) (realized and unrealized)	(11,807)	24,824	13,017
Disbursements	-	(71,926)	(71,926)
Endowment Net Assets, End of Year	\$ 1,462,737	\$ 1,842,681	\$ 3,305,418

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets to generate sufficient long-term growth of capital, without undue exposure to risk, in order to provide a sustainable level of spending distributions. Additionally, the Organization wishes to enhance the real (adjusted for inflation) purchasing power of the investments over the long run. The Organization's investment objective is a compromise between the need for current income and the long-term growth of assets. The time horizon for the portfolio shall be viewed as long-term in its entirety, avoiding decisions based solely on short-term concerns and individual investments. A diversified investment structure shall be utilized in order to provide participation in risking markets, while mitigating risk in falling markets.

Note 11 - Endowments (continued)

Strategies Employed for Achieving Objectives

The Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The board designated endowment will bear a moderate risk and be allocated equally between equity and fixed income investments. The donor restricted endowment is expected to endure into perpetuity and the long-term risk of not investing in growth securities outweighs the short-term volatility risk. As a result, allocation guidelines have been established whereby the majority of assets in this portfolio will be invested in equity or equity-like securities.

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, 2023 and 2022. 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, 2023 and 2022, the spending rate was 4.5% for the donor restricted endowment fund. For the board designated endowment fund the spending rate was 4.5% for the years ended March 31, 2023 and 2022.

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 withdraw. 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, 2023 and 2022, the fair value of the Organization's interest in net assets of a community foundation amounted to \$537,651 and \$593,053, respectively.

United Way of York County

Notes to Financial Statements

March 31, 2023 and 2022

Note 12 - Interest in Net Assets of a Community Foundation (continued)

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, 2023 and 2022, the balance of the Foundation fund in which the Organization is currently designated by the contributor as the beneficiary amounted to \$24,025 and \$26,499, respectively, which includes the fund's accumulated investment earnings in excess of annual distributions and fees.

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 7.75% and 3.25% as of March 31, 2023 and 2022, respectively. There were no borrowings on this line of credit as of March 31, 2023 and 2022.

Note 14 - Long-Term Debt

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 this Program and received a loan in the amount of \$264,135 on April 15, 2020. The loan was forgivable if the Organization met certain criteria as established under the Program. On August 18, 2021, the Organization was notified by their bank that the loan had been forgiven by the Small Business Administration (SBA).

On January 6, 2021, the SBA and the Department of the Treasury released interim final rules related to the expansion and extension of the Program that was enacted on March 27, 2020 by the CARES Act. The Organization applied for and received a second loan under this program in the amount of \$264,135 on March 8, 2021. The loan was forgivable if the Organization met certain criteria as established under the Program. On May 11, 2022, the Organization was notified by their bank that the loan had been forgiven by the SBA.

Note 15 - 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, 2023 and 2022 amounted to \$91,196 and \$68,484, respectively.

United Way of York County

Notes to Financial Statements

March 31, 2023 and 2022

Note 16 - Leases

The Organization adopted Topic 842 on April 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on April 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, *Leases*.

The Organizations lease various office equipment and office space under operating lease agreements with varying terms. The options to extend or terminate a lease are included in the lease terms only if applicable and when it is reasonably certain that the Organization will exercise that option. The Organization's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

United Way does not have any finance lease agreements.

Operating lease cost is recognized on a straight-line basis over the lease term.

Total operating lease cost for the Organization for the year ended March 31, 2023 was \$51,860.

Total rent expense for the year ended March 31, 2022 was \$10,279.

Weighted-Average Remaining Lease Term

Operating leases **3.82 Years**

Weighted-Average Discount Rate

Operating leases **3.52%**

Future undiscounted cash flows for the remaining four years and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of March 31, 2023:

	<u>Operating Leases</u>
2024	\$ 56,668
2025	55,948
2026	55,348
2027	<u>46,518</u>
Total Lease Payments	214,482
Imputed interest	<u>(14,089)</u>
Total Present Value of Lease Liabilities	<u>\$ 200,393</u>
Current portion of obligations under operating leases	\$ 50,582
Long-term portion of obligations under operating leases	<u>149,811</u>
	<u>\$ 200,393</u>

United Way of York County

Notes to Financial Statements

March 31, 2023 and 2022

Note 17 - Rental Income

The Organization leased multiple portions of their property to unrelated entities for office space, with varying contract terms. All leases ended during the year ended March 31, 2022 as the property was sold during the year ended March 31, 2023.

Rental income relating to these leases amounted to \$26,673 for the year ended March 31, 2022.

Note 18 - 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>2023</u>	<u>2022</u>
Undesignated	\$ 2,252,116	\$ 1,904,088
Board designated for Endowment	<u>1,262,761</u>	<u>1,462,737</u>
	<u>\$ 3,514,877</u>	<u>\$ 3,366,825</u>

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

	<u>2023</u>	<u>2022</u>
Subject to the passage of time and expenditures for specific purpose		
Campaign - cash and promises to give, net of donor designations payable	\$ 992,206	\$ 1,536,324
Scholarships - cash	42,140	58,658
Sponsorships - cash	-	38,591
FOCUS - grant receivable	-	30,000
Perpetual in nature		
Endowment - investments	<u>1,628,307</u>	<u>1,842,681</u>
	<u>\$ 2,662,653</u>	<u>\$ 3,506,254</u>

Note 19 - Subsequent Events

The Organization has evaluated subsequent events through January 5, 2024. This date is the date the financial statements were available to be issued. No material events subsequent to March 31, 2023 were noted.

United Way of York County

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

	Years Ended March 31,	
	2023	2022
Support and Revenue		
Grants	\$ 114,436	\$ 108,900
Contributions and bequests	15,375	66,556
In-kind contributions	9,667	6,906
United Way allocation	4,167	50,000
	<u>143,645</u>	<u>232,362</u>
Total Support and Revenue	143,645	232,362
Expenses		
Salaries and wages	60,128	61,088
Scholarships	53,069	72,466
School readiness	25,051	12,116
Employee benefits	20,618	23,380
Quality enhancement	6,587	12,772
Payroll taxes	5,386	4,917
Postage	3,358	2,632
Supplies	2,378	224
Travel	1,037	164
Telephone	83	111
Computer	-	285
Occupancy	-	150
Miscellaneous expenses	-	24
	<u>177,695</u>	<u>190,329</u>
Total Expenses	177,695	190,329
Changes in Net Assets	\$ (34,050)	\$ 42,033

United Way of York County

Schedule of Activities - Truancy Prevention Initiative

	Years Ended March 31,	
	2023	2022
Support and Revenue		
Grants	\$ 287,584	\$ 226,200
United Way allocation	3,450	31,050
Contributions and bequests	15	99
	<u>291,049</u>	<u>257,349</u>
Total Support and Revenue	291,049	257,349
Expenses		
Salaries and wages	191,535	158,208
Employee benefits	25,967	25,883
Youth court	17,229	11,118
Payroll taxes	16,391	13,346
Conference and training	6,029	950
Professional services	3,878	1,550
Telephone	2,974	999
Computer	2,265	8,315
Supplies	2,234	-
Occupancy	2,072	150
Meeting expense	1,697	960
Travel	1,358	237
Miscellaneous expense	959	-
Postage	265	222
School readiness	-	616
Building repairs and maintenance	-	18
	<u>274,853</u>	<u>222,572</u>
Total Expenses	274,853	222,572
Changes in Net Assets	\$ 16,196	\$ 34,777