

**UNITED WAY OF FRANKLIN COUNTY**

**FINANCIAL REPORT**

**DECEMBER 31, 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
United Way of Franklin County  
Chambersburg, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the United Way of Franklin County (Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements (collectively, 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 audits 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 to design audit procedures that are appropriate in the circumstances, but not for 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 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 the United Way of Franklin County as of December 31, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Boyer & Ritter". The signature is written in black ink and is centered on the page.

Chambersburg, Pennsylvania  
September 22, 2021

**UNITED WAY OF FRANKLIN COUNTY**

**STATEMENTS OF FINANCIAL POSITION  
December 31, 2020 and 2019**

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| Cash and cash equivalents  | \$ 68,939           | \$ 83,562           |
| Pledges receivable, net of allowance for<br>uncollectible pledges 2020 \$56,740; 2019 \$40,814 | 154,749             | 219,705             |
| Program receivables  | 25,539              | 30,000              |
| Grant receivable   | 28,893              | -                   |
| Prepaid expenses   | 7,929               | 4,118               |
| Other investments  | 1,166               | 1,085               |
| Property and equipment, net  | 248,141             | 256,202             |
| Cash surrender value of life insurance policy  | 4,996               | 4,847               |
| Endowment fund   | 897,032             | 973,233             |
| Beneficial interest in perpetual trusts  | 525,235             | 464,111             |
| <b>Total assets</b>  | <b>\$ 1,962,619</b> | <b>\$ 2,036,863</b> |
| <b>LIABILITIES AND NET ASSETS</b>  |                     |                     |
| Liabilities  |                     |                     |
| Allocations payable  | \$ 157,265          | \$ 357,845          |
| Designations payable   | 38,957              | 73,900              |
| Accounts payable   | 3,004               | 2,770               |
| Accrued payroll and withholdings   | 10,574              | 9,159               |
| Compensated absences   | 195                 | 255                 |
| Line-of-credit   | 43,401              | 78,000              |
| Paycheck Protection Program loan   | 35,800              | -                   |
| <b>Total liabilities</b>   | <b>289,196</b>      | <b>521,929</b>      |
| Net Assets   |                     |                     |
| Without donor restrictions   |                     |                     |
| Undesignated   | 18,323              | (184,860)           |
| Board designated   | 339,015             | 419,001             |
| With donor restrictions  | 1,316,085           | 1,280,793           |
| <b>Total net assets</b>  | <b>1,673,423</b>    | <b>1,514,934</b>    |
| <b>Total liabilities and net assets</b>  | <b>\$ 1,962,619</b> | <b>\$ 2,036,863</b> |

See Notes to Financial Statements.

**UNITED WAY OF FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020**

|   | Without Donor Restrictions |                  | With Donor Restrictions | Total          |
|---|----------------------------|------------------|-------------------------|----------------|
|   | Undesignated               | Board Designated |                         |                |
| Public Support and Revenue                            |                            |                  |                         |                |
| Gross campaign results -<br>released from restriction | \$ 543,155                 | \$ -             | \$ -                    | \$ 543,155     |
| Less: donor designations                              | (49,677)                   | -                | -                       | (49,677)       |
| Net campaign revenue                                  | 493,478                    | -                | -                       | 493,478        |
| Gross campaign results for:                           |                            |                  |                         |                |
| 2019/2020 and 2020/2021 campaigns                     | -                          | -                | 516,999                 | 516,999        |
| COVID-19 relief campaign                              | -                          | -                | 105,465                 | 105,465        |
| Roof campaign   | -                          | -                | 13,000                  | 13,000         |
| Less: donor designations                              | -                          | -                | (56,246)                | (56,246)       |
| Less: provision for uncollectibles                    | -                          | -                | (31,960)                | (31,960)       |
| Net campaign revenue                                  | -                          | -                | 547,258                 | 547,258        |
| Stepping Forward Works                                | 55,082                     | -                | -                       | 55,082         |
| Grant income  | 28,893                     | -                | -                       | 28,893         |
| EITC income   | -                          | -                | 37,500                  | 37,500         |
| Other program income                                  | 13,089                     | -                | 2,962                   | 16,051         |
| In-kind contributions                                 | 21,037                     | -                | -                       | 21,037         |
| Net investment return                                 | 260                        | 43,214           | 3,785                   | 47,259         |
| Change in value of perpetual trusts                   | -                          | -                | 61,124                  | 61,124         |
| Appropriation of endowment assets for expenditure     | 123,200                    | (123,200)        | -                       | -              |
| Net assets released from restriction                  |                            |                  |                         |                |
| Expiration of time                                    | -                          | -                | (493,478)               | (493,478)      |
| Expiration of purpose restriction                     | 123,859                    | -                | (123,859)               | -              |
| <b>Total public support and revenue</b>               | <b>858,898</b>             | <b>(79,986)</b>  | <b>35,292</b>           | <b>814,204</b> |

(Continued)

**UNITED WAY OF FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES (Continued)**  
**Year Ended December 31, 2020**

|                                       | Without Donor Restrictions |                   | With Donor Restrictions | Total                      |
|---------------------------------------|----------------------------|-------------------|-------------------------|----------------------------|
|                                       | Undesignated               | Board Designated  |                         |                            |
| Allocations and Expenses              |                            |                   |                         |                            |
| Program Services                      |                            |                   |                         |                            |
| Gross funds allocated/distributed     | 288,393                    | -                 | -                       | <b>288,393</b>             |
| Less: donor designations              | (56,246)                   | -                 | -                       | <b>(56,246)</b>            |
| Net funds allocated/distributed       | 232,147                    | -                 | -                       | <b>232,147</b>             |
| Allocation services other             | 25,179                     | -                 | -                       | <b>25,179</b>              |
| Stepping Forward Works                | 63,809                     | -                 | -                       | <b>63,809</b>              |
| Other program services                | 142,349                    | -                 | -                       | <b>142,349</b>             |
| Total program services                | 463,484                    | -                 | -                       | <b>463,484</b>             |
| Supporting services                   |                            |                   |                         |                            |
| Organizational administration         | 129,673                    | -                 | -                       | <b>129,673</b>             |
| Fundraising                           | 51,867                     | -                 | -                       | <b>51,867</b>              |
| United Way Worldwide dues             | 10,691                     | -                 | -                       | <b>10,691</b>              |
| Total supporting services             | 192,231                    | -                 | -                       | <b>192,231</b>             |
| <b>Total allocations and expenses</b> | <b>655,715</b>             | <b>-</b>          | <b>-</b>                | <b>655,715</b>             |
| <b>Changes in net assets</b>          | <b>203,183</b>             | <b>(79,986)</b>   | <b>35,292</b>           | <b>158,489</b>             |
| Net Assets:                           |                            |                   |                         |                            |
| January 1, 2020                       | (184,860)                  | 419,001           | 1,280,793               | <b>1,514,934</b>           |
| December 31, 2020                     | <u>\$ 18,323</u>           | <u>\$ 339,015</u> | <u>\$ 1,316,085</u>     | <u><b>\$ 1,673,423</b></u> |

See Notes to Financial Statements.

**UNITED WAY OF FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2019**

|  | Without Donor Restrictions |                  | With Donor Restrictions | Total          |
|--|----------------------------|------------------|-------------------------|----------------|
|  | Undesignated               | Board Designated |                         |                |
| Public Support and Revenue                                   |                            |                  |                         |                |
| Gross campaign results -                                     |                            |                  |                         |                |
| released from restriction                                    | \$ 571,669                 | \$ -             | \$ -                    | \$ 571,669     |
| Less: donor designations                                     | (75,948)                   | -                | -                       | (75,948)       |
| Net campaign revenue   | 495,721                    | -                | -                       | 495,721        |
| Gross campaign results for 2018/2019 and 2019/2020 campaigns | -                          | -                | 600,301                 | 600,301        |
| Less: donor designations                                     | -                          | -                | (71,524)                | (71,524)       |
| Less: provision for uncollectibles                           | -                          | -                | (6,588)                 | (6,588)        |
| Net campaign revenue   | -                          | -                | 522,189                 | 522,189        |
| Stepping Forward Works                                       | 60,343                     | -                | -                       | 60,343         |
| EITC income  | -                          | -                | 25,000                  | 25,000         |
| Other program income   | 35,466                     | -                | 7,600                   | 43,066         |
| In-kind contributions  | 31,663                     | -                | -                       | 31,663         |
| Net investment return  | 238                        | 61,265           | 35,245                  | 96,748         |
| Change in value of perpetual trusts                          | -                          | -                | 51,075                  | 51,075         |
| Appropriation of endowment assets for expenditure            | 36,500                     | (36,500)         | -                       | -              |
| Net assets released from restriction                         |                            |                  |                         |                |
| Expiration of time   | -                          | -                | (495,721)               | (495,721)      |
| Expiration of purpose restriction                            | 14,124                     | -                | (14,124)                | -              |
| <b>Total public support and revenue</b>                      | <b>674,055</b>             | <b>24,765</b>    | <b>131,264</b>          | <b>830,084</b> |

(Continued)



**UNITED WAY OF FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES (Continued)**  
**Year Ended December 31, 2019**

|                                       | Without Donor Restrictions |                  | With Donor Restrictions | Total               |
|---------------------------------------|----------------------------|------------------|-------------------------|---------------------|
|                                       | Undesignated               | Board Designated |                         |                     |
| <b>Allocations and Expenses</b>       |                            |                  |                         |                     |
| Program Services                      |                            |                  |                         |                     |
| Gross funds allocated/distributed     | 429,368                    | -                | -                       | <b>429,368</b>      |
| Less: donor designations              | (71,524)                   | -                | -                       | <b>(71,524)</b>     |
| Net funds allocated/distributed       | 357,844                    | -                | -                       | <b>357,844</b>      |
| Allocation services other             | 33,886                     | -                | -                       | <b>33,886</b>       |
| Stepping Forward Works                | 66,647                     | -                | -                       | <b>66,647</b>       |
| Other program services                | 157,404                    | -                | -                       | <b>157,404</b>      |
| Total program services                | 615,781                    | -                | -                       | <b>615,781</b>      |
| Supporting services                   |                            |                  |                         |                     |
| Organizational administration         | 107,442                    | -                | -                       | <b>107,442</b>      |
| Fundraising                           | 59,298                     | -                | -                       | <b>59,298</b>       |
| United Way Worldwide dues             | 8,055                      | -                | -                       | <b>8,055</b>        |
| Total supporting services             | 174,795                    | -                | -                       | <b>174,795</b>      |
| <b>Total allocations and expenses</b> | <b>790,576</b>             | <b>-</b>         | <b>-</b>                | <b>790,576</b>      |
| <b>Changes in net assets</b>          | <b>(116,521)</b>           | <b>24,765</b>    | <b>131,264</b>          | <b>39,508</b>       |
| Net Assets:                           |                            |                  |                         |                     |
| January 1, 2019                       | (68,339)                   | 394,236          | 1,149,529               | <b>1,475,426</b>    |
| December 31, 2019                     | \$ (184,860)               | \$ 419,001       | \$ 1,280,793            | <b>\$ 1,514,934</b> |

See Notes to Financial Statements.

**UNITED WAY OF FRANKLIN COUNTY**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2020**

|                                   | Program Services       |                              |                              |                   | Support Services                 |                  |                  |                   |                   |
|-----------------------------------|------------------------|------------------------------|------------------------------|-------------------|----------------------------------|------------------|------------------|-------------------|-------------------|
|                                   | Allocation<br>Services | Stepping<br>Forward<br>Works | Other<br>Program<br>Services | Total<br>Program  | Organizational<br>Administration | Fundraising      | UWW<br>Dues      | Total<br>Support  | Total             |
| Gross funds allocated/distributed | \$ 288,393             | \$ -                         | \$ -                         | \$ 288,393        | \$ -                             | \$ -             | \$ -             | \$ -              | \$ 288,393        |
| Less: donor designations          | (56,246)               | -                            | -                            | (56,246)          | -                                | -                | -                | -                 | (56,246)          |
| Net funds allocated/distributed   | 232,147                | -                            | -                            | 232,147           | -                                | -                | -                | -                 | 232,147           |
| Salaries                          | 16,790                 | 29,383                       | 56,666                       | 102,839           | 77,654                           | 29,383           | -                | 107,037           | 209,876           |
| Payroll taxes                     | 1,583                  | 2,770                        | 5,343                        | 9,696             | 7,321                            | 2,770            | -                | 10,091            | 19,787            |
| Employee benefits                 | 1,015                  | 1,776                        | 3,426                        | 6,217             | 4,694                            | 1,776            | -                | 6,470             | 12,687            |
|                                   | 19,388                 | 33,929                       | 65,435                       | 118,752           | 89,669                           | 33,929           | -                | 123,598           | 242,350           |
| Campaign supplies                 | -                      | -                            | -                            | -                 | -                                | 7,269            | -                | 7,269             | 7,269             |
| Program supplies                  | -                      | -                            | 3,231                        | 3,231             | -                                | -                | -                | -                 | 3,231             |
| Utilities                         | 649                    | 1,135                        | 2,189                        | 3,973             | 3,000                            | 1,135            | -                | 4,135             | 8,108             |
| Office supplies                   | 190                    | 333                          | 644                          | 1,167             | 881                              | 333              | -                | 1,214             | 2,381             |
| Equipment maintenance             | 847                    | 1,482                        | 2,859                        | 5,188             | 3,918                            | 1,482            | -                | 5,400             | 10,588            |
| Contracted services               | -                      | 19,745                       | -                            | 19,745            | -                                | -                | -                | -                 | 19,745            |
| Professional fees                 | -                      | -                            | -                            | -                 | 10,100                           | -                | -                | 10,100            | 10,100            |
| Scholarships                      | -                      | -                            | 33,101                       | 33,101            | -                                | -                | -                | -                 | 33,101            |
| Telephone/network                 | 1,806                  | 3,161                        | 6,095                        | 11,062            | 8,353                            | 3,161            | -                | 11,514            | 22,576            |
| Website                           | 25                     | 44                           | 86                           | 155               | 117                              | 44               | -                | 161               | 316               |
| Insurance                         | 425                    | 744                          | 1,434                        | 2,603             | 1,965                            | 744              | -                | 2,709             | 5,312             |
| Postage                           | 198                    | 346                          | 667                          | 1,211             | 914                              | 346              | -                | 1,260             | 2,471             |
| Dues                              | 412                    | 720                          | 1,389                        | 2,521             | 1,903                            | 720              | -                | 2,623             | 5,144             |
| Meetings                          | 33                     | 58                           | 110                          | 201               | 152                              | 58               | -                | 210               | 411               |
| Advertising                       | 5                      | 9                            | 16                           | 30                | 23                               | 9                | -                | 32                | 62                |
| Special event supplies            | -                      | -                            | -                            | -                 | -                                | 534              | -                | 534               | 534               |
| Donated materials and supplies    | -                      | -                            | 21,037                       | 21,037            | -                                | -                | -                | -                 | 21,037            |
| Miscellaneous                     | 208                    | 364                          | 703                          | 1,275             | 965                              | 364              | -                | 1,329             | 2,604             |
| Interest                          | -                      | -                            | -                            | -                 | 3,118                            | -                | -                | 3,118             | 3,118             |
| Depreciation                      | 993                    | 1,739                        | 3,353                        | 6,085             | 4,595                            | 1,739            | -                | 6,334             | 12,419            |
|                                   | 5,791                  | 29,880                       | 76,914                       | 112,585           | 40,004                           | 17,938           | -                | 57,942            | 170,527           |
| United Way Worldwide dues         | -                      | -                            | -                            | -                 | -                                | -                | 10,691           | 10,691            | 10,691            |
| <b>Total functional expenses</b>  | <b>\$ 257,326</b>      | <b>\$ 63,809</b>             | <b>\$ 142,349</b>            | <b>\$ 463,484</b> | <b>\$ 129,673</b>                | <b>\$ 51,867</b> | <b>\$ 10,691</b> | <b>\$ 192,231</b> | <b>\$ 655,715</b> |

See Notes to Financial Statements.

UNITED WAY OF FRANKLIN COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

|                                   | Program Services    |                        |                        |                   | Support Services              |                  |                 |                   |                   |
|-----------------------------------|---------------------|------------------------|------------------------|-------------------|-------------------------------|------------------|-----------------|-------------------|-------------------|
|                                   | Allocation Services | Stepping Forward Works | Other Program Services | Total Program     | Organizational Administration | Fundraising      | UWW Dues        | Total Support     | Total             |
| Gross funds allocated/distributed | \$ 429,368          | \$ -                   | \$ -                   | \$ 429,368        | \$ -                          | \$ -             | \$ -            | \$ -              | \$ 429,368        |
| Less: donor designations          | (71,524)            | -                      | -                      | (71,524)          | -                             | -                | -               | -                 | (71,524)          |
| Net funds allocated/distributed   | 357,844             | -                      | -                      | 357,844           | -                             | -                | -               | -                 | 357,844           |
| Salaries                          | 20,417              | 24,130                 | 57,540                 | 102,087           | 57,540                        | 25,986           | -               | 83,526            | 185,613           |
| Payroll taxes                     | 2,133               | 2,521                  | 6,012                  | 10,666            | 6,012                         | 2,715            | -               | 8,727             | 19,393            |
| Employee benefits                 | 916                 | 1,083                  | 2,581                  | 4,580             | 2,582                         | 1,166            | -               | 3,748             | 8,328             |
|                                   | 23,466              | 27,734                 | 66,133                 | 117,333           | 66,134                        | 29,867           | -               | 96,001            | 213,334           |
| Campaign supplies                 | -                   | -                      | -                      | -                 | -                             | 16,168           | -               | 16,168            | 16,168            |
| Program supplies                  | -                   | -                      | 18,942                 | 18,942            | -                             | -                | -               | -                 | 18,942            |
| Utilities                         | 1,282               | 1,515                  | 3,611                  | 6,408             | 3,612                         | 1,631            | -               | 5,243             | 11,651            |
| Office supplies                   | 730                 | 863                    | 2,059                  | 3,652             | 2,058                         | 930              | -               | 2,988             | 6,640             |
| Equipment maintenance             | 1,394               | 1,647                  | 3,928                  | 6,969             | 3,928                         | 1,774            | -               | 5,702             | 12,671            |
| Contracted services               | -                   | 26,596                 | -                      | 26,596            | -                             | -                | -               | -                 | 26,596            |
| Professional fees                 | -                   | -                      | -                      | -                 | 9,775                         | -                | -               | 9,775             | 9,775             |
| Scholarships                      | -                   | -                      | 11,299                 | 11,299            | -                             | -                | -               | -                 | 11,299            |
| Telephone/network                 | 1,761               | 2,082                  | 4,964                  | 8,807             | 4,964                         | 2,242            | -               | 7,206             | 16,013            |
| Website                           | 56                  | 67                     | 159                    | 282               | 159                           | 72               | -               | 231               | 513               |
| Professional development          | 225                 | 266                    | 634                    | 1,125             | 634                           | 286              | -               | 920               | 2,045             |
| Insurance                         | 375                 | 444                    | 1,058                  | 1,877             | 1,058                         | 478              | -               | 1,536             | 3,413             |
| Postage                           | 358                 | 423                    | 1,010                  | 1,791             | 1,010                         | 456              | -               | 1,466             | 3,257             |
| Dues                              | 744                 | 879                    | 2,095                  | 3,718             | 2,096                         | 946              | -               | 3,042             | 6,760             |
| Meetings                          | 56                  | 66                     | 158                    | 280               | 158                           | 71               | -               | 229               | 509               |
| Advertising                       | 95                  | 113                    | 268                    | 476               | 268                           | 121              | -               | 389               | 865               |
| Donated materials and supplies    | -                   | -                      | 31,663                 | 31,663            | -                             | -                | -               | -                 | 31,663            |
| Miscellaneous                     | 1,977               | 2,336                  | 5,571                  | 9,884             | 5,573                         | 2,516            | -               | 8,089             | 17,973            |
| Interest                          | -                   | -                      | -                      | -                 | 2,162                         | -                | -               | 2,162             | 2,162             |
| Depreciation                      | 1,367               | 1,616                  | 3,852                  | 6,835             | 3,853                         | 1,740            | -               | 5,593             | 12,428            |
|                                   | 10,420              | 38,913                 | 91,271                 | 140,604           | 41,308                        | 29,431           | -               | 70,739            | 211,343           |
| United Way Worldwide dues         | -                   | -                      | -                      | -                 | -                             | -                | 8,055           | 8,055             | 8,055             |
| <b>Total functional expenses</b>  | <b>\$ 391,730</b>   | <b>\$ 66,647</b>       | <b>\$ 157,404</b>      | <b>\$ 615,781</b> | <b>\$ 107,442</b>             | <b>\$ 59,298</b> | <b>\$ 8,055</b> | <b>\$ 174,795</b> | <b>\$ 790,576</b> |

See Notes to Financial Statements.

**UNITED WAY OF FRANKLIN COUNTY**

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2020 and 2019**

|  | 2020             | 2019            |
|--|------------------|-----------------|
| <b>Cash Flows From Operating Activities</b>  |                  |                 |
| Changes in net assets  | \$ 158,489       | \$ 39,508       |
| Adjustments to reconcile changes in net assets to net cash used in operating activities: |                  |                 |
| Depreciation   | 12,419           | 12,428          |
| Net realized and unrealized losses on other investments                                  | (81)             | (114)           |
| Change in cash surrender value of life insurance policy                                  | (149)            | (120)           |
| Net realized and unrealized losses on endowment fund assets                              | (15,907)         | (56,905)        |
| Net change in value on perpetual trust assets  | (61,124)         | (51,075)        |
| Changes in assets and liabilities:   |                  |                 |
| (Increase) decrease in:  |                  |                 |
| Pledges receivable   | 64,956           | (26,468)        |
| Program receivables  | (24,432)         | 5,250           |
| Prepaid expenses   | (3,811)          | (148)           |
| (Decrease) increase in:  |                  |                 |
| Allocations and designations payable   | (235,523)        | 3,606           |
| Accounts payable   | 234              | (14,383)        |
| Accrued payroll and withholdings   | 1,415            | (3,361)         |
| Compensated absences   | (60)             | (489)           |
| <b>Net cash used in operating activities</b>   | <b>(103,574)</b> | <b>(92,271)</b> |
| <b>Cash Flows From Investing Activities</b>  |                  |                 |
| Proceeds from sale of endowment fund investments   | 522,562          | 34,452          |
| Purchase of endowment fund investments   | (553,654)        | (74,057)        |
| Purchases of property and equipment  | (4,358)          | (6,384)         |
| <b>Net cash used in investing activities</b>   | <b>(35,450)</b>  | <b>(45,989)</b> |
| <b>Cash Flows From Financing Activities</b>  |                  |                 |
| Proceeds from line-of-credit   | -                | 78,000          |
| Repayment of line-of-credit  | (34,599)         | -               |
| Proceeds from Paycheck Protection Program loan   | 35,800           | -               |
| Distributions received from endowment fund   | 123,200          | 36,500          |
| <b>Net cash provided by financing activities</b>   | <b>124,401</b>   | <b>114,500</b>  |
| <b>Net decrease in cash and cash equivalents</b>   | <b>(14,623)</b>  | <b>(23,760)</b> |
| <b>Cash and Cash Equivalents:</b>  |                  |                 |
| Beginning  | 83,562           | 107,322         |
| Ending   | \$ 68,939        | \$ 83,562       |
| <b>Supplemental Disclosures of Cash Flow Information</b>                                 |                  |                 |
| Cash paid during the year for interest   | \$ 3,118         | \$ 2,162        |

See Notes to Financial Statements.

## UNITED WAY OF FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities: The United Way of Franklin County (Organization), was formed to effectuate and consolidate fundraising for those health, welfare, character-building and recreational agencies of Franklin County and which are institutional members of this Organization; to secure and provide funds to assist in the maintenance and operation of such agencies; to assist in the coordination of the work of the various social agencies; and to aid in the development of social welfare and recreational programs which shall be commensurate with the needs of the area. The Organization is governed by a volunteer Board of Directors consisting of individuals from the local community.

Basis of Presentation: The United Way of Franklin County's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as promulgated for not-for-profit organizations. Those standards require the Organization to report information regarding its financial position and activities according to the following classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified in the Statements of Activities from net assets with donor restrictions to net assets without donor restrictions.

Use of Estimates: The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, accounts receivable and investments. The Organization maintains its cash deposits with high, credit quality, financial institutions that provide Federal Deposit Insurance Corporation (FDIC) coverage up to \$250,000 per institution. At December 31, 2020 and 2019, there were no bank balances which exceeded federally insured limits, or which are not federally insured.

The Organization's pledges and program receivables consist of unsecured amounts due from donors. The Organization records an allowance, when necessary, for potential losses.

## UNITED WAY OF FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

Cash and Cash Equivalents: For purposes of the Statements of Cash Flows, the Organization considers all short-term, debt securities purchased with maturities of three months or less to be cash equivalents.

Investments: Investments in marketable securities are measured at fair value using quoted prices from national security exchanges. Investment income and losses (including gains and losses on investments, interest and dividends) are included in the Statements of Activities as increases or decreases in net assets without donor restrictions unless the income or losses are restricted by donor or law.

Promises-to-Give: Unconditional promises-to-give are expected to be collected within one year and are recorded at net realizable value. An allowance for uncollectible pledges, when deemed necessary, is based on past, collection experience and on current, economic conditions.

Property and Equipment: Property and equipment are stated at cost less accumulated depreciation. Property and equipment costing over \$1,500 are capitalized. Depreciation is computed using the straight-line method over the assets' estimated, useful lives. Upon retirement or sale, the cost and accumulated depreciation of such assets are removed from the accounts, and any resulting gain or loss is included in the determination of changes in net assets. Expenditures for maintenance and repairs, which neither materially add to the value of property and equipment nor appreciably prolong their useful lives, are charged to expense as incurred.

Split-Interest Agreements: Gifts received under the terms of trust or other arrangements in which the Organization has a beneficial interest, but is not the sole beneficiary, are accounted for as split-interest agreements. Such agreements include perpetual trusts held by third parties, charitable-remainder trusts and charitable-gift annuities. The time periods covered by these agreements are expressed either as a specific number of years (or in perpetuity), or as an individual's remaining life or lives of individuals designated by the donor.

Under such arrangements, assets are invested and administered by the Organization, a trustee, or a fiscal agent, and distributions are made to beneficiaries during the term of the agreement. At the end of the agreement's term, remaining assets are distributed to or retained by either the Organization or another beneficiary.

Absent donor-imposed conditions, the Organization recognizes contribution revenue and related assets and liabilities when irrevocable, split-interest agreements naming the Organization as trustee or fiscal agent are executed, or when the Organization is notified of agreements' existence as in cases where an unrelated third party (such as a bank) acts as trustee.

## UNITED WAY OF FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Split-Interest Agreements (Continued): Contribution revenues recognized under split-interest agreements are classified as increases in net assets without donor restrictions or net assets with donor restrictions based on donors' instructions in underlying agreements. During term of the agreement, changes in the value of split-interest agreements are recognized in the statements of activities as "change in the value of split-interest agreements" and classified as without donor restriction or with donor restriction based upon the classification when the contribution was initially recognized. Upon termination of the agreement, asset and liability accounts related to the split-interest agreement are closed and any remaining amounts are recognized as changes in the value of split-interest agreements and classified in the appropriate net-asset categories.

Endowment Fund: The Organization has established the United Way Endowment Fund, which is maintained with a local financial services company, via an irrevocable trust agreement. The endowment consists of individual funds established to provide investment income for the Organization's operations. The endowment includes donor-restricted contributions, the income from which is used to support the Organization's operations. Net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

The Commonwealth of Pennsylvania has not enacted a version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Relevant law for reporting of endowment funds is provided in Pa. C.S. Section 5548, *Investment of Trust Funds*. The Board of the United Way of Franklin County has interpreted the Commonwealth of Pennsylvania state law as requiring the preservation of the fair value of the original gift as of the gift of the donor-restricted endowment fund absent explicit donor stipulations to the contrary.

The Organization classifies as net assets with donor restrictions the original value of gifts donated to the donor-restricted endowment fund. Investment income from the donor-restricted endowment fund is supported without donor restriction and available to support the operations of the Organization. Net appreciation on the donor-restricted endowment fund is reported as a change in net assets without donor-restriction.

The Organization considers several factors when making determinations to appropriate or accumulate donor-restricted endowment funds. These factors include the duration and preservation of the fund, the mission of the Organization, the purpose of any donor-restrictions, general economic conditions, the possible effects of inflation and deflation, the expected total returns from income, and the appreciation of investments and other resources.

Endowment assets are invested consistent with an investment-policy statement monitored by the Board of Directors. To satisfy long-term, rate-of-return objectives, the Organization relies on a long-term strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Endowment investments consist primarily of mutual funds with an allocation target of sixty/forty between equities and debt securities, respectively.

## UNITED WAY OF FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

Designations Payable: The Organization receives pledges that are donor designated for member and non-member agencies, for which the Organization does not have variance power. These contributions are distributed after they have been collected. In these instances, the United Way of Franklin County acts as an agent. The designations payable at December 31, 2020 and 2019, are presented in the Statements of Financial Position.

Compensated Absences: At year-end, the Organization accrued a liability for employees' unused vacation which was used within the first 30 days of the subsequent year. Employees may carry over unused paid time off (PTO) but must use the carryover within 30 days of the subsequent year. Unused PTO will be paid upon termination provided an employee has completed more than one year of employment and provides proper notification of resignation.

Revenue and Revenue Recognition: Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets without donor restriction. 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. The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as increases in net assets without donor restriction.

The Organization reports gifts of materials and equipment as support without donor restrictions unless explicit, donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit, donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Materials and Services: Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values upon receipt.

Contributed services are reported as contributions at fair value if such services create or enhance non-financial assets, would have been purchased if not provided by donation, require specialized skills and are provided by individuals possessing such specialized skills.

Advertising Expense: The Organization expenses advertising costs as incurred.

Allocations of Functional Expenses: The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, the Organization's expenses have been allocated among the programs and supporting services benefited. Such allocations are determined equitably by management.



## UNITED WAY OF FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income Taxes: The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Consequently, the Organization will not incur any liability for Federal income tax, except for that arising from unrelated-business activities.

Management has assessed the Organization's exposure to income taxes at the entity level due to uncertain tax positions taken in current and previously filed tax returns. Examples of uncertain tax positions taken at the entity level include the continuing validity of the Organization's exempt status and the prospect of being subject to the Federal filing requirement arising from unrelated business activities. Presently, management believes that it is more likely than not that the Organization's tax positions will be sustained upon examination, including any appeals and litigation, and consequently, the Organization has no exposure to income tax liabilities arising from uncertain tax positions.

Adoption of New Accounting Standard: In 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all 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. We have implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendments have been applied under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation.

Recent Accounting Pronouncements: In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The most significant change in the new lease guidance requires lessees to recognize right-of-use assets and lease liabilities for all leases other than those that meet the definition of short-term leases. For short-term leases, lessees may elect an accounting policy by class of underlying asset under which these assets and liabilities are not recorded, and lease payments are generally recognized over the lease term on a straight-line basis. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under legacy accounting principles generally accepted in the United States of America. For all entities other than public-business enterprises, this standard is effective for annual periods beginning after December 15, 2020. Early adoption is permitted. Management is currently evaluating the effects that this standard will have on the Organization's financial statements.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will require 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 will require 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. The Organization is currently evaluating the impact of this new standard on its financial statements.

# UNITED WAY OF FRANKLIN COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 22, 2021, the date the financial statements were available to be issued. See Note 17 for subsequent events disclosure.

### Note 2. Liquidity

Financial assets available for general expenditure; that is, without donor or other restrictions limiting their use; within one year of the Statements of Financial Position, comprise the following:

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| Financial assets at year-end:   |                   |                   |
| Cash and cash equivalents   | \$ 68,939         | \$ 83,562         |
| Pledges receivable  | 154,749           | 219,705           |
| Program receivables   | 25,539            | 30,000            |
| Grant receivable  | 28,893            | -                 |
| Other investments   | 1,166             | 1,085             |
| Cash surrender value of life insurance policy                           | 4,996             | 4,847             |
| Endowment funds   | 897,032           | 973,233           |
| Beneficial interest in perpetual trusts                                 | 525,235           | 464,111           |
| Total financial assets  | <u>1,706,549</u>  | <u>1,776,543</u>  |
| Less amounts not available for use within one year:                     |                   |                   |
| Net assets with donor restrictions:                                     |                   |                   |
| Endowment fund  | 558,017           | 554,232           |
| Beneficial interest in perpetual trusts                                 | 525,235           | 464,111           |
| Purpose restrictions  | 9,894             | 28,964            |
| Board designated portion of endowment fund                              | 339,015           | 419,001           |
| Financial assets not available for use within one year                  | <u>1,432,161</u>  | <u>1,466,308</u>  |
| Financial assets available to meet general expenditures within one year | <u>\$ 274,388</u> | <u>\$ 310,235</u> |

United Way of Franklin County is funded in part by contributions from donors that contain restrictions. Those restrictions require that resources be used for certain purposes or in future periods. Therefore, the Organization must maintain adequate resources to meet those responsibilities to its donors, and as a result, certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due. The Organization invests its cash in excess of its daily needs in interest-bearing accounts and marketable securities. The Organization can also draw upon a \$100,000 line-of-credit (as discussed in Note 9).

Board designated net assets represent cash reserves established by the Organization's Board of Directors for future use. However, these reserves may be available currently if necessary.

## UNITED WAY OF FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 3. Promises-to-Give

Included in pledges receivable are the following, unconditional promises-to-give:

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| Pledges receivable within one year                             | \$ 211,489        | \$ 260,519        |
| Less: Allowance for uncollectible pledges                      | (56,740)          | (40,814)          |
| Pledges receivable, net of allowance for uncollectible pledges | <u>\$ 154,749</u> | <u>\$ 219,705</u> |

#### Note 4. Property and Equipment

Property and equipment at December 31, 2020 and 2019, consist of the following:

|                                | 2020              | 2019              |
|--------------------------------|-------------------|-------------------|
| Land                           | \$ 43,000         | \$ 43,000         |
| Land improvements              | 5,048             | 5,048             |
| Building and improvements      | 283,894           | 283,894           |
| Equipment                      | 74,294            | 69,936            |
|                                | <u>406,236</u>    | <u>401,878</u>    |
| Less: accumulated depreciation | (158,095)         | (145,676)         |
| Property and equipment, net    | <u>\$ 248,141</u> | <u>\$ 256,202</u> |

Depreciation expense was \$12,419 and \$12,428 in 2020 and 2019, respectively.

#### Note 5. Life Insurance Policy

The Organization was the recipient of a restricted contribution from a former board member to purchase a life insurance policy on the lives of the donor and his wife. A one-time premium of \$7,055 was paid on the survivorship whole-life policy. The Organization is the owner of the policy but is only entitled to 20.00% of the death proceeds as the remainder is designated for other beneficiaries. Total cash value of the policy at December 31, 2020 and 2019, was \$24,978 and \$24,234, respectively, of which 20.00%, or \$4,996 and \$4,847, respectively, was recorded as an asset on the Statements of Financial Position.

**UNITED WAY OF FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 6. Beneficial Interest in Perpetual Trusts**

The Organization is the beneficiary of several perpetual trusts which are administered by third-party trustees. Under the terms of these arrangements, the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity, but the Organization will never receive the assets held in trust. None of the underlying trust agreements place any restrictions on the use of the income. The Organization has recorded its beneficial interest in these trusts at the fair values of the trusts' assets on the dates that the Organization was notified of the trusts' existence. The contributions have been recognized as support with donor restrictions. Distributions from the trusts are reported as contributions without donor restrictions. Increases and decreases in the fair values of the trusts' assets are recognized as gains or losses with donor restrictions. The Organization's proportionate share of the fair value of the trusts' assets totaled \$525,235 and \$464,111 at December 31, 2020 and 2019, respectively. Income from the perpetual trusts for the years ended December 31, 2020 and 2019, consists of the following:

|                       | 2020             | 2019             |
|-----------------------|------------------|------------------|
| Gross unrealized gain | \$ 79,340        | \$ 68,952        |
| Less distributions    | (18,216)         | (17,877)         |
| Net change in value   | <u>\$ 61,124</u> | <u>\$ 51,075</u> |

**Note 7. Endowment Fund**

Endowment fund investments at December 31, 2020 and 2019, consist of the following:

|                             | 2020              |                   | 2019              |                   |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
|                             | Fair Value        | Cost              | Fair Value        | Cost              |
| Money market account        | \$ 52,139         | \$ 52,139         | \$ 16,883         | \$ 16,883         |
| Mutual funds - fixed income | 471,453           | 396,492           | 508,328           | 420,220           |
| Mutual funds - equities     | 373,440           | 374,317           | 425,959           | 434,286           |
| Other                       | -                 | -                 | 22,063            | 18,312            |
|                             | <u>\$ 897,032</u> | <u>\$ 822,948</u> | <u>\$ 973,233</u> | <u>\$ 889,701</u> |

Endowment funds by net asset classification are as follows at December 31, 2020 and 2019:

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| Without donor restrictions - Board designated | \$ 339,015        | \$ 419,001        |
| With donor restrictions                       | 558,017           | 554,232           |
|   | <u>\$ 897,032</u> | <u>\$ 973,233</u> |

**UNITED WAY OF FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 7. Endowment Fund (Continued)**

Changes in endowment net assets for the year ended December 31, 2020:

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
|---|-------------------------------|----------------------------|-------------------|
| Endowment net assets, beginning of year | \$ 419,001                    | \$ 554,232                 | \$ 973,233        |
| <b>Investment Returns</b>               |                               |                            |                   |
| Investment income                       | 39,331                        | -                          | 39,331            |
| Realized gain                           | 9,261                         | -                          | 9,261             |
| Unrealized gains                        | 2,861                         | 3,785                      | 6,646             |
| Trustee commission                      | (8,239)                       | -                          | (8,239)           |
| Net investment income                   | 43,214                        | 3,785                      | 46,999            |
| Distributions for operations            | (123,200)                     | -                          | (123,200)         |
| Endowment net assets, end of year       | <u>\$ 339,015</u>             | <u>\$ 558,017</u>          | <u>\$ 897,032</u> |

Changes in endowment net assets for the year ended December 31, 2019:

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
|---|-------------------------------|----------------------------|-------------------|
| Endowment net assets, beginning of year | \$ 394,236                    | \$ 518,987                 | \$ 913,223        |
| <b>Investment Returns</b>               |                               |                            |                   |
| Investment income                       | 47,975                        | -                          | 47,975            |
| Realized loss                           | (5,114)                       | -                          | (5,114)           |
| Unrealized gains                        | 26,774                        | 35,245                     | 62,019            |
| Trustee commission                      | (8,370)                       | -                          | (8,370)           |
| Net investment income                   | 61,265                        | 35,245                     | 96,510            |
| Distributions for operations            | (36,500)                      | -                          | (36,500)          |
| Endowment net assets, end of year       | <u>\$ 419,001</u>             | <u>\$ 554,232</u>          | <u>\$ 973,233</u> |

## UNITED WAY OF FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. Fair Value Measurements

The Organization follows the provisions of FASB's ASC 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and liabilities. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Organization's financial assets that are recorded at fair value consist of investments in marketable securities, cash value of a life insurance policy, endowment fund investments, and beneficial interests in perpetual trusts. The Organization's financial liabilities consist of obligations under trust and annuity agreements which approximate the liabilities' fair values. The Organization has no non-financial assets or liabilities that are recognized and disclosed at their fair values.

ASC 820 establishes a three-level, fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on other significant, observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable, market data for substantially the assets' full terms.

Level 3: Fair values are calculated by using price models and/or discounted, cash-flow methodologies, and may require significant, management judgment or estimation. These methodologies may result in significant portions of the fair values being derived from unobservable data.

The following are descriptions of the valuation methodology used for assets measured at fair value. There have been no changes in the valuation methods.

- Common stock and mutual funds are principally valued at the regular trading-session-closing price on the exchange or market in which such funds are traded.
- Equity (stock) funds listed or traded on any national market or exchange are valued at the last sales price as of the close of the securities exchange on which such securities are traded.
- Fixed income (bond) funds, other than money market instruments, are generally valued at the most recent bid price of the equivalent, quoted yield for such securities (or those of comparable maturity, quality, and type).
- Cash surrender value of life insurance policy is based on contract value per the insurance contract.
- Endowment funds are valued based on the aggregate value of individual marketable securities held by the fund.
- Perpetual trusts are valued based on the percentage of beneficial interest of the respective assets held by the trust as provided by the Trustees.

**UNITED WAY OF FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 8. Fair Value Measurements (Continued)**

The following tables set forth, by level within the fair value hierarchy, the Organization's financial assets at fair value as of December 31, 2020 and 2019:

Financial Assets at Fair Value as of December 31, 2020

|   | Level 1           | Level 2          | Level 3           | Total               |
|---|-------------------|------------------|-------------------|---------------------|
| Investments                                   |                   |                  |                   |                     |
| Equity funds                                  | \$ 487            | \$ -             | \$ -              | \$ 487              |
| Bond funds                                    | 679               | -                | -                 | 679                 |
| Endowment Fund                                |                   |                  |                   |                     |
| Money market account                          | 52,139            | -                | -                 | 52,139              |
| Mutual funds - fixed income                   | 471,453           | -                | -                 | 471,453             |
| Mutual funds - equities                       | 316,236           | 57,204           | -                 | 373,440             |
| Cash surrender value of life insurance policy | -                 | 4,996            | -                 | 4,996               |
| Perpetual trusts                              | -                 | -                | 525,235           | 525,235             |
|   | <u>\$ 840,994</u> | <u>\$ 62,200</u> | <u>\$ 525,235</u> | <u>\$ 1,428,429</u> |

Financial Assets at Fair Value as of December 31, 2019

|   | Level 1           | Level 2          | Level 3           | Total               |
|---|-------------------|------------------|-------------------|---------------------|
| Investments                                   |                   |                  |                   |                     |
| Equity funds                                  | \$ 471            | \$ -             | \$ -              | \$ 471              |
| Bond funds                                    | 614               | -                | -                 | 614                 |
| Endowment Fund                                |                   |                  |                   |                     |
| Money market account                          | 16,883            | -                | -                 | 16,883              |
| Mutual funds - fixed income                   | 508,328           | -                | -                 | 508,328             |
| Mutual funds - equities                       | 346,915           | 79,044           | -                 | 425,959             |
| Other   | 22,063            | -                | -                 | 22,063              |
| Cash surrender value of life insurance policy | -                 | 4,847            | -                 | 4,847               |
| Perpetual trusts                              | -                 | -                | 464,111           | 464,111             |
|   | <u>\$ 895,274</u> | <u>\$ 83,891</u> | <u>\$ 464,111</u> | <u>\$ 1,443,276</u> |

## UNITED WAY OF FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. Fair Value Measurements (Continued)

The table below sets forth a summary of changes in the fair values of the Organization's perpetual trusts (Level 3 assets) for the years ended December 31, 2020 and 2019:

|                                   | 2020              | 2019              |
|-----------------------------------|-------------------|-------------------|
| Balance - January 1,              | \$ 464,111        | \$ 413,036        |
| Realized and unrealized gains     | 61,124            | 51,075            |
| Investment income                 | 18,216            | 17,877            |
| Distribution of investment income | (18,216)          | (17,877)          |
| Balance - December 31,            | <u>\$ 525,235</u> | <u>\$ 464,111</u> |

#### Note 9. Line-of-Credit

The Organization has a \$100,000 unsecured line-of-credit agreement with M&T Bank. Advances on the line are payable on demand and require monthly interest payments. At December 31, 2020, the interest rate is 4.75%. At December 31, 2020 and 2019, the Organization had a \$43,401 and \$78,000 outstanding balance on the line-of-credit, respectively. Interest expense related to this line-of-credit was \$2,889 and \$1,939 for the years ended December 31, 2020 and 2019, respectively.

#### Note 10. Paycheck Protection Program Loan

On April 22, 2020, the Organization received loan proceeds in the amount of \$35,800, under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after the applicable covered period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred before February 15, 2020, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the applicable covered period.

To the extent that the Organization is not granted forgiveness, the Organization will be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within ten months of the end of the covered period, payments of principal and interest will be required through the maturity date of April 22, 2022. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

The Organization has recorded a note payable and will record forgiveness upon being legally released from the loan obligation.



**UNITED WAY OF FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 11. Net Assets with Donor Restrictions**

Net assets with donor restrictions at December 31, 2020 and 2019, consist of the following:

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| Subject to expenditure for specified purpose:    |                     |                     |
| EITC funding                                     | \$ 31,269           | \$ 35,145           |
| Sponsorships for specific future programs/events | 2,962               | 7,600               |
| COVID-19 relief campaign                         | 30,583              | -                   |
| Roof campaign                                    | 13,000              | -                   |
| Subject to the passage of time:                  |                     |                     |
| Promises to give that are unavailable until due  | 155,019             | 219,705             |
| Not subject to spending policy or appropriation: |                     |                     |
| Beneficial interests in perpetual trusts         | 525,235             | 464,111             |
| Endowments:                                      |                     |                     |
| Permanently restricted to endowment by donors    | 558,017             | 554,232             |
|  | <u>\$ 1,316,085</u> | <u>\$ 1,280,793</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2020 and 2019:

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| Satisfaction of purpose restrictions:            |                   |                   |
| EITC   | \$ 41,377         | \$ 14,124         |
| Sponsorships for specific programs/events        | 7,600             | -                 |
| COVID-19 relief campaign                         | 74,882            | -                 |
| Satisfaction of time restrictions:               |                   |                   |
| Promises to give that were unavailable until due | 493,478           | 495,721           |
|  | <u>\$ 617,337</u> | <u>\$ 509,845</u> |

## UNITED WAY OF FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. In-Kind Contributions

The Organization receives various, non-cash donations for use at fundraising events, or for distribution to those in need. These donations are recorded at fair market value at the date they are received. In-kind contributions for the years ended December 31, 2020 and 2019, consist of the following:

|                                | 2020      | 2019      |
|--------------------------------|-----------|-----------|
| Contributions                  |           |           |
| Materials                      | \$ 21,037 | \$ 31,663 |
| Expenses                       |           |           |
| Donated materials and supplies | \$ 21,037 | \$ 31,663 |

For the years ended December 31, 2020 and 2019, donated materials and supplies include 5,280 and 5,315 pounds of goods, respectively, donated during the Organization's annual food drive. The donated goods were valued at \$1.67 per pound, as provided by Feeding America Product Valuation Study.

Numerous volunteers have donated service hours to the Organization; however, these service hours are not reported in the financial statements as they do not require specialized skills.

The Organization is in a unique position to connect agencies with people and organizations that have items to donate. In these circumstances the Organization serves as an intermediary. The values of in-kind donations where the organization services as intermediary are not recognized as contributions by the Organization.

#### Note 13. Pension Plan

The Organization sponsors a SIMPLE IRA Plan for employees who receive at least \$5,000 of calendar year compensation. Under the Plan, the Organization makes matching contributions up to 3.00% of eligible employees' compensation. Matching contributions to the Plan were \$4,474 and \$4,479, for 2020 and 2019, respectively.

#### Note 14. Commitments and Contingencies

The Organization strives to distribute the maximum amount of gross campaign pledges to member agencies. Factors impacting that amount are uncollected pledges, donor designations, and costs of administration and fundraising. Annually, management determines the allocation to member agencies and makes written commitments establishing the support they will receive for the following calendar year. Allocations payable at December 31, 2020 and 2019, are \$157,265 and \$357,845, respectively.

The Organization relies on community donations; consequently, the Organization may experience substantial support reductions if severe, local economic conditions arise.

## UNITED WAY OF FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 15. Dues to United Way Worldwide and United Way of Pennsylvania**

For the right to use the logo and related United Way services, the Organization paid dues of one cent per each campaign dollar raised to the United Way Worldwide (UWWW). UWWW provides access to training, national radio and television advertisements, and the NFL partnership and promotion. The Organization paid \$10,691 and \$8,055 in dues to the UWWW for the years ended December 31, 2020 and 2019, respectively.

Voluntary dues are paid to United Way of Pennsylvania for representation before the state legislature in Harrisburg. United Way of Pennsylvania has taken the lead in several, state-wide initiatives of great local importance such as the “2-1-1” line for information/referral. The Organization paid \$4,200 in dues to the United Way of Pennsylvania for the years ended December 31, 2020 and 2019.

#### **Note 16. Uncertainties**

Recent developments arising from the coronavirus pandemic and efforts to mitigate the disease’s domestic and global impacts have disrupted operations of companies in many industries. Facility closings, labor and personnel layoffs, curtailments of supply lines and increased materials costs, contracted production, dislocations of product-delivery methods and reduced markets enhance the Organization’s risk factors as they have a significant reliance on revenue from third parties to fund their operations. These factors adversely impact revenue recognition, cash flows and liquidity, contingencies, and in some instances, the going-concern assumption. Presently, the ultimate, effects of this crisis on financial position, results of operations, and cash flows are indeterminable because the duration of the crisis is also indeterminable; however, management continues to monitor developments.

#### **Note 17. Subsequent Events**

On February 19, 2021, the Organization became the beneficiary of an additional perpetual trust. The Organization has rights to 2% percent of the trust assets and will receive proportionate distributions of income from the trust annually.

Subsequent to year-end, the Organization received confirmation from the SBA stating, based on the application for loan forgiveness as filed (and subject to audit), 100% of the original PPP loan and accrued interest was forgiven, as provided in the CARES Act.

On March 22, 2021, the Organization executed a Note with M&T Bank to receive a Paycheck Protection Program (PPP) loan in the amount of \$28,067. The PPP loan is payable over five years at an interest rate of 1%. Upon application to the SBA, the loan and accrued interest may be forgiven provided the Organization uses the loan proceeds for eligible purposes. The amount of loan forgiveness may be reduced if the Organization terminated employees or reduced salaries during the applicable covered period.