

**UNITED WAY OF FRANKLIN COUNTY**

**FINANCIAL REPORT**

**DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
United Way of Franklin County  
Chambersburg, Pennsylvania

### Opinion

We have audited the financial statements of the United Way of Franklin County (Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Way of Franklin County as of December 31, 2021 and 2020, and the results of its operations 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 the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

### Responsibilities of Management 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.

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 within one year after the date that the financial statements are issued.

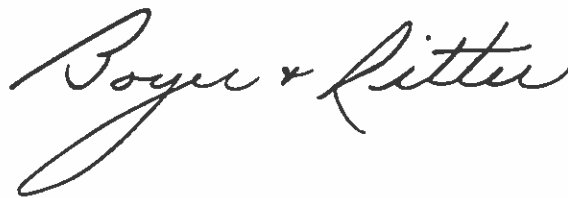
### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 result 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 judgement 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.

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Chambersburg, Pennsylvania  
May 25, 2022

UNITED WAY OF FRANKLIN COUNTY

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 172,458	\$ 68,939
Pledges receivable, net of allowance for uncollectible pledges 2021 \$57,697; 2020 \$56,740	76,304	154,749
Program receivables	10,065	25,539
Grant receivable	-	28,893
Prepaid expenses	8,325	7,929
Other investments	1,233	1,166
Property and equipment, net	252,106	248,141
Cash surrender value of life insurance policy	5,168	4,996
Endowment fund	977,007	897,032
Beneficial interest in perpetual trusts	551,736	525,235
<b>Total assets</b>	<b>\$ 2,054,402</b>	<b>\$ 1,962,619</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Allocations payable	\$ 175,000	\$ 157,265
Designations payable	14,253	38,957
Accounts payable	5,009	3,004
Accrued payroll and withholdings	8,237	10,574
Compensated absences	1,137	195
Line-of-credit	-	43,401
Paycheck Protection Program loan	-	35,800
<b>Total liabilities</b>	<b>203,636</b>	<b>289,196</b>
Net Assets		
Without donor restrictions		
Undesignated	210,756	18,323
Board designated	404,636	339,015
With donor restrictions	1,235,374	1,316,085
<b>Total net assets</b>	<b>1,850,766</b>	<b>1,673,423</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,054,402</b>	<b>\$ 1,962,619</b>

See Notes to Financial Statements.

UNITED WAY OF FRANKLIN COUNTY

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2021

	Without Donor Restrictions			Total
	Undesignated	Board Designated	With Donor Restrictions	
Public Support and Revenue				
Gross campaign results - released from restriction	\$ 600,260	\$ -	\$ -	\$ 600,260
Less: donor designations	(52,616)	-	-	(52,616)
Net campaign revenue	547,644	-	-	547,644
Gross campaign results for: 2020/2021 and 2021/2022 campaigns	-	-	531,960	531,960
COVID-19 relief campaign	-	-	2,190	2,190
Roof campaign	-	-	4,200	4,200
Designations fee	-	-	1,383	1,383
Less: donor designations	-	-	(27,052)	(27,052)
Less: provision for uncollectibles	-	-	(36,504)	(36,504)
Net campaign revenue	-	-	476,177	476,177
Stepping Forward Works	69,645	-	-	69,645
EITC income	-	-	4,000	4,000
Other program income	37,949	-	27,587	65,536
In-kind contributions	44,092	-	-	44,092
Net investment return	239	65,621	14,354	80,214
Change in value of perpetual trusts	-	-	26,501	26,501
Forgiveness of Paycheck Protection Program loan	63,867	-	-	63,867
Net assets released from restriction	-	-	(547,644)	(547,644)
Expiration of time	81,686	-	(81,686)	-
Expiration of purpose restriction	-	-	-	-
<b>Total public support and revenue</b>	<b>845,122</b>	<b>65,621</b>	<b>(80,711)</b>	<b>830,032</b>

(Continued)

UNITED WAY OF FRANKLIN COUNTY

STATEMENT OF ACTIVITIES (Continued)  
Year Ended December 31, 2021

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
Allocations and Expenses				
Program Services				
Gross funds allocated/distributed	234,210	-	-	234,210
Less: donor designations	(27,052)	-	-	(27,052)
Net funds allocated/distributed	207,158	-	-	207,158
Allocation services other	5,335	-	-	5,335
Stepping Forward Works	88,962	-	-	88,962
Other program services	154,709	-	-	154,709
Total program services	456,164	-	-	456,164
Supporting Services				
Organizational administration	130,760	-	-	130,760
Fundraising	55,169	-	-	55,169
United Way Worldwide dues	10,596	-	-	10,596
Total supporting services	196,525	-	-	196,525
<b>Total allocations and expenses</b>	<b>652,689</b>	<b>-</b>	<b>-</b>	<b>652,689</b>
<b>Changes in net assets</b>	<b>192,433</b>	<b>65,621</b>	<b>(80,711)</b>	<b>177,343</b>
Net Assets:				
January 1, 2021	18,323	339,015	1,316,085	1,673,423
December 31, 2021	\$ 210,756	\$ 404,636	\$ 1,235,374	\$ 1,850,766

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 - 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 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	-	-	(493,478)	(493,478)
Expiration of time	123,859	-	(123,859)	-
Expiration of purpose restriction	858,898	(79,986)	35,292	814,204
<b>Total public support and revenue</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	-	-	288,393
Less: donor designations	(56,246)	-	-	(56,246)
Net funds allocated/distributed	232,147	-	-	232,147
Allocation services other	25,179	-	-	25,179
Stepping Forward Works	63,809	-	-	63,809
Other program services	142,349	-	-	142,349
Total program services	463,484	-	-	463,484
Supporting Services				
Organizational administration	129,673	-	-	129,673
Fundraising	51,867	-	-	51,867
United Way Worldwide dues	10,691	-	-	10,691
Total supporting services	192,231	-	-	192,231
<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	1,514,934
December 31, 2020	\$ 18,323	\$ 339,015	\$ 1,316,085	\$ 1,673,423

See Notes to Financial Statements.

**UNITED WAY OF FRANKLIN COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2021**

	Program Services				Support Services				
	Allocation Services	Stepping Forward		Other Program Services	Total Program	Organizational Administration	UWW		Total Support
		Works	Program				Services	Fundraising	
Gross funds allocated/distributed	\$ 234,210	\$ -	\$ -	\$ -	\$ 234,210	\$ -	\$ -	\$ -	\$ 234,210
Less: donor designations	(27,052)	-	-	-	(27,052)	-	-	-	(27,052)
Net funds allocated/distributed	207,158	-	-	-	207,158	-	-	-	207,158
Salaries	3,308	39,700	36,391	79,399	59,550	26,466	-	86,016	165,415
Payroll taxes	299	3,594	3,295	7,188	5,391	2,395	-	7,786	14,974
Employee benefits	135	1,624	1,489	3,248	2,436	1,083	-	3,519	6,767
	3,742	44,918	41,175	89,835	67,377	29,944	-	97,321	187,156
Campaign supplies	-	-	-	-	-	5,520	-	5,520	5,520
Program supplies	-	-	34,387	34,387	-	-	-	-	34,387
Utilities	186	2,238	2,052	4,476	3,356	1,492	-	4,848	9,324
Office supplies	75	901	827	1,803	1,352	601	-	1,953	3,756
Equipment maintenance	304	3,653	3,348	7,305	5,479	2,435	-	7,914	15,219
Contracted services	-	24,931	-	24,931	-	-	-	-	24,931
Professional fees	-	-	-	-	33,909	-	-	33,909	33,909
Scholarships	-	-	23,918	23,918	-	-	-	-	23,918
Telephone/network	455	5,456	5,001	10,912	8,184	3,638	-	11,822	22,734
Website	15	180	165	360	270	120	-	390	750
Professional development	3	36	33	72	54	24	-	78	150
Insurance	112	1,345	1,233	2,690	2,017	897	-	2,914	5,604
Postage	43	513	469	1,025	769	342	-	1,111	2,136
Dues	99	1,184	1,085	2,368	1,776	789	-	2,565	4,933
Meetings	2	18	16	36	27	12	-	39	75
Advertising	-	-	1,000	1,000	-	-	-	-	1,000
Special event supplies	-	-	-	-	-	6,962	-	6,962	6,962
Donated materials and supplies	-	-	36,710	36,710	-	-	-	-	36,710
Miscellaneous	45	540	495	1,080	810	360	-	1,170	2,250
Interest	-	-	-	-	807	-	-	807	807
Depreciation	254	3,049	2,795	6,098	4,573	2,033	-	6,606	12,704
	1,593	44,044	113,534	159,171	63,383	25,225	-	88,608	247,779
United Way Worldwide dues	-	-	-	-	-	-	10,596	10,596	10,596
<b>Total functional expenses</b>	<b>\$ 212,493</b>	<b>\$ 88,962</b>	<b>\$ 154,709</b>	<b>\$ 456,164</b>	<b>\$ 130,760</b>	<b>\$ 55,169</b>	<b>\$ 10,596</b>	<b>\$ 196,525</b>	<b>\$ 652,689</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 Services	Stepping Forward		Other Program Services	Total Program	Organizational Administration	UWW		Total Support
		Works	Program				Dues	Support	
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	
Payroll taxes	1,583	2,770	5,343	9,696	7,321	2,770	-	10,091	
Employee benefits	1,015	1,776	3,426	6,217	4,694	1,776	-	6,470	
	19,388	33,929	65,435	118,752	89,669	33,929	-	123,598	
Campaign supplies	-	-	-	-	-	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	
Office supplies	190	333	644	1,167	881	333	-	1,214	
Equipment maintenance	847	1,482	2,859	5,188	3,918	1,482	-	5,400	
Contracted services	-	19,745	-	19,745	-	-	-	19,745	
Professional fees	-	-	-	-	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	
Website	25	44	86	155	117	44	-	161	
Insurance	425	744	1,434	2,603	1,965	744	-	2,709	
Postage	198	346	667	1,211	914	346	-	1,260	
Dues	412	720	1,389	2,521	1,903	720	-	2,623	
Meetings	33	58	110	201	152	58	-	210	
Advertising	5	9	16	30	23	9	-	32	
Special event supplies	-	-	-	-	-	534	-	534	
Donated materials and supplies	-	-	21,037	21,037	-	-	-	21,037	
Miscellaneous	208	364	703	1,275	965	364	-	1,329	
Interest	-	-	-	-	3,118	-	-	3,118	
Depreciation	993	1,739	3,353	6,085	4,595	1,739	-	6,334	
	5,791	29,880	76,914	112,585	40,004	17,938	-	57,942	
United Way Worldwide dues	-	-	-	-	-	-	10,691	10,691	
Total functional expenses	\$ 257,326	\$ 63,809	\$ 142,349	\$ 463,484	\$ 129,673	\$ 51,867	\$ 10,691	\$ 192,231	
								\$ 655,715	

See Notes to Financial Statements.

UNITED WAY OF FRANKLIN COUNTY

STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2021 and 2020

	2021	2020
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 177,343	\$ 158,489
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	12,704	12,419
Net realized and unrealized losses on other investments	(67)	(81)
Change in cash surrender value of life insurance policy	(172)	(149)
Net realized and unrealized losses on endowment fund assets	(48,904)	(15,907)
Net change in value on perpetual trust assets	(26,501)	(61,124)
Forgiveness of Paycheck Protection Program loans	(63,867)	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	78,445	64,956
Program receivables	15,474	(24,432)
Pledge receivables	28,893	-
Prepaid expenses	(396)	(3,811)
(Decrease) increase in:		
Allocations and designations payable	(6,969)	(235,523)
Accounts payable	2,005	234
Accrued payroll and withholdings	(2,337)	1,415
Compensated absences	942	(60)
<b>Net cash provided by (used in) operating activities</b>	<b>166,593</b>	<b>(103,574)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of endowment fund investments	67,131	522,562
Purchase of endowment fund investments	(98,202)	(553,654)
Purchases of property and equipment	(16,669)	(4,358)
<b>Net cash used in investing activities</b>	<b>(47,740)</b>	<b>(35,450)</b>
<b>Cash Flows From Financing Activities</b>		
Repayment of line-of-credit	(43,401)	(34,599)
Proceeds from Paycheck Protection Program loan	28,067	35,800
Distributions received from endowment fund	-	123,200
<b>Net cash (used in) provided by financing activities</b>	<b>(15,334)</b>	<b>124,401</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>103,519</b>	<b>(14,623)</b>
<b>Cash and Cash Equivalents:</b>		
Beginning	68,939	83,562
Ending	<b>\$ 172,458</b>	<b>\$ 68,939</b>
<b>Noncash Financing Activities:</b>		
Forgiveness of Paycheck Protection Program loans	<b>\$ 63,867</b>	<b>\$ -</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid during the year for interest	<b>\$ 807</b>	<b>\$ 3,118</b>

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, 2021 and 2020, 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, 2021 and 2020, 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 Organization 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.

Recent Accounting Pronouncements: In February 2016, Financial Accounting Standards Board (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 U.S. GAAP. ASU 2016-02, as deferred by one year by ASU 2020-05, is effective for annual periods beginning after December 15, 2021. 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.

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 25, 2022, the date the financial statements were available to be issued.

**UNITED WAY OF FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**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:

	2021	2020
<b>Financial assets at year-end:</b>		
Cash and cash equivalents	\$ 172,458	\$ 68,939
Pledges receivable	76,304	154,749
Program receivables	10,065	25,539
Grant receivable	-	28,893
Other investments	1,233	1,166
Cash surrender value of life insurance policy	5,168	4,996
Endowment funds	977,007	897,032
Beneficial interest in perpetual trusts	551,736	525,235
<b>Total financial assets</b>	<b>1,793,971</b>	<b>1,706,549</b>
<b>Less amounts not available for use within one year:</b>		
<b>Net assets with donor restrictions:</b>		
Endowment fund	572,371	558,017
Beneficial interest in perpetual trusts	551,736	525,235
Purpose restrictions	-	9,894
Board designated portion of endowment fund	404,636	339,015
<b>Financial assets not available for use within one year</b>	<b>1,528,743</b>	<b>1,432,161</b>
<b>Financial assets available to meet general expenditures within one year</b>	<b>\$ 265,228</b>	<b>\$ 274,388</b>

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:

	2021	2020
Pledges receivable within one year	\$ 134,001	\$ 211,489
Less: Allowance for uncollectible pledges	(57,697)	(56,740)
Pledges receivable, net of allowance for uncollectible pledges	<u>\$ 76,304</u>	<u>\$ 154,749</u>

**Note 4. Property and Equipment**

Property and equipment at December 31, 2021 and 2020, consist of the following:

	2021	2020
Land	\$ 43,000	\$ 43,000
Land improvements	5,048	5,048
Building and improvements	300,562	283,894
Equipment	59,573	74,294
	<u>408,183</u>	<u>406,236</u>
Less: accumulated depreciation	(156,077)	(158,095)
Property and equipment, net	<u>\$ 252,106</u>	<u>\$ 248,141</u>

Depreciation expense was \$12,704 and \$12,419 in 2021 and 2020, 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, 2021 and 2020, was \$25,840 and \$24,978, respectively, of which 20.00%, or \$5,168 and \$4,996, respectively, was recorded as an asset on the Statements of Financial Position.

**UNITED WAY OF FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**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 \$551,736 and \$525,235 at December 31, 2021 and 2020, respectively. Income from the perpetual trusts for the years ended December 31, 2021 and 2020, consists of the following:

	2021	2020
Gross unrealized gain	\$ 44,754	\$ 79,340
Less distributions	(18,253)	(18,216)
Net change in value	<u>\$ 26,501</u>	<u>\$ 61,124</u>

**Note 7. Endowment Fund**

Endowment fund investments at December 31, 2021 and 2020, consist of the following:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Money market account	\$ 58,222	\$ 58,222	\$ 52,139	\$ 52,139
Mutual funds - fixed income	546,784	434,792	471,453	396,492
Mutual funds - equities	372,001	380,627	373,440	374,317
	<u>\$ 977,007</u>	<u>\$ 873,641</u>	<u>\$ 897,032</u>	<u>\$ 822,948</u>

Endowment funds by net asset classification are as follows at December 31, 2021 and 2020:

	2021	2020
Without donor restrictions - Board designated	\$ 404,636	\$ 339,015
With donor restrictions	572,371	558,017
	<u>\$ 977,007</u>	<u>\$ 897,032</u>

**UNITED WAY OF FRANKLIN COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

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

Changes in endowment net assets for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 339,015	\$ 558,017	\$ 897,032
<b>Investment Returns</b>			
Investment income	39,432	-	39,432
Realized gain	25,832	-	25,832
Unrealized gains	8,719	14,354	23,073
Trustee commission	(8,362)	-	(8,362)
Net investment income	65,621	14,354	79,975
Endowment net assets, end of year	\$ 404,636	\$ 572,371	\$ 977,007

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

	Without Donor Restrictions	With Donor 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 loss	9,261	-	9,261
Unrealized gains	2,861	3,785	6,647
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	\$ 339,015	\$ 558,017	\$ 897,032

## 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**

**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, 2021 and 2020:

Financial Assets at Fair Value as of December 31, 2021

	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Equity funds	\$ 560	\$ -	\$ -	\$ 560
Bond funds	673	-	-	673
<b>Endowment Fund</b>				
Money market account	58,222	-	-	58,222
Mutual funds - fixed income	546,784	-	-	546,784
Mutual funds - equities	308,592	63,409	-	372,001
Cash surrender value of life insurance policy	-	5,168	-	5,168
Perpetual trusts	-	-	551,736	551,736
	<u>\$ 914,831</u>	<u>\$ 68,577</u>	<u>\$ 551,736</u>	<u>\$ 1,535,144</u>

Financial Assets at Fair Value as of December 31, 2020

	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Equity funds	\$ 487	\$ -	\$ -	\$ 487
Bond funds	679	-	-	679
<b>Endowment Fund</b>				
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>

**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, 2021 and 2020:

	2021	2020
Balance - January 1,	\$ 525,235	\$ 464,111
Realized and unrealized gains	26,501	61,124
Investment income	18,253	18,216
Distribution of investment income	(18,253)	(18,216)
Balance - December 31,	<u>\$ 551,736</u>	<u>\$ 525,235</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, 2021, the interest rate is 4.75%. At December 31, 2021 and 2020, the Organization had \$-0- and \$43,401 outstanding balance on the line-of-credit, respectively. Interest expense related to this line-of-credit was \$244 and \$2,889 for the years ended December 31, 2021 and 2020, respectively.

**Note 10. Paycheck Protection Program Loans**

On April 22, 2020 and March 22, 2021, the Organization received loan proceeds in the amount of \$35,800 and \$28,067 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provided for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintained its payroll levels and used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The forgiveness amount would have been reduced if the borrower terminated employees or reduced salaries during the covered period. Any unforgiven portion of a PPP loan would have been payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Organization intended to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.



## UNITED WAY OF FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Paycheck Protection Program Loans (Continued)

To the extent that the Organization would not have been granted forgiveness, the Organization would have been required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness was not made within 10 months of the end of the covered period, payments of principal and interest would be required through the maturity date of April 22, 2022 and March 22, 2023. 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 could have been accelerated upon the occurrence of a default event.

The Organization initially recorded notes payable and subsequently recorded forgiveness when the loan obligations were legally released. The Organization recognized \$63,867 of loan forgiveness income for the year ended December 31, 2021.

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

Net assets with donor restrictions at December 31, 2021 and 2020, consist of the following:

	2021	2020
Subject to expenditure for specified purpose:		
EITC funding	\$ 5,371	\$ 31,269
Sponsorships for specific future programs/events	27,587	2,962
COVID-19 relief campaign	615	30,583
Roof campaign	532	13,000
Subject to the passage of time:		
Promises to give that are unavailable until due	77,160	155,019
Not subject to spending policy or appropriation:		
Beneficial interests in perpetual trusts	551,736	525,235
Endowments:		
Permanently restricted to endowment by donors	572,373	558,017
	<u>\$ 1,235,374</u>	<u>\$ 1,316,085</u>

## UNITED WAY OF FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Net Assets with Donor Restrictions (Continued)

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, 2021 and 2020:

	2021	2020
Satisfaction of purpose restrictions:		
EITC	\$ 29,898	\$ 41,377
Sponsorships for specific programs/events	2,962	7,600
COVID-19 relief campaign	48,826	74,882
Satisfaction of time restrictions:		
Promises to give that were unavailable until due	547,644	493,478
	<u>\$ 629,330</u>	<u>\$ 617,337</u>

#### 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, 2021 and 2020, consist of the following:

	2021	2020
Contributions		
Materials	\$ 36,710	\$ 21,037
Advertising	1,000	-
Supplies	6,382	-
	<u>\$ 44,092</u>	<u>\$ 21,037</u>
Expenses		
Donated materials and supplies	\$ 36,710	\$ 21,037
Advertising	1,000	-
Special event supplies	6,382	-
	<u>\$ 44,092</u>	<u>\$ 21,037</u>

## UNITED WAY OF FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 12. In-Kind Contributions (Continued)**

For the years ended December 31, 2021 and 2020, donated materials and supplies include -0- and 5,280 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 \$4,722 and \$4,474, for 2021 and 2020, 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, 2021 and 2020, are \$175,000 and \$157,265, 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 \$10,596 and \$10,691 in dues to the UWWW for the years ended December 31, 2021 and 2020, 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, 2021 and 2020.

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

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.