

**COUNTY UNITED WAY, INC.**

**FINANCIAL STATEMENTS**

Years Ended June 30, 2023 and 2022

**COUNTY UNITED WAY, INC.**

Years Ended June 30, 2023 and 2022

**CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 – 2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
<b>NOTES TO FINANCIAL STATEMENTS</b>	7 – 19



**SMYTH & PYLES, LLC**

*An Independent CPA Firm*

50 Baltimore Street, 4th Floor • Cumberland, MD 21502

PH: 301-777-3490 • FAX: 301-777-3707

John R. Smyth, Jr., CPA/PFS, CFP, RFC  
Todd C. Pyles, CPA, CFP, CSA

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of County United Way, Inc.

### Opinion

We have audited the accompanying financial statements of County United Way, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County United Way, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 County United Way, Inc. and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County United Way, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 generally accepted auditing standards, we:

- Exercise professional judgement 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 County United Way, Inc.'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 County United Way, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge 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.



Cumberland, Maryland  
October 13, 2023

**COUNTY UNITED WAY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 412,698	\$ 436,632
Pledges receivable, net of allowance for uncollectible pledges	38,882	79,457
TOTAL CURRENT ASSETS	451,580	516,089
FURNITURE AND EQUIPMENT, net of accumulated depreciation	2,695	2,257
<b>OTHER ASSETS</b>		
Cash and cash equivalents restricted for endowment fund	7,711	21,247
Investments restricted for endowment fund	424,406	422,021
TOTAL OTHER ASSETS	432,117	443,268
TOTAL ASSETS	\$ 886,392	\$ 961,614
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,781	\$ 982
Live United Grants	28,777	15,888
Allocations payable - affiliated and unaffiliated agency appropriations	162,591	202,325
Payroll withholdings payable	3,977	4,880
Due to United Way of America	1,558	2,756
TOTAL CURRENT LIABILITIES	198,684	226,831
<b>NET ASSETS</b>		
Without donor restrictions	301,816	315,698
With donor restrictions	385,892	419,085
TOTAL NET ASSETS	687,708	734,783
TOTAL LIABILITIES AND NET ASSETS	\$ 886,392	\$ 961,614

See Notes to Financial Statements

**COUNTY UNITED WAY, INC.**

**STATEMENTS OF ACTIVITIES**

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND RECLASSIFICATIONS</b>						
Current year's pledges, net of allowance for uncollectible pledges	\$ 403,346	\$ -	\$ 403,346	\$ 489,259	\$ -	\$ 489,259
<b>TOTAL PUBLIC SUPPORT AND RECLASSIFICATIONS</b>	<u>403,346</u>	<u>-</u>	<u>403,346</u>	<u>489,259</u>	<u>-</u>	<u>489,259</u>
<b>OTHER REVENUES</b>						
Investment income	134	15,951	16,085	95	5,540	5,635
Endowment fund contributions	-	300	300	-	300	300
Special events	37,155	-	37,155	54,973	-	54,973
Increase/ (decrease) in market value of investments	-	17,503	17,503	-	(64,962)	(64,962)
Special programs	-	25,850	25,850	-	47,451	47,451
Contributed facilities and services	254,702	-	254,702	156,616	-	156,616
COVID-19 micro grants	-	1,628	1,628	-	-	-
Employee retention credit	6,834	-	6,834	-	-	-
Transfer from endowment fund	44,905	(44,905)	-	38,142	(38,142)	-
<b>TOTAL OTHER REVENUES</b>	<u>343,730</u>	<u>16,327</u>	<u>360,057</u>	<u>249,826</u>	<u>(49,813)</u>	<u>200,013</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>747,076</u>	<u>16,327</u>	<u>763,403</u>	<u>739,085</u>	<u>(49,813)</u>	<u>689,272</u>
<b>EXPENSES</b>						
Payments to agencies	162,548	-	162,548	198,105	-	198,105
Payments to national organization	4,675	-	4,675	6,890	-	6,890
Functional expenses						
Management and general	24,811	-	24,811	6,314	-	6,314
Fund-raising	165,590	-	165,590	126,395	-	126,395
Program services	250,669	-	250,669	239,490	-	239,490
Special programs	-	49,520	49,520	-	52,219	52,219
Special events	86,422	-	86,422	38,618	-	38,618
Live United grants	66,243	-	66,243	38,345	-	38,345
Carefirst COVID Tech Warrior Mt	-	-	-	-	18,500	18,500
COVID-19 micro grants	-	-	-	-	22,769	22,769
<b>TOTAL EXPENSES</b>	<u>760,958</u>	<u>49,520</u>	<u>810,478</u>	<u>654,157</u>	<u>93,488</u>	<u>747,645</u>
<b>CHANGES IN NET ASSETS</b>	<u>(13,882)</u>	<u>(33,193)</u>	<u>(47,075)</u>	<u>84,928</u>	<u>(143,301)</u>	<u>(58,373)</u>
<b>NET ASSETS (DEFICIT), beginning of year</b>	<u>315,698</u>	<u>419,085</u>	<u>734,783</u>	<u>230,770</u>	<u>562,386</u>	<u>793,156</u>
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>\$ 301,816</u>	<u>\$ 385,892</u>	<u>\$ 687,708</u>	<u>\$ 315,698</u>	<u>\$ 419,085</u>	<u>\$ 734,783</u>

See Notes to Financial Statements

**COUNTY UNITED WAY, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Years Ended June 30, 2023 and 2022

	2023				2022			
	Management and General	Fund- raising	Program Services	Total	Management and General	Fund- raising	Program Services	Total
Salaries	\$ 7,865	\$ 52,496	\$ 79,467	\$139,828	\$ 2,331	\$ 46,674	\$ 88,438	\$137,443
Employee benefits	1,431	9,550	14,457	25,438	483	9,686	18,352	28,521
Payroll taxes	621	4,143	6,272	11,036	187	3,726	7,060	10,973
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>9,917</b>	<b>66,189</b>	<b>100,196</b>	<b>176,302</b>	<b>3,001</b>	<b>60,086</b>	<b>113,850</b>	<b>176,937</b>
Advertising	2,372	15,833	23,967	42,172	365	7,312	13,856	21,533
Professional fees	1,055	7,039	10,656	18,750	295	5,900	11,180	17,375
Supplies	383	2,557	3,870	6,810	100	2,008	3,804	5,912
Telephone & Internet	150	1,004	1,520	2,674	41	811	1,537	2,389
Postage and shipping	128	856	1,295	2,279	62	1,235	2,340	3,637
Occupancy	259	1,726	2,614	4,599	101	2,023	3,832	5,956
Rent and equipment maintenance	753	5,027	7,609	13,389	215	4,312	8,170	12,697
Printing and publications	283	1,886	2,856	5,025	60	1,191	2,256	3,507
Travel	150	1,006	1,523	2,679	30	592	1,121	1,743
Insurance	255	1,698	2,570	4,523	57	1,151	2,180	3,388
Miscellaneous	86	571	864	1,521	97	1,938	3,673	5,708
Fees and licenses	193	1,289	1,952	3,434	56	1,124	2,130	3,310
In-kind labor	8,769	58,522	88,590	155,881	1,810	36,228	68,645	106,683
<b>TOTAL BEFORE DEPRECIATION</b>	<b>24,753</b>	<b>165,203</b>	<b>250,082</b>	<b>440,038</b>	<b>6,290</b>	<b>125,911</b>	<b>238,574</b>	<b>370,775</b>
Depreciation	58	387	587	1,032	24	484	916	1,424
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 24,811</b>	<b>\$165,590</b>	<b>\$250,669</b>	<b>\$441,070</b>	<b>\$ 6,314</b>	<b>\$126,395</b>	<b>\$239,490</b>	<b>\$372,199</b>

See Notes to Financial Statements

**COUNTY UNITED WAY, INC.**

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (47,075)	\$ (58,373)
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation	1,032	1,424
Allowance for uncollectible pledges	(2,531)	436
(Increase)/decrease in market value of investments	(17,503)	64,962
Decrease (increase) in operating assets		
Pledges receivable	43,107	38,947
Increase (decrease) in operating liabilities		
Accounts Payable	799	605
Allocations payable – Affiliated & Unaffiliated Agency Appropriations	(39,734)	4,044
Due to United Way of America	(1,198)	(1,387)
Live United grants	12,889	(3,985)
Payroll withholdings payable	(903)	1,460
NET CASH FLOWS FROM OPERATING ACTIVITIES	(51,117)	48,133
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(147,850)	(154,262)
Sales Proceeds from Investments	187,099	187,010
Purchase of furniture and equipment	1,470	-
Cash and cash equivalents restricted for endowment fund	(13,536)	(746)
NET CASH FLOWS FROM INVESTING ACTIVITIES	27,183	32,002
NET DECREASE IN CASH AND CASH EQUIVALENTS	(23,934)	80,135
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	436,632	356,497
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 412,698	\$ 436,632
 <b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:</b>		
Contributed facilities and services	\$ 254,702	\$ 156,616

See Notes to Financial Statements



## COUNTY UNITED WAY, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Note 1 – Summary of significant accounting principles

##### Nature of activities

County United Way, Inc. (d/b/a United Ways of the Potomac Highlands) (the “Organization” or “County United Way”) is a nonprofit organization governed by a volunteer board of directors, including the United Ways of Allegany, Garrett, Hampshire, and Mineral Counties, following the guidance of the national organization of the United Way of America. Its purpose is to raise funds from the general public to be disbursed to various local nonprofit agencies.

##### Tax status

County United Way, Inc. is a nonprofit, nonstock organization incorporated under the laws of the State of Maryland. It is an organization which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as an organization that is not a private foundation. However, it is primarily a publicly supported organization. As a result, contributions made to the County United Way, Inc. are deductible by the donors in computing their taxable income to the extent provided by Section 170 of the 1954 Internal Revenue Code.

The Organization’s tax filings are subject to audit by various authorities. The Organization’s federal income tax returns for years before 2020 are no longer subject to examination by the Internal Revenue Service. The Organization believes it is not subject to any uncertain tax positions.

##### Campaign support

Annual campaigns are conducted in and around Allegany and Garrett Counties of Maryland and Mineral and Hampshire Counties of West Virginia each year to raise support for allocation to participating agencies in the subsequent year. The campaign year is considered to be from May 1 to April 30. Pledges by certain businesses or their employees, as a group, are individually material to the financial statements.

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of significant accounting principles (continued)

Basis of presentation

The financial statements of County United Way, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require County United Way, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

**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 County United Way, Inc.'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 County United Way, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by 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 from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions support depending on the existence or nature of any donor restrictions.

If the Organization receives cash or other financial assets from a donor to be transferred to a specified beneficiary, then the Organization shall recognize its liability to the specified beneficiary concurrent with its recognition of the assets received from the donor.

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of significant accounting principles (continued)

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Functional expenses

All functional expenses are recorded in the period incurred regardless of when paid.

Estimates

Preparation of financial statements in accordance with U.S. generally accepted accounting principles necessitates the use of estimates of certain amounts. County United Way, Inc. uses estimates to determine the uncollectible amounts of pledges receivable, the remaining estimated useful lives of furniture and equipment, and the fair market value of donated furniture and equipment and marketable equity securities. It is reasonably possible that these estimates may change in the near term.

Cash and cash equivalents

For purposes of the statements of cash flows, County United Way, Inc. considers all certificates of deposit and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2 – Availability and Liquidity**

The following represents County United Way’s financial assets at June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Financial assets at year-end:		
Cash and cash equivalents	\$ 412,698	\$ 436,632
Contributions receivable, net of allowance	38,882	79,457
Endowment fund	432,117	443,268
Total financial assets	\$ 883,697	\$ 959,357
Less amounts not available to be used within one year:		
Net assets with donor restrictions	\$ (385,892)	\$ (419,085)
Financial assets available to meet general expenditures over the next twelve months	\$ 497,805	\$ 540,272

County United Way’s goal is generally to maintain financial assets to meet 365 days of operating expenses based upon projected revenues.

**Note 3 – Pledges receivable**

“Pledges receivable” represents pledges made to finance the next year’s activity but not paid at June 30. Pledges not paid at June 30, 2023 and 2022, consisted of:

	<b>2023</b>	<b>2022</b>
Pledges receivable	\$ 95,448	\$ 138,554
Allowance for uncollectible pledges	(56,566)	(59,097)
Total	\$ 38,882	\$ 79,457

As of June 30, 2023, there was \$982 of receivables due from the 2024 campaign, \$84,149 of receivables due from the 2023 campaign and \$10,317 of receivables due from the 2022 campaign.

As of June 30, 2022, there was \$1,483 of receivables due from the 2023 campaign, \$115,639 of receivables due from the 2022 campaign and \$21,432 of receivables due from the 2021 campaign.

**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 4 – Furniture and equipment**

County United Way, Inc. capitalizes expenditures greater than \$100 for furniture and equipment. All purchased furniture and equipment are carried at original cost. Donated furniture and equipment are carried at their fair market value as of the date received. Depreciation is recorded using straight-line and accelerated depreciation methods over the useful life of 5 to 7 years. A summary of furniture and equipment is as follows:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Cost	\$ 23,710	\$ 23,077
Accumulated depreciation	<u>(21,015)</u>	<u>(20,820)</u>
Net book value	<u>\$ 2,695</u>	<u>\$ 2,257</u>

Depreciation expense amounted to \$1,032 and \$1,424 for the years ended June 30, 2023 and 2022, respectively.

**Note 5 – Other assets - endowment fund**

County United Way, Inc. has established an endowment fund which when completely funded is planned to fund the functional expenses of the Organization with the interest and dividends from the assets contained in the fund. The endowment fund is being funded by pledges from donors which are permanently restricted by the donors.

Interest and dividends earned, until the endowment fund is completely funded are also restricted. The Organization will consider the fund “fully funded” when the balance achieves \$5,200,000.

The Mission of the Endowment is: To build a substantial, permanent endowment fund, created through the gifts of many individual and corporate donors over time, invested for long-term growth, which will guarantee forever an independent annual base of financial stability for the County United Way.

The principal shall be maintained in perpetuity, unless recommended by the Endowment Committee to the Board of Directors of County United Way to do otherwise. Income, in the form of interest, dividends or realized capital gains, may be used for program support that is not dependent upon fluctuations in annual contributions, but only at the direction of the Board of Directors, following a request from a county’s Executive Committee.

All investment increases (decreases) will continue to roll over into the endowment. Use of all interest income or any part of the principal will be at the sole discretion of the trustees of the County United Way.

**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 5 – Other assets - endowment fund (continued)**

The Endowment Committee pursuant to the Bylaws of County United Way provides guidance to managing the endowment funds. The committee is composed of at least 1 representative from each geographical area that has a vested interest in the endowment. The committee shall also include the Treasurer of the Organization and include individuals with experience or training in investing funds, financial or business management.

In April 2009, the State of Maryland enacted a version of Uniform Prudent Management of Institutional Funds Act. The new law, eliminates the historical-dollar-threshold and establishes prudent spending guidelines that consider both the duration and preservation of the fund. As a result of this enactment, subject to the donor's intent as expressed in a gift agreement or similar document, a Maryland charitable organization may now spend the amount of the principal and income of an endowment fund, even from an underwater fund, after considering the factors listed in the Act.

All assets of the endowment are donor and permanently restricted.

A summary of the investments is as follows:

<b><u>2023</u></b>	<u>Market Value</u>	<u>Cost Basis</u>	<u>Unrealized Gain/(Loss)</u>
Allegany County	\$ 352,095	\$ 324,349	\$ 27,746
Hampshire County	39,034	35,958	3,076
Mineral County	19,304	17,783	1,521
Garrett County	13,973	12,872	1,101
Total	<u>\$ 424,406</u>	<u>\$ 390,962</u>	<u>\$ 33,444</u>

<b><u>2022</u></b>	<u>Market Value</u>	<u>Cost Basis</u>	<u>Unrealized Gain/(Loss)</u>
Allegany County	\$ 350,359	\$ 333,471	\$ 16,888
Hampshire County	38,842	36,970	1,872
Mineral County	18,916	18,004	912
Garrett County	13,904	13,234	670
Total	<u>\$ 422,021</u>	<u>\$ 401,679</u>	<u>\$ 20,342</u>

All marketable securities are available-for-sale and can be liquidated at any time.

**COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 5 – Other assets - endowment fund (continued)**

The endowment fund cash and cash equivalents are allocated as follows:

	<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>
Allegany County	\$ 6,397	\$ 17,639
Hampshire County	709	1,956
Mineral County	351	952
Garrett County	254	700
Total	\$ 7,711	\$ 21,247

The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2023 and 2022 are as follows:

	<b><u>Net Assets with Donor Restrictions</u></b>
Endowment net assets, July 1, 2021	\$ 540,232
Contributions	600
Investment return (net)	(59,422)
Amounts appropriated for expenditure	(38,142)
Endowment net assets, June 30, 2022	\$ 443,268
Contributions	300
Investment return (net)	33,454
Amounts appropriated for expenditure	(44,905)
Endowment net assets, June 30, 2023	\$ 432,117

**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6 – Fair value measurements**

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, “Fair Value Measurements and Disclosures,” provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1        Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2        Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3        Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The following table sets forth by level, within the fair value hierarchy, the Organization’s investments at fair value as of June 30, 2023:

	<b>Investments at Fair Value as of June 30, 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds and stocks				
Equity funds and stocks	\$ 221,839	\$ -	\$ -	\$ 221,839
Fixed income funds	202,567	-	-	202,567
Total investments at fair value	<u>\$ 424,406</u>	<u>-</u>	<u>-</u>	<u>424,406</u>



**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6 – Fair value measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2022:

	<b>Investments at Fair Value as of June 30, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds and stocks				
Equity funds and stocks	\$ 240,424	\$ -	\$ -	\$ 240,424
Fixed income funds	181,597	-	-	181,597
Total investments at fair value	<u>\$ 422,021</u>	<u>-</u>	<u>-</u>	<u>422,021</u>

**Note 7 – Subsequent year's appropriations**

The nonaffiliated agency appropriations can be payable more than one year from the date of receiving the pledge.

The 2024 Campaign Appropriations have been recorded as a payable as of June 30, 2023. These amounts will be paid monthly from July 1, 2023 through June 30, 2024. The appropriations are determined by the Board of Directors.

**Note 8 – Net assets**

The net assets of the Organization as of June 30, 2023 and 2022, were \$687,708 and \$734,783, respectively, which consisted of \$301,816 and \$315,698 without donor restrictions and \$385,892 and \$419,085 with donor restrictions, respectively.

As discussed in Note 5, County United Way, Inc. has established an endowment fund. The fund consists of cash and cash equivalents, investments, and pledges receivable that have been permanently restricted by the donors. The net assets of the endowment totaled \$432,117 and \$443,268 as of June 30, 2023 and 2022, respectively.

**COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 9 – Allowance for uncollectible pledges**

The Organization historically has not collected 6%-10% of the pledges received from the annual campaign. Based on the results of the most recently completed campaign, the Organization has determined that an allowance of 6% is appropriate in the current year's campaign and retroactively for the 2023 campaign. The Organization calculated and estimated the uncollectible portion of pledges receivable as of June 30, 2023 and 2022, to be \$56,566 and \$59,097, respectively. For the year ended June 30, 2023, \$30,990 was from the 2022 campaign, \$25,072 was from the 2023 campaign, and \$504 from the 2023 campaign. Any variance in the actual uncollectible pledges and the allowance account for a campaign is adjusted in the following year.

**Note 10 – Pension plan**

The Organization provides eligible employees with a Simplified Employee Pension plan with Mutual of America. To be eligible, an employee must be at least 21 years old and have completed one year of service. Contributions are made solely by County United Way, Inc. at ten percent of each eligible employee's salary. An employee's eligible salary does not include performance bonuses. All retirement benefits are fully and immediately vested.

County United Way, Inc. made contributions to the plan, net of dividends, in 2023 and 2022, of \$11,693 and \$10,513 respectively.

The plan also provides for disability income, as well as protection of the employee's retirement plan in the event of disability, with contributions funded by the County United Way, Inc.

**Note 11 – Credit risk**

As of June 30, 2023 and 2022, the Organization has recorded pledges receivable from various corporate and individual donors. These pledges receivable are not collateralized.

At times throughout each year, the Organization may maintain cash balances in certain bank accounts in excess of the FDIC limits. At June 30, 2023 and 2022, the Organization's balances exceeded Federally insured limits by \$168,854 and \$187,127, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk in these accounts.

**COUNTY UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 12 – Contributed facilities and services**

The Organization received in-kind revenue contributions of \$254,702 and \$156,616 for the years ended June 30, 2023 and 2022, respectively. The in-kind revenue consists of office space rental, office equipment support, professional fees, advertising, Labor, Day of Caring and Sharing and Stuff the Bus expenses, memberships and office supplies. The contributions are summarized as follows:

	<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>
Office space/Storage	\$ 9,540	\$ 9,540
Office equipment support	1,653	3,034
Professional fees	4,700	4,600
Advertising	36,631	18,500
Labor	155,881	106,683
Day of Caring and Sharing and Stuff the Bus Expenses	40,934	-
Food	-	1,322
Miscellaneous	-	600
Memberships	50	50
PPE items	-	7,373
Office Supplies	5,313	4,914
Total	\$ 254,702	\$ 156,616

Since August 1, 2018 the Organization has been at 113A S. Centre Street. They do not pay any rent but do pay for electricity. Rent expense has been included in the Statements of Functional Expenses as "Rent and Equipment Maintenance." Rent expense for the years ended June 30, 2023 and 2022, amounted to \$9,540 and \$9,540 respectively.

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 13 – Current year's pledge revenue

2023

The current year's pledge revenue represents 2022, 2023, and 2024 campaign pledges received after June 30, 2022 and 2024 campaign pledges received by June 30, 2023, net of allowance for uncollectible pledges. A summary of current year's pledge revenue is as follows:

Pledges received	\$ 421,905
Estimated uncollectible pledges	(25,613)
2021 campaign collections in excess of allowance	<u>7,054</u>
Total	<u>\$ 403,346</u>

Pledge revenue consists of \$0 from the 2022 campaign, \$413,505 from the 2023 campaign and \$8,400 from the 2024 campaign.

The remainder of the 2024 campaign pledge revenue will be recognized in the June 30, 2024 financial statements since the campaign concludes on April 30, 2024.

2022

The current year's pledge revenue represents 2021, 2022, and 2023 campaign pledges received after June 30, 2021 and 2023 campaign pledges received by June 30, 2022, net of allowance for uncollectible pledges. A summary of current year's pledge revenue is as follows:

Pledges received	\$ 514,301
Estimated uncollectible pledges	(28,615)
2020 campaign collections in excess of allowance	<u>3,573</u>
Total	<u>\$ 489,259</u>

Pledge revenue consists of \$0 from the 2021 campaign, \$509,934 from the 2022 campaign and \$4,367 from the 2023 campaign.

The remainder of the 2023 campaign pledge revenue will be recognized in the June 30, 2023 financial statements since the campaign concluded on April 30, 2023.

COUNTY UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

**Note 14 – Disclosure of certain risks and uncertainties**

The Organization holds investments in various investment securities. Investment securities are exposed to risks such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the endowment fund balance and the amounts reported in the statements of financial position.

**Note 15 – Special Programs**

Special Programs on the Statements of Activities consists of revenues and expenses for the Dolly Parton Imagination Library. The Dolly Parton Imagination Library provides free books to children from birth to age 5.

**Note 16 - Operating Lease**

In February 2021 the Organization entered into a lease agreement with monthly payments of \$176 starting April 2021. Total payments under these agreements for the years ended June 30, 2023 and June 30, 2022 were \$2,112 and \$2,112, respectively.

The schedule of future lease commitments under the lease obligation is as follows:

Years ending June 30,

2024	\$ 2,112
2025	2,112
2026	<u>2,112</u>
Total	<u>\$ 6,336</u>

**Note 17 - General risks and uncertainties**

Recent economic and government reactions to the COVID-19 pandemic have resulted in temporary reductions or shut down of operations for some businesses and created many economic uncertainties. These events could impact our financial condition and operating results. However, the financial impact cannot be reasonably estimated at this time.

**Note 18 - Subsequent events**

The Organization has evaluated subsequent events through October 13, 2023 which is the date that the financial statements were available to be released.