UNITED WAY OF THE CAPITAL REGION
AND UNITED WAY FOUNDATION
OF THE CAPITAL REGION

FIFTEEN-MONTH PERIOD ENDED
JUNE 30, 2023

BROWN SCHULTZ
SHERIDAN & FRITZ

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
A Professional Corporation

UNITED WAY OF THE CAPITAL REGION AND
UNITED WAY FOUNDATION OF THE CAPITAL REGION

FIFTEEN-MONTH PERIOD ENDED JUNE 30, 2023

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Independent Auditor's Report

Members of the Board
United Way of the Capital Region and
United Way Foundation of the Capital Region
Enola, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of United Way of the Capital Region and United Way Foundation of the Capital Region (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the 15-month period then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in their net assets and their cash flows for the 15-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and the consolidating statement of activities on pages 26-28 are presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Brown Schultz Sheridan & Fritz

Camp Hill, Pennsylvania
September 14, 2023

UNITED WAY OF THE CAPITAL REGION AND UNITED WAY FOUNDATION OF THE CAPITAL REGION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – JUNE 30, 2023

ASSETS

Cash and cash equivalents	$ 2,753,220
United Way investments	8,548,331
Foundation investments	6,313,981
Pledges receivable, less allowance for uncollectible pledges of $436,361	2,657,441
Other receivables and prepaid expenses	161,802
Land, building and equipment, net	1,248,486
Cash surrender value of life insurance policies	74,817
Beneficial interests held by third parties	12,804,275
Total assets	**$ 34,562,353**

LIABILITIES AND NET ASSETS

Liabilities:	
Short-term payables	$ 649,876
Designations payable	2,782,957
Processed pledges payable	232,855
Total liabilities	**3,665,688**
Net assets:	
Without donor restrictions	7,584,342
With donor restrictions	23,312,323
Total net assets	**30,896,665**
Total liabilities and net assets	**$ 34,562,353**

See notes to consolidated financial statements.

UNITED WAY OF THE CAPITAL REGION AND UNITED WAY FOUNDATION OF THE CAPITAL REGION

CONSOLIDATED STATEMENT OF ACTIVITIES
FIFTEEN MONTH PERIOD ENDED JUNE 30, 2023

	Without donor restrictions	With donor restrictions	Total
Public support and revenue:			
Contributions to active campaigns	$ 233,208	$ 9,101,258	$ 9,334,466
Donor designations		(4,051,543)	(4,051,543)
Provision for uncollectibles		(226,980)	(226,980)
Net campaign revenue	233,208	4,822,735	5,055,943
Perpetual trust income	741,808		741,808
Other United Way designations	24,871	34,412	59,283
Bequests and other contributions			
Grants	272,042	111,000	383,042
Donated goods	39,755		39,755
Donated advertising and services	127,155		127,155
Investment income	344,456		344,456
Realized gain on investments	571,040		571,040
Unrealized loss on investments	(954,539)	(1,118,241)	(2,072,780)
Other revenue	239,808		239,808
Net assets released from restriction, expiration of:			
Time restriction	4,031,362	(4,031,362)	-
Purpose restriction	907,134	(907,134)	-
Total public support and revenue	**6,578,100**	**(1,088,590)**	**5,489,510**

(continued)

UNITED WAY OF THE CAPITAL REGION AND UNITED WAY FOUNDATION OF THE CAPITAL REGION

CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)
FIFTEEN MONTH PERIOD ENDED JUNE 30, 2023

	Without donor restrictions	With donor restrictions	Total
Allocations and expenses:			
Funds allocated to agencies	$ 1,250,000		$ 1,250,000
Community response grants	500,013		500,013
Total allocations	**1,750,013**		**1,750,013**
Functional expenses:			
Program services	4,215,188		4,215,188
Fundraising	1,555,088		1,555,088
Organizational administration	1,023,551		1,023,551
Total functional expenses	**6,793,827**		**6,793,827**
Total allocations and expenses	**8,543,840**		**8,543,840**
Changes in net assets	(1,965,740)	$ (1,088,590)	(3,054,330)
Net assets:			
Beginning of year	9,550,082	24,400,913	33,950,995
End of year	**$ 7,584,342**	**$ 23,312,323**	**$ 30,896,665**

See notes to consolidated financial statements.

UNITED WAY OF THE CAPITAL REGION AND UNITED WAY FOUNDATION OF THE CAPITAL REGION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FIFTEEN MONTH PERIOD ENDED JUNE 30, 2023

	Program services							Support services		
	Contact to Care	Ready for School, Ready to Succeed	Road to Success	Community service support hub	Community impact and basic needs	Volunteer center	Total	Organizational administration	Fundraising	Total
Salaries					$ 484,770	$ 49,295	$ 534,065	$ 516,143	$ 893,183	$ 1,943,391
Employee benefits					118,990	17,595	136,585	110,243	170,176	417,004
Payroll taxes					40,873	3,701	44,574	44,700	73,363	162,637
Total salaries and benefits					**644,633**	**70,591**	**715,224**	**671,086**	**1,136,722**	**2,523,032**
Professional fees					67,241		67,241	60,017	14,890	142,148
Supplies, computers	$ 472	$ 48	$ 1,917		32,409		34,846	84,717	37,666	157,229
Program expenses	936,818	937,377	683,154	$ 445,548	7,627	35,827	3,046,351	982	90,279	3,137,612
Telephone and internet				608	6,773		7,381	8,699	7,036	23,116
Postage and shipping	2	21	1	72	2,644	3	2,743	2,955	7,365	13,063
Occupancy					24,072		24,072	37,752	30,966	92,790
Audio-visual aids					162		162		39,640	39,802
Donated advertising and services						116,155	116,155		11,000	127,155
Printing and publications	25,231	29,846	398		13,934	7,360	76,769	803	40,437	118,009
Travel	248	469	347		1,869	595	3,528	571	7,125	11,224
Conferences, meetings and training	85	26	26		4,229		4,366	6,814	680	11,860
Dues and subscriptions	50				1,250		1,300	4,587	1,487	7,374
Awards	18,768	118	7,924	338			27,148	25	31,746	58,919
Miscellaneous		73			211		284	3,742	359	4,385
Depreciation					45,893		45,893	39,014	43,891	128,798
Investment management fee								36,628		36,628
Dues to:										
United Way of Pennsylvania					6,872		6,872	10,391	8,988	26,251
United Way of America					34,853		34,853	54,768	44,811	134,432
	$ 981,674	**$ 967,978**	**$ 693,767**	**$ 446,566**	**$ 894,672**	**$ 230,531**	**$ 4,215,188**	**$ 1,023,551**	**$ 1,555,088**	**$ 6,793,827**

See notes to consolidated financial statements.

UNITED WAY OF THE CAPITAL REGION AND
UNITED WAY FOUNDATION OF THE CAPITAL REGION

CONSOLIDATED STATEMENT OF CASH FLOWS
FIFTEEN-MONTH PERIOD ENDED JUNE 30, 2023

Cash flows from operating activities:	
Change in net assets	$ (3,054,330)
Adjustments:	
Depreciation	128,798
Unrealized net loss on investments and beneficial interests held by third parties	2,072,780
Realized gain on investments	(571,040)
Changes in assets and liabilities:	
Decrease in:	
Pledges receivable	907,473
Other	78,364
Increase (decrease) in:	
Short-term payables	(20,139)
Designations and processed pledges payable	64,943
Total adjustments	2,661,179
Net cash used in operating activities	**(393,151)**
Cash flows from investing activities:	
Purchases of investments, net	(3,022,819)
Purchases of land, building and equipment	(43,559)
Decrease in cash surrender value of life insurance policies	1,010
Net cash used in investing activities	**(3,065,368)**
Net decrease in cash and cash equivalents	**(3,458,519)**
Cash and cash equivalents:	
Beginning of year	6,211,739
End of year	**$ 2,753,220**

See notes to consolidated financial statements.

1. Description of activities and summary of significant accounting policies:

United Way of the Capital Region (United Way) is governed by a volunteer board of directors and works year-round to improve lives in the counties of Cumberland, Dauphin and Perry, Pennsylvania. United Way accomplishes this by identifying the most pressing community needs, finding solutions to those needs and demonstrating how these solutions are making a difference.

United Way of the Capital Region's pilot projects are making a measurable impact on the lives of local individuals and families. The transition to this work began four years ago when United Way identified the most pressing needs and adopted a collective impact approach to solving problems with new and different partnerships. While all pilot programs are limited in scope, United Way continues to enhance and expand the projects to serve more people in rural, suburban and urban areas.

United Way and its community partners launched the Ready for School, Ready to Succeed pilot program in 2017 to prepare children academically and socially for kindergarten starting with three partner school districts. To date, this program maintains its relationship with nine partner school districts, which included 17 elementary school districts in Dauphin, Cumberland and Perry counties. Research shows high-quality pre-K programs increase a child's chances of succeeding in school. The program employs early education liaisons who engage children and families with educational workshops and connect families to affordable preschools when available. As a result, the proficiency rates of the participating students continues to increase and in most cases exceed the proficiency rates of the non-participating student population. Additionally, the program has 650 enrolled participants.

United Way and its community partners launched the Contact to Care pilot program in 2017 to help increase access to healthcare in the City of Harrisburg and now serves all of Dauphin, Cumberland and Perry counties. This project continued to grow in 2018 and 2019 to include dental, vision and behavioral health programs. The project employs community health workers to help individuals navigate the healthcare system, overcome barriers to care and connect with a primary medical home. Research shows when individuals use a primary medical home, they are healthier and less reliant on emergency rooms for non-urgent issues. The Contact to Care program has secured medical insurance for 571 individuals and 939 individuals now have a primary medical home.

United Way and its community partners launched the Road to Success pilot program in 2017 to help the unemployed and underemployed obtain jobs where they can earn a living wage and was expanded in January 2019 to provide more robust case management services. This project focuses on guiding an individual through the first year of work, as well as advancements in the workplace. The project includes wrap-around services like transportation and childcare to help individuals stay on track, and one-on-one counseling services to help more individuals become and stay employed. This program currently has 25 partner employers, seven case management service partners and a 70% retention rate for its participants. Additionally, the program developed a car financing program in 2021 that helps participants to save for a down payment in order to purchase a vehicle.

1. Description of activities and summary of significant accounting policies (continued):

Every community needs a support system for individuals and families to turn to in urgent and crisis situations. United Way supports programs and services to help vulnerable individuals and families. This encompasses: food insecurity, domestic violence shelters and legal assistance, homeless shelters and transitional housing, emergency services to include food, clothing and shelter following a disaster, help with heating and utility bills, rent assistance, medications, transportation to help individuals secure employment and remain employed, information, referrals and case management.

The Volunteer Center promotes volunteerism in the community and serves as a clearinghouse for donated goods and volunteer opportunities and needs.

The United Way Foundation of the Capital Region (the Foundation) was established with the purpose of supporting the mission of the United Way by soliciting, investing and maintaining funds designated by the board or donors to function as an endowment for the benefit of the United Way. The Foundation helps provide a stable base of funding for challenging economic times and for meeting community needs as they change over time. Three types of funds are currently held by the Foundation. The General Fund which is unrestricted and intended to support the most pressing needs identified in the community. The Legacy Fund which is restricted by the donor to use annual earnings from these funds to make their annual gift to the United Way campaign. The perpetual Endowment Funds are also restricted by the donor as perpetual in nature, to preserve the original gift value, and generate earnings for the Foundation Board to appropriate for expenditures as needed.

Principles of consolidation:

The consolidated financial statements include the accounts of the United Way of the Capital Region and the United Way Foundation of the Capital Region. The Foundation is consolidated since the United Way has an economic interest in it and control through a majority of the appointments on the board of the Foundation. All significant inter-entity balances and transactions have been eliminated in consolidation.

Annual campaigns:

Annual campaigns are generally conducted from August through December to provide support to program partners in the subsequent fiscal year. Contributions and pledges received, or receivable, from the current year campaign, net of designated amounts, are recorded as support with donor restrictions. In the subsequent year, when funds are committed to solution partners, these net assets are reclassified to without donor restrictions due to expiration of the time restriction.

1. Description of activities and summary of significant accounting policies (continued):

Donor designations:

The Organization receives contributions that designate a specific organization, community initiative or another United Way to benefit from the contribution. The United Way recognizes a liability for these contributions until the United Way transfers these donor designations based on the wishes of the donor. Donor designations for the 2022 campaign are reported at their full amount.

Processed campaigns:

The United Way acts as the processor by paying out designations for regional or national campaigns of several companies with headquarters in the area. These processed dollars totaled $391,883 for the 2022 campaign and the unremitted amounts are recorded as assets with corresponding liabilities in the statements of financial position. Fundraising and administrative costs are deducted from the processed pledges in accordance with the Organization's and United Way of America's Cost Deduction Standards. The fundraising costs are reimbursed to the United Way that raises the dollars, and the administrative costs are retained by the Organization as reimbursement of the costs associated with processing the campaigns.

Cash and cash equivalents:

For purposes of reporting cash flows, the Organization considers all investments with a maturity of three months or less when acquired to be cash equivalents.

Investments:

The investments of the United Way consist of corporate bonds, exchange-traded funds and certificates of deposit that are reported at fair value. Investments of the Foundation consist of mutual funds, stocks, corporate bonds, alternative investments and cash equivalents that are reported at fair value.

Unrealized gains and losses are included in the change in net assets.

Pledges receivable:

Pledges are recorded when received, and allowances are provided for amounts estimated to be uncollectible. Amounts outstanding from the previous years' campaign are generally reserved through the allowance or through the designations payable. In general, pledges outstanding are expected to be received within one year.

1. Description of activities and summary of significant accounting policies (continued):

Land, building and equipment:

Land, building and equipment are recorded at cost. The Organization capitalizes all asset purchases over $500. Depreciation is computed by the straight-line method over the following estimated useful lives of the assets:

Buildings and improvements	40 years
Office furniture and equipment	5 - 10 years

Donated goods and services:

Amounts for donated goods and services are recorded based on the values assigned by the donor at the time of donation, which is estimated to approximate fair value. In certain instances, the value is determined by an appropriate standard measure of value.

Amounts for donated advertising time and materials have been recorded in the amount of $24,500 for the 15-month period ended June 30, 2023. Advertising costs are charged to operations when incurred. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations and various committee assignments. The Organization receives approximately 23,000 volunteer hours per year.

Foundation investments and endowments:

The intent of the Foundation's board of directors is for the net assets of the Foundation to function as an endowment. The Foundation attempts to maximize long-term gains through capital appreciation and current yield with an acceptable level of risk to provide funding for initiatives and special projects or act as an emergency source of funding. The Foundation may annually spend up to 4.5% of the average portfolio value over the prior three years, using December 31 valuations, unless otherwise restricted by the donor. Additionally, 1% is allowed to cover management and administrative expenses.

The Foundation has interpreted the Pennsylvania Uniform Principal and Income Act and Pennsylvania Act 141 as requiring the preservation of the fair value of the original gift as of the receipt date of the donor restricted endowment funds, to the extent that there are no donor stipulations to the contrary. United Way classifies the original value of gifts donated to the endowment that are perpetual in nature and the original value of subsequent gifts made to the endowment as with donor restrictions. The earnings of the donor-restricted endowment fund are classified as without donor restrictions until those amounts are appropriated for expenditure by the Board of Directors.

1. Description of activities and summary of significant accounting policies (continued):

Beneficial interests in perpetual trusts held by third parties:

Beneficial interests consist of the fair value of assets held in trusts established by donors for the benefit of the Organization. These interests are recorded in the accompanying financial statements when the Organization has received sufficient documentation to substantiate the trusts are irrevocable, and the fair value of the Organization's interest in the trusts can be readily determined.

Private foundations appropriate 5% of the average monthly market value for expenditure on an annual basis, in accordance with calculated minimum required distributions per the Internal Revenue Service (IRS) Form 990PF. Distributions to the Organization from perpetual trusts are typically used to fund current operations unless otherwise directed by the donors.

Revenue recognition:

The Organization generates revenue from contributions, donations of goods and services, fundraising events and investment income, including interest.

The Organization receives contributions, which include paid gifts, grants and unconditional promises to give (pledges), from various entities and individuals. Contributions are evaluated when received to determine if they are an exchange transaction or a non-exchange transaction. Contributions that fund the Organization's overall mission and do not contain any performance obligations are considered non-exchange transactions and are recognized as revenue when payments are received, or when donors and grantors make written promises to give to the United Way of the Capital Region, that are, in substance, unconditional. Contributions are available for use without donor restriction, unless specifically restricted by the donor or grantor. Any contributions with donor or grantor imposed time or purpose restrictions are recorded as net assets with donor restrictions. When the time restrictions expire, or purpose restrictions are fulfilled, those net assets with donor restrictions are reclassified to net assets without donor restrictions. These reclassifications are reported as net assets released from restriction on the statements of activities. Contributions with donor or grantor imposed conditions, such as a matching gift or grant, are recognized as revenue when the conditions have been substantially met. The Organization did not have any conditional contributions in 2023.

Amounts for donated goods and services are recorded based on the values assigned by the donor at the time of donation, which is estimated to approximate fair value. In certain instances, the value is determined by an appropriate standard measure of value.

1. Description of activities and summary of significant accounting policies (continued):

Revenue recognition:

The Organization holds fundraising events during the year that are sponsored by various entities and individuals. Sponsorships often include admission to the event for a certain number of people and acknowledgement in either printed, digital or verbal format at the event. Sponsorship revenue collected in advance of an event is deferred until the event takes place. When the event is conducted, the Organization has fulfilled its performance obligation to the attendees and sponsors and revenue is recognized.

Functional allocation of expenses:

The costs of providing the various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated based on employees' time among the programs and supporting services benefited. Other costs that could not be directly allocated were allocated based on the number of employees in each functional area.

Estimates:

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles (GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from these estimates. The most sensitive accounting estimates affecting the consolidated financial statements are management's allocation of functional expenses which is based on estimates of time spent performing program and management duties, the valuation and classification of the beneficial interest in the perpetual trusts held by third parties which is based upon estimates of the fair value of the beneficial interest and management's estimate of the allowance for uncollectible promises to give, which is based on historical collection rates and an analysis of the collectability of individual contributions.

Leases:

The Organization has elected the short-term lease exception to not recognize leases with a lease term of twelve months or less on the statement of financial position. The Organization considers a lease with a term of 12 months or less and no option to purchase the underlying asset to be a short-term lease with payments recorded on the income statement over the term of the lease.

1. Description of activities and summary of significant accounting policies (continued):

Income tax status:

The IRS has recognized the United Way and the Foundation as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3); therefore, no provision for income taxes has been made in these financial statements.

Recently issued accounting standards:

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses*, to replace the incurred loss impairment methodology under current generally accepted accounting principles with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Organization will be required to use a forward-looking expected credit loss model for accounts receivables, loans and other financial instruments. Credit losses relating to available-for-sale debt securities will also be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. The standard will be effective for the Organization beginning July 1, 2023. The Organization is currently evaluating the impacts of adopting this guidance on its financial position, activities and cash flows.

2. Adoption of new accounting pronouncements:

Leases:

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which amends the guidance in former ASC-842, *Leases*. The core principle of Accounting Standards Codification (ASC) 842 is that any entity should recognize an asset and related liability for leases longer than one year to depict the transfer of promised rights and obligations in an amount that reflects the consideration to which the entity expects to be entitled. Additionally, the guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of leases and cash flows arising from contracts. For contracts existing at the time of adoption, the Organization elected to not reassess (i) whether any are or contain a leases, (ii) lease classification and (iii) initial direct costs.

Effective April 1, 2022, the Organization adopted ASU 2016-02 using the modified retrospective method and did not adjust comparative prior periods. In addition, the Organization adopted the package of practical expedients in transition, which permit the Organization not to reassess the prior conclusions pertaining to lease identification, lease classification and initial direct costs on leases that commenced prior to adoption of the new standard. There was no material impact on the Organization upon adoption of the standard.

2. Adoption of new accounting pronouncements (continued):

Contributed nonfinancial assets:

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires contributed nonfinancial assets to be a separate line item in the statement of activities and enhanced disclosures. The required disclosures include a disaggregation of the amount of contributed nonfinancial assets recognized in the statement of activities by category that depicts the type of contributed nonfinancial assets and for each category of contributed nonfinancial assets: 1) qualitative information regarding utilization or monetization of the contributed nonfinancial assets, 2) the programs or activities the contributed nonfinancial assets were utilized for, 3) the entity's policy for monetizing rather than utilizing contributed nonfinancial assets (if applicable), 4) a description of any donor-imposed restrictions on the nonfinancial assets, 5) a description of the valuation techniques and inputs used to arrive at the fair market value assigned to the contributed nonfinancial assets and 6) the principal market used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial asset.

Effective April 1, 2022, the Organization adopted ASU 2020-07 using the full retrospective method. There was no material impact on the Organization upon adoption of the standard.

3. Financial assets and liquidity resources:

As of June 30, 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, payments on liabilities and purchases of property and equipment were as follows:

Financial assets:	
Cash and cash equivalents	$ 2,753,220
United Way investments	8,548,331
Foundation investments	6,313,981
Pledges receivable	2,657,441
Other receivables	160,869
Total financial assets	20,433,842
Net assets with donor restrictions, time restricted, future campaigns	(422,720)
Net assets with donor restrictions, purpose restricted:	
United Way Foundation, Legacy Funds	(218,653)
United Way Foundation, Spong Fund	(1,371,861)
United Way Foundation, Sinon Family Fund	(3,729,387)
Campaign Contingency Fund	(180,000)
Total financial assets available within one year	$ 14,511,221

The United Way maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. Fair value measurements:

The Organization follows FASB ASC 820, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value in GAAP and requires expanded disclosures about fair value measurements. ASC 820 establishes a hierarchy that ranks the quality and reliability of inputs, or assumptions, used in the determination of fair value and requires financial assets carried at fair value to be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices in active markets for identical assets
Level 2 – Directly or indirectly observable inputs other than Level 1 quoted prices
Level 3 – Unobservable inputs not corroborated by market data

4. Fair value measurements (continued):

For financial instruments that have quoted market prices in active markets, the Organization uses the quoted market prices as fair values and includes those financial instruments in Level 1 of the fair value hierarchy. When quoted market prices in active markets are not available, various pricing services are used to determine fair value and financial instruments are included in Level 2 of the fair value hierarchy. The beneficial interest in perpetual trust held by third parties is measured using the fair value of the assets held in the trust as reported by the trustee and is considered Level 2 measurements since the Organization does not have the ability to direct the trustee to liquidate those assets. The Organization considers its financial instruments to be Level 1 and Level 2 assets at June 30, 2023.

The following table presents the Organization's assets that are measured at fair value on a recurring basis at June 30, 2023, consistent with the fair value hierarchy provisions of ASC 820:

		Fair value measurements at June 30, 2023 using	
Description	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Investments:			
Certificates of deposit held by:			
A broker	$ 4,218,956		$ 4,218,956
Banks	754,030		754,030
Exchange-traded funds	3,575,345	$ 3,575,345	
Foundation investments:			
Fixed income securities	1,946,553	1,946,553	
Equity securities and mutual funds	4,367,428	4,367,428	
Beneficial interests held by third parties	12,804,275		12,804,275
Total	$ 27,666,587	$ 9,889,326	$ 17,777,261

5. Concentrations:

The Organization maintains cash and cash equivalent deposits with a financial institution in excess of the current federally insured limitations. Cash and cash equivalents of approximately $2,000,000 at June 30, 2023 are in excess of the Federal Deposit Insurance Corporation (FDIC) coverage limits. The Organization's investments are in high quality institutions with good credit ratings. The Organization has not experienced any losses in such accounts or investments that are subject to credit risk and believes it is not exposed to any significant credit risk pertaining to cash and cash equivalents and investments.

6. Investments:

Investments at June 30, 2023 were as follows:

	Cost	Fair value	Unrealized appreciation (depreciation)
United Way of the Capital Region:			
Certificates of deposit, original maturities of:			
Less than 1 year	$ 2,292,949	$ 2,330,584	$ 37,635
1 to 2 years	2,649,467	2,642,402	(7,065)
Exchange-traded funds	3,375,979	3,575,345	199,366
	$ 8,318,395	$ 8,548,331	$ 229,936
United Way Foundation:			
Fixed income securities	$ 2,076,463	$ 1,946,553	$ (129,910)
Equity securities and mutual funds	3,891,066	4,367,428	476,362
	$ 5,967,529	$ 6,313,981	$ 346,452

7. Uncollectible pledges:

The provision for uncollectible pledges is computed based upon a three-year historical average. A 5.32% rate was used to calculate the provision for the fall 2022 campaign on undesignated pledges.

8. Cost deduction standards:

The United Way calculates the average administrative and fundraising costs from the three most recent IRS Form 990 returns as follows:

Fundraising cost	12.5%
Management and general cost	6.9%

In compliance with United Way of Worldwide's Cost Deduction Standards and as approved by the Board of Directors, amounts are deducted from pledges designated to specific nonprofit agencies or other United Ways to partially reimburse costs. Additionally, the Organization's Corporate Cornerstone partners help to support its administrative and fundraising costs so that it does not need to deduct fees at the rates listed above, but as follows, unless other contractual arrangements are in place:

Fundraising cost	0.0%
Management and general cost	5.0%

9. Land, building and equipment and accumulated depreciation:

The costs and related accumulated depreciation of land, building and equipment as of June 30, 2023 were as follows:

Land	$ 134,000
Building and improvements	1,946,496
Office furniture and equipment	456,894
	2,537,390
Less accumulated depreciation	1,288,904
	$ 1,248,486

10. Beneficial interests:

The Organization is the beneficiary of several trusts held by third parties. On an annual basis, the Organization places a value on the beneficial interests based on the quoted market value of the investments held in trust. The amounts recorded in the Organization's statements of financial position as of June 30, 2023 include the following:

Ross and Sarah Rhoads Foundation	$ 11,612,777
United Way Combined Perpetual Trust	516,247
Harry Alwine Residuary Trust	374,813
Robert D. and Barbara Hanson Funds	88,166
Fritz and Belle Nelson Trust	65,277
Various other trusts	146,995
	$ 12,804,275

The trusts were established by persons, wills, living trust agreements and court decrees with various restrictions. The entire balance is reported as a component of net assets with donor restrictions.

The Foundation for Enhancing Communities and various local banks hold funds in trust for the Organization. The Organization received income earned on the funds for the 15-month period ended June 30, 2023 of $741,808.

The Organization recorded unrealized losses of $1,118,241 pertaining to the trusts for the 15-month period ended June 30, 2023.

11. Endowment related activities:

Changes in endowment related activities for the 15-month period ended June 30, 2023 are as follows:

	Beneficial interests held by third parties	Foundation net assets with donor restrictions	Total endowment net assets with donor restrictions	Foundation net assets without donor restrictions
April 1, 2022	$ 13,922,516	$ 5,333,914	$ 19,256,430	$ 1,821,317
Net investment income	741,808		741,808	395,473
Unrealized loss	(1,118,241)		(1,118,241)	(523,458)
Contributions				35,715
Appropriated for expenditure	(741,808)	(14,013)	(755,821)	(344,574)
June 30, 2023	$ 12,804,275	$ 5,319,901	$ 18,124,176	$ 1,384,473

12. Retirement plan:

The Organization has a defined contribution plan that operates under Section 401(k) of the Internal Revenue Code. The plan offers a Safe Harbor contribution of 3% of earnings once an employee reaches eligibility. The plan also offers an employer matching percentage of 100% of employee contributions up to a maximum of 3% of salary. In addition, the Organization contributes an amount equal to 2% of salary each calendar year end for employees who have completed 1,000 hours of work during the year and were born in 1955 and after. For employees who were born prior to 1955, who have worked 1,000 hours during the year and who were employed on January 1, 2001, an amount equal to 10% of their salary is contributed. Plan contributions were $117,272 for the 15-month period ended June 30, 2023.

13. Net assets:

Net assets at June 30, 2023 consist of the following:

Net assets without donor restrictions:	
Board designated for Community Initiatives	$ 673,200
United Way Foundation	1,384,473
Undesignated	5,526,669
Total net assets without donor restrictions	$ 7,584,342
Net assets with donor restrictions:	
Purpose restrictions:	
Community Initiatives	$ 1,036,880
United Way Foundation, Legacy Funds	218,653
United Way Foundation, Spong Fund	1,371,861
United Way Foundation, Sinon Family Fund	3,729,387
Campaign Contingency Fund	180,000
Beneficial interests held by third parties, United Way of the Capital Region	12,804,275
Time restrictions:	
Future campaigns	422,720
For subsequent years' use for:	
Grants to agencies	1,250,000
Operations	2,298,547
Total net assets with donor restrictions	$ 23,312,323

14. Net assets released from restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified or implied by donors for the 15-month period ended June 30, 2023 as follows:

Time restrictions expired, used for grants to agencies and operations in subsequent year	$ 4,031,362
Purpose restrictions accomplished:	
Legacy Fund annual gift	14,013
Community initiatives	893,121
	907,134
	$ 4,938,496

15. Employee Retention Tax Credit:

The Employee Retention Tax Credit Program (ERTC) was established under the CARES Act of March 2020 and was design to refund the employer-based taxes to businesses and tax-exempt organization that paid qualified wages to some or all employees after March 12, 2020 and before January 1, 2022. Generally, businesses and tax-exempt organizations qualified if they paid qualified wages and meet one of the following qualifications:

- Were shut down by a government order due to the COVID-19 pandemic during 2020 or the first the calendar quarters of 2021, or
- Experienced the required decline in gross receipts during the eligibility periods during 2020 or the first three calendar quarters of 2021, or
- Qualified as a recovery startup business for the third or fourth quarters of 2021.

The Organization qualified for a reimbursement of employer-based taxes for quarters two and three of 2021. As a result, United Way of the Capital Region applied for and received $131,931 as a refund of quarter two 2021 taxes and $172,200 as a refund for quarter three 2021 taxes. These amounts were recognized as grant revenue during the 15-month period ended June 30, 2023.

16. Subsequent events:

The Organization has evaluated subsequent events through September 14, 2023, the date the financial statements were available to be issued.

UNITED WAY OF THE CAPITAL REGION AND UNITED WAY FOUNDATION OF THE CAPITAL REGION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(See independent auditor's report)

	United Way	Foundation	Elimination	Consolidated
	ASSETS			
Cash and cash equivalents	$ 2,466,437	$ 286,783		$ 2,753,220
United Way investments	8,548,331			8,548,331
Foundation investments		6,313,981		6,313,981
Pledges receivable, net	2,647,441	10,000		2,657,441
Other receivables and prepaid expenses	143,009	18,793		161,802
Land, building and equipment, net	1,248,486			1,248,486
Cash surrender value of life insurance policies		74,817		74,817
Beneficial interests held by third parties	12,804,275			12,804,275
Total assets	**$ 27,857,979**	**$ 6,704,374**		**$ 34,562,353**
	LIABILITIES AND NET ASSETS			
Liabilities:				
Short-term payables	$ 649,876			$ 649,876
Designations payable	2,782,957			2,782,957
Processed pledges payable	232,855			232,855
Total liabilities	**3,665,688**			**3,665,688**
Net assets:				
Without donor restrictions	6,199,869	$ 1,384,473		7,584,342
With donor restrictions	17,992,422	5,319,901		23,312,323
Total net assets	**24,192,291**	**6,704,374**		**30,896,665**
Total liabilities and net assets	**$ 27,857,979**	**$ 6,704,374**		**$ 34,562,353**

See notes to consolidated financial statements.

UNITED WAY OF THE CAPITAL REGION AND UNITED WAY FOUNDATION OF THE CAPITAL REGION

CONSOLIDATING STATEMENT OF ACTIVITIES
FIFTEEN MONTH PERIOD ENDED JUNE 30, 2023
(See independent auditor's report)

	United Way			Foundation				
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	Eliminations	Consolidated
Public support and revenue:								
Contributions to active campaigns	$ 247,221	$ 9,101,258	$ 9,348,479				$ (14,013)	$ 9,334,466
Donor designations	(35,715)	(4,051,543)	(4,087,258)				35,715	(4,051,543)
Provision for uncollectibles		(226,980)	(226,980)					(226,980)
Net campaign revenue	211,506	4,822,735	5,034,241				21,702	5,055,943
Perpetual trust income	934,716		934,716				(192,908)	741,808
Other United Way designations	24,871	34,412	59,283					59,283
Bequests and other contributions				$ 35,715		$ 35,715	(35,715)	-
Grants	386,555	111,000	497,555				(114,513)	383,042
Donated goods	39,755		39,755					39,755
Donated advertising and services	127,155		127,155					127,155
Investment income	193,739		193,739	150,717		150,717		344,456
Realized gain on investments	326,284		326,284	244,756		244,756		571,040
Unrealized gain loss on investments	(431,081)	(1,118,241)	(1,549,322)	(523,458)		(523,458)		(2,072,780)
Other revenue	239,808		239,808					239,808
Net assets released from restriction:								
Expiration of:								
Time restriction	4,031,362	(4,031,362)	-					-
Purpose restriction	893,121	(893,121)	-	14,013	$ (14,013)	-		-
Total public support and revenue	**6,977,791**	**(1,074,577)**	**5,903,214**	**(78,257)**	**(14,013)**	**(92,270)**	**(321,434)**	**5,489,510**

(continued)

UNITED WAY OF THE CAPITAL REGION AND UNITED WAY FOUNDATION OF THE CAPITAL REGION

CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
FIFTEEN MONTH PERIOD ENDED JUNE 30, 2023
(See independent auditor's report)

	United Way			Foundation				
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	Eliminations	Consolidated
Allocations and expenses:								
Funds allocated to agencies	$ 1,250,000		$ 1,250,000					$ 1,250,000
Community response grants	500,013		500,013	$ 321,434		$ 321,434	$ (321,434)	500,013
Total allocations	**1,750,013**		**1,750,013**	**321,434**		**321,434**	**(321,434)**	**1,750,013**
Functional expenses:								
Program services	4,215,188		4,215,188					4,215,188
Fundraising	1,555,088		1,555,088					1,555,088
Organizational administration	986,398		986,398	37,153		37,153		1,023,551
Total functional expenses	**6,756,674**		**6,756,674**	**37,153**		**37,153**		**6,793,827**
Total allocations and expenses	**8,506,687**		**8,506,687**	**358,587**		**358,587**	**(321,434)**	**8,543,840**
Changes in net assets	(1,528,896)	$ (1,074,577)	(2,603,473)	(436,844)	$ (14,013)	(450,857)	-	(3,054,330)
Net assets:								
Beginning of year	7,728,765	19,066,999	26,795,764	1,821,317	5,333,914	7,155,231		33,950,995
End of year	**$ 6,199,869**	**$ 17,992,422**	**$ 24,192,291**	**$ 1,384,473**	**$ 5,319,901**	**$ 6,704,374**	**$ -**	**$ 30,896,665**

See notes to consolidated financial statements.