

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

YEAR ENDED JUNE 30, 2024



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

YEAR ENDED JUNE 30, 2024

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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, 2024 and the related consolidated statements of activities, functional expenses and cash flows for the year 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, 2024, and the changes in their net assets and their cash flows for the year 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 audit. 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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.

Supplementary 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 20-22 are presented for the purposes of additional analysis 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 Plus

Camp Hill, Pennsylvania
September 10, 2024

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

Cash and cash equivalents	\$ 1,751,241
United Way investments	8,977,205
Foundation investments	6,595,958
Pledges receivable, less allowance for uncollectible pledges of \$448,156	2,651,249
Other receivables and prepaid expenses	250,178
Land, building and equipment, net	1,200,593
Cash surrender value of life insurance policies	73,021
Beneficial interests held by third parties	<u>14,142,214</u>
Total assets	<u><u>\$ 35,641,659</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 637,958
Accrued:	
Expenses	23,509
Payroll	50,441
Vacation	76,527
Designations payable	2,531,902
Processed pledges payable	<u>172,236</u>

Total liabilities **3,492,573**

Net assets:

Without donor restrictions	8,188,689
With donor restrictions	<u>23,960,397</u>

Total net assets **32,149,086**

Total liabilities and net assets **\$ 35,641,659**

See notes to consolidated financial statements.

**UNITED WAY OF THE CAPITAL REGION AND
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CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without donor restrictions	With donor restrictions	Total
Public support and revenue:			
Contributions to active campaigns	\$ 100,826	\$ 8,473,159	\$ 8,573,985
Donor designations		(3,964,830)	(3,964,830)
Provision for uncollectibles		(273,084)	(273,084)
Net campaign revenue	100,826	4,235,245	4,336,071
Perpetual trust income	609,738		609,738
Other United Way designations	32,869	4,251	37,120
Grants	108,431	61,000	169,431
Donated goods	65,835		65,835
Donated advertising and services	145,434		145,434
Investment income	441,575		441,575
Realized gain on investments	278,375		278,375
Unrealized gain on investments	581,903	1,337,939	1,919,842
Other revenue	253,786	3,000	256,786
Net assets released from restriction, expiration of:			
Time restriction	3,951,267	(3,951,267)	
Purpose restriction	1,042,094	(1,042,094)	
Total public support and revenue	7,612,133	648,074	8,260,207
Functional expenses:			
Program services	4,757,224		4,757,224
Fundraising	1,244,435		1,244,435
Organizational administration	1,006,127		1,006,127
Total functional expenses	7,007,786		7,007,786
Changes in net assets	604,347	648,074	1,252,421
Net assets:			
Beginning of year	7,584,342	23,312,323	30,896,665
End of year	\$ 8,188,689	\$ 23,960,397	\$ 32,149,086

See notes to consolidated financial statements.

**UNITED WAY OF THE CAPITAL REGION AND
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**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	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					\$ 400,196	\$ 60,835	\$ 461,031	\$ 570,695	\$ 627,165	\$ 1,658,891
Employee benefits					106,303	16,465	122,768	124,183	100,861	347,812
Payroll taxes					34,942	4,763	39,705	47,980	52,949	140,634
Total salaries and benefits					541,441	82,063	623,504	742,858	780,975	2,147,337
Agency grants for basic needs					1,227,507		1,227,507			1,227,507
Community response grants					336,478		336,478			336,478
Professional fees	\$ 1,683				57,177		58,860	63,803	66,223	188,886
Supplies, computers					25,510	417	25,927	68,484	37,815	132,226
Program expenses	746,677	\$ 738,631	\$ 564,320	\$ 46,990	37,799	61,291	2,195,708	535	73,506	2,269,749
Telephone and internet					5,057		5,057	6,159	6,528	17,744
Postage and shipping					3,178	6	3,184	1,767	5,019	9,970
Occupancy					20,611		20,611	24,949	26,286	71,846
Audio-visual aids					76		76	2,909	65,724	68,709
Donated advertising and services					2,830	126,663	129,493		15,941	145,434
Printing and publications	1,575	19,440	144		20,077	1,411	42,647	328	33,907	76,882
Travel	198	257	233		1,258	764	2,710	768	11,531	15,009
Conferences, meetings and training	150	10	560		953		1,673	8,260	6,936	16,869
Dues and subscriptions	50				222		272	3,315	1,664	5,251
Awards	10,769		6,706			1,588	19,063		29,372	48,435
Miscellaneous					504		504	2,756	490	3,750
Depreciation					32,518		32,518	38,379	41,979	112,876
Dues to:										
United Way of Pennsylvania					5,850		5,850	7,605	7,545	21,000
United Way of America					25,582		25,582	33,252	32,994	91,828
	\$ 761,102	\$ 758,338	\$ 571,963	\$ 46,990	\$ 2,344,628	\$ 274,203	\$ 4,757,224	\$ 1,006,127	\$ 1,244,435	\$ 7,007,786

See notes to consolidated financial statements.

**UNITED WAY OF THE CAPITAL REGION AND
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CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

Cash flows from operating activities:	
Change in net assets	<u>\$ 1,252,421</u>
Adjustments:	
Depreciation	112,876
Unrealized net gain on investments and beneficial interests held by third parties	(1,919,842)
Realized gain on investments	(278,375)
Changes in assets and liabilities:	
(Increase) decrease in:	
Pledges receivable	6,192
Other	(88,376)
Increase (decrease) in:	
Accounts payable and accrued expenses	138,559
Designations and processed pledges payable	<u>(311,674)</u>
Total adjustments	<u>(2,340,640)</u>
Net cash used in operating activities	<u>(1,088,219)</u>
Cash flows from investing activities:	
Sales of investments, net	149,427
Purchases of land, building and equipment	(64,983)
Increase in cash surrender value of life insurance policies	<u>1,796</u>
Net cash provided by investing activities	<u>86,240</u>
Net decrease in cash and cash equivalents	(1,001,979)
Cash and cash equivalents:	
Beginning of year	<u>2,753,220</u>
End of year	<u><u>\$ 1,751,241</u></u>

See notes to consolidated financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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 five 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 12 partner school districts, which includes 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 continue to increase and in most cases exceed the proficiency rates of the non-participating student population. Additionally, the program has 946 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 891 individuals and 2,084 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 23 partner employers, six case management service partners and a 76% 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.

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.

**UNITED WAY OF THE CAPITAL REGION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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

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 (collectively, the Organization). 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.

Basis of accounting:

The financial statements of the United Way have been prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized in the accounting period in which the liability is incurred.

Financial statement presentation:

Financial statement presentation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the United Way is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

A summary of the net asset categories included in the accompanying financial statements is as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the United Way.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the United Way and/or the passage of time and net assets subject to donor-imposed stipulations that must be maintained permanently by the United Way. When a restriction expires, 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.

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, these net assets are reclassified to without donor restrictions due to expiration of the time restriction and the funds are then committed to program partners.

**UNITED WAY OF THE CAPITAL REGION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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 2023 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 \$402,479 for the 2023 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 an initial 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 statement of activities.

Pledges receivable:

Pledges are recorded when received, and allowances are provided for amounts estimated to be uncollectible. Utilizing the loss-rate method, the United Way monitors collections of pledges receivable and provides an allowance for estimated credit losses based on how long a receivable has been outstanding and historical write offs. 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.

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

**UNITED WAY OF THE CAPITAL REGION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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

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 \$145,434 for the year ended June 30, 2024. 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, but those services are not recognized as contributions in the financial statements since the recognition criteria is not met.

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.

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.

**UNITED WAY OF THE CAPITAL REGION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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

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 statement 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 2024.

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 estimate affecting the consolidated financial statements is 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 12 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 statement of activities over the term of the lease.

**UNITED WAY OF THE CAPITAL REGION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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.

2. Adoption of new accounting pronouncement:

On July 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13 *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard replaced the incurred loss impairment methodology with a methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions and reasonable and supportable forecasts, and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

The Organization adopted ASC 326 and all related subsequent amendments thereto effective July 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost and off-balance sheet credit exposures. There was no material impact on the Organization upon adoption of the standard.

**UNITED WAY OF THE CAPITAL REGION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

3. Financial assets and liquidity resources:

As of June 30, 2024, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, payments on liabilities and purchases of property and equipment, were as follows:

Financial assets:	
Cash and cash equivalents	\$ 1,751,241
United Way investments	8,977,205
Foundation investments	6,595,958
Pledges receivable	2,651,249
Other receivables	<u>101,682</u>
 Total financial assets	 20,077,335
 Net assets with donor restrictions, time restricted, future campaigns	 (171,991)
 Net assets with donor restrictions, purpose restricted:	
Community Initiatives	(945,373)
United Way Foundation, Legacy Funds	(213,439)
United Way Foundation, Spong Fund	(1,371,861)
United Way Foundation, Sinon Family Fund	(3,729,387)
Campaign Contingency Fund	<u>(180,000)</u>
 Total financial assets available within one year	 <u><u>\$ 13,465,284</u></u>

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

**UNITED WAY OF THE CAPITAL REGION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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, 2024.

The following table presents the Organization's assets that are measured at fair value on a recurring basis at June 30, 2024, consistent with the fair value hierarchy provisions of ASC 820:

Description	Total	Fair value measurements at June 30, 2024 using	
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Investments:			
Certificates of deposit held by:			
A broker	\$ 3,475,587		\$ 3,475,587
Banks	758,351		758,351
Exchange-traded funds	4,743,267	\$ 4,743,267	
Foundation investments:			
Fixed income securities	1,911,530	1,911,530	
Equity securities and mutual funds	4,684,428	4,684,428	
Beneficial interests held by third parties	14,142,214		14,142,214
Total	\$ 29,715,377	\$ 11,339,225	\$ 18,376,152

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 \$1,195,901 at June 30, 2024 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 institutions holding the Organization's investments are members of the Securities Investor Protection Corporation (SIPC). SIPC insures the cash and securities in each investor's account up to \$500,000 against loss in the case of a failed brokerage firm or misappropriation of assets by the broker; however, only up to \$250,000 of the total coverage can be applied to cash. As of June 30, 2024, the investments exceeded the limit by \$6,456,645, representing the maximum loss risk.

**UNITED WAY OF THE CAPITAL REGION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

5. Concentrations (continued):

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, 2024 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	\$ 1,615,509	\$ 1,645,084	\$ 29,575
1 to 2 years	2,553,305	2,588,854	35,549
Exchange-traded funds	4,276,829	4,743,267	466,438
	\$ 8,445,643	\$ 8,977,205	\$ 531,562
United Way Foundation:			
Fixed income securities	\$ 2,011,086	\$ 1,911,530	\$ (99,556)
Equity securities and mutual funds	3,958,143	4,684,428	726,285
	\$ 5,969,229	\$ 6,595,958	\$ 626,729

7. Uncollectible pledges:

Using the loss-rate method as described in Note 1, 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 2023 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	11.3%
Management and general cost	6.4%

**UNITED WAY OF THE CAPITAL REGION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

8. Cost deduction standards (continued):

For the United Way's annual campaign, 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, 2024 were as follows:

Land	\$ 134,000
Building and improvements	1,966,355
Office furniture and equipment	<u>502,017</u>
	2,602,372
Less accumulated depreciation	<u>1,401,779</u>
	<u><u>\$ 1,200,593</u></u>

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 statement of financial position as of June 30, 2024 include the following:

Ross and Sarah Rhoads Foundation	\$ 12,842,682
United Way Combined Perpetual Trust	568,574
Harry Alwine Residuary Trust	396,730
Robert D. and Barbara Hanson Funds	102,635
Fritz and Belle Nelson Trust	68,106
Various other trusts	<u>163,487</u>
	<u><u>\$ 14,142,214</u></u>

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.

**UNITED WAY OF THE CAPITAL REGION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

10. Beneficial interests (continued):

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 year ended June 30, 2024 of \$554,108.

The Organization recorded unrealized gains of \$1,337,939 pertaining to the trusts for the year ended June 30, 2024.

11. Endowment related activities:

Changes in endowment related activities for the year ended June 30, 2024 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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
July 1, 2023	\$ 12,804,275	\$ 5,319,901	\$ 18,124,176	\$ 1,384,473
Net investment income	554,108		554,108	301,625
Unrealized gain	1,337,939		1,337,939	280,277
Contributions				60,844
Appropriated for expenditure	<u>(554,108)</u>	<u>(5,214)</u>	<u>(559,322)</u>	<u>(298,454)</u>
June 30, 2024	<u><u>\$ 14,142,214</u></u>	<u><u>\$ 5,314,687</u></u>	<u><u>\$ 19,456,901</u></u>	<u><u>\$ 1,728,765</u></u>

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 \$112,301 for the year ended June 30, 2024.

**UNITED WAY OF THE CAPITAL REGION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

13. Net assets:

Net assets at June 30, 2024 consisted of the following:

Net assets without donor restrictions:	
Board designated for Community Initiatives	\$ 1,602,347
United Way Foundation	1,728,765
Undesignated	<u>4,857,577</u>
Total net assets without donor restrictions	<u><u>\$ 8,188,689</u></u>
Net assets with donor restrictions:	
Purpose restrictions:	
Community Initiatives	\$ 945,373
United Way Foundation, Legacy Funds	213,439
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	14,142,214
Time restrictions:	
Future campaigns	171,991
For subsequent years' use for:	
Grants to agencies	1,227,507
Operations	<u>1,978,625</u>
Total net assets with donor restrictions	<u><u>\$ 23,960,397</u></u>

**UNITED WAY OF THE CAPITAL REGION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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 year ended June 30, 2024 as follows:

Time restrictions expired, used for grants to agencies and operations in subsequent year	<u>\$ 3,951,267</u>
Purpose restrictions accomplished:	
Legacy Fund annual gift	5,214
Community initiatives	<u>1,036,880</u>
	<u>1,042,094</u>
	<u>\$ 4,993,361</u>

15. Subsequent events:

The Organization has evaluated subsequent events through September 10, 2024, the date the financial statements were available to be issued.

**UNITED WAY OF THE CAPITAL REGION AND
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CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

(See independent auditor's report)

	United Way	Foundation	Elimination	Consolidated
ASSETS				
Cash and cash equivalents	\$ 1,390,554	\$ 360,687		\$ 1,751,241
United Way investments	8,977,205			8,977,205
Foundation investments		6,595,958		6,595,958
Pledges receivable, net	2,651,249			2,651,249
Other receivables and prepaid expenses	235,672	14,506		250,178
Land, building and equipment, net	1,200,593			1,200,593
Cash surrender value of life insurance policies		73,021		73,021
Beneficial interests held by third parties	14,142,214			14,142,214
Total assets	\$ 28,597,487	\$ 7,044,172		\$ 35,641,659
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 637,958			\$ 637,958
Accrued:				
Expenses	22,789	\$ 720		23,509
Payroll	50,441			50,441
Vacation	76,527			76,527
Designations payable	2,531,902			2,531,902
Processed pledges payable	172,236			172,236
Total liabilities	3,491,853	720		3,492,573
Net assets:				
Without donor restrictions	6,459,924	1,728,765		8,188,689
With donor restrictions	18,645,710	5,314,687		23,960,397
Total net assets	25,105,634	7,043,452		32,149,086
Total liabilities and net assets	\$ 28,597,487	\$ 7,044,172		\$ 35,641,659

See notes to consolidated financial statements.

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

CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(See independent auditor's report)

	United Way			Foundation			Eliminations	Consolidated
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total		
Public support and revenue:								
Contributions to active campaigns	\$ 100,826	\$ 8,473,159	\$ 8,573,985					\$ 8,573,985
Less:								
Donor designations	(5,214)	(3,964,830)	(3,970,044)				\$ 5,214	(3,964,830)
Provision for uncollectibles		(273,084)	(273,084)					(273,084)
Net campaign revenue	95,612	4,235,245	4,330,857				5,214	4,336,071
Perpetual trust income	756,216		756,216	\$ 55,630		\$ 55,630	(202,108)	609,738
Other United Way designations	32,869	4,251	37,120					37,120
Bequests and other contributions				5,214		5,214	(5,214)	
Grants	209,991	61,000	270,991				(101,560)	169,431
Donated goods	65,835		65,835					65,835
Donated advertising and services	145,434		145,434					145,434
Investment income	326,745		326,745	114,830		114,830		441,575
Realized gain on investments	91,580		91,580	186,795		186,795		278,375
Unrealized gain loss on investments	301,626	1,337,939	1,639,565	280,277		280,277		1,919,842
Other revenue	253,786	3,000	256,786					256,786
Net assets released from restriction:								
Expiration of:								
Time restriction	3,951,267	(3,951,267)						
Purpose restriction	1,036,880	(1,036,880)		5,214	\$ (5,214)			
Total public support and revenue	7,267,841	653,288	7,921,129	647,960	(5,214)	642,746	(303,668)	8,260,207

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**UNITED WAY OF THE CAPITAL REGION AND
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CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2024
(See independent auditor's report)

	United Way			Foundation			Eliminations	Consolidated
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total		
Functional expenses:								
Program services	\$ 4,757,224		\$ 4,757,224	\$ 303,668		\$ 303,668	\$ (303,668)	\$ 4,757,224
Fundraising	1,244,435		1,244,435					1,244,435
Organizational administration	1,006,127		1,006,127					1,006,127
Total functional expenses	7,007,786		7,007,786	303,668		303,668	(303,668)	7,007,786
Changes in net assets	260,055	\$ 653,288	913,343	344,292	\$ (5,214)	339,078		1,252,421
Net assets:								
Beginning of year	6,199,869	17,992,422	24,192,291	1,384,473	5,319,901	6,704,374		30,896,665
End of year	\$ 6,459,924	\$ 18,645,710	\$ 25,105,634	\$ 1,728,765	\$ 5,314,687	\$ 7,043,452	\$ -	\$ 32,149,086

See notes to consolidated financial statements.