

**LYCOMING COUNTY UNITED WAY, INC.**  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2022 AND 2021

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	2-3
FINANCIAL STATEMENTS:	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6-9
Statements of Cash Flows	10
Notes to Financial Statements	11-18



**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Lycoming County United Way, Inc.  
Williamsport, Pennsylvania:

**Opinion**

We have audited the accompanying financial statements of Lycoming County United Way, Inc. (a Pennsylvania nonprofit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lycoming County United Way, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lycoming County United Way, Inc. 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 Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lycoming County United Way, Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lycoming County United Way, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those 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.

*Larson, Kellett & Associates, P.C.*

Montoursville, Pennsylvania  
March 6, 2023

**LYCOMING COUNTY UNITED WAY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	2022	2021
<u>ASSETS</u>		
Cash and cash equivalents	\$ 607,951	\$ 572,309
Pledges receivable, net	72,597	127,360
Prepaid expense	6,769	5,958
Investments	677,954	1,866,743
Beneficial interest in assets held by First Community Foundation of Pennsylvania	1,295,086	548,567
Equipment, furniture and leasehold improvements, net	<u>30,261</u>	<u>26,057</u>
<b>TOTAL ASSETS</b>	<b><u>\$2,690,618</u></b>	<b><u>\$3,146,994</u></b>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 43,397	\$ 40,064
Accrued payroll and payroll taxes withheld	13,266	10,387
Community impact grants payable	34,273	37,167
Donor designations payable	1,093	841
Refundable advances	<u>466</u>	<u></u>
Total liabilities	<u>92,495</u>	<u>88,459</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated	2,213,726	2,694,399
Board designated:		
Community Building	82,811	82,811
Wellsboro Area United Fund	<u>35,748</u>	<u>35,748</u>
Total without donor restrictions	<u>2,332,285</u>	<u>2,812,958</u>
With donor restrictions:		
Time and purpose restrictions	31,686	11,425
Perpetuity	<u>234,152</u>	<u>234,152</u>
Total with donor restrictions	<u>265,838</u>	<u>245,577</u>
Total net assets	<u>2,598,123</u>	<u>3,058,535</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$2,690,618</u></b>	<b><u>\$3,146,994</u></b>

See Notes to Financial Statements

**LYCOMING COUNTY UNITED WAY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>		
Campaign revenue applicable to current year:		
Contributions received - current year	\$ 822,015	\$ 935,651
Contributions received in prior year (released from restriction)	11,425	27,529
Less provision for uncollectible pledges	<u>(11,252)</u>	<u>(82,582)</u>
Total campaign revenue applicable to current year	822,188	880,598
Federal and state grants	153,114	236,114
Other grants and contributions	102,889	163,940
Program fees	600	4,032
Investment return, net	(338,434)	545,694
Donated goods and services	35,412	87,011
Reimbursed expenses	<u>                    </u>	<u>350</u>
Total revenues, gains and other support	<u>775,769</u>	<u>1,917,739</u>
<b>ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES:</b>		
Program services:		
Community impact grants	554,651	573,858
Federal and state grants	137,803	214,001
Funds distribution	111,026	85,809
Marketing/communications	<u>61,288</u>	<u>82,116</u>
Total program services	<u>864,768</u>	<u>955,784</u>
Supporting services:		
Management and general	213,351	156,439
Resource development	<u>178,323</u>	<u>204,155</u>
Total supporting services	<u>391,674</u>	<u>360,594</u>
Total allocations and other functional expenses	<u>1,256,442</u>	<u>1,316,378</u>
Change in net assets without donor restrictions	<u>(480,673)</u>	<u>601,361</u>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Campaign revenue applicable to next allocation year:		
Pledges received - next allocation year	31,686	11,425
Contributions received in prior year (released from restriction)	<u>(11,425)</u>	<u>(27,529)</u>
Change in net assets with donor restrictions	<u>20,261</u>	<u>(16,104)</u>
CHANGE IN NET ASSETS	(460,412)	585,257
NET ASSETS, BEGINNING	<u>3,058,535</u>	<u>2,473,278</u>
NET ASSETS, ENDING	<u>\$2,598,123</u>	<u>\$3,058,535</u>

See Notes to Financial Statements

**LYCOMING COUNTY UNITED WAY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	COMMUNITY IMPACT GRANTS	FEDERAL AND STATE GRANTS	FUNDS DISTRIBUTION	MARKETING/ COMMUNICATIONS	TOTAL PROGRAM SERVICES
Allocations	<u>\$ 554,651</u>	<u>\$ 137,803</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 692,454</u>
Community and agency services provided by the United Way:					
Salaries			53,975	12,165	66,140
Employee benefits			12,848	2,896	15,744
Payroll taxes	<u>_____</u>	<u>_____</u>	<u>4,006</u>	<u>903</u>	<u>4,909</u>
Total personnel	<u>_____</u>	<u>_____</u>	<u>70,829</u>	<u>15,964</u>	<u>86,793</u>
Professional fees			7,328	37,917	45,245
Materials and supplies			4,928	1,111	6,039
Telephone			2,105	475	2,580
Postage and shipping			923	208	1,131
Occupancy			8,578	1,933	10,511
Rental and maintenance of equipment			1,244	280	1,524
Printing and publications			8,764	1,975	10,739
Local staff travel			418	94	512
Local meetings and conferences			1,630	367	1,997
Membership dues			258	58	316
Miscellaneous			260	59	319
National and state dues					
Liability insurance					
Depreciation			1,350	304	1,654
Credit card fees			2,411	543	2,954
Special events					
In-kind expenses	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
Total other	<u>_____</u>	<u>_____</u>	<u>40,197</u>	<u>45,324</u>	<u>85,521</u>
<b>TOTAL</b>	<u><b>\$ 554,651</b></u>	<u><b>\$ 137,803</b></u>	<u><b>\$ 111,026</b></u>	<u><b>\$ 61,288</b></u>	<u><b>\$ 864,768</b></u>

See Notes to Financial Statements

**LYCOMING COUNTY UNITED WAY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	MANAGEMENT AND GENERAL	RESOURCE DEVELOPMENT	TOTAL SUPPORTING SERVICES	COMBINED TOTAL 2022
Allocations	\$ _____	\$ _____	\$ _____	\$ 692,454
Community and agency services provided by the United Way:				
Salaries	92,581	20,180	112,761	178,901
Employee benefits	22,038	4,804	26,842	42,586
Payroll taxes	<u>6,871</u>	<u>1,498</u>	<u>8,369</u>	<u>13,278</u>
Total personnel	<u>121,490</u>	<u>26,482</u>	<u>147,972</u>	<u>234,765</u>
Professional fees	12,570	17,740	30,310	75,555
Materials and supplies	8,453	1,843	10,296	16,335
Telephone	3,612	787	4,399	6,979
Postage and shipping	1,584	345	1,929	3,060
Occupancy	14,714	3,207	17,921	28,432
Rental and maintenance of equipment	2,134	465	2,599	4,123
Printing and publications	15,032	3,277	18,309	29,048
Local staff travel	717	156	873	1,385
Local meetings and conferences	2,796	609	3,405	5,402
Membership dues	442	96	538	854
Miscellaneous	446	97	543	862
National and state dues	21,957		21,957	21,957
Liability insurance	954		954	954
Depreciation	2,315	505	2,820	4,474
Credit card fees	4,135	901	5,036	7,990
Special events		86,401	86,401	86,401
In-kind expenses	<u>          </u>	<u>35,412</u>	<u>35,412</u>	<u>35,412</u>
Total other	<u>91,861</u>	<u>151,841</u>	<u>243,702</u>	<u>329,223</u>
TOTAL	<u>\$213,351</u>	<u>\$ 178,323</u>	<u>\$391,674</u>	<u>\$1,256,442</u>

See Notes to Financial Statements



**LYCOMING COUNTY UNITED WAY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	COMMUNITY IMPACT GRANTS	FEDERAL AND STATE GRANTS	FUNDS DISTRIBUTION	MARKETING/ COMMUNICATIONS	TOTAL PROGRAM SERVICES
Allocations	<u>\$573,858</u>	<u>\$214,001</u>	\$	\$	<u>\$787,859</u>
Community and agency services provided by the United Way:					
Salaries			23,195	30,867	54,062
Employee benefits			5,459	7,265	12,724
Payroll taxes	_____	_____	<u>1,725</u>	<u>2,295</u>	<u>4,020</u>
Total personnel	_____	_____	<u>30,379</u>	<u>40,427</u>	<u>70,806</u>
Professional fees			2,904	31,864	34,768
Materials and supplies			891	1,185	2,076
Telephone			761	1,013	1,774
Postage and shipping			228	303	531
Occupancy			2,305	3,067	5,372
Rental and maintenance of equipment			338	449	787
Printing and publications			790	1,050	1,840
Local staff travel			11	15	26
Local meetings and conferences			27	35	62
Membership dues			142	189	331
Miscellaneous			626	834	1,460
Interest			3	4	7
National and state dues					
Liability insurance					
Depreciation			543	722	1,265
Credit card fees			721	959	1,680
Crisis response			45,140		45,140
Special events					
In-kind expenses	_____	_____	_____	_____	_____
Total other	_____	_____	<u>55,430</u>	<u>41,689</u>	<u>97,119</u>
<b>TOTAL</b>	<u><b>\$573,858</b></u>	<u><b>\$214,001</b></u>	<u><b>\$85,809</b></u>	<u><b>\$82,116</b></u>	<u><b>\$955,784</b></u>

See Notes to Financial Statements

**LYCOMING COUNTY UNITED WAY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	MANAGEMENT AND GENERAL	RESOURCE DEVELOPMENT	TOTAL SUPPORTING SERVICES	COMBINED TOTAL 2020
Allocations	\$ _____	\$ _____	\$ _____	\$ 787,859
Community and agency services provided by the United Way:				
Salaries	78,194	62,985	141,179	195,241
Employee benefits	18,403	14,823	33,226	45,950
Payroll taxes	<u>5,814</u>	<u>4,684</u>	<u>10,498</u>	<u>14,518</u>
Total personnel	<u>102,411</u>	<u>82,492</u>	<u>184,903</u>	<u>255,709</u>
Professional fees	9,788	8,884	18,672	53,440
Materials and supplies	3,002	2,418	5,420	7,496
Telephone	2,566	2,067	4,633	6,407
Postage and shipping	769	619	1,388	1,919
Occupancy	7,770	6,259	14,029	19,401
Rental and maintenance of equipment	1,138	917	2,055	2,842
Printing and publications	2,662	2,144	4,806	6,646
Local staff travel	39	31	70	96
Local meetings and conferences	90	72	162	224
Membership dues	480	386	866	1,197
Miscellaneous	2,112	1,701	3,813	5,273
Interest	9	8	17	24
National and state dues	18,439		18,439	18,439
Liability insurance	905		905	905
Depreciation	1,829	1,474	3,303	4,568
Credit card fees	2,430	1,958	4,388	6,068
Crisis response				45,140
Special events		5,714	5,714	5,714
In-kind expenses	<u>                    </u>	<u>87,011</u>	<u>87,011</u>	<u>87,011</u>
Total other	<u>54,028</u>	<u>121,663</u>	<u>175,691</u>	<u>272,810</u>
<b>TOTAL</b>	<b><u>\$156,439</u></b>	<b><u>\$204,155</u></b>	<b><u>\$360,594</u></b>	<b><u>\$1,316,378</u></b>

See Notes to Financial Statements

**LYCOMING COUNTY UNITED WAY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$(460,412)	\$ 585,257
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,474	4,568
Investment (gain) loss	145,028	(402,828)
Increase (decrease) in allowance for uncollectible pledges	(81,874)	30,752
Change in:		
Pledges receivable, net	136,637	76,939
Prepaid expense	(811)	(2,909)
Accounts payable	3,333	(12,000)
Accrued payroll and payroll taxes withheld	2,879	(2,129)
Community impact grants payable	(2,894)	(24,586)
Donor designations payable	252	(25,584)
Refundable advances	466	(87,090)
Net cash provided (used) by operating activities	<u>(252,922)</u>	<u>140,390</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(290,998)	(451,411)
Purchase of equipment and furniture and fixtures	(8,678)	(4,970)
Proceeds from sale of investments	1,334,759	516,122
Increase in beneficial interest in assets held by First Community Foundation of Pennsylvania, net	<u>(746,519)</u>	<u>(106,155)</u>
Net cash provided (used) by investing activities	<u>288,564</u>	<u>(46,414)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,642	93,976
CASH AND CASH EQUIVALENTS, BEGINNING	<u>572,309</u>	<u>478,333</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 607,951</u>	<u>\$ 572,309</u>

See Notes to Financial Statements

**1. GENERAL:**

Lycoming County United Way, Inc. (Organization) was organized as a nonprofit organization for the purpose of raising funds to distribute to charitable organizations.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

- **Net Assets without Donor Restrictions** - Net assets that are not subject to donor-imposed restrictions and are available for use in the Organization's ongoing operations, including funds designated by the Board of Trustees.
- **Net Assets with Donor Restrictions** - Net assets subject to donor-imposed restrictions that either expire by passage of time, can be fulfilled and removed by action of the Organization pursuant to those restrictions, and/or upon receipt of funding or passage of date upon which funds were due.

**Contributions and Refundable Advances**

Contributions are classified as either conditional or unconditional. Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received. Unconditional contributions are recorded as either with donor restriction or without donor restrictions. Conditional contributions are subject to one or more barriers that must be overcome before the Organization is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when conditions have been met. Funding received before conditions are met is reported as refundable advances.

Contributions are recognized as contributions with donor restrictions if they are restricted for future periods or donor-restricted for specific purposes. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the 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 restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue.

**LYCOMING COUNTY UNITED WAY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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**Investments**

Investments in marketable securities with readily determinable fair values are valued at their fair value in the statements of financial position. Unrealized gains and losses are included as increases or decreases in net assets. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. See Note 6 for a discussion on fair value measurements.

For purposes of determining realized gain or loss on sale, the cost of securities sold is determined by using the specific identification method.

**Pledges Receivable and Uncollectible Pledges**

Pledges receivable are stated net of an allowance for uncollectible pledges, which was \$54,751 and \$136,625 at June 30, 2022 and 2021, respectively. Pledges receivable are written off against the allowance account when they are deemed to be uncollectible. The allowance account is revised periodically based upon a review of its adequacy by the Organization's management.

**Equipment, Furniture and Leasehold Improvements and Depreciation**

Equipment, furniture and leasehold improvements purchases are stated at cost. Donated assets are recorded at their estimated fair value at the date of donation. If donors stipulate how long the assets must be used, then the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of equipment, furniture and leasehold improvements are recorded as support without donor restrictions.

Depreciation of equipment, furniture and leasehold improvements is provided using the straight-line method over the estimated useful lives of the assets.

**Donated Goods and Services**

The Organization recognizes donated goods and services in the accompanying statements of activities at their estimated value at the date of receipt. Donated goods and services consist primarily of advertising services and rent. Advertising services and rent are valued based on third-party estimates using billing rates in like circumstances. Additionally, a substantial number of volunteers have donated significant amounts of their time providing the Organization's services, where no value has been determined.

Donated goods and services for the fiscal year ended June 30, 2022 and 2021, included in the financial statements, were as follows:

	<u>2022</u>	<u>2021</u>
Media	\$26,732	\$78,331
Rent	<u>8,680</u>	<u>8,680</u>
Total	<u>\$35,412</u>	<u>\$87,011</u>

**LYCOMING COUNTY UNITED WAY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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**Leasing**

The Organization leases office space and parking spaces under an operating lease arrangement (See Note 9).

**Functional Expenses**

Functional expenses have been allocated between program services and supporting services based on an analysis of personnel time for the related activities.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual results could differ from those estimates. A material estimate that is susceptible to significant change relates to the determination of the adequacy of the allowance for uncollectible pledges. Management believes that the allowance for uncollectible pledges is adequate. While management uses available information to determine the allowance, changes in economic conditions may require revisions of the estimate in future years.

**Fair Value of Financial Instruments**

The Organization's financial instruments consist of cash and cash equivalents, pledges receivable, investments and accounts payable. The carrying value of these financial instruments approximate their fair value at June 30, 2022 and 2021.

**Income Taxes**

The Organization is a not-for-profit corporation as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2022 or 2021.

The Organization's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in expense.

**Cash Flows**

For purposes of the statements of cash flows, the Organization considers all short-term investments purchased with an original maturity of three months or less to be cash and cash equivalents.

**LYCOMING COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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**Recent Accounting Standards to be Adopted**

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASUs):

- ASU 2016-02, *Leases (Topic 842)*, and subsequent updates, effective for fiscal years beginning after December 15, 2021. The Organization has not determined the effect of the adoption of this standard and the financial statements.

**Recent Accounting Standards Adopted**

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 increases transparency of contributed nonfinancial assets for not-for-profit entities by enhancing presentation and disclosure. This ASU requires contributed nonfinancial assets to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. This ASU also requires disclosure of a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial asset. The Organization adopted ASU 2020-07 on July 1, 2021. The Organization's adoption of the ASU did not have a material effect on the financial statements.

**3. PLEDGES RECEIVABLE:**

Pledges receivable consisted of the following unconditional promises to give as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year:		
Prior campaigns	\$ 19,330	\$ 94,671
Current year campaign	<u>108,018</u>	<u>169,314</u>
Gross unconditional pledges	127,348	263,985
Less allowance for uncollectible pledges	<u>54,751</u>	<u>136,625</u>
Pledges receivable, net	<u>\$ 72,597</u>	<u>\$127,360</u>

**4. INVESTMENTS:**

Investments at fair value by major category consisted of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Mutual funds	<u>\$677,954</u>	<u>\$1,866,743</u>

**LYCOMING COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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The following schedule summarizes the net investment return in the statements of activities:

	<u>2022</u>	<u>2021</u>
<u>Unrestricted</u>		
Interest and dividends	\$ 34,729	\$ 29,663
Increase (decrease) in beneficial interest in assets held by First Community Foundation of Pennsylvania	(211,201)	128,965
Net realized and unrealized gain (loss) on investments	(145,028)	402,828
Investment expenses	<u>(16,934)</u>	<u>(15,762)</u>
Total investment return, net	<u>\$(338,434)</u>	<u>\$545,694</u>

**5. BENEFICIAL INTEREST IN ASSETS HELD BY FIRST COMMUNITY FOUNDATION OF PENNSYLVANIA:**

The Organization transferred net assets with donor restrictions and donor contributed funds to the First Community Foundation of Pennsylvania (Foundation). The Foundation maintains and administers these funds solely for the benefit of the Organization; however, the Foundation has been granted variance power to modify any restriction on these funds.

The Foundation is required to distribute annually all or part of the income earned on these funds as the Foundation deems reasonable and proper, after consultation with the Organization. Principal may be distributed upon request by the Organization, approval by the Foundation and in accordance with the donor's original restrictions.

The cumulative amount recognized in the statements of financial position as beneficial interest in assets held by the Foundation totaled \$1,295,086 and \$548,567 at June 30, 2022 and 2021, respectively, as valued by the Foundation.

**6. FAIR VALUE MEASUREMENTS:**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements). The three levels of the fair value hierarchy are described as follows:

Level I: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level II: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.



**LYCOMING COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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If the asset or liability has a specified (contractual) term, the Level II input must be observable for substantially the full term of the asset or liability.

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

*Mutual funds:* Valued at the net asset value (NAV) of shares held by the Organization at year end. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*Beneficial interest in assets held by others:* Fair value as determined by the custodian.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

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

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual funds	\$ 677,954			\$ 677,954
Beneficial interest in assets held by First Community Foundation of Pennsylvania	_____	_____	\$1,295,086	<u>1,295,086</u>
Total	<u>\$ 677,954</u>	<u>\$ _____</u>	<u>\$1,295,086</u>	<u>\$1,973,040</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual funds	\$1,866,743			\$1,866,743
Beneficial interest in assets held by First Community Foundation of Pennsylvania	_____	_____	\$ 548,567	<u>548,567</u>
Total	<u>\$1,866,743</u>	<u>\$ _____</u>	<u>\$ 548,567</u>	<u>\$2,415,310</u>

**LYCOMING COUNTY UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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Changes in fair value measurements for Level III financial assets for the years ended June 30, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Beginning of year	\$ 548,567	\$442,412
Contributions	1,000,000	
Settlements	(34,592)	(16,687)
Investment return, net of fees of \$6,465 in 2022 and \$6,124 in 2021	<u>(218,889)</u>	<u>122,842</u>
End of year	<u>\$1,295,086</u>	<u>\$548,567</u>

**7. EQUIPMENT, FURNITURE AND LEASEHOLD IMPROVEMENTS:**

Equipment, furniture and leasehold improvements at June 30, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Equipment	\$21,418	\$20,269
Furniture	3,633	3,633
Leasehold improvements	<u>22,000</u>	<u>22,000</u>
Total	47,051	45,902
Less accumulated depreciation	<u>16,790</u>	<u>19,845</u>
Equipment, furniture and leasehold improvements, net	<u>\$30,261</u>	<u>\$26,057</u>

Depreciation expense included in the statements of functional expenses amounted to \$4,474 and \$4,568 for the years ended June 30, 2022 and 2021, respectively.

**8. EMPLOYEE BENEFIT PLAN:**

The Organization maintains a tax deferred annuity benefit plan covering all eligible employees. Contributions to the plan amounted to \$14,292 and \$17,857 for the years ended June 30, 2022 and 2021, respectively.

**9. COMMITMENT:**

The Organization leases office space and parking spaces under a non-cancellable lease arrangement which expires June 30, 2023. Rent expense totaled \$25,008 and \$24,880 for the years ended June 30, 2022, and 2021, respectively.

The following schedule represents future minimum rental payments required under the operating lease:

2023	<u>\$12,000</u>
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**LYCOMING COUNTY UNITED WAY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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**10. RISKS, UNCERTAINTIES AND CONCENTRATIONS:**

The Organization has concentrated its credit risk for cash by maintaining deposits in two financial institutions. The maximum loss that would result from that risk at June 30, 2022 and 2021 totaled \$372,245 and \$324,062 for the excess of the deposit liabilities reported by the institutions over the amounts that are insured by the Federal Deposit Insurance Corporation.

**11. CONTINGENT LIABILITY - GRANTS:**

The Organization receives grants from federal, state and local governments. Subsequent audits may disallow expenditures financed by governmental grant programs. It is the opinion of management that requests for reimbursement, if any, by either the federal, state, or local government based on subsequent audits will not be material in relation to the Organization's financial statements as of June 30, 2022.

**12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The Organization manages its liquidity by managing its working capital.

Financial assets available for general expenditure at June 30, 2022 and 2021, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are comprised of the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 607,951	\$ 572,309
Pledges receivable, net	72,597	127,360
Prepaid expenses	6,769	5,958
Investments	677,954	1,866,743
Less financial assets not available for general expenditure:		
Amounts donor designated	(1,093)	(841)
Board designated	<u>(118,559)</u>	<u>(118,559)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$1,245,619</u>	<u>\$2,452,970</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization manages its cash available to meet general expenditures following these guiding principles:

- Operating with a prudent range of financial soundness and stability.
- Sustaining adequate liquid assets.

**13. SUBSEQUENT EVENTS:**

Subsequent events have been evaluated through March 6, 2023, which is the date the financial statements were available to be issued.