



United Way of the Southern Alleghenies

FINANCIAL REPORT

June 30, 2024 and 2023



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Analyzing Yesterday. Adjusting Today. Planning Tomorrow.

UNITED WAY OF THE SOUTHERN ALLEGHENIES

FINANCIAL REPORT
June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of the Southern Alleghenies
Johnstown, Pennsylvania

Opinion

We have audited the accompanying financial statements of the United Way of the Southern Alleghenies (formerly, the United Way of the Laurel Highlands), (a non-profit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 the United Way of the Southern Alleghenies (formerly, the United Way of the Laurel Highlands) as of June 30, 2024 and 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe 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. Management is also responsible 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement 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 GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baines A. Ly, P.C.

Johnstown, Pennsylvania

May 14, 2025

UNITED WAY OF THE SOUTHERN ALLEGHENIES

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,234,348	\$ 979,603
Campaign pledges receivable, net of allowance for uncollectible pledges	158,111	137,354
Pledge receivable	250,000	500,000
Other receivables	62,071	9,087
Prepaid expenses and other assets	24,581	16,343
Investments	1,326,698	1,201,995
Total current assets	3,055,809	2,844,382
Other assets		
Equipment, net of accumulated depreciation	17,411	15,402
Pledge receivable - long term	500,000	-
Total other assets	517,411	15,402
Total assets	\$ 3,573,220	\$ 2,859,784
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 54,688	\$ 24,333
Accrued vacation	64,115	17,737
Other liabilities	69,104	-
Designations payable	14,135	9,814
Deferred revenue	62,444	66,567
Total current liabilities	264,486	118,451
Total liabilities	264,486	118,451
Net Assets		
Net assets without donor restrictions	1,972,443	2,115,671
Net assets with donor restrictions	1,336,291	625,662
Total net assets	3,308,734	2,741,333
Total liabilities and net assets	\$ 3,573,220	\$ 2,859,784

See Notes to Financial Statements.

UNITED WAY OF THE SOUTHERN ALLEGHENIES

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2024**

	<u>Without Donor</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenues:			
Public support:			
Contributions:			
Campaign	\$ 749,657	\$ 750,000	\$ 1,499,657
Less provision for uncollectible pledges	(19,508)	-	(19,508)
Less donor designations	(45,808)	-	(45,808)
Net campaign contributions	<u>684,341</u>	<u>750,000</u>	<u>1,434,341</u>
Fundraising revenue, net of expenses	130,110	-	130,110
Grant revenue	192,456	535,265	727,721
Grant revenue - food pantry	247,120	-	247,120
Other support	1,657	-	1,657
Sponsorship - gift cards	3,000	-	3,000
Direct cost of gift cards	(2,100)	-	(2,100)
Total public support	<u>1,256,584</u>	<u>1,285,265</u>	<u>2,541,849</u>
Investment income (loss)	161,370	-	161,370
Administrative fee income	44,633	-	44,633
Other revenue	24,387	-	24,387
Net assets released from restrictions	574,636	(574,636)	-
Total public support and revenues	<u>2,061,610</u>	<u>710,629</u>	<u>2,772,239</u>
Expenses:			
Program services			
Funds awarded/distributed	579,370	-	579,370
Community outreach services	89,854	-	89,854
PA Department of Agriculture grant	271,921	-	271,921
Community impact	74,149	-	74,149
Grant expenses	713,643	-	713,643
Management and general	155,560	-	155,560
Fundraising - campaign	387,539	-	387,539
Total expenses	<u>2,272,036</u>	<u>-</u>	<u>2,272,036</u>
Change in net assets	(210,426)	710,629	500,203
Net assets, beginning of year	2,115,671	625,662	2,741,333
Change in net assets due to merger	67,198	-	67,198
Net assets, end of year	<u>\$ 1,972,443</u>	<u>\$ 1,336,291</u>	<u>\$ 3,308,734</u>

See Notes to Financial Statements.

UNITED WAY OF THE SOUTHERN ALLEGHENIES

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	Without Donor	With Donor Restrictions	Total
Public Support and Revenues:			
Public support:			
Contributions:			
Campaign	\$ 501,855	\$ -	\$ 501,855
Less provision for uncollectible pledges	(15,166)	-	(15,166)
Less donor designations	(26,697)	-	(26,697)
Net campaign contributions	459,992	-	459,992
Fundraising revenue, net of expenses	49,174	-	49,174
Grant revenue	385,894	10,000	395,894
Grant revenue - food pantry	241,141	-	241,141
Contributed services	1,635	-	1,635
Other support	924	-	924
Sponsorship - gift cards	3,000	-	3,000
Direct cost of gift cards	(3,120)	-	(3,120)
Total public support	1,138,640	10,000	1,148,640
Investment income (loss)	56,822	-	56,822
Administrative fee income	68,446	-	68,446
Other revenue	104,188	-	104,188
Net assets released from restrictions	509,097	(509,097)	-
Total public support and revenues	1,877,193	(499,097)	1,378,096
Expenses:			
Program services			
Funds awarded/distributed	517,807	-	517,807
Community outreach services	53,244	-	53,244
PA Department of Agriculture grant	263,170	-	263,170
Community impact	62,492	-	62,492
Grant expenses	342,363	-	342,363
Management and general	90,510	-	90,510
Fundraising - campaign	219,215	-	219,215
Total expenses	1,548,801	-	1,548,801
Change in net assets	328,392	(499,097)	(170,705)
Net assets, beginning of year	1,787,279	1,124,759	2,912,038
Net assets, end of year	\$ 2,115,671	\$ 625,662	\$ 2,741,333

See Notes to Financial Statements.

UNITED WAY OF THE SOUTHERN ALLEGHENIES
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024

	Program Services							Total
	Funds Awarded/ Distributed	Community Outreach Services	PA Dept. of Agriculture Grant	Community Impact	Grant Expense	Management and General	Fundraising - Campaign	
Salaries and wages	\$ -	\$ 44,841	\$ 13,048	\$ 44,726	\$ 198,780	\$ 104,226	\$ 194,259	\$ 599,880
Payroll taxes	-	3,854	1,076	3,338	14,066	4,933	16,545	43,812
Employee benefits	-	7,469	2,121	7,538	47,304	10,331	38,351	113,114
Office supplies and expense	-	433	274	139	10,555	843	5,722	17,966
Telephone	-	1,051	483	665	3,916	1,341	3,242	10,698
Postage	-	162	128	162	77	546	5,630	6,705
Insurance	-	743	204	590	3,051	820	2,018	7,426
Printing and publications	-	527	351	351	8,158	879	15,289	25,555
Conferences and meetings	-	151	-	30	7,561	91	272	8,105
Dues and subscriptions	-	3,695	568	1,705	1,421	6,822	17,372	31,583
Promotion	-	9,934	255	1,768	-	192	23,327	35,476
Equipment rent and repair	-	754	58	1,389	1,514	2,255	2,246	8,216
Occupancy	-	8,378	3,657	4,807	14,184	8,669	26,159	65,854
Administrative fees	-	-	19,923	-	-	-	-	19,923
Professional fees	-	4,470	1,918	6,018	37,656	7,176	18,380	75,618
Consultant	-	-	-	-	68,111	-	-	68,111
Grant administrator	-	-	-	-	6,240	-	-	6,240
Bank fees	-	141	-	141	-	4,864	543	5,689
Agency Awards and Allocations:								
Agencies	579,370	-	-	-	-	-	-	579,370
Food pantries	-	-	227,363	-	-	-	-	227,363
Travel	-	2,796	39	327	25,139	1,117	6,006	35,424
Grant distributions	-	-	-	-	265,455	-	-	265,455
Other program costs	-	-	-	-	-	-	9,901	9,901
Depreciation	-	455	455	455	455	455	2,277	4,552
Total expenses	\$ 579,370	\$ 89,854	\$ 271,921	\$ 74,149	\$ 713,643	\$ 155,560	\$ 387,539	\$ 2,272,036

See Notes to Financial Statements.

UNITED WAY OF THE SOUTHERN ALLEGHENIES
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Program Services							Total
	Funds Awarded/ Distributed	Community Outreach Services	PA Dept. of Agriculture Grant	Community Impact	Grant Expense	Management and General	Fundraising - Campaign	
Salaries and wages	\$ -	\$ 31,286	\$ 12,165	\$ 45,453	\$ 53,228	\$ 51,613	\$ 127,016	\$ 320,761
Payroll taxes	-	2,800	763	3,054	3,668	4,072	10,944	25,301
Employee benefits	-	5,707	1,556	6,226	9,673	8,301	22,309	53,772
Office supplies and expense	-	274	48	66	828	744	1,398	3,358
Telephone	-	593	495	198	495	890	2,275	4,946
Postage	-	50	94	50	25	200	2,126	2,545
Insurance	-	275	220	110	137	357	1,647	2,746
Printing and publications	-	112	74	74	37	186	3,238	3,721
Conferences and meetings	-	-	-	-	24	-	-	24
Dues and subscriptions	-	3,070	472	1,417	1,181	5,667	11,806	23,613
Promotion	-	490	66	504	-	73	4,896	6,029
Equipment rent and repair	-	445	185	854	495	1,731	1,237	4,947
Occupancy	-	5,021	3,442	1,674	1,957	5,305	17,021	34,420
Administrative fees	-	-	19,447	-	-	-	-	19,447
Professional fees	-	1,284	1,705	2,090	1,061	2,326	7,393	15,859
Consultant	-	-	-	-	47,066	-	-	47,066
Grant administrator	-	-	-	-	5,650	-	-	5,650
Bank fees	-	-	-	-	-	4,548	250	4,798
Agency Awards and Allocations:								
Agencies	517,807	-	-	-	-	-	-	517,807
Food pantries	-	-	221,904	-	-	-	-	221,904
Travel	-	1,305	2	190	10,002	3,965	2,525	17,989
Grant distributions	-	-	-	-	206,304	-	-	206,304
Other program costs	-	-	-	-	-	-	473	473
Depreciation	-	532	532	532	532	532	2,661	5,321
Total expenses	\$ 517,807	\$ 53,244	\$ 263,170	\$ 62,492	\$ 342,363	\$ 90,510	\$ 219,215	\$ 1,548,801

See Notes to Financial Statements.

UNITED WAY OF THE SOUTHERN ALLEGHENIES

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 500,203	\$ (170,705)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Merger balances assumed	67,198	-
Depreciation	4,552	5,321
Net realized and unrealized (gains) on investments	(141,770)	(28,276)
(Increase) Decrease in operating assets:		
Campaign pledges receivable	(20,757)	26,181
Other receivable	(52,984)	11,618
Prepaid expenses and other assets	(8,238)	6,699
Other pledge receivables	(250,000)	500,000
Increase (Decrease) in operating liabilities:		
Accounts payable	30,355	3,380
Accrued payroll and related liabilities	46,378	(1,448)
Other liabilities	69,104	-
Due to other agencies	4,321	(2,192)
Deferred revenue	(4,123)	7,379
Net cash provided by operating activities	244,239	357,957
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,335,072)	(1,336,466)
Proceeds from sale of investments	1,352,141	1,307,921
Purchase of equipment	(6,563)	(10,275)
Net cash provided by (used in) investing activities	10,506	(38,820)
Net increase in cash and cash equivalents	254,745	319,137
Cash and cash equivalents, beginning of year	979,603	660,466
Cash and cash equivalents, end of year	\$ 1,234,348	\$ 979,603
Non-cash items		
Donation of facilities	\$ -	\$ 1,635

See Notes to Financial Statements.

UNITED WAY OF THE SOUTHERN ALLEGHENIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Note 1: Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities, Merger and Name Change

The mission of the United Way of the Southern Alleghenies, (the "Organization"), a nonprofit voluntary health and welfare organization, is to improve lives by mobilizing the caring power of our community. The Organization builds civic infrastructure around shared community goals, with evidence-based outcomes, and collaborative actions that are sustainable. The Organization partners with many diverse individuals and organizations that come together to solve complex social problems and provide needed services in Blair, Cambria and Somerset Counties in southwestern Pennsylvania. The Organization is governed by a volunteer Board of Directors. Administrative offices are located in Johnstown, Pennsylvania with satellite offices in Duncansville and Somerset, Pennsylvania.

The Organization conducts a traditional social service fund raising program headed by the Organization's Campaign Chairperson and Campaign Committee. An annual pledge campaign is conducted in the fall of each year with the help of various Cambria, Somerset and Blair County community leaders to raise funds which are distributed to approximately twenty-five (25) social service agencies within these local counties. Funding for community programs are directed primarily towards the priority areas of (1) helping children and youth succeed, (2) strengthening and supporting family, (3) promoting self-sufficiency, (4) supporting vulnerable and aging population and (5) promoting health and wellness. The Organization also provides extensive community outreach and community impact services for health and human services that are available to residents of Cambria, Somerset and Blair counties. The Organization also receives funding from grants from governmental entities. The Organization administers several food and shelter programs for Cambria County, such as the Emergency Food and Shelter Program. The Organization will also act as an agent for funds restricted by donors for specific agencies or specific purposes.

Effective August 17, 2023, United Way of the Laurel Highlands merged with United Way of Blair County. The merged organization was renamed United Way of the Southern Alleghenies.

Basis of Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and are available for use in United Way's ongoing operations, including funds designated by the Board of Directors.

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 United Way pursuant to those restrictions, and/or upon receipt of funding or passage of date upon which funds were due. This category also includes net assets subject to donor-imposed restrictions that the principal be maintained permanently by the United Way and generally allow the use of investment earnings.

UNITED WAY OF THE SOUTHERN ALLEGHENIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Note 1: Nature of Activities and Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions or designated for future periods. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expenses are reported as decreases in net assets without donor restrictions. Contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as net assets with donor restrictions. When donor-imposed time restrictions expire, or a donor-imposed purpose restriction is fulfilled, the net assets with donor restrictions are released to net assets without donor restrictions. These satisfactions of donor-imposed restrictions are reported as net assets released from restrictions on the statement of activities. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting year in which the support is recognized. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions of assets other than cash, such as equipment, are recorded at their estimated fair value at the date of donation. Grant awards are classified as deferred revenue until expended for the purposes of the grant.

Annual campaigns are conducted in the fall of each year to raise support for charitable distributions. An unconditional promise to give is recognized as revenue at the time of the pledge, net of an allowance for unfilled pledges. These contributions to the annual campaign, which are in the form of cash and pledges, are recorded as support when the cash or pledges are received and are considered to be available with no restrictions unless specifically restricted by the donor.

Donors have the option to designate all or part of their contribution to a specific organization. In accordance with current accounting standards, these transactions are not reported in the statement of activities as revenue and expenses but are included in the total campaign amounts raised on the statement of activities and then deducted as amounts designated to other organizations (donor designation) before arriving at net current year campaign contributions. The collection of these contributions and distribution to donor specified agencies or other regional United Way Organizations are transactions in which the Organization is acting as an intermediary. Amounts designated are recorded as "designations payable" until paid to the designated charitable organizations.

The Organization employs a grant writer to secure grants for the Organization and other non-profit organizations serving Cambria and Somerset Counties. Other than management fees, grants awarded directly to these non-profit organizations are not reflected within these financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Money market funds, held as a portion of the Organization's investment portfolio, are classified as investments and are not considered to be cash equivalents for purposes of the statement of cash flows.

UNITED WAY OF THE SOUTHERN ALLEGHENIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Note 1: Nature of Activities and Summary of Significant Accounting Policies (continued)

Pledges Receivable

Unconditional promises to give are recognized as revenue in the period received and when the conditions on which they depend have been substantially met. Campaign pledge receivables are generally paid within one year of being recorded. Allowances for uncollectible pledges are provided for each campaign currently opened based on the Organization's recent collection history and consideration of the general economy for the local region. The allowances are adjusted at the end of each period to reflect management's current estimate of collectability. The ability of the Organization's contributors to continue contributing amounts comparable with prior years is dependent upon current and future economic conditions within the local and national economies.

Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The resulting discounts on those amounts are computed using a risk-free interest rate as of the date of the pledge and are reported as contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the gift becomes unconditional.

Investments

Debt and equity securities with readily determinable fair values purchased for investments are recorded at fair value based upon quoted market prices in the statements of financial position. Gains and losses (including unrealized gains and losses) are reported as an increase or decrease in net assets without donor restrictions in the statements of activities unless their use is restricted by explicit donor stipulations or law, in which case they are reported as increases or decreases in net assets with donor restrictions. Investment income is presented net of investment advisory and custodial fees.

Equipment and Depreciation

Equipment is stated at cost at the date of acquisition or fair value if the equipment is donated. Maintenance and repairs which are not considered to extend the useful life of assets are charged to operations as incurred. Depreciation of equipment is provided on a straight-line basis over the estimated useful lives of the assets, as follows:

Office furniture and equipment	3-10 years
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Accrued Vacation

A liability amounting to \$64,115 and \$17,737 was recorded as of June 30, 2024 and 2023, respectively. This liability represents the value of vacation time earned by employees but not yet used as of June 30, 2024 and 2023.

UNITED WAY OF THE SOUTHERN ALLEGHENIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Note 1: Nature of Activities and Summary of Significant Accounting Policies (continued)

Income Tax Status

The Organization is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes is included in the accompanying financial statements. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization's tax returns for the years 2021 and forward are open to examination by federal and state authorities.

Concentration of Credit Risk

Campaign pledges receivable are primarily from individuals and businesses in Blair, Cambria and Somerset Counties of Pennsylvania. Concentration of credit risk is limited due to the large number of donors comprising the Organization's donor base. Other pledge receivable recorded on the statements of financial position, totaling \$250,000 and \$500,000 as of June 30, 2024 and 2023, respectively, is from a single organization. A significant reduction in this level of support may have a significant effect on the Organization's programs and activities. See Note 3 for further discussion of this pledge receivable. This pledge was renewed in 2024 for \$250,000 per year for three years.

Financial instruments which potentially subject the Organization to concentrations of credit risk include bank deposits in excess of the Federal Deposit Insurance Corporation ("FDIC") limits. The Organization mitigates its risk by investing with reputable commercial institutions with satisfactory credit ratings. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk therein. The Organization maintains its cash deposits with various local financial institutions. The Organization had uninsured cash deposits of \$561,528 and \$474,348 as of June 30, 2024 and 2023, respectively. Throughout the year, account balances may at times exceed FDIC insured limits.

Advertising

The cost of advertising is expensed when incurred. Advertising/promotion expense was \$20,027 and \$2,703 for the years ending June 30, 2024 and 2023, respectively.

UNITED WAY OF THE SOUTHERN ALLEGHENIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Note 1: Nature of Activities and Summary of Significant Accounting Policies (continued)

Donated Services and In-Kind Donation

Donated services are recognized as contributions in accordance with generally accepted accounting principles, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. The Organization did not receive any donated services during the years ended June 30, 2024 and 2023 that requires recognition. The Organization is provided office space free of charge for offices located in Somerset through December 31, 2022. The statement of activities for the years ended June 30, 2024 and 2023 reflect in-kind contributions and occupancy expense in the amount of \$0 and \$1,635, respectively, for this office space.

A substantial number of community volunteers donated significant amounts of their time and performed a variety of tasks that assist the Organization in campaign solicitations and in fulfilling their program and supporting services throughout the year. However, these services are not recognized as contributions in the financial statements since the recognition criteria under current accounting standards were not met.

Expense Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses are charged to each program based on direct expenditures incurred. Salaries, fringe benefits and other program expenditures not directly chargeable to a program are allocated to program services, management and general and fundraising expense categories in proportion to the time worked and travel incurred in activities related to each category, based on periodic time and expense studies. Allocations to member agencies are recorded when paid.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

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 that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to fair value measurements, the recording of pledges receivable and the allowance for uncollectible pledges receivable, the recording of designations payable and the allocation of functional expenses.

UNITED WAY OF THE SOUTHERN ALLEGHENIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Note 1: Nature of Activities and Summary of Significant Accounting Policies (continued)

Risks and Uncertainties

The Organization's investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is at least possible that changes in risk in the near term could materially affect investment balances as reported in the statements of financial position and the statements of activities.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the audit report, which is the date the financial statements were available to be issued. This evaluation determined there are no subsequent events to be disclosed.

Note 2: Campaign Pledges Receivable

Campaign pledges receivable and the related allowances for uncollectible pledges are as follows as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Pledges receivable – 2023 campaign year	\$ 197,076	\$ -
Pledges receivable – 2022 campaign year	23,035	164,392
Pledges receivable – 2021 campaign year	<u>-</u>	<u>18,462</u>
	220,111	182,854
Less: allowance for uncollectible pledges	<u>(62,000)</u>	<u>(45,500)</u>
Total pledges receivable, net	<u>\$ 158,111</u>	<u>\$ 137,354</u>

Campaign pledges receivable are not discounted for those pledges received in excess of one year from the date recorded because collections are normally expected within one year of the pledge date.

The Organization's annual pledge campaign will typically start in early fall of each year. During the Organization's fiscal year, three pledge campaign years may receive cash collections.

UNITED WAY OF THE SOUTHERN ALLEGHENIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Note 3: Pledge Receivable

Pledge receivable consists of an unconditional promise from the 1889 Foundation, payable on a three-year rolling period of \$500,000 through June 30, 2024. A payment of \$500,000 was received for the year ending June 30, 2024 and 2023 and was included in campaign contributions on the statements of activities for the year ended June 30, 2022. The remaining \$500,000 will be received in the year ended June 30, 2024. The 1889 Foundation pledge was renewed in January 2024 for \$250,000 per year for each of the three years ending June 30, 2025 through June 30, 2027. This pledge is included in campaign contributions on the statements of activities for the year ended June 30, 2024.

Note 4: Long-Term Investments and Fair Value Measurements

Investments are summarized as follows as of June 30, 2024 and 2023:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 18,472	\$ 18,472	\$ 25,361	\$ 25,361
Fixed income securities	472,852	471,836	482,564	466,724
Common trust fund	140,758	161,869	131,334	147,145
Equity securities	<u>538,353</u>	<u>674,521</u>	<u>492,031</u>	<u>562,765</u>
	<u>\$ 1,170,435</u>	<u>\$ 1,326,698</u>	<u>\$ 1,131,290</u>	<u>\$ 1,201,995</u>

Equity securities consist of mutual funds and are invested in both domestic and international equities. Fixed income securities consist principally of mutual funds invested in United States Treasury and Agency obligations and corporate bonds. The common trust fund holds a combination of equity and fixed income securities.

The following schedule reflects net investment income for the years ending June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 34,199	\$ 37,877
Investment fees	(10,175)	(9,331)
Net realized and unrealized gains (losses)	<u>137,346</u>	<u>28,276</u>
Total investment income (loss)	<u>\$ 161,370</u>	<u>\$ 56,822</u>

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes criteria to be considered when measuring fair value and summarizes disclosures about fair value measurements required to be presented.

ASC 820 requires that a fair value measurement reflects the assumptions market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risk inherent in a particular valuation technique (such as a pricing model) and the risks inherent in the inputs to the model.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Note 4: Long-Term Investments and Fair Value Measurements (continued)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Three levels of input that may be used to measure fair value are as follows:

Level 1 - Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in active markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Mutual funds - Investments in mutual funds are valued at the daily closing price as reported by the fund. 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.

Common trust fund - Value based on the fair value of the securities within the common trust fund at the daily closing price as reported and valued by the fund.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Note 4: Long-Term Investments and Fair Value Measurements (continued)

Fair value of assets measured on a recurring basis as of June 30, 2024 and 2023 were as follows:

<u>2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Investments:</u>				
Money market funds	\$ 18,472	\$ -	\$ -	\$ 18,472
Fixed income mutual funds	471,836	-	-	471,836
Mutual funds (equities)	674,521	-	-	674,521
Common trust fund	-	161,869	-	161,869
Total	<u>\$ 1,164,829</u>	<u>\$ 161,869</u>	<u>\$ -</u>	<u>\$ 1,326,698</u>
<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Investments:</u>				
Money market funds	\$ 25,361	\$ -	\$ -	\$ 25,361
Fixed income bond funds	466,724	-	-	466,724
Mutual funds (equities)	562,765	-	-	562,765
Common trust funds	-	147,145	-	147,145
Total	<u>\$ 1,054,850</u>	<u>\$ 147,145</u>	<u>\$ -</u>	<u>\$ 1,201,995</u>

Note 5: Equipment

Equipment consists of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Office furniture	\$ 117,178	\$ 18,232
Office equipment	<u>53,167</u>	<u>46,604</u>
	170,345	64,836
Less accumulated depreciation	<u>(152,934)</u>	<u>(49,434)</u>
	<u>\$ 17,411</u>	<u>\$ 15,402</u>
Depreciation expense	<u>\$ 4,552</u>	<u>\$ 5,321</u>

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NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Note 6: Net Assets Without Donor Restrictions – Board Designated Endowment and Reserve Funds

Current authoritative accounting guidance provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Current authoritative accounting guidance also requires enhanced disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA

The Commonwealth of Pennsylvania has not adopted UPMIFA. The Commonwealth of Pennsylvania has enacted Act 141 (the Act). The Act permits the Organization to elect a "total return policy". The Act allows an organization's trustees to define "income" as a stipulated percentage of endowment assets (between 2% and 7% of the fair value of assets averaged over a period of the three preceding years or over a shorter period in cases of assets held less than three years) without regard to actual interest, dividends, or realized or unrealized capital gains. Income derived from the endowments is used to support operations and programs which meet the Organization's mission. These endowment funds are composed of a \$100,000 restricted asset (earnings which are available for general operation or programs of the Organization) and net assets without donor restrictions that are board-designated for specific purposes.

The Organization's investment objective is to maximize returns through a diversified portfolio of assets consisting of equity, fixed income and cash. The Organization's endowment and reserve funds are collectively managed in this diversified portfolio. The board of directors is responsible for the approval of investment policies and for reviewing the selection of investment advisors and investment performance. The endowment and reserve assets are invested in a manner that is intended to produce growth and income while assuming a moderate investment risk. Annual returns in any given year may vary from this amount. The Organization relies on an active asset allocation strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Organization will provide distributions of up to 5% of its endowment funds based on a 5-year moving average market value on an annual basis. The Organization expects the current spending policy to allow its endowment funds to grow at an average rate over the long term. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth over time through investment return.

Endowment and reserve net assets consist of assets set aside by the Board of Directors for a specified purpose. As of June 30, 2024 and 2023, the Board of Directors has established the following designations:

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NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Note 6: Net Assets Without Donor Restrictions – Board Designated Endowment and Reserve Funds (continued)

Endowment Fund

The Board of Directors designated these funds to be used to provide a way of funding projects or programs which meets the Organization’s mission. A summary of these funds as of June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Endowment fund, beginning of year	\$ 761,166	\$ 731,667
Contributions	-	-
Withdrawals	(36,668)	-
Investment income:		
Interest and dividends, net of fees	15,351	21,721
Net realized and unrealized gains (losses)	<u>105,693</u>	<u>7,778</u>
Total investment income (loss)	<u>121,044</u>	<u>29,499</u>
Endowment fund-total	<u>\$ 845,542</u>	<u>\$ 761,166</u>

Presented on the statements of financial position, under net assets, as follows:

Net assets without donor restrictions	\$ 745,542	\$ 661,166
Net assets with donor restrictions	<u>100,000</u>	<u>100,000</u>
	<u>\$ 845,542</u>	<u>\$ 761,166</u>

UNITED WAY OF THE SOUTHERN ALLEGHENIES
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Note 7: Net Assets Without Donor Restrictions – Board Designated Endowment and Reserve Funds (continued)

Reserve Funds

Reserve established for potential future budget adjustments which may result from a request by a member agency for an emergency allocation due to a financial crisis that may arise after the allocation for the year has been determined; or to provide reserve funds available to cover a downturn in receipts on pledges.

The balance of net assets designated as reserves as of June 30, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Reserve fund, beginning of year	\$ 440,830	\$ 413,506
Investment income:		
Interest and dividends, net of fees	8,673	6,826
Net realized and unrealized gains	<u>31,653</u>	<u>20,498</u>
Total investment income	<u>40,326</u>	<u>27,324</u>
Reserve fund, end of year	<u>\$ 481,156</u>	<u>\$ 440,830</u>

The above endowment and reserve funds are invested in a portfolio of money market, fixed income and equity securities, which may reflect varying risks and rates of returns. The investments and related income generated by the above funds are considered net assets without donor restrictions. As of June 30, 2024 and 2023, the above funds are presented in investments in the statements of financial position. Amounts are appropriated for expenditure at the discretion and approval of the board of directors.

Note 8: Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2024 and 2023 consist of the pledge receivable in the amount of \$750,000 and \$500,000, respectively, due to a time restriction because the pledge receivable will be used to fund programs in future periods.

Net assets with donor restrictions as of June 30, 2024 and 2023 also include a \$100,000 cash bequest received in a prior year. In accordance with the donor's stipulation, the principal is restricted in perpetuity. Earnings are available for the funding of additional allocation to Cambria County human service organizations.

Net assets with donor restrictions as of June 30, 2024 and 2023 also included \$486,291 and \$25,662, respectively, received pertaining to Covid-19 emergency funding and other grants that remained to be spent.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Note 9: Grant Revenue

Included in administrative fee income is revenue earned on grants from the U.S. Federal Emergency Management Agency (FEMA). This includes a two percent (2%) administrative fee received by the Organization for sponsoring a Local Board on behalf of the Emergency Food and Shelter National Board Program. Cambria County was selected to receive a federal grant to supplement and extend emergency food and shelter. FEMA selected the Organization as its lead agency to administer the grant. The Emergency Food and Shelter Committee select the shelters or entities to receive the funding and the National Board Program distributes the grant funds directly to these shelters or entities. Accordingly, only the administrative fee income from the National Board Program is reflected in the financial statements of the Organization.

Note 10: Retirement Plan

The Organization has a defined contribution annuity plan under Internal Revenue Code Section 403(b). All employees are eligible for participation in the plan after reaching age 21 and completion of one year of employment. Hourly employees become eligible in the year following the successful completion of 1,000 hours of employment in the previous year. The Organization will match employee contributions to the plan up to a maximum of six percent (6%) of the employee's compensation.

Organization contributions to employee accounts amounted to \$20,847 and \$17,064 for the years ended June 30, 2024 and 2023, respectively.

Note 11: Lease Expense

The Organization currently leases its Johnstown office space under an operating lease with an expiration date of December 31, 2026. The Organization is responsible for gas and electric and any normal maintenance costs during the term of the lease. The monthly rent expense for the office space is \$2,326 as of June 30, 2024. Total rent paid on this lease amounted to \$27,915 and \$27,915 for the years ending June 30, 2024 and 2023, respectively.

The Organization currently leases its Blair County office space under an operating lease with an expiration date of April 30, 2026. The Organization is responsible for gas and electric and any abnormal maintenance costs during the term of the lease. The monthly rent expense for the office is \$2,200 per month as of June 30, 2024. Total rent paid on this lease amounted to \$19,800 for the year ended June 30, 2024.

Based on the current lease in effect, future minimum lease payments are as follows: \$54,634 in fiscal year ending June 30, 2025; \$50,461 in fiscal year ending June 30, 2026; and \$14,231 in fiscal year ending June 30, 2027.

Note 12: Line of Credit

The Organization has a line of credit with a local financial institution with a credit limit of \$150,000. The line of credit's interest rate as of June 30, 2024 was 5.00%. The line of credit is subject to annual renewal. There was no balance outstanding on the line of credit as of June 30, 2024 or 2023.

UNITED WAY OF THE LAUREL HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023

Note 13: Liquidity and Availability of Resources

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows as of June 30, 2024:

Cash and cash equivalents	\$ 1,234,348
Campaign pledges receivable, net	158,111
Pledge receivable	250,000
Other receivables	62,071
Investments	<u>1,326,698</u>
Total financial assets available within one year	3,031,228
Less:	
Donor restricted endowment funds	(100,000)
Donor restricted funding	(486,291)
Amounts unavailable to management without Board approval	<u>(1,226,698)</u>
Total financial assets available within one year	<u>\$ 1,218,239</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, future planned program funding allocations and other obligations come due. To help manage unanticipated liquidity needs, the Organization has secured a line of credit of \$150,000, which it could draw upon. Additionally, the Organization has Board Designated net assets without donor restrictions that, while the Organization does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.

Note 14: Calculation of Overhead Ratio

The overhead ratio as reflected below has been calculated by management using standards prescribed by the United Way Worldwide. The following calculation is based on the Organization's federal form 990. The amounts as shown for the year ending June 30, 2024 are the amounts that are anticipated to be shown in the Form 990 which had not been filed as of this year's audit. The overhead ratio is an efficiency ratio utilized throughout the nonprofit industry.

	<u>2024</u>	<u>2023</u>
Management and general expenses	\$ 155,108	\$ 90,510
Fundraising expense	<u>373,130</u>	<u>218,741</u>
Total Overhead Expenses	<u>\$ 528,238</u>	<u>\$ 309,251</u>
Total Revenues	<u>\$ 2,711,504</u>	<u>\$ 1,318,416</u>
Overhead Ratio Percentage	<u>19.5%</u>	<u>23.5%</u>

In comparison to overall nonprofit standards, the state of Pennsylvania utilizes a 25% overhead ratio as within its guidelines and the Better Business Bureau considers a maximum 33% overhead ratio as adequate. The above calculation has been impacted by the employment of a grant writer by the Organization to pursue grants on behalf of the Organization and other non-profit entities within the Blair, Cambria and Somerset County service area.