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UNITED WAY OF VENANGO COUNTY, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 (REVIEWED) AND 2019 (AUDITED)



*McGill, Power, Bell & Associates, LLP*  
Certified Public Accountants • Business & Financial Advisors

UNITED WAY OF VENANGO COUNTY, INC.  
DECEMBER 31, 2020 AND 2019

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## Independent Accountant's Review Report

To the Board of Directors  
United Way of Venango County, Inc.  
Reno, Pennsylvania

We have reviewed the accompanying financial statements of United Way of Venango County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility 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; this includes 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2019 Financial Statements

The 2019 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated October 22, 2020. We have not performed any auditing procedures since that date.

*McGill, Power, Bell & Associates, LLP*

McGill, Power, Bell & Associates, LLP

Franklin, Pennsylvania

July 22, 2021

UNITED WAY OF VENANGO COUNTY, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2020 (REVIEWED) AND 2019 (AUDITED)

	2020	2019
<b>ASSETS</b>		
Cash	\$ 291,674	\$ 160,542
Certificates of deposit	75,300	73,247
Grants receivable	4,058	7,797
2020 Campaign pledges receivable, net of allowance for uncollectible pledges	90,633	-
2019 Campaign pledges receivable, net of allowance for uncollectible pledges	51,680	30,428
2018 Campaign pledges receivable, net of allowance for uncollectible pledges	-	22,696
2017 Campaign pledges receivable, net of allowance for uncollectible pledges	-	1,995
Investments - operating	231,142	206,611
Beneficial interest in assets held by others	643,378	559,276
Land, building and improvements	213,490	213,490
Equipment	6,134	6,134
Less: accumulated depreciation	(96,794)	(90,897)
	<b>\$ 1,510,695</b>	<b>\$ 1,191,319</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 6,075	\$ 4,077
Accrued agency allocations	45,315	42,013
Payable to donor designated agencies	1,620	11,990
	53,010	58,080
<b>NET ASSETS</b>		
Net assets without donor restrictions	1,174,104	827,868
Net assets with donor restrictions	283,581	305,371
	1,457,685	1,133,239
	<b>\$ 1,510,695</b>	<b>\$ 1,191,319</b>

See accompanying notes to the financial statements.

UNITED WAY OF VENANGO COUNTY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020 (REVIEWED)

	Without Donor Restrictions	With Donor Restrictions	Total
<b>CAMPAIGN REVENUES, GAINS AND OTHER SUPPORT</b>			
<b>CAMPAIGN REVENUES APPLICABLE TO CURRENT PERIOD</b>			
General contributions received, including overages	\$ 3,064	\$ -	\$ 3,064
Contributions received - current period	-	189,420	189,420
Net assets released from restrictions	495,077	(495,077)	-
Gross campaign revenues	498,141	(305,657)	192,484
Allowance for uncollectible pledges	(14,246)	15,000	754
<b>NET CAMPAIGN REVENUES FOR CURRENT PERIOD</b>	<b>483,895</b>	<b>(290,657)</b>	<b>193,238</b>
<b>CAMPAIGN REVENUES RECEIVED FOR NEXT ALLOCATION PERIOD</b>			
General contributions received	-	287,568	287,568
Less amounts designated by donor for specific organizations	-	(3,701)	(3,701)
Less allowance for uncollectible pledges	-	(15,000)	(15,000)
<b>NET CAMPAIGN REVENUES FOR NEXT ALLOCATION PERIOD</b>	<b>-</b>	<b>268,867</b>	<b>268,867</b>
<b>TOTAL CAMPAIGN REVENUES</b>	<b>483,895</b>	<b>(21,790)</b>	<b>462,105</b>
<b>GAINS AND OTHER SUPPORT</b>			
Program income	39,284	-	39,284
COVID-19 Relief Fund	120,085	-	120,085
Investment income, net	110,686	-	110,686
Special events	28,870	-	28,870
<b>TOTAL GAINS AND OTHER SUPPORT</b>	<b>298,925</b>	<b>-</b>	<b>298,925</b>
<b>TOTAL CAMPAIGN REVENUES, GAINS AND OTHER SUPPORT</b>	<b>782,820</b>	<b>(21,790)</b>	<b>761,030</b>
<b>FUNCTIONAL EXPENSES</b>			
Program services	394,734	-	394,734
Management and general	26,015	-	26,015
Fundraising	33,435	-	33,435
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>454,184</b>	<b>-</b>	<b>454,184</b>
<b>INCOME FROM OPERATIONS</b>	<b>328,636</b>	<b>(21,790)</b>	<b>306,846</b>
<b>NON-OPERATING</b>			
Paycheck protection program funding	17,600	-	17,600
<b>CHANGE IN NET ASSETS</b>	<b>346,236</b>	<b>(21,790)</b>	<b>324,446</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>827,868</b>	<b>305,371</b>	<b>1,133,239</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,174,104</b>	<b>\$ 283,581</b>	<b>\$ 1,457,685</b>

See accompanying notes to the financial statements.

UNITED WAY OF VENANGO COUNTY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019 (AUDITED)

	Without Donor Restrictions	With Donor Restrictions	Total
<b>CAMPAIGN REVENUES, GAINS AND OTHER SUPPORT</b>			
<b>CAMPAIGN REVENUES APPLICABLE TO CURRENT PERIOD</b>			
General contributions received, including overages	\$ 3,323	\$ -	\$ 3,323
Contributions received - current period	-	87,117	87,117
Net assets released from restrictions	296,640	(296,640)	-
Gross campaign revenues	299,963	(209,523)	90,440
Allowance for uncollectible pledges	(8,510)	15,000	6,490
<b>NET CAMPAIGN REVENUES FOR CURRENT PERIOD</b>	<b>291,453</b>	<b>(194,523)</b>	<b>96,930</b>
<b>CAMPAIGN REVENUES RECEIVED FOR NEXT ALLOCATION PERIOD</b>			
General contributions received	-	312,135	312,135
Less amounts designated by donor for specific organizations	-	(6,478)	(6,478)
Less allowance for uncollectible pledges	-	(15,000)	(15,000)
<b>NET CAMPAIGN REVENUES FOR NEXT ALLOCATION PERIOD</b>	<b>-</b>	<b>290,657</b>	<b>290,657</b>
<b>TOTAL CAMPAIGN REVENUES, GAINS AND OTHER SUPPORT</b>	<b>291,453</b>	<b>96,134</b>	<b>387,587</b>
<b>GAINS AND OTHER SUPPORT</b>			
Program income	12,520	-	12,520
Investment income, net	129,390	-	129,390
Special events	45,917	-	45,917
Miscellaneous income	100	-	100
<b>NET CAMPAIGN REVENUES FOR NEXT ALLOCATION PERIOD</b>	<b>187,927</b>	<b>-</b>	<b>187,927</b>
<b>TOTAL CAMPAIGN REVENUES, GAINS AND OTHER SUPPORT</b>	<b>479,380</b>	<b>96,134</b>	<b>575,514</b>
<b>FUNCTIONAL EXPENSES</b>			
Program services	327,926	-	327,926
Management and general	28,541	-	28,541
Fundraising	36,446	-	36,446
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>392,913</b>	<b>-</b>	<b>392,913</b>
<b>CHANGE IN NET ASSETS</b>	<b>86,467</b>	<b>96,134</b>	<b>182,601</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>741,401</b>	<b>209,237</b>	<b>950,638</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 827,868</b>	<b>\$ 305,371</b>	<b>\$ 1,133,239</b>

See accompanying notes to the financial statements.

UNITED WAY OF VENANGO COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020 (REVIEWED)

	Program Services	Management and General	Fundraising Expenses	Total
Allocations	\$ 182,325	\$ -	\$ -	\$ 182,325
Salaries	84,484	15,946	23,500	123,930
Employee benefits	9,366	3,043	4,484	16,893
Payroll taxes	8,933	1,171	1,725	11,829
Program materials	59,580	-	-	59,580
Professional fees	6,691	898	571	8,160
Office supplies	7,841	605	385	8,831
Telephone	2,083	279	178	2,540
Advertising	2,889	276	176	3,341
Postage and handling	1,049	141	90	1,280
Outside printing	2,358	316	201	2,875
Insurance	3,421	459	292	4,172
Travel	1,817	22	14	1,853
Conferences and meetings	1,958	185	117	2,260
Depreciation	4,836	649	413	5,898
Dues and subscriptions	6,433	863	549	7,845
Utilities	4,969	667	424	6,060
Repairs and maintenance	2,207	296	188	2,691
Bank fees	383	50	33	466
Miscellaneous	1,111	149	95	1,355
	<u>212,409</u>	<u>26,015</u>	<u>33,435</u>	<u>271,859</u>
	<u>\$ 394,734</u>	<u>\$ 26,015</u>	<u>\$ 33,435</u>	<u>\$ 454,184</u>

See accompanying notes to the financial statements.



UNITED WAY OF VENANGO COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019 (AUDITED)

	Program Services	Management and General	Fundraising Expenses	Total
Allocations	\$ 168,050	\$ -	\$ -	\$ 168,050
Salaries	47,680	17,093	25,189	89,962
Employee benefits	8,101	2,904	4,280	15,285
Payroll taxes	5,125	1,837	2,708	9,670
Program materials	48,961	-	-	48,961
Professional fees	2,460	330	210	3,000
Office supplies	9,836	1,319	840	11,995
Telephone	2,445	328	209	2,982
Advertising	1,514	203	129	1,846
Postage and handling	2,664	357	227	3,248
Outside printing	4,181	561	357	5,099
Insurance	3,052	409	261	3,722
Travel	1,601	215	137	1,953
Conferences and meetings	2,745	368	234	3,347
Depreciation	5,196	697	443	6,336
Dues and subscriptions	5,818	780	497	7,095
Utilities	4,366	586	373	5,325
Repairs and maintenance	2,804	376	239	3,419
Bank fees	366	49	31	446
Miscellaneous	961	129	82	1,172
	<u>159,876</u>	<u>28,541</u>	<u>36,446</u>	<u>224,863</u>
	<u>\$ 327,926</u>	<u>\$ 28,541</u>	<u>\$ 36,446</u>	<u>\$ 392,913</u>

See accompanying notes to the financial statements.

UNITED WAY OF VENANGO COUNTY, INC.  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2020 (REVIEWED) AND 2019 (AUDITED)

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 324,446	\$ 182,601
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,898	6,336
Realized (gain) loss on investments	(19,334)	(13,200)
Unrealized (gain) loss on investments	(75,481)	(109,501)
Paycheck protection program loan forgiveness	(17,600)	-
Changes in certain operating assets and liabilities:		
(Increase) decrease in pledges receivable	(87,194)	15,288
(Increase) decrease in grant receivable	3,739	-
Increase (decrease) in accounts payable and accrued expenses	1,998	1,501
Increase (decrease) in accrued agency allocations	3,302	325
Increase (decrease) in payable to donor designated agencies	(10,370)	(3,369)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>129,404</u>	<u>79,981</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for building and equipment	-	(27,217)
Purchases of investments and certificates of deposit	(51,353)	(34,372)
Proceeds from investments and certificates of deposit	35,481	19,886
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(15,872)</u>	<u>(41,703)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Paycheck protection program loan proceeds	17,600	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>17,600</u>	<u>-</u>
<b>NET INCREASE IN CASH</b>	131,132	38,278
<b>CASH, BEGINNING OF YEAR</b>	<u>160,542</u>	<u>122,264</u>
<b>CASH, END OF YEAR</b>	<u>\$ 291,674</u>	<u>\$ 160,542</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES</b>		
Paycheck protection program loan forgiveness	<u>\$ 17,600</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

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

**NOTE A – ENTITY**

United Way of Venango County, Inc. (the Agency) was formed to operate exclusively as a charitable and educational organization. Its purpose is to bring together a united appeal to all campaigns of health, welfare and recreational agencies serving the Venango County communities. The Agency offers several programs that provide real benefits to our residents and make a real impact on our communities. These are programs that give families better health, save families money, improves literacy in our children, and connects volunteers and donors with the organizations that need their help to address a variety of community needs. Contributions to the Agency are made through payroll deductions, corporate and professional contributions and specific gifts. Individual contributions are solicited by mail and volunteer contact. The Agency assists their community partners in carrying out specific programs. All community partners are non-profit organizations. Distributions are determined based upon information supplied by the agency regarding its financial condition, needs and their use of the funds. The Agency is a non-profit organization under Internal Revenue Service Code Section 501(c)(3). The Agency is not considered a private foundation.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting*

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

*Financial Statement Presentation*

The Agency is required to report information regarding its financial positions and statements of activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions.

A description of the net asset categories is as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency's management and the board of directors.

Net assets with donor restriction: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and

UNITED WAY OF VENANGO COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

reported in the statement of activities as net assets released from restrictions. Contributions with restrictions satisfied prior to the end of the reporting period are reported as unrestricted support.

Cash

The Agency maintains cash balances at several financial institutions located in Venango County, Pennsylvania. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC). Total deposits exceeded the FDIC limit by \$121,899 at December 31, 2020. However, no losses occurred. Total deposits did not exceed the FDIC limit at December 31, 2019.

Pledges Receivable

Pledges for contributions are recorded as receivables and allowances are provided for amounts estimated to be uncollectible. Contributions are available for unrestricted use unless specifically restricted by the donor.

Promises to Give/Pledges

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. The Agency had no unconditional promises to give that are not expected to be received within one year as of December 31, 2020 and 2019.

Conditional promises to give are not included as support until such time as the conditions are substantially met. The agency had no conditional promises to give as of December 31, 2020 and 2019.

Investments

The Agency records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Land, Building, Improvements and Equipment

Purchased land, building, improvements and equipment are recorded at cost, while donated land, building, improvements and equipment are valued at market value as of the date of the donation. The cost and/or acquisition value of land, building and equipment retired or otherwise disposed of and the

UNITED WAY OF VENANGO COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

accumulated depreciation thereon are eliminated from the asset and related reserve accounts and the resulting difference, after giving effect to any proceeds from sales, is applied to income accounts. Maintenance and repairs are charged to income as incurred and replacements are capitalized.

Beneficial Interest in Assets Held by Others

Beneficial interests in assets held by others represent investments held by Bridge Builders Community Foundations which are comprised of mutual funds and pooled accounts. The fair value of the mutual funds is determined primarily by reference to quoted market prices. Pooled accounts are comprised of broad asset category types, such as common stock, mutual funds and cash equivalents. The underlying holdings are all based on unadjusted quoted market prices and presented on the accompanying statement of financial position as long term investments.

Depreciation

The Agency provides for depreciation on the straight-line method for financial statement purposes. The building, improvements and equipment are depreciated at rates which it is estimated will provide reserves equal to the amounts at which the assets are recorded on the books, less their estimated salvage values, when retired from service in the ordinary course of business.

The estimated useful lives are:

Equipment	3 – 7 years
Building and improvements	39 years

Payable to Donor Designated Agencies

The Agency does not include in revenue campaign contributions for which the donor specifically designates another not-for-profit organization to receive his or her campaign contribution. These pledges are held as a liability by the Agency until they are paid to the specific designated agency. Absent a designation by the donor, the Agency includes the campaign pledges as revenue and distribute the allocations according to the Agency's discretion.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF VENANGO COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Statements of Cash Flows

For purposes of the statements of cash flows, cash includes time deposits and all highly liquid debt instruments with original maturities of three months or less.

Donated Services

A large number of volunteers have donated substantial amounts of time toward the campaign and the various program activities, but no amounts have been reflected in the financial statements because the criteria for recognition have not been satisfied.

Revenue Recognition

The Agency reports contributions received and promises to give as increases in net assets without donor restrictions or donor-restricted net assets, depending on the existence and/or nature of any donor restrictions.

Advertising

The Agency expenses the cost of advertising as incurred. For the years ended December 31, 2020 and 2019, advertising expenses were \$3,341 and \$1,846, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates of time and effort.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, certificates of deposit, investments, receivables, and accounts payable and accrued expenses approximate their fair market value due to the short-term maturities of those instruments.

Reclassification

Certain 2019 amounts have been reclassified in the financial statements in order for them to provide comparable presentation between years. Such reclassification had no effect on net assets.

UNITED WAY OF VENANGO COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Accounting Pronouncements Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09). ASU 2014-09 and its related amendments (Revenue Recognition Standard) outline a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and superseded most previous revenue recognition guidance. On January 1, 2019, the Agency adopted the Revenue Recognition Standard using the modified retrospective method. Generally, the Agency's performance obligations are satisfied and revenue is recognized at a single point in time. The adoption did not have a financial statement or disclosure impact.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for the financial statements ending December 31, 2019. This Update is to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendment in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This standard did not have a material impact on the Agency's financial statements. The Agency adopted this ASU on January 1, 2019.

Leases-FASB Accounting Standards Codification – consensus of the FASB Emerging Issues Task Force (Topic 842) (ASU 2016-02)

Effective for fiscal years beginning after December 15, 2021, this update requires that assets and liabilities arising under leases are recognized in the statements of financial position. A lessee will be required to recognize in the statements of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor is largely unchanged from that applied under previous generally accepted accounting principles. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. This ASU basically requires that all leases with a term of greater than 12 months be capitalized, meaning that the entity records an asset and a corresponding liability for the future lease payments. Under the current rules, leases have to be analyzed to determine whether they are "capital" (and treated as just described) or "operating" (nothing gets recorded on the statements of financial position and payments are treated as rent expense). Leases existing as of the effective date of this ASU will not be grandfathered out of its provisions. Therefore, those leases will require careful analysis to determine capitalizable amounts.

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

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*Review of Subsequent Events*

The Agency has evaluated subsequent events for potential recognition and/or disclosure through the date the financial statements were available for issuance which was July 22, 2021.

**NOTE C – LIQUIDITY AND AVAILABILITY**

The Agency sets a goal of having financial assets on hand of 90 days of normal operating expenses, which are, on average, approximately \$83,276. At December 31, 2020, the Agency had \$744,487 of financial assets available within one year of the statement of financial position date consisting of cash of \$291,674, certificates of deposit of \$75,300, grants receivable of \$4,058, pledges receivable of \$142,313, and operating investments of \$231,142. At December 31, 2019, the Agency had \$503,316 of financial assets available within one year of the statement of financial position date consisting of cash of \$160,542, certificates of deposit of \$73,247, grants receivable of \$7,797, pledges receivable of \$55,119, and operating investments of \$206,611.

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The pledges receivable is subject to time restrictions, but will be collected within one year. As part of its liquidity management, the Agency invests cash in excess of daily requirements in various short-term investments including certificates of deposits and short-term treasury instruments.

**NOTE D – PLEDGES RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE PLEDGES**

Included in pledges receivable are the following unconditional promises to give, net of the allowance for uncollectible pledges:

	<u>2020</u>	<u>2019</u>
2020 Campaign		
Undesignated	\$105,633	\$ -
Designated	<u>-</u>	<u>-</u>
Total	105,633	-
Less allowance for uncollectible pledges	<u>( 15,000)</u>	<u>-</u>
	<u>90,633</u>	<u>-</u>
2019 Campaign		
Undesignated	51,680	45,428
Designated	<u>-</u>	<u>-</u>
Total	51,680	45,428
Less allowance for uncollectible pledges	<u>-</u>	<u>( 15,000)</u>
	<u>51,680</u>	<u>30,428</u>



UNITED WAY OF VENANGO COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS

NOTE D – PLEDGES RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE PLEDGES,  
 CONTINUED

	<u>2020</u>	<u>2019</u>
2018 Campaign		
Undesignated	-	22,696
Designated	-	-
Total	-	22,696
Less allowance for uncollectible pledges	-	-
	<u>-</u>	<u>22,696</u>
2017 Campaign		
Undesignated	-	1,995
Designated	-	-
Total	-	1,995
Less allowance for uncollectible pledges	-	-
	<u>-</u>	<u>1,995</u>
 Total pledges receivable	 <u>\$142,313</u>	 <u>\$55,119</u>
Amounts due in:		
Less than one year	\$142,313	\$55,119
One to five years	-	-
More than five years	-	-
Total	<u>\$142,313</u>	<u>\$55,119</u>

NOTE E – FAIR VALUE MEASUREMENTS

The Agency measures fair value in accordance with Financial Accounting Standards Board (FASB), *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*. The codification provides a three level hierarchy that prioritizes the inputs of the valuation techniques used to measure fair value. Inputs are defined as assumptions used by market participants while pricing the asset or liability, including assumptions about risks. The following is a summary of the three levels, with level one having the highest priority and level three having the lowest priority:

Level 1

Inputs to the valuation technique generally are quoted prices in active markets for identical assets or liabilities. The Agency has the ability to access these assets or liabilities at the measurement date.

UNITED WAY OF VENANGO COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS

NOTE E – FAIR VALUE MEASUREMENTS, CONTINUED

Level 2

Inputs to the valuation technique generally are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3

Inputs are unobservable and generally allow for situations in which there is little, if any, market activity. The inputs are based on the Agency’s own assumptions about the factors that market participants would use in pricing the asset or liability.

The following table sets forth by level, within the fair value hierarchy, the Agency’s assets at fair value as of December 31, 2020 and 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2020			
Money market funds	\$ 2,963	\$ -	\$ -
Mutual funds	228,179	-	-
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>643,378</u>
Total without donor restriction investments	<u>\$231,142</u>	<u>\$ -</u>	<u>\$643,378</u>
December 31, 2019			
Money market funds	\$ 6,631	\$ -	\$ -
Mutual funds	199,980	-	-
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>559,276</u>
Total without donor restriction investments	<u>\$206,611</u>	<u>\$ -</u>	<u>\$559,276</u>

The valuation techniques used for the assets measured at fair value are as follows:

Mutual Funds

The investments are valued using the Net Asset Value (NAV) provided by the administrator of the fund. The NAV is calculated based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price from an active market, and therefore all mutual fund investments held by the Agency are classified as level one of the hierarchy. Valuation techniques that use quoted prices from a non-active market would be classified as level two of the hierarchy.

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

**NOTE E – FAIR VALUE MEASUREMENTS, CONTINUED**

*Beneficial Interest in Assets Held by Others*

The assets are valued at net asset value per unit as reported by Bridge Builders Community Foundations, as a practical expedient for measuring fair value. The Agency uses this practical expedient because the units do not trade in the marketplace and Bridge Builders Community Foundations reports all its investment assets at fair value. Net asset value, determined quarterly, is the price at which the Agency can purchase or withdraw units from Bridge Builders Community Foundations. All assets held by the Agency were measured using Level 3 inputs within their fair valued hierarchy.

The Agency has made no changes in the methodology of the valuation techniques

*Level 3 Reconciliation*

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying Statements of Financial Position using significant unobservable (Level 3) inputs:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$559,276	\$462,269
Investment earnings	29,093	18,294
Change in market value	55,048	83,180
Fees	<u>( 39)</u>	<u>( 4,467)</u>
Ending balance	<u>\$643,378</u>	<u>\$559,276</u>

**NOTE F – LAND, BUILDINGS, IMPROVEMENTS AND EQUIPMENT**

Land, buildings, improvements and equipment consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Capital assets not being depreciated:		
Land	<u>\$ 7,500</u>	<u>\$ 7,500</u>

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

**NOTE F – LAND, BUILDINGS, IMPROVEMENTS AND EQUIPMENT, CONTINUED**

	<u>2020</u>	<u>2019</u>
Capital assets being depreciated:		
Buildings and improvements	205,990	205,990
Equipment and furnishing	<u>6,134</u>	<u>6,134</u>
Total capital assets being depreciated	212,124	212,124
Less accumulated depreciation	<u>( 96,794)</u>	<u>( 90,897)</u>
Land, buildings, improvements and equipment, net	<u>\$122,830</u>	<u>\$128,727</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$5,898 and \$6,336, respectively.

**NOTE G – ENDOWMENT FUND**

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions, considering the laws of the state for endowment management. In Pennsylvania, those laws are found in 15 Pa C.S 5548.

*Interpretation of Relevant Law*

ASC 958-205 provides guidance on the net asset classifications 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). The ASC 958-205 also improves disclosure 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 allows the Foundation to elect a "total return investment policy." Income is defined by the Act to mean a fixed percentage of the "value of the assets" held by the Agency, not less than 2% or more than 7%. The "value of the assets" for the purposes of the Act, is the average fair market value of the assets over a three-year period (or the average value of the assets over any shorter period in the cases of assets held less than three years). The Agency has a total return investment policy with a spending policy of 3.75% of the three-year average of the funds. This spending policy determines the funds available for grant making and administrative expenses.

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

**NOTE G – ENDOWMENT FUND, CONTINUED**

*Investment Return Objectives, Risk Parameters and Strategies*

The Agency has adopted investment spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets over the long-term and achieve investment returns sufficient to sustain the level of spending necessary to support ongoing operations. Under this policy, as approved by the Board of Directors, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Endowment assets are invested in a diverse mix of asset classes which produces the highest expected investment return within a prudent risk framework. The Agency expects its endowment funds, over time, to provide an average real rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

At December 31, 2020 and 2019, the composition of the endowment fund without donor restrictions was:

	<u>2020</u>	<u>2019</u>
Board designated	<u>\$643,378</u>	<u>\$559,276</u>

Changes in endowment net assets without donor restriction for the year ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	<u>\$559,276</u>	<u>\$462,269</u>
Investment return:		
Investment income (expense)	10,195	1,711
Net appreciation (realized and unrealized)	<u>73,907</u>	<u>95,296</u>
	<u>84,102</u>	<u>97,007</u>
Endowment net assets, end of year	<u>\$643,378</u>	<u>\$559,276</u>

The Agency has a quasi-endowment fund for board approved expenditures, held in equity funds. Donors or the Agency itself may make contributions at any time. Each year, with board approval, the Agency may withdraw up to 3.5% of the total balance (over a three-year average). These funds must be used for board approved operating expenses or capital expenditures.

The quasi-endowment fund is held at Bridge Builders Community Foundations. The investment policy governing the underlying investments is established by the Board of Directors.

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

**NOTE H – AMOUNTS DESIGNATED FOR SPECIFIC AGENCIES**

During 2020 and 2019, \$3,701 and \$6,478 were the amount of pledges received which were designated for specific agencies by the donors, respectively. Due to the time frame for collecting pledges and remitting the payments to the designated specific agencies, the amounts payable to designated agencies at December 31, 2020 and 2019 were \$1,620 and \$11,990, respectively.

**NOTE I – NET ASSETS**

Net assets without donor restrictions were as follows for the years ended December 31, 2020, and 2019:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 443,950	\$186,661
Board designated endowment	643,378	559,276
Designated – emergency fund	3,500	3,500
Designated – contingency for allocation fund	<u>83,276</u>	<u>78,430</u>
Total net assets without donor restrictions	<u>\$1,174,104</u>	<u>\$827,867</u>

Net assets with donor restrictions were as follows for the years ended December 31, 2020, and 2019:

	<u>2020</u>	<u>2019</u>
Subject to the passage of time:		
Campaign contributions	\$268,867	\$290,657
Subject to expenditure for specified purpose:		
Emlenton area programs	<u>14,714</u>	<u>14,714</u>
Total net assets with donor restrictions	<u>\$283,581</u>	<u>\$305,371</u>

**NOTE J – BOARD DESIGNATED NET ASSETS**

The Agency's board of directors has designated a portion of the net assets without donor restrictions to be used to offset the costs of approved projects.

The following is a summary of the board designated net assets for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$641,206	\$623,852
Transfer in	88,948	17,354
Transfer out	<u>-</u>	<u>-</u>
Ending balance	<u>\$730,154</u>	<u>\$641,206</u>

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

**NOTE K – PLEDGE CANCELLATION AND WRITE-OFF**

The amount of pledges that were written off during the years ended December 31, 2020 and 2019 was \$14,246 and \$8,510, respectively.

**NOTE L – PENSION PLAN**

The Agency maintains a tax-deferred annuity plan for its eligible employees in which 7% of the employees' annual wages are contributed by the Agency into the Plan. The minimum entry requirements are age 25 and one full year of service. During the years ended December 31, 2020 and 2019, the pension expense incurred by the Agency was \$7,053 and \$8,114, respectively. The pension expense costs include current service costs which are funded on a current basis.

**NOTE M – LEASE**

The company leases office equipment from an unrelated entity under long-term operating leases. For the years ended December 31, 2020 and 2019 lease expense totaled \$2,050 and \$2,301, respectively.

The future minimum rent for operating leased equipment is as follows:

2021	\$1,404
2022	1,404
2023	1,404
2024	1,404
2025	<u>117</u>
Total	<u>\$5,733</u>

**NOTE N – PAYMENTS TO AFFILIATE**

The Agency pays membership dues to United Way of Pennsylvania and United Way of America. Dues totaled \$7,024 and \$6,210 for the years ended December 31, 2020 and 2019, respectively, and were included in dues and subscriptions in the accompanying statements of functional expenses.

**NOTE O – OVERHEAD RATIO**

The overhead ratio is equal to fundraising, management and general expenses divided by total campaign support and all other revenue sources. The ratio is calculated on the following page using the gross method recommended in Functional Expenses and Overhead Reporting Guidelines for United Ways, United Way of America, 1998.

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

**NOTE O – OVERHEAD RATIO, CONTINUED**

The overhead ratios for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Fundraising	\$ 33,435	\$ 36,446
Management and general	<u>26,015</u>	<u>28,541</u>
	<u>\$ 59,450</u>	<u>\$ 64,987</u>
Total support and other revenue	\$650,344	\$446,023
Add: amounts designated for specific agencies	<u>3,701</u>	<u>6,478</u>
Amount raised and other revenue	<u>\$654,045</u>	<u>\$452,501</u>
Overhead ratio as a percentage	<u>9.09%</u>	<u>14.36%</u>

**NOTE P – RISKS AND UNCERTAINTIES**

The Agency invests in various investment securities including bond funds, equity holdings in individual companies and U.S. Government obligations. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the value of investments reported in the statement of financial position.

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency carries commercial insurance for all types of loss. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE Q – CONTINGENCY**

*Federal Taxing Authorities*

Based upon the statutes of limitation, the Agency's federal Form 990 information returns could be subjected to examination by the taxing authorities for three years from the date of filing including extensions. The Agency would be liable for any unrelated business net income tax deficiencies noted during such audits. Management is not aware of any material items of non-compliance or adjustments which would result in an assessment of tax liabilities. As of the date of the financial statements, there were no such audits in process or scheduled.



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

**NOTE R – PAYCHECK PROTECTION PROGRAM FUNDING**

During April 2020, the Agency applied for, and was approved for, loan funding under the CARES Act in the amount of \$17,600. Forgiveness of the loan was eligible up to 100% of the loan funding as long as certain requirements were met. The remaining balance is to be repaid at 1% interest and matures two years from the date of the loan. During the year ended December 31, 2020, the Agency has expended all \$17,600 of the funds in accordance with requirements set forth by the Small Business Administration (SBA). Under current guidance from the SBA, the Company has met all of the forgiveness conditions, and accordingly, has recognized the \$17,600 as revenue in the year ended December 31, 2020. The loan was forgiven in November 2020.

**NOTE S – ECONOMIC UNCERTAINTIES**

Due to the COVID-19 outbreak, economic uncertainties have arisen which are likely to negatively impact operations of the Agency, though such potential impact is unknown at this time.