

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
UNITED WAY OF ERIE COUNTY
June 30, 2024 and 2023**

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Independent Auditor's Report

Board of Directors
United Way of Erie County

Opinion

We have audited the accompanying financial statements of the United Way of Erie County, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows and functional expenses 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 Erie County 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. 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 United Way of Erie County 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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.

Root, Spitznas and Smiley, LLC

ERIE, PENNSYLVANIA
November 18, 2024

FINANCIAL STATEMENTS

United Way of Erie County

STATEMENTS OF FINANCIAL POSITION

As of June 30,

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 6,593,470	\$ 4,170,732
Pledges receivable		
Without donor restriction		
Less allowance for uncollectibles of		
\$79,905 and \$79,304	625,669	699,272
With donor restriction		
Less allowance for uncollectibles of		
\$0 and \$0	6,086,817	1,722,197
Other receivables		
Community school partner funding	710,000	660,000
Miscellaneous	120,213	54,474
Prepaid expenses	43,176	42,508
Long-term investments	460,874	171,484
Beneficial interest in funds held by others		
Endowment	22,406,203	20,510,615
Imagination library	-	452,932
Land, building and equipment, net of accumulated depreciation	<u>873,595</u>	<u>953,770</u>
 Total assets	 <u>\$ 37,920,017</u>	 <u>\$ 29,437,984</u>
LIABILITIES		
Allocations and designations payable	\$ 72,221	\$ 92,978
Accounts payable and accruals	106,109	224,633
Unearned revenue	334,834	409,873
Accrued emergency relief	-	80,117
 Total liabilities	 <u>513,164</u>	 <u>807,601</u>
NET ASSETS		
Without donor restrictions		
Designated by the Board for:		
Endowment	22,406,203	20,510,615
Undesignated	<u>5,190,792</u>	<u>4,863,585</u>
	<u>27,596,995</u>	<u>25,374,200</u>
With donor restrictions		
Temporarily restricted	9,809,858	3,256,183
Permanently restricted	-	-
	<u>9,809,858</u>	<u>3,256,183</u>
 Total net assets	 <u>37,406,853</u>	 <u>28,630,383</u>
 Total liabilities and net assets	 <u>\$ 37,920,017</u>	 <u>\$ 29,437,984</u>

The accompanying notes are an integral part of these statements.

United Way of Erie County

STATEMENTS OF ACTIVITIES

Year ended June 30,

	2024			Total
	Without Donor Restrictions	With Donor Restrictions		
		Temporarily Restricted	Permanently Restricted	
Public support and revenue				
Campaign revenue				
Direct contributions	\$ 2,436,287	\$ 72,333	\$ -	\$ 2,508,620
Net assets released from restrictions				
Expiration of time restrictions	830	(830)	-	-
Restriction satisfied by payments	1,009,936	(1,009,936)	-	-
Collection of prior year pledges, net	51,267	-	-	51,267
Less: donor designations	(147,071)	-	-	(147,071)
Less: estimated uncollectible pledges	(80,000)	-	-	(80,000)
Other public support	1,335,722	7,492,108	-	8,827,830
Net campaign revenue and other public support	4,606,971	6,553,675	-	11,160,646
Revenue				
Other gifts and bequests	11,224	-	-	11,224
Interest and dividends, net of fees	166,850	-	-	166,850
Net gains on investments reported at fair value	2,176,972	-	-	2,176,972
Service fees	161	-	-	161
Gain on sale of assets	-	-	-	-
Other income	84,711	-	-	84,711
In-kind services	13,700	-	-	13,700
Total revenue, net	2,453,618	-	-	2,453,618
Total public support and revenue	7,060,589	6,553,675	-	13,614,264
Expenses				
Program services				
Gross funds awarded/distributed				
Direct allocations to agencies	41,000	-	-	41,000
Other allocations, projects and grants	316,607	-	-	316,607
Less: donor designations	(147,071)	-	-	(147,071)
Net funds awarded/distributed	210,536	-	-	210,536
Community Impact	27,095	-	-	27,095
Erie Free Taxes	7,445	-	-	7,445
Community Schools	3,087,124	-	-	3,087,124
Imagination Library	271,651	-	-	271,651
Total program services	3,603,851	-	-	3,603,851
Supporting services				
Fund Raising	507,507	-	-	507,507
Marketing	189,541	-	-	189,541
Administration	536,895	-	-	536,895
Total supporting services	1,233,943	-	-	1,233,943
Total expenses	4,837,794	-	-	4,837,794
CHANGE IN NET ASSETS	2,222,795	6,553,675	-	8,776,470
Net assets at beginning of year	25,374,200	3,256,183	-	28,630,383
Net assets at end of year	\$ 27,596,995	\$ 9,809,858	\$ -	\$ 37,406,853

The accompanying notes are an integral part of these statements.

2023

Without Donor Restrictions	With Donor Restrictions		Total
	Temporarily Restricted	Permanently Restricted	
\$ 2,735,724	\$ 19,677	\$ -	\$ 2,755,401
127,517	(127,517)	-	-
620,899	(565,775)	(55,124)	-
61,410	-	-	61,410
(160,806)	(18,847)	-	(179,653)
(80,000)	-	-	(80,000)
1,470,041	1,173,641	-	2,643,682
4,774,785	481,179	(55,124)	5,200,840
15,055	-	-	15,055
61,679	-	-	61,679
945,843	-	-	945,843
2,739	-	-	2,739
-	-	-	-
5,012	-	-	5,012
96,318	-	-	96,318
1,126,646	-	-	1,126,646
5,901,431	481,179	(55,124)	6,327,486
9,997	18,847	-	28,844
395,539	-	-	395,539
(160,806)	(18,847)	-	(179,653)
244,730	-	-	244,730
93,596	-	-	93,596
285,062	-	-	285,062
3,027,346	-	-	3,027,346
275,071	-	-	275,071
3,925,805	-	-	3,925,805
441,233	-	-	441,233
187,817	-	-	187,817
562,980	-	-	562,980
1,192,030	-	-	1,192,030
5,117,835	-	-	5,117,835
783,596	481,179	(55,124)	1,209,651
24,590,604	2,775,004	55,124	27,420,732
<u>\$ 25,374,200</u>	<u>\$ 3,256,183</u>	<u>\$ -</u>	<u>\$ 28,630,383</u>

United Way of Erie County
STATEMENTS OF CASH FLOWS

Year ended June 30,

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 8,776,470	\$ 1,209,651
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	89,533	92,954
Realized gain on sale of investments	(715,331)	(512,760)
Unrealized gain on investments	(1,461,641)	(433,083)
Changes in operating assets and liabilities:		
(Increase) decrease in pledges receivable	(4,291,017)	719,258
Increase in other receivables-cs partner funding	(50,000)	(495,000)
(Increase) decrease in other receivables-miscellaneous	(65,739)	64,160
Increase in prepaid expenses	(668)	(3,098)
(Decrease) increase in accounts payables and accruals	(139,281)	42,518
(Decrease) increase in unearned revenue	(75,039)	15,562
Decrease in accrued disaster relief	(80,117)	(20,000)
Net cash provided by operating activities	1,987,170	680,162
Cash flows from investing activities:		
Capital expenditures	(9,358)	-
Net decrease in beneficial interest - endowment	269,264	138,464
Net decrease (increase) in beneficial interest - imagination library	452,932	(36,465)
Net increase in investments	(277,270)	(77,588)
Net cash provided by investing activities	435,568	24,411
Cash flows from financing activities:		
Repayments of debt	-	-
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	2,422,738	704,573
Cash and cash equivalents at beginning of year	4,170,732	3,466,159
Cash and cash equivalents at end of year	\$ 6,593,470	\$ 4,170,732

Cash paid during the year for:

Interest	\$ -	\$ -
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The accompanying notes are an integral part of these statements.

United Way of Erie County

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30,

	2024		
	Program Services		
	Allocations and Community Impact	Erie Free Taxes	Community Schools
Direct allocations to United Way agencies	\$ 41,000	\$ -	\$ -
Other allocations, projects and grants	316,607	-	651,241
Less: Donor designations	(147,071)	-	-
	210,536	-	651,241
Salaries	-	5,020	1,555,726
Employee benefits	-	320	239,712
Payroll taxes and unemployment benefits	1,626	2,056	119,661
	1,626	7,396	1,915,099
Professional fees and contract services	-	-	340,055
Supplies	3,080	-	13,196
Telephone	-	-	3,227
Postage and shipping	-	-	872
Occupancy	-	-	17,653
Equipment rentals and maintenance	272	3	23,495
Outside printing and marketing	957	-	16,857
Local transportation	-	-	4,227
Receptions, training and luncheon meetings	-	-	48,107
Conferences, meetings and major trips	-	-	-
Insurance	-	-	-
Membership dues	-	-	516
Campaign incentives	-	-	-
Bank and processing fees	-	-	-
Miscellaneous	-	46	3,502
Payments to affiliated organizations	-	-	-
IL book purchases	-	-	-
IL reading buddies and reading nook	-	-	-
IL fundraising	-	-	-
Depreciation	-	-	41,343
	4,309	49	513,050
United Way Worldwide dues	21,160	-	7,734
Total expenses	\$ 237,631	\$ 7,445	\$ 3,087,124

The accompanying notes are an integral part of these statements.

2024

Supporting Services

Imagination Library	Fund Raising	Marketing	Administration	Total
\$ -	\$ -	\$ -	\$ -	\$ 41,000
-	-	-	-	967,848
-	-	-	-	(147,071)
-	-	-	-	861,777
20,100	249,582	107,271	304,820	2,242,519
4,768	35,991	11,534	42,778	335,103
1,660	20,215	8,730	24,324	178,272
26,528	305,788	127,535	371,922	2,755,894
-	55,891	8,120	24,109	428,175
838	11,022	4,854	11,085	44,075
116	1,072	1,086	2,313	7,814
7,003	2,871	123	1,976	12,845
1,108	6,890	3,823	8,754	38,228
558	22,185	6,035	33,963	86,511
7,279	56,718	19,213	882	101,906
-	1,063	123	42	5,455
-	19,089	5,278	17,228	89,702
-	-	-	-	-
-	-	-	16,394	16,394
-	1,710	669	3,360	6,255
-	-	-	-	-
-	8	-	8,374	8,382
-	3,342	1,637	11,339	19,866
-	-	-	-	-
225,044	-	-	-	225,044
-	-	-	-	-
-	-	-	-	-
2,596	16,138	8,954	20,502	89,533
244,542	197,999	59,915	160,321	1,180,185
581	3,720	2,091	4,652	39,938
<u>\$ 271,651</u>	<u>\$ 507,507</u>	<u>\$ 189,541</u>	<u>\$ 536,895</u>	<u>\$ 4,837,794</u>

United Way of Erie County

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30,

	2023		
	Program Services		
	Allocations and Community Impact	Erie Free Taxes	Community Schools
Direct allocations to United Way agencies	\$ 9,997	\$ -	\$ -
Other allocations, projects and grants	395,539	-	727,720
Less: Donor designations	(160,806)	-	-
	244,730	-	727,720
Salaries	50,927	198,151	1,405,464
Employee benefits	6,663	8,512	200,290
Payroll taxes and unemployment benefits	4,093	6,970	113,726
	61,683	213,633	1,719,480
Professional fees and contract services	-	23,896	335,242
Supplies	4,060	1,381	41,592
Telephone	189	2,677	6,030
Postage and shipping	-	66	781
Occupancy	2,019	4,598	13,715
Equipment rentals and maintenance	2,630	984	60,590
Outside printing and marketing	2,170	5,840	34,238
Local transportation	135	11,214	4,001
Receptions, training and luncheon meetings	2,862	6,020	26,922
Conferences, meetings and major trips	-	-	-
Insurance	-	-	-
Membership dues	10	-	10
Campaign incentives	-	-	-
Bank and processing fees	-	-	-
Miscellaneous	600	1,245	3,326
Payments to affiliated organizations	10,050	-	-
IL book purchases	-	-	-
IL reading buddies and reading nook	-	-	-
IL fundraising	-	-	-
Depreciation	4,975	11,322	33,776
	29,700	69,243	560,223
United Way Worldwide dues	2,213	2,186	19,923
Total expenses	\$ 338,326	\$ 285,062	\$ 3,027,346

The accompanying notes are an integral part of these statements.

2023

Supporting Services

Imagination Library	Fund Raising	Marketing	Administration	Total
\$ -	\$ -	\$ -	\$ -	\$ 9,997
-	-	-	-	1,123,259
-	-	-	-	(160,806)
-	-	-	-	972,450
21,044	210,497	92,981	288,017	2,267,081
4,805	29,824	9,684	46,746	306,524
1,974	17,272	7,779	23,221	175,035
27,823	257,593	110,444	357,984	2,748,640
-	83,164	4,400	79,239	525,941
537	7,387	2,426	11,169	68,552
87	812	770	716	11,281
6,146	3,314	188	1,859	12,354
1,145	4,523	3,118	8,625	37,743
464	14,455	6,691	29,921	115,735
11,567	18,022	27,814	2,919	102,570
-	730	90	63	16,233
125	25,592	21,270	10,445	93,236
-	-	-	-	-
-	-	-	10,364	10,364
-	2,204	250	2,225	4,699
-	-	-	-	-
-	225	-	9,495	9,720
244	8,279	155	9,350	23,199
-	-	-	-	10,050
223,022	-	-	-	223,022
-	-	-	-	-
-	-	-	-	-
2,821	11,139	7,679	21,242	92,954
246,158	179,846	74,851	197,632	1,357,653
1,090	3,794	2,522	7,364	39,092
<u>\$ 275,071</u>	<u>\$ 441,233</u>	<u>\$ 187,817</u>	<u>\$ 562,980</u>	<u>\$ 5,117,835</u>

United Way of Erie County

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Organization and Purpose

The United Way of Erie County is a nonprofit organization governed locally by a volunteer board of directors. The Agency is affiliated with the United Way Worldwide and is permitted to solicit contributions in Erie County, Pennsylvania. The Agency's mission is to mobilize resources to break the cycle of poverty and improve our community. The Agency conducts an annual campaign starting in the fall to seek pledges for the following year which are then allocated to its funded partners. In addition, the Agency uses the following program service categories for reporting purposes:

Community Impact - Involves bringing people and resources together to tackle the issues that matter most in an effort to improve lives and shape a caring community.

Erie Free Taxes - Program established to help eligible low to moderate wage earners claim the Federal Earned Income Tax Credit, a cash refund, by providing them with free tax preparation and filing services at volunteer tax sites. This program was discontinued after the 2023 tax filing season.

Community Schools - The community schools model is a strategy (not a program) for organizing school and community resources around student success. A community school is both a place and set of partnerships that help address health, wellness and the social needs of its students, families and the surrounding neighborhood. Schools become centers of the community, open to everyone, all day, every day, evenings and weekends.

Imagination Library (IL) - Provides a high-quality, age-appropriate book to any child in Erie County under the age of five. Also recruits and trains volunteer Reading Buddies who help parents and caregivers better understand how to read and interact with young children.

United Way of Erie County
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Estimates in Financial Statements

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and cash equivalents

Cash and cash equivalents consist of cash held in checking, savings and money market accounts and certificates of deposit with initial maturities of less than 90 days.

4. Pledges and Contributions

Unconditional promises to give and contributions received, including grants which are considered non-exchange transactions, are measured at their fair values and are reported as an increase in net assets. The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated for support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restriction. The Agency reports gifts of goods and equipment as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Substantially all public support is derived from contributions from individuals and businesses located in the County of Erie, PA. Pledges for contributions are recorded as received and allowances are provided for amounts estimated to be uncollectible. The provision for uncollectible pledges is based on historical loss information based on aging data, management estimates of current economic factors, applied to gross campaign, including donor designations. Direct contributions represent pledges to be paid directly to the United Way and are available for unrestricted use unless specifically restricted by the donor.

5. Direct Allocations to Agencies

Direct allocations to agencies represent the cash payments made directly to agencies by the United Way.

United Way of Erie County
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Donated Services

A substantial number of volunteers have donated approximately 367 hours to the Agency's program services and fund-raising campaign during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services are reflected in the statement of activities at their fair value. Materials and other assets received as donations are recorded in the accompanying financial statements at their fair values at the date of receipt.

7. Land, Building and Equipment and Related Depreciation

Land, building and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred, while major renewals and betterments are capitalized. The cost and related allowance for depreciation of assets sold or otherwise disposed of are removed from the related property accounts and resulting gains or losses are reflected in revenues or expenses. Depreciation of the building and equipment has been provided on a straight-line basis over the estimated useful lives of the respective assets.

8. Investments

The Agency's investments consist primarily of marketable debt and equity securities and are stated at fair value based on quoted market prices.

9. Measure of Operations

The Agency's operating revenues in excess of expenses includes all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restrictions and transfers from Board designated funds to support current operating activities. The amounts transferred from Board designated funds to support operations for the years ended June 30, 2024 and 2023 are detailed in Note G.

10. Tax Status

The United Way of Erie County has received a determination letter from the Internal Revenue Service (IRS) that grants an exemption from income taxes under section 501(c)(3) of the U.S. Internal Revenue Code. The Agency files annual informational returns with the IRS and Commonwealth of Pennsylvania. The Agency has adopted the provisions of FASB ASC 740, *Income Taxes*. FASB ASC 740 prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken in a tax return.

United Way of Erie County

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Agency records any related interest expense and penalties, if any, as a tax expense. For the years ended June 30, 2024 and 2023, there were no unrecognized tax benefits or interest and penalty expense incurred. Tax years that remain subject to examination are years 2021 and forward.

11. Concentration of Credit Risk

The Agency's financial instruments that are exposed to concentrations of credit risk consist primarily of cash (Note B), long-term investments (Note C) and pledges receivable. The Agency's cash is primarily in one bank account and is FDIC insured up to \$250,000. The long-term investments are maintained by a trust department at a local bank. The individual investments, whose market value may fluctuate, are not insured or collateralized. The Agency's pledge receivables result from its annual pledge drive and are due from businesses and individuals located in northwestern Pennsylvania. Approximately 20% of its annual pledge drive is generated from the contributions of two businesses and their employees within this geographic area; with the largest single employer accounting for approximately 17%.

12. Fair Value Measurement

Fair value, as defined in FASB ASC 820, *Fair Value Measurements and Disclosures*, is based on 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. In order to increase consistency and comparability in fair value measurements, FASB ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. Level 1 consists of quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 2 consists of observable prices that are based on inputs not quoted on active markets, but corroborated by market data. Level 3 consists of unobservable inputs which are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs. In determining fair value, the Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. The fair market value of a financial instrument is defined in FASB ASC 825 as "the amount at which the instrument could be exchanged in a current transaction between willing parties."

United Way of Erie County
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The carrying amounts reported in the accompanying Statements of Financial Position for other receivables, prepaids, allocations and designations payable, accounts payable, accruals, and unearned revenue approximate fair value given the short-term nature of the financial instruments or conversely are based on a non-recurring assessment of fair value.

Fair value for Investments is measured using Level 1 inputs. Fair value of Beneficial interest in funds held by others-Endowment is reported as Level 3 measurements as they represent an interest in investments pooled with other organizations' funds at the Erie Community Foundation. Such interest is not publicly traded nor can it be valued on observable direct or indirect inputs. However, a substantial portion of the underlying assets is measured at fair value using Level 1 and 2 inputs by the Erie Community Foundation. (See Note G for a further description of the agreement with the Erie Community Foundation and a detail of the changes in Level 3 investments measured at fair value on a recurring basis.)

13. Date of Management's Review

Management has evaluated subsequent events through November 18, 2024, the date the financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

At June 30, 2024 and 2023, cash and cash equivalents consist of the following:

	2024	2023
Demand deposits with banks	\$6,593,220	\$4,170,482
On hand	250	250
	\$6,593,470	\$4,170,732

NOTE C - LONG-TERM INVESTMENTS

Long-term investments at June 30, 2024 and 2023 consist of the following:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Cash equivalents/CDs	\$ 236,641	\$ 236,641	\$ 78,842	\$ 78,842
Equities	194,221	193,335	63,118	70,131
Fixed income funds	25,243	28,051	24,957	28,051
Other funds	4,769	4,884	4,567	4,884
	\$ 460,874	\$ 462,911	\$ 171,484	\$ 181,908

United Way of Erie County
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE C - LONG-TERM INVESTMENTS - Continued

Net gains (losses) on investments, reported at fair value using Level 1 inputs, as reflected in the Statements of Activities, represent both realized and unrealized gains (losses) on investments as well as on the Endowment Fund (Note G). Included in net gains (losses) for the years ended June 30, 2024 and 2023 are the following:

	2024		
	<u>Investments</u>	<u>Endowment</u>	<u>Total</u>
Realized gain	\$ 3,716	\$ 711,615	\$ 715,331
Unrealized gain	8,404	1,453,237	1,461,641
	\$ 12,120	\$ 2,164,852	\$2,176,972
	2023		
	<u>Investments</u>	<u>Endowment</u>	<u>Total</u>
Realized (loss)/gain	(\$ 1,254)	\$ 514,014	\$ 512,760
Unrealized gain	7,566	425,517	433,083
	\$ 6,312	\$ 939,531	\$ 945,843

NOTE D - COMMUNITY SCHOOL PARTNER FUNDING RECEIVABLES

Community school partner funding receivables consist of \$710,000 and \$660,000 for the years ended June 30, 2024 and 2023, respectively. The receivables were related to funding for the Community Schools program.

NOTE E - PENSION PLAN

Effective July 1, 1996, the Agency adopted a defined contribution plan covering substantially all of its employees. Contributions are at the discretion of the Board and were approved at six percent of eligible compensation. Pension expense relating to this plan for the years ended June 30, 2024 and 2023, amounted to \$125,768 and \$120,918, respectively.

NOTE F - LAND, BUILDING AND EQUIPMENT

Land, building and equipment at June 30, 2024 and 2023 consist of the following:

United Way of Erie County
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE F - LAND, BUILDING AND EQUIPMENT - Continued

	<u>2024</u>	<u>2023</u>	<u>Estimated Useful Life</u>
Building	\$1,037,138	\$1,037,138	40 Years
Building equipment	30,678	30,678	10 Years
Office furniture and equipment	115,913	106,555	10 Years
Computer equipment	<u>128,202</u>	<u>128,202</u>	5-8 Years
	1,311,931	1,302,573	
Less accumulated depreciation	<u>438,336</u>	<u>348,803</u>	
	<u>\$ 873,595</u>	<u>\$ 953,770</u>	

Depreciation expense of \$89,533 and \$92,954 was incurred during the years ended June 30, 2024 and 2023, respectively.

NOTE G - NET ASSETS WITHOUT DONOR RESTRICTIONS

DESIGNATED BY THE BOARD FOR ENDOWMENT

In January, 1986, the United Way entered into an agreement with the Erie Community Foundation ("the Foundation"), a non-profit corporation, that established a fund on the books of the Foundation for the purpose of supporting the charitable and educational purposes of the United Way and its affiliated agencies. In May, 1996, the United Way amended and restated their agreement with the Foundation to include an additional contribution for endowment of \$995,367. In October, 2007, the United Way was notified of an additional contribution to the Endowment. That additional contribution, which totaled \$12,488,232, was distributed to the United Way and placed in the Foundation over a three year period ending December 31, 2010. In accordance with FASB ASC 958-650 *Not-For-Profit Entities Revenue Recognition*, those amounts are recorded on the books of the United Way and included in beneficial interest in funds held by others-endowment on the Statements of Financial Position. Furthermore, any future bequests received by the United Way are designated for endowment and transferred to the Foundation.

The fund is the property of the Foundation held by it as a component fund in its corporate capacity and is not deemed a trust fund held by it in a trustee capacity. The Foundation has the ultimate authority and control over all property in the fund. The Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or specified organizations if, in the sole judgement of the Foundation, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

United Way of Erie County

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE G - NET ASSETS WITHOUT DONOR RESTRICTIONS - Continued

As of June 30, 2024 and 2023, the fair market value was \$22,406,203 and \$20,510,615, respectively, which has been recorded and included as beneficial interest in funds held by others-endowment on the Statements of Financial Position. The underlying investments of the fund as of June 30, 2024, consist of 45.9% public equities, 14.1% diversifying assets, 13.1% fixed income, 1.4% cash and equivalents, and 25.5% private investments. From June 30, 2024 through August 31, 2024, the fair market value increased 3.2%. The investment policies regarding return objectives and risk strategies are determined by the Foundation.

In accordance with the agreement, the Foundation shall pay and distribute the net income of the Fund to the United Way at least annually. This amount is used to reduce the beneficial interest. The beneficial interest is also adjusted annually based on the earnings and change in fair market value of the fund. For the years ended June 30, 2024 and 2023, \$700,000 and \$710,022 was distributed to the United Way. Although these distributions are not shown as revenue on the Statements of Activities, it is the United Way's intention to utilize these amounts towards each year's campaign.

Also in accordance with the agreement, the United Way may request a distribution of up to 10% annually of the principal of the Fund. Distributions of principal in excess of the 10% may be made if the United Way demonstrates to the satisfaction of the Foundation that the additional distribution is required for emergency purposes or to offset a shortfall in the United Way's annual campaign. Principal distributions in excess of \$500,000 require the approval of two-thirds of the United Way's Board of Directors.

The Financial Accounting Standards Board (FASB) issued FASB ASC 958-205 (formerly FSP 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for all Endowment Funds"). The standard provides guidance on classifying net assets of donor restricted and board-designated endowment funds held by organizations and whether or not they are subject to an enacted version of UPMIFA. The State of Pennsylvania has not yet enacted UPMIFA.

United Way of Erie County
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE G - NET ASSETS WITHOUT DONOR RESTRICTIONS - Continued

The United Way's endowment fund activity consisted of the following:

	2024	2023
Net assets, beginning of year	\$20,510,615	\$19,709,548
Investment income, net of fees	(70,280)	7,337
Realized gains	711,615	514,014
Unrealized gains	1,453,237	425,517
Contributions	501,516	565,221
Grants	(500)	(1,000)
Transfers to United Way	(700,000)	(710,022)
Net assets, end of year	<u>\$22,406,203</u>	<u>\$20,510,615</u>

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 and 2023 consist of the following:

TEMPORARILY RESTRICTED

	2024	2023
<u>Subject to passage of time</u>		
Subsequent year's campaign:		
Pledges receivable	\$ 500	\$ -
Contributions received	15,596	19,677
Designations payable	(-)	(18,847)
	<u>16,096</u>	<u>830</u>

Subject to expenditure for specific purpose

Imagination Library:		
Pledges receivable	1,435,591	1,648,176
Community Schools	1,466,771	1,143,351
Women United	480,503	436,955
Uniting for Education	6,369,494	-
Other Purposes	41,403	26,871
	<u>9,793,762</u>	<u>3,255,353</u>
	<u>\$9,809,858</u>	<u>\$3,256,183</u>

United Way of Erie County
 NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS - Continued

The subsequent year's campaign pledges receivable and contributions received represent public support resulting from the Agency's annual campaign conducted in the fall of each year for the purpose of providing the Agency the funds to operate in the subsequent year. The designations payable represents amounts included in the pledges receivable and contributions received, which are to be paid to non-United Way funded partners in accordance with the donors' requests.

The IL pledges receivable and contributions received represent public support and sponsorships which are restricted by the donors for IL program expenses. A fund (IL Operating Fund) has been established at the Erie Community Foundation to maintain the activity of the IL program. At June 30, 2024 and 2023 the portion of net assets that was on hand, in the form of cash, in that fund was \$0 and \$452,932, respectively. Those amounts have been reported as beneficial interest in funds held by others- Imagination library on the Statements of Financial Position.

Community Schools and Women United represent sponsorships from local businesses and business women to provide funding for various schools as part of the Agency's community schools model. The remaining temporarily restricted net assets are set aside for various purposes as listed above.

PERMANENTLY RESTRICTED

	2024	2023
<u>Emergency loan fund</u>		
Cash	\$ -	\$ -
Loans receivable	-	-
	\$ -	\$ -

During the year ended December 31, 2007, the Agency received an anonymous donation in the amount of \$49,041 to set up an Emergency Loan Fund. This donation was included as other gifts and bequests on the Statement of Activities. The purpose of the fund is to make interest free loans to funded partners. In accordance with the agreement with the donor, all income of the fund will remain in the fund. For the years ended June 30, 2024 and 2023, loans were made from the fund in the amounts of \$0 and \$0, respectively. Effective the year ended June 30, 2023, the restriction was released.

United Way of Erie County
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE I - IN-KIND SERVICES

During the years ended June 30, 2024 and 2023, the United Way received donated goods and services of \$13,700 and \$96,318, respectively. The corresponding charges are included in the Statements of Functional Expenses as follows:

	2024	2023
Salaries	\$ -	\$ 91,218
Community schools	9,750	-
Outside printing/marketing	3,950	5,100
	\$ 13,700	\$ 96,318

NOTE J - OTHER PUBLIC SUPPORT

Other public support for the years ended June 30, 2024 and 2023 consists of the following:

	2024	2023
<u>Community Schools (CS)</u>		
Erie Insurance - various	\$ -	\$ 225,000
Wabtec - various	-	225,000
Larson Text - JoAnna Connell	-	225,000
Eriez Magnetics - various	12,500	150,000
American Tinning - Diehl	-	75,000
National Fuel Gas - Wilson	225,000	-
Highmark - Strong Vincent	60,000	-
Various companies - Diehl	-	31,969
Women United - various schools	43,549	80,100
Various businesses - various schools	710,267	186,354
<u>Other</u>		
Uniting for Education	6,369,494	-
Department of Education	412,057	400,173
City of Erie Public Schools	909,941	819,438
VITA/Erie Free Taxes	11,129	152,195
Other	73,893	73,453
	\$8,827,830	\$2,643,682

NOTE K - LIQUIDITY

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

United Way of Erie County
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE K - LIQUIDITY - Continued

In an effort to support this policy, the Board has established designated funds for Endowment (See Note G) with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical cycle of converting financial assets to cash or settling financial liabilities. Although the Agency does not intend to spend from its Endowment other than the allowable distribution from its annual income, amounts could be made available if necessary. However those amounts are subject to the limitations and approvals discussed in Note G.

Financial assets were \$37,003,240 and \$28,441,706 as of June 30, 2024 and 2023, respectively. Subsequent year receivables are subject to time restrictions, but will be collected within one year thus relieving the restriction. Certain other receivables - sponsorships will be collected in more than one year. The following represents the Agency's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year of the balance sheet date.

	2024	2023
Financial assets at year end	\$37,003,240	\$28,441,706
Less those unavailable for general expenditures within one year due to:		
Pledges receivable due in 1-5 years	(768,350)	(1,000,000)
Pledges receivable due in > 5 years	(200,000)	(-)
Sponsorship a/r due in 1-5 years	(66,667)	(315,000)
Designation for Endowment	(22,406,203)	(20,510,615)
Financial assets available to meet cash needs for general expenditures within one year	\$13,562,020	\$ 6,616,091

NOTE L - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Expenses that can be directly identified to a program are charged to that program. Certain salaries and related taxes and benefits have been allocated among the programs and supporting services on the basis of estimates of time and effort. Those estimates are evaluated on an annual basis. Other expenses such as maintenance, occupancy and depreciation are allocated based on the salaries allocation. The Agency believes that the basis is reasonable and is consistently applied. Certain immaterial amounts were reclassified in the 2023 statements of functional expenses.