

DRAFT FOR DISCUSSION PURPOSES ONLY  
ISSUANCE OF FINAL FINANCIAL STATEMENTS PENDING  
MANAGEMENT'S APPROVAL OF DRAFT FINANCIAL STATEMENTS  
AND RECEIPT OF SIGNED MANAGEMENT REPRESENTATION LETTER

FOX VALLEY UNITED WAY  
FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITORS' REPORT

For the Year Ended June 30, 2023  
With Comparative Totals For the Year Ended June 30, 2022

**Weber & Associates CPAs, LLC**  
Certified Public Accountants

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**FOX VALLEY UNITED WAY**  
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# Weber & Associates CPAs, LLC

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Fox Valley United Way  
Aurora, Illinois

### *Opinion*

We have audited the accompanying financial statements of Fox Valley United Way (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year 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 Fox Valley United Way as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our 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 Fox Valley United Way 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 Fox Valley United Way'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 Fox Valley United Way'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 Fox Valley United Way'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.

*Uebel & Associates*

Aurora, Illinois

**FOX VALLEY UNITED WAY**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2023 With Comparative Totals for June 30, 2022

	ASSETS	2023	2022
Current assets			
Cash and cash equivalents	\$ 659,014	\$ 547,002	
Pledges receivable, net of allowance for uncollectible amounts of \$108,674 and \$102,442 as of June 30, 2023 and 2022, respectively	157,438	267,935	
Grants receivable	74,487	62,214	
Other receivables	2,250	2,250	
Prepaid expenses	51,468	34,074	
Total current assets	<u>944,657</u>	<u>913,475</u>	
Property and equipment, at cost			
Furniture and equipment	129,242	129,242	
Less: accumulated depreciation	<u>(119,997)</u>	<u>(115,258)</u>	
Net property and equipment	<u>9,245</u>	<u>13,984</u>	
Non-current assets			
Operating lease right-of-use assets	<u>72,536</u>	-	
Total assets	<u><u>\$ 1,026,438</u></u>	<u><u>\$ 927,459</u></u>	
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$ 27,355	\$ 30,506	
Accrued expenses	35,763	38,502	
Grants payable	-	41,440	
Refundable grants	-	15,000	
Allocations payable to community agencies	62,490	37,091	
Designations payable	7,379	6,349	
Operating lease liability, current	<u>32,433</u>	-	
Total current liabilities	<u>165,420</u>	<u>168,888</u>	
Noncurrent liabilities			
Operating lease liability, net of current portion	<u>40,802</u>	-	
Net assets			
Without donor restrictions	345,057	105,750	
With donor restrictions	<u>475,159</u>	<u>652,821</u>	
Total net assets	<u>820,216</u>	<u>758,571</u>	
Total liabilities and net assets	<u><u>\$ 1,026,438</u></u>	<u><u>\$ 927,459</u></u>	

See accompanying notes to financial statements.

**FOX VALLEY UNITED WAY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2023  
With Comparative Totals For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>Public support and other revenue</b>				
Gross campaign results	\$ 422,887	\$ 143,082	\$ 565,969	\$ 667,005
Less donor designations	(37,825)	-	(37,825)	(3,293)
Gross campaign revenue	385,062	143,082	528,144	663,712
Provision for uncollectible pledges	(52,288)	-	(52,288)	(48,203)
Net campaign revenue	332,774	143,082	475,856	615,509
Designations from other United Ways	22,841	-	22,841	49,745
Special events, net of direct costs of \$4,103 for 2023 and \$0 for 2022	3,661	-	3,661	-
Grants and contributions	4,228	574,356	578,584	407,170
In-kind contributions	32,332	-	32,332	23,513
Interest income	228	294	522	499
Other miscellaneous income	61,019	30,098	91,117	-
Net assets released from restriction	931,895	(931,895)	-	-
<b>Total public support and other revenue</b>	<b>1,388,978</b>	<b>(184,065)</b>	<b>1,204,913</b>	<b>1,096,436</b>
<b>Expenses</b>				
<b>Program services</b>				
Net funds allocated/awarded to agencies	103,399	-	103,399	73,847
Other community impact/allocation services	228,340	-	228,340	328,890
SPARK Early Learning Initiative	503,520	-	503,520	369,014
Volunteer Fox Valley	4,633	-	4,633	8,727
<b>Total program services</b>	<b>839,892</b>	<b>-</b>	<b>839,892</b>	<b>780,478</b>
<b>Support services</b>				
Management and general	134,917	-	134,917	148,247
Fundraising	168,459	-	168,459	193,416
<b>Total support services</b>	<b>303,376</b>	<b>-</b>	<b>303,376</b>	<b>341,663</b>
<b>Total expenses</b>	<b>1,143,268</b>	<b>-</b>	<b>1,143,268</b>	<b>1,122,141</b>
<b>Excess (deficiency) of public support and other revenue over expenses</b>	<b>245,710</b>	<b>(184,065)</b>	<b>61,645</b>	<b>(25,705)</b>
Transfer of program specific designations	(6,403)	6,403	-	-
Change in net assets	239,307	(177,662)	61,645	(25,705)
<b>Net assets, beginning of year</b>	<b>105,750</b>	<b>652,821</b>	<b>758,571</b>	<b>784,276</b>
<b>Net assets, end of year</b>	<b>\$ 345,057</b>	<b>\$ 475,159</b>	<b>\$ 820,216</b>	<b>\$ 758,571</b>

See accompanying notes to financial statements.

**FOX VALLEY UNITED WAY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2023  
With Comparative Totals For the Year Ended June 30, 2022

	Program Services				Support Services			Total Program and Support Service Expenses	
	Community Impact/ Allocation Services	SPARK Early Learning Initiative	Volunteer Fox Valley	Total	Management and General	Fundraising	Total	2023	2022
<b>FUNCTIONAL EXPENSES</b>									
Allocations/ awards to agencies	\$ 115,297	\$ -	\$ -	\$ 115,297	\$ -	\$ -	\$ -	\$ 115,297	\$ 73,847
Less: donor designations	(11,898)	-	-	(11,898)	-	-	-	(11,898)	-
Net allocations/awards to agencies	103,399	-	-	103,399	-	-	-	103,399	73,847
Payroll expenses									
Salaries	95,844	167,262	-	263,106	48,457	118,298	166,755	429,861	443,003
Payroll taxes	8,582	13,848	-	22,430	3,661	10,576	14,237	36,667	40,176
Employee benefits	7,172	18,396	-	25,568	2,855	8,152	11,007	36,575	49,246
Retirement plan	4,662	6,602	-	11,264	1,870	5,019	6,889	18,153	13,281
Total payroll expenses	116,260	206,108	-	322,368	56,843	142,045	198,888	521,256	545,706
Contract services	58,502	167,043	-	225,545	-	2,347	2,347	227,892	60,703
Accounting and legal fees	-	21,315	-	21,315	37,507	-	37,507	58,822	64,631
Supplies	1,251	35,174	-	36,425	5,247	171	5,418	41,843	40,435
Contributed child care supplies distributed	20,927	-	-	20,927	-	-	-	20,927	16,542
Printing and publications	131	8,014	258	8,403	-	-	-	8,403	10,065
Postage and shipping	-	3	-	3	482	84	566	569	782
Telephone	1,084	607	-	1,691	449	2,244	2,693	4,384	5,239
Information technology and support	9,448	960	4,375	14,783	1,616	4,567	6,183	20,966	19,680
Occupancy	5,619	12,340	-	17,959	7,178	11,630	18,808	36,767	38,096
Conferences and staff development	(1,325)	13,988	-	12,663	4,477	-	4,477	17,140	6,321
Travel	616	1,875	-	2,491	-	-	-	2,491	519
Insurance	-	1,595	-	1,595	8,286	-	8,286	9,881	8,530
Special event expenses	-	2,027	-	2,027	-	668	668	2,695	360
Advertising and marketing	3,249	17,032	-	20,281	247	35	282	20,563	15,242
Other professional services	153	48	-	201	-	-	-	201	4,272
Consulting	1,689	-	-	1,689	1,749	1,771	3,520	5,209	90,379
Equipment lease and maintenance	-	1,192	-	1,192	1,997	-	1,997	3,189	5,607
Community grants	-	-	-	-	-	-	-	-	62,160
Contribution to an initiative	-	-	-	-	-	-	-	-	10,000
Dues and subscriptions	-	11,879	-	11,879	1,548	-	1,548	13,427	12,249

See accompanying notes to financial statements.

**FOX VALLEY UNITED WAY**  
**STATEMENT OF FUNCTIONAL EXPENSES, continued**  
**For the Year Ended June 30, 2023**  
**With Comparative Totals For the Year Ended June 30, 2022**

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	Program Services				Support Services			Total Program and Support Service Expenses	
	Community Impact/ Allocation Services	SPARK Early Learning Initiative	Volunteer Fox Valley	Total	Management and General		Total	2023	2022
					Fundraising				
<b>FUNCTIONAL EXPENSES, continued</b>									
Bank fees	-	410	-	410	2,624	-	2,624	3,034	3,375
United Way Worldwide and state dues	4,044	-	-	4,044	1,617	2,426	4,043	8,087	13,766
Holiday assistance	6,692	-	-	6,692	-	-	-	6,692	6,350
Miscellaneous expense	-	60	-	60	161	471	632	692	2,045
Depreciation expense	-	1,850	-	1,850	2,889	-	2,889	4,739	5,240
Other expenses	112,080	297,412	4,633	414,125	78,074	26,414	104,488	518,613	502,588
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 331,739</b>	<b>\$ 503,520</b>	<b>\$ 4,633</b>	<b>\$ 839,892</b>	<b>\$ 134,917</b>	<b>\$ 168,459</b>	<b>\$ 303,376</b>	<b>\$ 1,143,268</b>	<b>\$ 1,122,141</b>

See accompanying notes to financial statements.

**FOX VALLEY UNITED WAY**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2023  
With Comparative Totals For the Year Ended June 30, 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 61,645	\$ (25,705)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	4,739	5,240
Provision for uncollectible pledges	52,288	48,203
Change in measurement of operating lease	699	-
Changes in assets and liabilities		
Contributions receivable	58,209	(106,860)
Grants receivable	(12,273)	(16,048)
Prepaid expenses	(17,394)	(20,801)
Accounts payable	(3,151)	(45,655)
Accrued expenses	(2,739)	(8,835)
Grants payable	(41,440)	41,440
Refundable advance	(15,000)	15,000
Allocations payable	25,399	(1,154)
Designations payable	1,030	(1,597)
Net cash used in operating activities	<u>112,012</u>	<u>(116,772)</u>
Change in cash and cash equivalents	112,012	(116,772)
Cash and cash equivalents, beginning of year	<u>547,002</u>	<u>663,774</u>
Cash and cash equivalents, end of year	<u>\$ 659,014</u>	<u>\$ 547,002</u>
Schedule of noncash investing and financing transactions:		
Right of use asset	\$ 72,536	\$ -
Operating lease liability for right of use asset	\$ 73,235	\$ -

See accompanying notes to financial statements.

**FOX VALLEY UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 With Comparative Totals for June 30, 2022

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**1. ORGANIZATION**

Fox Valley United Way (the Organization) is an incorporated not-for-profit organization governed by a volunteer board of directors. The Organization provides services for planning community activities and fundraisers, evaluating individual agency programs, informing the community of various activities it sponsors, and helping solve community problems. Funds are raised from the businesses and people of the Fox Valley area including Central and Southern Kane and Kendall counties through an annual campaign appeal. The program services of the Organization include allocating campaign collections to various community social service agencies, public information and community awareness, and sponsoring a website that connects volunteers with local nonprofit agencies through the Volunteer Fox Valley program.

During the year ended June 30, 2020, in response to the COVID-19 crisis, the Organization partnered with four other local grant makers in the Fox Valley region and established a COVID-19 Relief Fund to support nonprofit agencies.

The SPARK (Strong, Prepared And Ready for Kindergarten) program of Fox Valley United Way strives to empower diverse families and children to attain full success in learning and life by ensuring all young children in Aurora and the Fox Valley area have equal access to exemplary early childhood care and education. SPARK improves and strengthens the early childhood system by 1) educating and informing parents and the community about the importance and value of an early childhood education, the impact it has on children's success in school and life and connecting them with programs and services; 2) ensuring professional development of early childhood education teachers and learning center participation in the statewide Quality Rating Improvement System; 3) coordinating a system in which school districts, community-based early childhood programs, and community agencies serving families and children work as one unit to ensure that the area's young children have the resources, knowledge and skills to be Strong, Prepared, and Ready for Kindergarten.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The 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 (GAAP) and with the financial statement standards of United Way Worldwide.

**Basis of Presentation**

The Organization has presented its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements* .

**FOX VALLEY UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 With Comparative Totals for June 30, 2022

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

ASC 958 requires not-for-profit organizations to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor-imposed (or grantor) restrictions. These net assets are available to support the Organization's activities and operations at the discretion of Fox Valley United Way's management and the board of directors.

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

**Prior Year Summarized Comparative Information**

The financial statements include certain prior year summarized comparative information. In the statement of activities, prior year information is presented in total but not by net asset class. In the statement of functional expenses, comparative prior year expenses are presented in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

**Cash and Cash Equivalents**

The Organization considers short-term highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Short-term investments consist of bank money market accounts and repurchase sweep accounts.

**Property and Equipment**

Office equipment, furniture and fixtures are recorded at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Generally, the Organization's policy is to capitalize assets with a cost exceeding \$500. Depreciation expense for the years ended June 30, 2023 and 2022 was \$4,739 and \$5,240, respectively.

**FOX VALLEY UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 With Comparative Totals for June 30, 2022

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Campaign Pledges Receivable and Allowance for Uncollectible Amounts**

Each fall the Organization conducts an annual fundraising campaign whereby it solicits voluntary contributions from the general public in the Fox Valley area in the form of cash contributions and pledges to make future cash contributions. The Organization's ability to collect pledges can be affected by local economic conditions. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is computed based upon historical averages adjusted by management's estimate of current economic factors that could affect pledge collections. After two years, uncollected campaign pledges are written off. Current campaign pledges receivable are included in net assets with donor restrictions net of the allowance for uncollectible amount.

**Contributions**

Gross campaign results consist of cash and unconditional promises to give to the Organization received during the annual fundraising campaigns and include contributions processed by third-party processors. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Campaign contributions are released from restriction in the current year to the extent of allocations to community agencies approved for the following year.

Contributed property and equipment are recorded at estimated fair value at the date of donation. If donors stipulate a time or use restriction, the contributions are recorded as contributions with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded without donor restrictions.

Other contributions and grants received are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for support of specific programs or solutions for community problems are reported as net assets with donor restrictions and are reclassified to net assets without donor restrictions upon fulfillment of the time or purpose restriction.

**Donor Designated Contributions and Designations Payable**

Donors may choose to designate contributions to be distributed to a specific agency or another United Way. Such contributions are referred to as donor designations. The collection of these contributions and distribution to specified agencies or United Ways are transactions in which the Organization is acting as an agent. These transactions are not reported in the statement of activities as revenue and expenses, but are included in gross campaign results then deducted as donor designated contributions before arriving at net campaign revenue.

**FOX VALLEY UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 With Comparative Totals for June 30, 2022

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Donor Designated Contributions and Designations Payable (continued)**

Designations payable are recorded at the time the related pledge is received and reflected in net campaign revenue. Amounts are remitted to the beneficiary agencies as the related pledges are received from the donors.

**In-Kind Contributions**

The Organization receives and records various types of in-kind contributions consisting of equipment, supplies, food, advertising, computer support, printing and other services. Contributed goods and services are recognized at fair value when received. If donors stipulate a time or use restriction, the contributions are recorded as contributions with donor restrictions. In the absence of donor-imposed restrictions, in-kind contributions are recorded as contributions without donor restrictions.

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Although the Organization receives a significant amount of contributed time from volunteers, this time does not meet the recognition criteria and accordingly, is not reflected in the accompanying financial statements.

**Allocations to Agencies**

Allocations to partner United Way agencies are recorded as expenses when they are approved by the Board of Directors and communicated to the respective agencies. These allocations are generally payable within one year. Allocations payable amounting to \$62,490 at June 30, 2023 consist of amounts approved for payment beginning July 1, 2023 from the 2022 campaign revenue and are included in the amount released from restriction on the statement of activities. At June 30, 2022, allocations payable from the 2021 campaign amounted to \$37,091.

**Functional Expense Allocations**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Expenses that can be directly identified with a program or supporting services to which they relate are charged to the program or supporting service accordingly. Other expenses have been allocated among the program and supportive services benefited based on the average of number of employees, time spent, dedicated square footage or on a direct cost basis consistent with the standards for allocation of functional expenses in accordance with generally accepted accounting principles and United Way Worldwide.

**FOX VALLEY UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 With Comparative Totals for June 30, 2022

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Advertising Costs**

The Organization expenses advertising costs as incurred. Expenses incurred were \$20,563 and \$15,242 for the years ended June 30, 2023 and 2022, respectively.

**Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity pursuant to a letter from the U.S. Treasury Department dated March 20, 1963. In addition, the Organization is exempt from Illinois income taxes. Accordingly, no provision for income taxes is included in the financial statements.

**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 and the differences could be material to these financial statements.

**3. PLEDGES RECEIVABLE**

Pledges receivable consisted of the following as of June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Prior year's campaign	\$ 73,207	\$ 86,217
Current year's campaign	192,905	284,160
	<hr/>	<hr/>
	266,112	370,377
Less allowance for uncollectible pledges	(108,674)	(102,442)
Pledges receivable, net	<hr/>	<hr/>
	\$ 157,438	\$ 267,935

**FOX VALLEY UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 With Comparative Totals for June 30, 2022

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**4. OTHER RECEIVABLES**

Other receivables consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Accounts receivable - other	\$ 250	\$ 250
Rent deposit	2,000	2,000
	<u>\$ 2,250</u>	<u>\$ 2,250</u>

The Organization considers the receivable to be fully collectible; accordingly no allowance for doubtful accounts has been established.

**5. EMPLOYEE PENSION PLAN**

The Organization has a defined contribution pension plan covering all eligible employees. Eligible employees are persons who have at least one year of service with the Organization. During the years ended June 30, 2023 and 2022 the Organization contributed 5% of all participants' compensation to the Plan. The Organization's pension plan expense for the fiscal years ended June 30, 2023 and 2022 was \$18,153 and \$13,281, respectively.

**6. COMPENSATED ABSENCES**

Full-time employees of the Organization are entitled to paid vacation depending on the length of service. Up to five days of earned vacation leave may be carried over. Compensated absences accrued as of June 30, 2023 and 2022 amounted to \$18,224 and \$21,685, respectively.

**7. CONTRIBUTED MATERIALS AND SERVICES**

The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. The Organization received the following in-kind contributions during the years ended June 30:

	<u>2023</u>	<u>2022</u>
Food	\$ -	\$ 16,542
Supplies	22,927	-
Computer support	9,405	6,971
	<u>\$ 32,332</u>	<u>\$ 23,513</u>

**FOX VALLEY UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 With Comparative Totals for June 30, 2022

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**7. CONTRIBUTED MATERIALS AND SERVICES (continued)**

The Board of Directors makes significant contributions of time with respect to the management and operations of the Organization. Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this contributed time is not reflected in the financial statements.

**8. NET ASSETS WITH DONOR RESTRICTIONS**

In accordance with United Way Worldwide requirements, net assets with donor restrictions include pledges receivable from the current campaign for use in the next year, net of an allowance for uncollectible amounts and Board approved community agency allocations.

At June 30, 2023 and 2022, net assets with donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Pledges receivable, net	\$ 80,592	\$ 216,302
Donor restricted purposes		
Youth programs	-	28
SPARK Early Learning Initiative	329,947	342,147
Volunteer Fox Valley	1,707	6,340
211 Helpline	31,739	60,710
Other purposes	<u>31,174</u>	<u>27,294</u>
	<u>394,567</u>	<u>436,519</u>
Total net assets with donor restrictions	<u><u>\$ 475,159</u></u>	<u><u>\$ 652,821</u></u>

**9. ENDOWMENT FUND**

In 1999 the Organization contributed funds to the Community Foundation of the Fox River Valley for the purpose of establishing an endowment fund to be used for support of the mission or activities of the Organization or its affiliated agencies. The fund is the property of the Foundation and the Foundation has ultimate authority and control over all property in the fund and the income derived therefrom. At least annually, the Foundation may distribute the fund's net income to the Organization, or the Organization may elect to accumulate the income. As of June 30, 2023 and 2022, net income available for distribution amounted to \$9,489 and \$7,809, respectively.

**FOX VALLEY UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 With Comparative Totals for June 30, 2022

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**10. NEW ACCOUNTING STANDARD**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization elected to adopt these ASUs effective July 1, 2022 and elected to use all available practical expedients. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of right-of-use assets and lease liabilities for operating leases. Adoption of the standard required the Organization to recognize an operating lease right-of-use assets and an operating lease liability of \$104,481.

**11. LEASE AGREEMENTS**

On October 1, 2020, the Organization entered into a five year lease agreement for office space beginning October 15, 2020 and expiring on October 14, 2025. The lease requires monthly payments of \$2,611 with annual increases of 2% beginning in year three, and includes an option to renew for an additional five-year term.

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of June 30:

	<u>2023</u>	<u>2022</u>
<u>Operating leases</u>		
Operating lease right-of-use-assets	\$ 72,536	\$ -
Operating lease liability, current	32,433	-
Operating lease liability, net of current portion	40,802	-

The lease cost, including imputed interest and amortization of the right-of-use asset for the year ended June 30, 2023, was \$32,499 and is included in occupancy expense in the accompanying Statement of Functional Expenses.

**FOX VALLEY UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**

## 11. LEASE AGREEMENTS (continued)

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

Weighted average remaining lease term	2.25 years
Weighted average discount rate	0.68%

The maturities of lease liabilities as of June 30, 2023 were as follows:

Year ending June 30:	
2024	\$ 32,433
2025	33,078
2026	8,310
<b>Total lease payments</b>	<b>73,821</b>
<b>Less: interest</b>	<b>(586)</b>
<b>Present value of lease liabilities</b>	<b>\$ 73,235</b>

## 12. LINE OF CREDIT

The Organization obtained a line of credit with a financial institution up to \$50,000. The line of credit has a two-year term expiring on June 7, 2025 and is secured by substantially all of the assets of the Organization. Interest is payable monthly on the outstanding balance at an interest rate of 2.0% over the Wall Street Journal Prime Rate (10.50% at June 30, 2023). There were no borrowings under the line of credit as of June 30, 2023.

## 13. INCOME TAXES

The Organization is exempt from federal and state income taxes as an organization described under Section 501(c)(3) of the Internal Revenue Code. Income from activities not directly related to the Organization's tax exempt purpose is subject to federal and state income tax as unrelated business income.

The Organization has adopted guidance issued by the Financial Accounting Standards Board (FASB) relating to uncertain tax positions. The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

FOX VALLEY UNITED WAY  
NOTES TO FINANCIAL STATEMENTS

### 13. INCOME TAXES (continued)

The Organization has analyzed tax positions taken and believes that income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would have a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, there were no interest or penalties recognized for uncertain tax positions during the year ended June 30, 2023, and there were no accruals for interest and penalties at June 30, 2023. The 2020-2022 tax years for federal and state of Illinois income tax returns (the Organization's major tax jurisdictions) remain open and are subject to examination.

#### 14. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of the statement of financial position for general expenditures are as follows:

#### Financial assets as of year end:

Cash and cash equivalents	\$ 659,014
Pledges receivable, net	157,438
Grants receivable	74,487
Other receivables	2,250
	<hr/>
	893,189

Less those unavailable for general expenditures within one year:

Designations payable	7,379
Restricted by donors with purpose restrictions	394,567
Financial assets available to meet general expenditures within one year	\$ 491,243

Fox Valley United Way also has a bank line of credit in the amount of \$50,000 (see Note 12) upon which it can draw if needed for liquidity.

## 15. CONCENTRATION OF CREDIT RISK

The Organization maintains its bank account balances in two financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured bank deposits at June 30, 2023 or 2022. Cash equivalent amounts invested in the repurchase sweep investment accounts are not insured nor guaranteed by the United States government or its agencies.

**FOX VALLEY UNITED WAY**  
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**15. CONCENTRATION OF CREDIT RISK (continued)**

During the year ended June 30, 2023, Fox Valley United Way received approximately 33% of its gross campaign revenue from two employers, each exceeding 10% of the gross campaign revenue. For the year ended June 30, 2022, Fox Valley United Way received approximately 13% of its gross campaign revenue from one employer. Grant revenue from two sources, each exceeding 10% of total grant revenue, amounted to 45% of total grant revenue in 2023 and 53% of total grant revenue in 2022.

**16. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December \_\_\_, 2023, the date the financial statements were available to be issued.