

Tygart Valley United Way, Inc.

Financial Statements and Independent Auditor's Report

June 30, 2023

Tygart Valley United Way, Inc.
Table of Contents

Independent Auditor’s Report	1
Financial Statements	
Statement of Financial Position at June 30, 2023	3
Statement of Activities for the Year Ended June 30, 2023	4
Statement of Functional Expenses for the Year Ended June 30, 2023.....	5
Statement of Cash Flows for the Year Ended June 30, 2023.....	6
Notes to Financial Statements	7

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

Independent Auditor's Report

To the Board of Directors of
Tygart Valley United Way, Inc.
Fairmont, WV 26554

Opinion

We have audited the accompanying financial statements of Tygart Valley United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statement 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 Tygart Valley United Way, Inc. 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 audit 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 Tygart Valley United Way, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Tygart Valley United Way, Inc.'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, including omissions, 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.

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

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 Tygart Valley United Way, Inc.'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 Tygart Valley United Way, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Ferrari & Associates, PLLC

**Morgantown, West Virginia
October 17, 2023**

Tygart Valley United Way, Inc.
Statement of Financial Position
June 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$	100,887
Pledges receivable - net of allowance of \$10,000		83,823
Prepaid expenses		1,496

Total current assets		186,206
-----------------------------	--	----------------

Property and equipment:

Land and building		185,000
Furniture, equipment and computers		38,223
Accumulated depreciation		(40,358)

Net property and equipment		182,865
-----------------------------------	--	----------------

Other assets:

Investments at fair market value		731,735
----------------------------------	--	---------

Total other assets		731,735
---------------------------	--	----------------

Total assets	\$	1,100,806
---------------------	-----------	------------------

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$	14,283
Allocations and designations payable		439,500

Total current liabilities		453,783
----------------------------------	--	----------------

Total liabilities		453,783
--------------------------	--	----------------

Net assets:

With donor restrictions		296,231
Without donor restrictions:		
Board designated		22,429
Undesignated		328,363
Total without donor restrictions		350,792

Total net assets		647,023
-------------------------	--	----------------

Total liabilities and net assets	\$	1,100,806
---	-----------	------------------

Tygart Valley United Way, Inc.
Statement of Activities
For the Year Ended June 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
OPERATING REVENUE			
Campaign results 2022-2023	\$ 470,683	\$ 28,295	\$ 498,978
Campaign results 2023-2024	-	6,504	6,504
Net campaign results	470,683	34,799	505,482
Special event income (net of \$65,072 direct costs)	123,941	-	123,941
Corporate and government grants	208,476	-	208,476
Sponsorships	25,750	-	25,750
Other income	2,395	-	2,395
Net assets released from restrictions	174,671	(174,671)	-
Total revenue and support	1,005,916	(139,872)	866,044
OPERATING EXPENSES			
Program services	1,037,580	-	1,037,580
Supporting activities:			
Management and general	99,487	-	99,487
Fundraising	39,663	-	39,663
Total operating expenses	1,176,730	-	1,176,730
Change in net assets from operating activities	(170,814)	(139,872)	(310,686)
NON-OPERATING ACTIVITIES			
Interest income	106	-	106
Unrealized gain (loss) on investments	(37,564)	-	(37,564)
Other contributions	53,666	150,000	203,666
Change in net assets from non-operating activities	16,208	150,000	166,208
Change in net assets	(154,606)	10,128	(144,478)
Net assets - beginning of year	505,398	286,103	791,501
Net assets - end of year	\$ 350,792	\$ 296,231	\$ 647,023

Tygart Valley United Way, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Expenses	Management and General	Fundraising	Total
Expenses				
Allocations/awards	\$ 439,500	\$ -	\$ -	\$ 439,500
Wages, taxes and benefits	455,459	30,705	25,588	511,752
Telephone and internet	2,447	862	372	3,681
Insurance	2,064	3,096	-	5,160
Office supplies and expenses	30,489	19,128	4,632	54,249
Travel	2,328	820	354	3,502
Professional fees	-	16,285	-	16,285
Depreciation	4,820	1,697	732	7,249
Campaign promotion and fundraising	100,473	20,633	7,985	129,091
United Way Worldwide dues	-	6,261	-	6,261
Total expenses	\$ 1,037,580	\$ 99,487	\$ 39,663	\$ 1,176,730

Tygart Valley United Way, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities:	
Change in net assets	\$ (144,478)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	7,249
Investment activity	37,564
(Increase) decrease in operating assets:	
Pledge receivables	(28,295)
Prepaid expenses	(208)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	4,679
	<u>4,679</u>
Net cash provided (used) by operating activities	<u>(123,489)</u>
Cash flows from investing activities:	
Purchases of investment securities	(135,000)
Redemption of investment securities	106,000
	<u>106,000</u>
Net cash provided (used) by investing activities	<u>(29,000)</u>
Net change in cash	(152,489)
Cash at beginning of year	<u>253,375</u>
Cash at end of year	<u>\$ 100,887</u>

Tygart Valley United Way, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2023

1. Organization and Nature of Business

The Tygart Valley United Way, Inc. (Organization) is a nonprofit organization whose function is to administer the collection and distribution of charitable contributions from the citizens of Marion, Randolph, Barbour, Tucker and Taylor Counties, West Virginia. As such, they are subject to the economic conditions of the Counties. The Organization changed its name from The United Way of Marion and Taylor Counties, Inc. to The Tygart Valley United Way, Inc. during the year 2021 when the Organization merged with the United Way of Randolph County and also added Barbour and Tucker County into its footprint.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting as contemplated by generally accepted accounting principles, and accordingly, reflect all significant receivables, payables, and other liabilities.

Classification of Net Assets

The Organization has classified its net assets and its revenues, gains, and losses, based on the existence or absence of donor-imposed restrictions. The Organization's net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: represents net assets that are not subject to or are no longer subject to donor-imposed stipulations. Net assets without donor restriction are available for use by the Organization at the discretion of the Board of Directors.

Net Assets With Donor Restrictions: represents net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature, those whose use is limited by donor-imposed time and/or purpose restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Revenue Recognition

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended.

Pledges and Promises to Give

Unconditional pledges and promises to give are recognized as revenue and included in receivables in the period the promise is given. Such unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year.

Donors have the option to designate their contribution to a specific organization. The collection of these contributions and distributions to donor specified are transactions in which the Organization is acting as an intermediary.

Tygart Valley United Way, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2023

Uncollectible Pledges

The Organization uses the allowance method to determine unconditional pledges receivable. The allowance for uncollectible pledges receivable is based upon an historical average, applied to gross campaign, excluding donor designation.

Contributions and Grants

The Organization receives contributions and grants from various sources to assist in operations and support the Organization's afterschool program, as well as many other programs offered by the Organization that benefit the local community. This revenue is recognized by the Organization when received.

Contributions of long-lived assets are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how those long-lived assets are to be used, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. In addition, a number of volunteers have donated significant amounts of time to the Organization and its programs. These donated services are not reflected in the accompanying financial statements since the activities do not meet the criteria for recognition of contributed services.

Special Events

Special event revenue is revenue that is recognized from events organized by the Organization that generate income from fundraising functions designed to attract donors and raise awareness.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

The Organization follows FASB Codification Section 958.320 Not-for-Profit Entities Investments (ASC 958.320). Under ASC 958.320, investments in mutual funds with readily determinable fair values are reported at their fair values in the statement of financial position, and unrealized gains and losses are recorded as an increase or decrease in unrestricted net assets unless their use is restricted by explicit donor stipulations. Realized and unrealized gains and losses are included in the accompanying statements of activities.

Fixed Assets

Fixed assets are recorded at cost, if purchased, or estimated fair market value, if donated, and depreciated over their estimated useful lives. Depreciation is computed on the straight-line method. Expenditures for major renewals and betterments that extend the useful lives of the equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Property and equipment costing, or having a fair value of more than \$500 when acquired is capitalized and depreciated over the useful life of the asset. Land is not depreciated, buildings are depreciated over 40 years and furniture, equipment and computers are depreciated over 5-10 years.

Tygart Valley United Way, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2023

Allocations Payable

The Organization allocates pledges to its participating member agencies for the campaign year. These allocations are recognized as a liability when the allocation pledge is established.

Income Taxes

The Federal tax purposes the Organization is exempt from federal income taxes under Section 501(c)(3) and was determined not to be a private foundation by the Internal Revenue Service (IRS); however, the Organization remains subject to tax on any business income unrelated to its tax-exempt purpose.

The Organization follows FASB Codification Section 740 *Accounting for Uncertainty in Income Taxes* (ASC 740). This guidance provides a recognition threshold and measurement process for uncertain tax positions, including any estimated penalties and interest associated with those uncertain tax positions. For the year ended June 30, 2023, there were no uncertain tax positions requiring accrual.

The Organization's federal information returns, Forms 990, are subject to examination by the IRS, for three years after they are filed.

Functional Expenses

The costs of providing program and supporting activities have been presented on a functional basis in the statement of functional expenses and are summarized 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. Expenses are charged to program or supporting activities as incurred or allocated using a statistical basis.

Compensated Absences

In accordance with FASB Codification Section 710 *Compensation*, amounts accrued for future absences includes amounts that are attributable to the employees' services already rendered, and only amounts that may be carried forward to periods subsequent to that in which they were earned. The amount of compensated absences at June 30, 2023 was \$14,118 and was included in accounts payable and accrued expenses on the Statement of Financial Position.

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 at the date of the financial statements and the report amounts of revenues and expenses during the reporting period. Estimates such as allowance for uncollectible pledges, are based upon known facts and circumstances. Estimates are revised by management in the period such fact and circumstances change.

3. Concentration of Risk

The Organization maintains its cash accounts in financial institutions located in West Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's cash balances at various times throughout the year may be in excess of amounts insured; however, the Organization monitors its cash balances thereby mitigating its exposure to concentrations of credit risk.

The vast majority of pledges receivable are from individuals and corporations located in Marion, Randolph, Taylor, Barbour and Tucker Counties in West Virginia. The ability to collect these pledges could be affected by the future economic conditions in these counties and surrounding area.

Tygart Valley United Way, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2023

4. Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2023</u>
Cash	\$ 100,887
Investments, at fair market value	731,735
Pledges receivable	<u>83,823</u>
Total financial assets	916,445
Less:	
Restrictions by donors	<u>296,231</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 620,214</u>

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

5. Fair Value Measurements

FASB Codification Section 825 (ASC 825) *Financial Instruments* permits an entity to elect fair value as the initial and subsequent measurement attribute for certain financial statement assets and liabilities. Entities electing the fair value option would be required to recognize changes in fair value earnings. The adjustment to reflect the difference between fair value and the carrying amount is accounted for as cumulative effect adjustment to net assets as of the date of the adoption. The adoption of this pronouncement did not have an effect on the Organization's financial statements. The Organization did not elect the fair value methodology permitted under ASC 825 for any financial instrument or other item that is not currently required to be measured at fair value.

FASB Codification Section 820 (ASC 820) *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Under ASC 820, various inputs are used in determining the fair value of assets and liabilities. These inputs are summarized in a hierarchy that segregates fair value measurement in the three levels (levels 1, 2, and 3), determined by the nature of input as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities may include debt and equity securities that are traded in an active exchange, including over-the-counter markets, and that are highly liquid.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity, and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Tygart Valley United Way, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2023

The following table summarized the Organization's fair value measurements for investments in accordance with authoritative guidance at June 30, 2023.

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 197,781	\$ -	\$ -	\$ 197,781
Fixed income securities	-	12,655	-	12,655
Common stock	-	347,780	-	347,780
Mutual funds	-	173,519	-	173,519
Total	\$ 197,781	\$ 533,954	\$ -	\$ 731,735

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The only assets or liabilities measured at fair value are investments. The carrying amounts reported for pledges receivable, approximate fair value given the short-term nature of the financial instruments based on a non-recurring assessment of fair value.

6. Investments

Investments were comprised of the following at June 30, 2023.

	Cost	Fair value	Cumulative Net Unrealized Gains / (Losses)
Cash and cash equivalents	\$ 197,781	\$ 197,781	\$ -
Mutual funds	170,035	173,519	3,484
Common stock	216,004	347,780	131,776
Fixed income securities	14,991	12,655	(2,336)
Total	\$ 598,811	\$ 731,735	\$ 132,924

Interest and dividend income is recorded when earned. Realized gains and losses are recorded as the difference between historical cost and fair value when an investment is sold. Unrealized gains and losses are recorded as the change in fair value of investments.

7. Property and Equipment

Property and equipment are summarized as follows:

	2023
Land and building	\$ 185,000
Furniture, equipment and computers	38,223
Total property and equipment	223,223
Less:	
Accumulated depreciation	(40,358)
Property and equipment, net	\$ 182,865

Tygart Valley United Way, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2023

8. Restrictions on Net Assets

Net assets with donor restrictions includes resources that are time restricted or use restricted to specific program services at June 30, consists of:

	<u>2023</u>
Net campaign results (for future allocations)	\$ 34,799
Estate contribution (1)	126,432
Estate contribution (2)	<u>135,000</u>
Total net assets with donor restrictions	\$ 296,231

(1) This estate contribution may only be used \$25,000 annually until it is depleted.

(2) This estate contribution may only be used \$15,000 annually until it is depleted.

9. Subsequent Events

The Organization evaluated subsequent events through October 17, 2023, which is the date the financial statements were available to be issued.
