



UNITED WAY OF DELAWARE, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2022

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY
JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

May 2, 2023

To the Board of Directors
United Way of Delaware, Inc. and Subsidiary
Wilmington, Delaware

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of United Way of Delaware, Inc. and its Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of United Way of Delaware, Inc. and its Subsidiary as of June 30, 2022, and the change in their net assets and their 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 audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Delaware, Inc. and its Subsidiary, 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of

To the Board of Directors
United Way of Delaware, Inc. and Subsidiary

America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Delaware Inc. and its Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 United Way of Delaware, Inc. and its Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Delaware, Inc. and its Subsidiary'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.

To the Board of Directors
United Way of Delaware, Inc. and Subsidiary

Report on Summarized Comparative Information

We have previously audited United Way of Delaware, Inc. and its Subsidiary's June 30, 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	2022	2021
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,250,936	\$ 3,374,753
Pledges receivable, net	3,987,175	4,815,665
Accounts receivable	3,944,307	50,086
Investments, at fair value	3,781,997	4,693,618
Building and equipment, net of accumulated depreciation	916,029	931,723
Other assets	431,238	462,882
TOTAL ASSETS	\$ 15,311,682	\$ 14,328,727
 <u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES:</u>		
Distributions payable to agencies, including donor designations of \$3,306,897 and \$2,416,298 for 2022 and 2021, respectively	\$ 4,204,680	\$ 3,342,974
Accounts payable and accrued expenses	660,737	627,210
Total Liabilities	4,865,417	3,970,184
 <u>NET ASSETS:</u>		
Without donor restrictions:		
Undesignated	734,528	893,092
Designated	3,325,398	3,666,572
Total Without Donor Restrictions	4,059,926	4,559,664
With donor restrictions	6,386,339	5,798,879
Total Net Assets	10,446,265	10,358,543
TOTAL LIABILITIES AND NET ASSETS	\$ 15,311,682	\$ 14,328,727

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
CAMPAIGN RESULTS				
Annual Campaign	\$ 9,229,639	\$ 2,690,266	\$ 11,919,905	\$ 10,847,818
Less: Amounts raised on behalf of others	(5,994,948)	(2,355,470)	(8,350,418)	(6,075,339)
	<u>\$ 3,234,691</u>	<u>\$ 334,796</u>	<u>\$ 3,569,487</u>	<u>\$ 4,772,479</u>
PASS THROUGH ACTIVITY				
Delaware State Nonprofit Support Program	\$ -	\$ 1,450,251	\$ 5,100,000	\$ 5,100,000
Less: Distributions	-	(1,450,251)	(5,100,000)	(5,100,000)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PUBLIC SUPPORT AND REVENUE				
Campaign Public Support:				
Annual campaign - undesignated	\$ 3,234,691	\$ 334,796	\$ 3,569,487	\$ 4,772,479
Contributions released from restrictions	150,163	(150,163)	-	-
Total Annual Campaign - Undesignated	<u>3,384,854</u>	<u>184,633</u>	<u>3,569,487</u>	<u>4,772,479</u>
Less: Provision for uncollectible pledges	(600,000)	-	(600,000)	(400,000)
Total Campaign Public Support	<u>2,784,854</u>	<u>184,633</u>	<u>2,969,487</u>	<u>4,372,479</u>
Grant revenue	-	6,683,945	6,683,945	4,748,905
Delaware 2-1-1 Program grants and contracts	752,321	-	752,321	832,739
In-kind contributions	90,000	682,000	772,000	772,000
Net assets released from restrictions	8,558,978	(8,558,978)	-	-
Total Public Support	<u>12,186,153</u>	<u>(1,008,400)</u>	<u>11,177,753</u>	<u>10,726,123</u>
Revenue:				
Administrative fees on amounts raised on behalf of others	296,237	-	296,237	455,948
Miscellaneous revenue	161,203	-	161,203	622,467
Delaware State reimbursement	1,396,400	-	1,396,400	-
Community Reinvestment Fund grant	698,000	1,782,000	2,480,000	-
Unemployment revenue	41,591	-	41,591	57,094
Total Revenue	<u>2,593,431</u>	<u>1,782,000</u>	<u>4,375,431</u>	<u>1,135,509</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>14,779,584</u>	<u>773,600</u>	<u>15,553,184</u>	<u>11,861,632</u>
EXPENSES				
Campaign operating costs	2,631,286	-	2,631,286	2,199,790
Program costs	12,406,589	-	12,406,589	10,298,266
TOTAL EXPENSES	<u>15,037,875</u>	<u>-</u>	<u>15,037,875</u>	<u>12,498,056</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>(258,291)</u>	<u>773,600</u>	<u>515,309</u>	<u>(636,424)</u>

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UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			<u>2022</u>	<u>2021</u>
NONOPERATING ACTIVITIES				
Investment income	<u>(241,447)</u>	<u>(186,140)</u>	<u>(427,587)</u>	<u>1,085,131</u>
Total Nonoperating Activities	<u>(241,447)</u>	<u>(186,140)</u>	<u>(427,587)</u>	<u>1,085,131</u>
CHANGE IN NET ASSETS	(499,738)	587,460	87,722	448,707
NET ASSETS, BEGINNING OF YEAR	<u>4,559,664</u>	<u>5,798,879</u>	<u>10,358,543</u>	<u>9,909,836</u>
NET ASSETS, END OF YEAR	<u>\$ 4,059,926</u>	<u>\$ 6,386,339</u>	<u>\$ 10,446,265</u>	<u>\$ 10,358,543</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With Summarized Totals for 2020)

	Campaign Operating Costs			Total Campaign Operating Costs	Program Costs		
	Fund Raising and Marketing	General and Administrative	Processing Costs		Community Services	Grade- Level Reading	College and Career Success
EXPENSES							
Salaries	\$ 554,456	\$ 568,203	\$ 130,457	\$ 1,253,116	\$ 685,443	\$ 621,223	\$ 116,414
Employee health and retirement benefits	70,323	93,245	55,172	218,740	170,022	19,802	3,748
Payroll taxes	40,507	38,819	9,175	88,501	56,579	43,485	8,731
Total Salaries and Related Expenses	<u>665,286</u>	<u>700,267</u>	<u>194,804</u>	<u>1,560,357</u>	<u>912,044</u>	<u>684,510</u>	<u>128,893</u>
Bank and credit card fees	-	19,287	35,812	55,099	-	-	-
Campaign expenses and publications	27,068	9,949	-	37,017	785	3,596	3,596
Depreciation	68,729	52,687	11,455	132,871	32,728	-	-
Distributions to agencies	-	-	-	-	-	1,123,318	884,100
Equipment rentals and repairs	-	41,876	9,458	51,334	411	-	-
Fundraising events	30,662	-	-	30,662	-	-	-
In-kind	-	-	-	-	-	-	-
Membership and subscriptions	11,920	24,135	-	36,055	-	-	-
Occupancy	88,503	78,672	8,045	175,220	16,896	-	-
Postage and shipping	965	366	12	1,343	-	-	-
Professional service and contract payments	168,272	174,389	81,754	424,415	31,489	37,191	29,225
Supplies	262	9,005	100	9,367	605	568,194	-
Technology charge	20,658	11,650	2,154	34,462	4,699	-	-
Telecommunications	-	21,580	21,580	43,160	-	-	-
Travel, training, and meetings	5,944	33,980	-	39,924	24,432	16,399	20,966
TOTAL EXPENSES	<u><u>\$ 1,088,269</u></u>	<u><u>\$ 1,177,843</u></u>	<u><u>\$ 365,174</u></u>	<u><u>\$ 2,631,286</u></u>	<u><u>\$ 1,024,089</u></u>	<u><u>\$ 2,433,208</u></u>	<u><u>\$ 1,066,780</u></u>

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UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Totals for 2021)

	Financial Stability and Empowerment	DRJC	Other Programs	Delaware 2-1-1 Program	Total Program Costs	Totals	
						2022	2021
EXPENSES							
Salaries	\$ 443,114	\$ 181,229	\$ 106,914	\$ 488,126	\$ 2,642,463	\$ 3,895,579	\$ 2,936,034
Employee health and retirement benefits	45,909	-	17,226	35,766	292,473	511,213	416,004
Payroll taxes	33,233	13,572	8,019	96,519	260,138	348,639	333,074
Total Salaries and Related Expenses	<u>522,256</u>	<u>194,801</u>	<u>132,159</u>	<u>620,411</u>	<u>3,195,074</u>	<u>4,755,431</u>	<u>3,685,112</u>
Bank and credit card fees	-	-	-	-	-	55,099	49,685
Campaign expenses and publications	-	-	2,317	30,132	40,426	77,443	72,134
Depreciation	-	-	-	2,837	35,565	168,436	138,287
Distributions to agencies	2,566,109	1,664,424	-	-	6,237,951	6,237,951	5,346,108
Equipment rentals and repairs	-	-	-	-	411	51,745	100,551
Fundraising events	-	-	-	-	-	30,662	13,544
In-kind services	682,000	-	-	90,000	772,000	772,000	772,000
Membership and subscriptions	-	-	167,031	17,688	184,719	220,774	207,206
Occupancy	-	-	-	-	16,896	192,116	155,458
Postage and shipping	-	-	-	-	-	1,343	4,566
Professional service and contract payments	456,584	289,840	234,385	20,086	1,098,800	1,523,215	1,237,092
Supplies	4,712	-	3,283	18,617	595,411	604,778	483,479
Technology charge	95,904	-	-	23,451	124,054	158,516	105,982
Telecommunications	-	-	-	-	-	43,160	39,846
Travel, training, and meetings	30,184	-	12,508	793	105,282	145,206	87,006
TOTAL EXPENSES	<u>\$ 4,357,749</u>	<u>\$ 2,149,065</u>	<u>\$ 551,683</u>	<u>\$ 824,015</u>	<u>\$ 12,406,589</u>	<u>\$ 15,037,875</u>	<u>\$ 12,498,056</u>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 87,722	\$ 448,707
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	168,436	138,287
Net unrealized and realized (gains) losses on investments	494,775	(1,024,018)
(Increase) Decrease in accounts receivable	(3,996,214)	72,037
Increase (Decrease) in pledges receivable	628,490	(343,844)
(Increase) Decrease in allowance for pledges receivable	(200,000)	400,000
(Increase) Decrease in other assets	56,494	(115,247)
Increase (Decrease) in allocations payable to agencies	(458,294)	413,501
Increase (Decrease) in accounts payable and accrued expenses	1,430,670	306,397
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,787,921)	295,820
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(152,742)	(181,800)
Purchase of investments	(402,935)	(90,458)
Proceeds from sales of investments	1,219,781	471,487
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	664,104	199,229
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,123,817)	495,049
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,374,753	2,879,704
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,250,936	\$ 3,374,753
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 NATURE OF THE ORGANIZATION

United Way of Delaware, Inc. and Subsidiary (“the Organization”) is dedicated to improving the quality of life in the State of Delaware by mobilizing society’s capacity to care. A not-for-profit organization, the Organization is a unique partnership that involves donors ranging from staff, volunteers, social service agencies, businesses, government, other nonprofits, and concerned individuals to achieve results that matter and to make a lasting impact on the quality of life in its community.

The Organization is responsible to its member and affiliate agencies and, as such, engages in a fall fund raising campaign to raise funds for member agencies, as well as other 501(c)(3) health and human service agencies. The Organization focuses community attention on the most critical human needs in Delaware, as well as addressing both the symptoms and the root causes of Delaware’s most plaguing issues.

The Organization is dependent upon contributions from corporate and individual donors to support its program services. The level of such contributions can be affected by economic and other conditions. In addition, the choice on the part of donors to designate their gifts to specific agencies can result in reduced funding available to fund programs. A decrease in undesignated contributions could adversely affect the Organization’s ability to provide services and to allocate funds to its member agencies.

In addition to its fund raising efforts, the Organization coordinates and administers the public sector campaign for state government (SECC) and provides direct services to the community through the efforts of organized labor, including services and fund raising coordinated by the labor locals. The Organization also administers an unemployment insurance fund on behalf of several member agencies.

Delaware Helpline, Inc.’s by-laws and certificate of incorporation document that United Way of Delaware, Inc. is its sole corporate member with a majority voting interest, thereby giving United Way of Delaware, Inc. a controlling financial interest. In accordance with the section of the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) related to consolidations of not-for-profit organizations, the financial statements of Delaware Helpline, Inc. have been consolidated with the financial statements of United Way of Delaware, Inc.

Delaware Helpline, Inc. is a not-for-profit agency which provides a statewide, toll-free comprehensive information and referral service. It is dedicated to assisting people in need of human services by informing them of available public, private, and voluntary programs and providing assistance services to resolve those problems. It maintains a database on current health service information in Delaware.

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial statements of Delaware Helpline, Inc. are consolidated with the financial statements of United Way of Delaware, Inc. Interorganizational transactions and balances have been eliminated in consolidation.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with the section of the FASB ASC related to financial statements of not-for-profit organizations. Under the FASB ASC, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Revenue Recognition

The Organization's primary source of income is grants and contributions from the general public. These revenues are accounted for under ASC Subtopic 958-605 (ASC 958-605), *Not-for-Profit Entities: Revenue Recognition*, recognizing revenue at the time of the gift if no donor restriction or barriers to the conditional receipt of the grant have been established in their underlying agreements, or over the course of time as barriers are overcome or donor restrictions have been satisfied if those conditions have been established. If applicable, grant funds received in advance of the barrier to the conditional receipt of the grant having been satisfied are reported as deferred revenue in the financial statements.

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, 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.

Amounts Raised on Behalf of Others

Donor organizations and individuals participating in such entities' United Way Campaigns may choose to designate all or part of their contributions to specific charitable organizations. These transactions are reported in the statement of activities as part of the

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

total campaign effort and are then deducted as amounts raised on behalf of others to arrive at the public support revenue available to the Organization for use in supporting its programs. Amounts deducted are carried as liabilities until paid to the designated charitable organizations. Fund raising and processing (administrative) fees of up to 12½ percent of amounts designated are recorded as revenue upon collection and prior to remittance to the designated charities. The Organization honors all donor designations to 501(c)(3) and qualified 501(c)(4) agencies in the United States of America in good standing with the IRS. Amounts raised on behalf of others for each of the annual campaigns for the years ended June 30, 2022 and 2021 were \$8,350,418 and \$6,075,339, respectively.

The Organization reports campaign results which are transferred to a not-for-profit organization specified by the donor in accordance with the FASB ASC section regarding transfers of assets to a not-for-profit organization or charitable trust that raises or holds contributions for others.

Pass Through Activity

The Organization entered into a Professional Services Agreement (“the agreement”) with the State of Delaware Office of Management and Budget (“Delaware OMB”). Under this agreement, Delaware OMB partnered with the Organization in the marketing, data collection, collection of applications, and awards in the distribution of CARES Act funds to Delaware non-profits experiencing dramatic increases in costs responding to the COVID-19 pandemic.

The relationship between the Organization and Delaware OMB was determined to be a contractor (vendor) relationship rather than the Organization being a subrecipient of federal funds. The revenue recognized in the statement of activities was limited to the administrative fee earned by the Organization for providing these services to Delaware OMB. Funds received from Delaware OMB were reduced by the amounts distributed to Delaware non-profits.

Community Reinvestment Fund Grant

During June 2022, the Organization was approved for a Community Reinvestment Fund grant from the State of Delaware in the amount of \$3,800,000, which has been accrued and is included in accounts receivable as of June 30, 2022.

Of this grant, \$1,320,000 was designated by the State for another non-profit organization. The Organization will serve as a fiscal agent for the other non-profit organization. As of June 30, 2022, the Organization has recognized a \$1,320,000 liability, included in distributions payable, for the amount designated for the other non-profit organization.

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Organization has recognized the net amount of \$2,480,000 as grant revenue for the year ended June 30, 2022. Of that total, \$1,782,000 has been donor restricted by the State for capital improvements at the Organization's space at 625 North Orange Street. The remaining balance of \$698,000 was not restricted for a specific purpose.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income.

Accounting principles generally accepted in the United States of America prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge.

Cash and Cash Equivalents

The Organization considers all short-term highly liquid investments with an original maturity of three months or less to be cash equivalents.

Pledges Receivable

Allowances for uncollectible pledges are reviewed and estimated by management annually. As of June 30 of each fiscal year, a final accounting is made of the prior year's campaign. Pledges receivable related to the prior campaign that have not been realized are determined to be uncollectible and are written off.

Accounts Receivable

Accounts receivable are stated at unpaid balances net of an allowance for uncollectible accounts. Receivables are considered impaired if full principal payments are not received in accordance with the payment terms. At June 30, 2022 and 2021, all accounts receivable were determined to be collectible and no allowance for uncollectible accounts was determined to be necessary.

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Building and Equipment

Building and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets. The Organization uses a capitalization threshold of \$1,000. Expenditures for maintenance, repairs, minor renewals, and betterments which do not improve or extend the useful life of the respective asset are expensed. The following is a schedule of the estimated useful lives:

Equipment, furniture, and fixtures	3 - 7 years
Building	40 years
Improvements	4 - 20 years

Investments

Investments are reported at fair value.

Allocation of Functional Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities. Whenever possible, costs are directly assigned to the campaign operating costs and program functions using the direct identification method based on the nature of the expense. Accordingly, certain costs such as salaries and wages, payroll taxes, and employee benefits have been allocated among the functions utilizing the time study methodology. Depreciation expense has been allocated based on the historical usage pattern of the underlying assets.

Use of Estimates in the Preparation of Financial Statements

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.

Recent Accounting Pronouncement

During 2022, the Organization adopted Financial Accounting Standards Board Accounting Standards Update (FASB ASU) 2020-07, to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. FASB ASU 2020-07 did not change existing recognition and measurement requirements for contributed nonfinancial assets.

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 PLEDGES RECEIVABLE

Reclassifications

Certain reclassifications have been made to the June 30, 2021 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Prior Year Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

	<u>2022</u>	<u>2021</u>
Pledges receivable related to current campaign	\$ 3,567,439	\$ 4,566,881
Pledges receivable related to prior campaign	1,108,498	1,140,100
Pledges receivable - State Employee Combined Campaign	111,238	108,684
Allowance for uncollectible pledges	<u>(800,000)</u>	<u>(1,000,000)</u>
Total Pledges Receivable, Net	<u>\$ 3,987,175</u>	<u>\$ 4,815,665</u>

For the years ended June 30, 2022 and 2021, the Organization did not receive pledges from prior year campaigns that were previously written off.

NOTE 4 INVESTMENTS

Investment portfolios consist of the following:

	<u>2022</u>	<u>2021</u>
Delaware Community Foundation Investment Pool	\$ 1,739,690	\$ 2,065,170
U.S. Treasuries	371,085	209,166
Equities	1,474,931	1,879,245
Money market funds	20,680	68,514
Fixed income	<u>175,611</u>	<u>471,523</u>
	<u>\$ 3,781,997</u>	<u>\$ 4,693,618</u>

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 INVESTMENTS (cont'd)

Investment income consists of the following:

	<u>2022</u>	<u>2021</u>
Dividends and interest, net of fees	\$ 67,188	\$ 61,113
Net unrealized and realized gains (losses)	<u>(494,775)</u>	<u>1,024,018</u>
	<u>\$ (427,587)</u>	<u>\$ 1,085,131</u>

NOTE 5 BUILDING AND EQUIPMENT

Building and equipment consisted of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Building and improvements	\$ 3,628,949	\$ 3,567,482
Equipment, furniture, and fixtures	<u>1,142,241</u>	<u>1,050,966</u>
	4,771,190	4,618,448
Less: Accumulated depreciation	<u>(3,855,161)</u>	<u>(3,686,725)</u>
	<u>\$ 916,029</u>	<u>\$ 931,723</u>

NOTE 6 RETIREMENT PLAN

Effective July 1, 2010, the Organization instituted a 403(b) defined contribution pension plan available to all employees. The plan provides for voluntary contributions by employees that are matched by the Organization at fifty cents on the dollar up to six percent of base salary. In addition, the plan allows the Organization to make a discretionary contribution annually at the end of the plan year. Such contribution is calculated as a percent of the employee's annual base salary earned during the plan period July 1 - June 30. The Organization made contributions to the plan of \$229,744 and \$174,503 for the years ended June 30, 2022 and 2021, respectively. Employee contributions to the plan immediately vest to the employee. Employer contributions to the plan vest to the employee over a six-year period.

NOTE 7 DONATED SERVICES

Contributed services are not recognized as revenue unless the services received create or enhance the value of a nonfinancial asset, or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased and not donated.

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 DONATED SERVICES (cont'd)

The State of Delaware paid agencies, coaches, and consultants on behalf of the Organization to support the Stand by Me program. In addition, the State provided three individuals to support the Organization's Delaware 2-1-1 program. Total in-kind contributions were valued and reflected in the financial statements at \$772,000 for the years ended June 30, 2022 and 2021.

In-kind support is recognized in the accompanying financial statements as in-kind contributions revenue and is offset by an expense in an equal amount. The donated services are based on current rates paid by the State. All donated services received by the Organization were not monetized.

NOTE 8 UNEMPLOYMENT INSURANCE

The Organization administers an unemployment insurance fund on behalf of several of its member agencies. The agencies make contributions to the fund and, in turn, unemployment expenses are paid by the fund. For the years ended June 30, 2022 and 2021, contributions to the unemployment fund totaled \$41,591 and \$57,094, respectively. Claims and advisory fees for the years ended June 30, 2022 and 2021 totaled \$104,160 and \$28,281, respectively.

NOTE 9 BOARD-DESIGNATED NET ASSETS

As of June 30, 2022 and 2021, a portion of net assets without donor restrictions has been designated by the Board of Directors for the following purposes:

	<u>2022</u>	<u>2021</u>
Building and equipment, net (see Note 5)	\$ 916,029	\$ 931,723
Endowment (see Note 10)	1,739,690	2,065,170
Other Board-designated	<u>669,679</u>	<u>669,679</u>
	<u>\$ 3,325,398</u>	<u>\$ 3,666,572</u>

NOTE 10 BOARD-DESIGNATED ENDOWMENT FUND

The Board of Directors established a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 BOARD-DESIGNATED ENDOWMENT FUND (cont'd)

The administration of the endowment fund is overseen by the Delaware Community Foundation as approved by the Finance Committee.

Spending Policy

In order to meet the intended purpose of the endowment fund to fund community needs over time, an amount equal to five percent of the average balance of the last four quarters of the endowment fund shall be withdrawn in the first quarter of each calendar year. For this calculation, the endowment fund balance will be measured at the end of March, June, September, and December.

Strategy Employed for Achieving Objectives

Per the Organization's investment policy, the assets of the endowment fund shall be invested in a manner intended to maximize the total return of the fund over the long term. The assets shall be broadly diversified, with the assets divided among asset classes within the following ranges:

Equities	40% - 75%
Fixed income	20% - 50%
Cash equivalents	0% - 20%

Non-U.S. investments can comprise up to 25 percent of the total assets of the endowment fund.

The Investment Committee is charged with the responsibility of reviewing the endowment fund on an annual basis. This includes asset allocation, fund selection, investment performance, and adherence to policy limits.

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Endowment net assets, beginning of year	\$ 2,065,170	\$ 1,682,410
Investment income	46,146	27,922
Net (depreciation) appreciation	(259,082)	465,160
Amount appropriated for expense	(22,622)	(21,594)
Distributions	<u>(89,922)</u>	<u>(88,728)</u>
Endowment net assets, end of year	<u>\$ 1,739,690</u>	<u>\$ 2,065,170</u>

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Time restrictions	\$ 325,215	\$ 150,163
Program restrictions	<u>6,061,124</u>	<u>5,648,716</u>
	<u>\$ 6,386,339</u>	<u>\$ 5,798,879</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Passage of time restrictions	<u>\$ 150,163</u>	<u>\$ 61,993</u>
Program restrictions	<u>\$ 8,558,978</u>	<u>\$ 5,822,022</u>

NOTE 12 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in three commercial banks located in Wilmington, Delaware which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. In addition, the Organization invests in repurchase agreements which are collateralized by investments in securities which are direct obligations of, or fully guaranteed as to principal and interest by, the U.S. government or an agency thereof. The Organization has not experienced any losses in such accounts.

NOTE 13 FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position.

In accordance with the FASB ASC section regarding fair value measurements, a fair value hierarchy is established that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 is

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 FAIR VALUE MEASUREMENTS (cont'd)

based on observable market factors not included in Level 1; and Level 3 is based on unobservable inputs such as those that are internally developed. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Fair values of assets measured on a recurring basis at June 30, 2022 and 2021 are as follows:

<u>June 30, 2022</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Fixed income	\$ 175,611	\$ 175,611	\$ -
Equities	1,474,931	1,474,931	-
Money market funds	20,680	20,680	-
U.S. Treasuries	371,085	371,085	-
Delaware Community Foundation Investment Pool	<u>1,739,690</u>	<u>-</u>	<u>1,739,690</u>
Total	<u>\$ 3,781,997</u>	<u>\$ 2,042,307</u>	<u>\$ 1,739,690</u>
<u>June 30, 2021</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Fixed income	\$ 471,523	\$ 471,523	\$ -
Equities	1,879,245	1,879,245	-
Money market funds	68,514	68,514	-
Exchange-traded funds	209,166	209,166	-
Delaware Community Foundation Investment Pool	<u>2,065,170</u>	<u>-</u>	<u>2,065,170</u>
Total	<u>\$ 4,693,618</u>	<u>\$ 2,628,448</u>	<u>\$ 2,065,170</u>

Level 2 Fair Value Measurements

The fair value of the investments with the Delaware Community Foundation are determined based on observable market factors not included in Level 1, such as quoted market prices for similar assets or liabilities in an active or non-active market. The Organization's portion of the investment pool is valued by the Delaware Community Foundation on a monthly basis. The investments in the pool are actively traded and valued using quoted market prices. However, since the investments are pooled funds, they are designated as Level 2 investments.

UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets consist of cash and cash equivalents, pledge receivables, accounts receivable and investments.

The following reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside by the Board that could be drawn upon if the governing board decides to approve such action.

	<u>2022</u>	<u>2021</u>
Financial assets, at year end	\$13,964,415	\$12,934,122
Less unavailable for general expenses within one year due to:		
Purpose restrictions	6,061,124	5,648,716
Time restrictions	325,215	150,163
Board designations	<u>2,409,369</u>	<u>2,734,849</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 5,168,707</u>	<u>\$ 4,400,394</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 15 SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through May 2, 2023, the date the financial statements were available to be issued.

**UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

	United Way of Delaware, Inc.	Delaware Helpline, Inc.	Eliminations	Consolidated Totals
ASSETS				
Cash and cash equivalents	\$ 1,972,517	\$ 278,419	\$ -	\$ 2,250,936
Pledges receivable, net	3,987,175	-	-	3,987,175
Accounts receivable	3,800,000	271,150	(126,843)	3,944,307
Investments, at fair value	3,781,997	-	-	3,781,997
Building and equipment, net of accumulated depreciation	912,039	3,990	-	916,029
Other assets	428,059	3,179	-	431,238
TOTAL ASSETS	\$ 14,881,787	\$ 556,738	\$ (126,843)	\$ 15,311,682
 LIABILITIES AND NET ASSETS				
LIABILITIES:				
Distributions payable to agencies, including donor designations of \$3,306,897	\$ 4,204,680	\$ -	\$ -	\$ 4,204,680
Accounts payable and accrued expenses	727,487	60,093	(126,843)	660,737
Total Liabilities	4,932,167	60,093	(126,843)	4,865,417
 NET ASSETS:				
Without donor restrictions:				
Undesignated	241,873	492,655	-	734,528
Designated	3,321,408	3,990	-	3,325,398
Total Without Donor Restrictions	3,563,281	496,645	-	4,059,926
With donor restrictions	6,386,339	-	-	6,386,339
Total Net Assets	9,949,620	496,645	-	10,446,265
TOTAL LIABILITIES AND NET ASSETS	\$ 14,881,787	\$ 556,738	\$ (126,843)	\$ 15,311,682

**UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	United Way of Delaware, Inc.		Delaware Helpline, Inc.		Consolidated Totals
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Eliminations	
CAMPAIGN RESULTS					
Annual Campaign	\$ 9,229,639	\$ 2,690,266	\$ -	\$ -	\$ 11,919,905
Less: Amounts raised on behalf of others	(5,994,948)	(2,355,470)	-	-	(8,350,418)
	<u>\$ 3,234,691</u>	<u>\$ 334,796</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,569,487</u>
PASS THROUGH ACTIVITY					
Delaware State Nonprofit Support Program	\$ -	\$ 1,450,251	\$ -	\$ -	\$ 1,450,251
Less: Distributions	-	(1,450,251)	-	-	(1,450,251)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PUBLIC SUPPORT AND REVENUE					
Campaign Public Support:					
Annual campaign - undesignated	\$ 3,234,691	\$ 334,796	\$ -	\$ -	\$ 3,569,487
Contributions released from restrictions	150,163	(150,163)	-	-	-
Total Undesignated Annual Campaign	3,384,854	184,633	-	-	3,569,487
Less: Provision for uncollectible pledges	(600,000)	-	-	-	(600,000)
Total Campaign Public Support	2,784,854	184,633	-	-	2,969,487
Grant revenue	-	6,683,945	-	-	6,683,945
Delaware 2-1-1 Program grants and contracts	-	-	755,389	(3,068)	752,321
In-kind contributions	-	682,000	144,000	(54,000)	772,000
Net assets released from restrictions	8,558,978	(8,558,978)	-	-	-
Total Public Support	<u>11,343,832</u>	<u>(1,008,400)</u>	<u>899,389</u>	<u>(57,068)</u>	<u>11,177,753</u>
Revenue:					
Administrative fees on amounts raised on behalf of others	296,237	-	-	-	296,237
Miscellaneous revenue	161,203	-	-	-	161,203
Delaware State reimbursement	1,396,400	-	-	-	1,396,400
Community Reinvestment Fund grant	698,000	1,782,000	-	-	2,480,000
Unemployment revenue	41,591	-	-	-	41,591
Total Revenue	<u>2,593,431</u>	<u>1,782,000</u>	<u>-</u>	<u>-</u>	<u>4,375,431</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>13,937,263</u>	<u>773,600</u>	<u>899,389</u>	<u>(57,068)</u>	<u>15,553,184</u>
EXPENSES					
Campaign operating costs	2,631,286	-	-	-	2,631,286
Program costs	11,585,642	-	878,015	(57,068)	12,406,589
TOTAL EXPENSES	<u>14,216,928</u>	<u>-</u>	<u>878,015</u>	<u>(57,068)</u>	<u>15,037,875</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>(279,665)</u>	<u>773,600</u>	<u>21,374</u>	<u>-</u>	<u>515,309</u>

(Continued on next page.)

**UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	United Way of Delaware, Inc.		Delaware Helpline, Inc.	Eliminations	Consolidated Totals
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions		
NONOPERATING ACTIVITIES					
Investment income	(241,447)	(186,140)	-	-	(427,587)
Total Nonoperating Activities	<u>(241,447)</u>	<u>(186,140)</u>	<u>-</u>	<u>-</u>	<u>(427,587)</u>
CHANGE IN NET ASSETS	(521,112)	587,460	21,374	-	87,722
NET ASSETS, BEGINNING OF YEAR	<u>4,084,393</u>	<u>5,798,879</u>	<u>475,271</u>	<u>-</u>	<u>10,358,543</u>
NET ASSETS, END OF YEAR	<u>\$ 3,563,281</u>	<u>\$ 6,386,339</u>	<u>\$ 496,645</u>	<u>\$ -</u>	<u>\$ 10,446,265</u>

**UNITED WAY OF DELAWARE, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

	United Way of Delaware, Inc.	Delaware Helpline, Inc.	Eliminations	Consolidated Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ 66,348	\$ 21,374	\$ -	\$ 87,722
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	165,599	2,837	-	168,436
Net unrealized and realized (gains) losses on investments	494,775	-	-	494,775
(Increase) Decrease in accounts receivable	(3,800,000)	(221,064)	24,850	(3,996,214)
Increase (Decrease) in pledges receivable	628,490	-	-	628,490
(Increase) Decrease in allowance for pledges receivable	(200,000)	-	-	(200,000)
(Increase) Decrease in other assets	55,428	1,066	-	56,494
Increase (Decrease) in allocations payable to agencies	(458,294)	-	-	(458,294)
Increase (Decrease) in accounts payable and accrued expenses	1,480,466	(24,946)	(24,850)	1,430,670
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(1,567,188)</u>	<u>(220,733)</u>	<u>-</u>	<u>(1,787,921)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of equipment	(152,742)	-	-	(152,742)
Purchase of investments	(402,935)	-	-	(402,935)
Proceeds from sales of investments	1,219,781	-	-	1,219,781
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>664,104</u>	<u>-</u>	<u>-</u>	<u>664,104</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(903,084)	(220,733)	-	(1,123,817)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,875,601</u>	<u>499,152</u>	<u>-</u>	<u>3,374,753</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,972,517</u>	<u>\$ 278,419</u>	<u>\$ -</u>	<u>\$ 2,250,936</u>
SUPPLEMENTAL INFORMATION:				
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>