



**UNITED WAY OF BERKS COUNTY, INC.**

**FINANCIAL STATEMENTS  
AND COMPLIANCE REPORT**

*As of and for the Years Ended December 31, 2025 and 2024*

*And Report of Independent Auditor*

**UNITED WAY OF BERKS COUNTY, INC.**  
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## Report of Independent Auditor

To the Board of Directors  
United Way of Berks County, Inc.  
Reading, Pennsylvania

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of United Way of Berks County, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, 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 present fairly, in all material respects, the financial position of the Organization as of December 31, 2025, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization 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.

#### Prior Period Financial Statements

The financial statements as of December 31, 2024, were audited by other auditors whose report dated May 14, 2025, expressed an unmodified opinion on those statements.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 and *Government 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2026, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Cherry Bekaert LLP*

Reading, Pennsylvania  
May 13, 2026

**UNITED WAY OF BERKS COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2025 AND 2024

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash	\$ 7,023,412	\$ 4,706,379
Certificates of deposit	708,545	703,624
Receivables:		
Pledges receivable, less allowance for uncollectible pledges (2025 - \$925,992; 2024 - \$921,339 )	6,410,453	6,744,087
100th Anniversary Campaign pledges receivable, net	3,973,314	3,086,871
Sponsorships	40,000	45,000
Other	240,368	171,827
Prepaid expenses	16,697	16,021
Long-term investments, at market	18,555,616	16,931,038
Beneficial interest in perpetual trusts, at market	1,020,861	937,134
Beneficial interest in life insurance policy	31,409	29,989
Leasehold improvements, furniture, fixtures, and equipment, net	76,332	150,401
Right-of-use asset - operating lease	1,590,298	1,710,207
<b>Total Assets</b>	<b>\$ 39,687,305</b>	<b>\$ 35,232,578</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 632,790	\$ 689,021
Due to other United Way agencies	279,301	285,485
Due to partner agencies/programs	859,584	801,033
Deferred revenue	180,000	61,667
Operating lease liability	1,662,145	1,778,363
<b>Total Liabilities</b>	<b>3,613,820</b>	<b>3,615,569</b>
Net Assets:		
Without Donor Restrictions:		
Undesignated, available for general activities	7,229,270	6,477,435
Board-designated endowment	2,494,521	2,137,987
<b>Total Without Donor Restrictions</b>	<b>9,723,791</b>	<b>8,615,422</b>
With Donor Restrictions:		
Time and purpose restrictions	12,576,388	12,221,635
Perpetuity - endowment	12,752,445	9,842,818
Perpetuity - beneficial interest in trust	1,020,861	937,134
<b>Total With Donor Restrictions</b>	<b>26,349,694</b>	<b>23,001,587</b>
<b>Total Net Assets</b>	<b>36,073,485</b>	<b>31,617,009</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 39,687,305</b>	<b>\$ 35,232,578</b>

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

**UNITED WAY OF BERKS COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES**

*YEARS ENDED DECEMBER 31, 2025 AND 2024*

	Year Ended December 31, 2025		Year Ended December 31, 2024		Years Ended December 31,	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	2025 Totals	2024 Totals
Public Support and Other Revenue:						
Campaign Contributions Applicable to Current Period:						
Contributions received - current period	\$ 604,998	\$ -	\$ 440,692	\$ -	\$ 604,998	\$ 440,692
Less donor designations	5,625	-	(49,920)	-	5,625	(49,920)
Less amounts not available for operations	(41,028)	-	(24,466)	-	(41,028)	(24,466)
Contributions received in prior periods and now released from restriction	10,306,032	(10,306,032)	10,626,141	(10,626,141)	-	-
Less donor designations	(996,033)	996,033	(1,088,514)	1,088,514	-	-
Less allowance for uncollectible pledges	(458,248)	458,248	(472,337)	472,337	-	-
Less amounts not available for operations	(55,128)	55,128	-	-	-	-
Total Campaign Contributions Applicable to Current Period	<u>9,366,218</u>	<u>(8,796,623)</u>	<u>9,431,596</u>	<u>(9,065,290)</u>	<u>569,595</u>	<u>366,306</u>
Campaign Contributions Received for Next Allocation Period:						
Contributions received - current period	-	10,088,025	-	10,198,945	10,088,025	10,198,945
Less donor designations	-	(1,073,387)	-	(996,033)	(1,073,387)	(996,033)
Less allowance for uncollectible pledges	-	(475,456)	-	(458,249)	(475,456)	(458,249)
Less amounts not available for operations	-	(44,512)	-	(55,129)	(44,512)	(55,129)
Total Campaign Contributions for Next Allocation Period	<u>-</u>	<u>8,494,670</u>	<u>-</u>	<u>8,689,534</u>	<u>8,494,670</u>	<u>8,689,534</u>
Campaign Contributions Received for Future Years	-	100,312	-	513,520	100,312	513,520
Donor designations from other United Way agencies	81,260	-	91,987	-	81,260	91,987
Prior year campaign contributions	111,556	-	235,377	-	111,556	235,377
Total Campaign Related Revenue	<u>9,559,034</u>	<u>(201,641)</u>	<u>9,758,960</u>	<u>137,764</u>	<u>9,357,393</u>	<u>9,896,724</u>

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

**UNITED WAY OF BERKS COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES (CONTINUED)**

*YEARS ENDED DECEMBER 31, 2025 AND 2024*

	Year Ended December 31, 2025		Year Ended December 31, 2024		Years Ended December 31,	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	2025 Totals	2024 Totals
100th Anniversary Campaign contributions	\$ 457,510	\$ 1,999,385	\$ 17,000	\$ 4,237,533	\$ 2,456,895	\$ 4,254,533
Other contributions	22,938	576,872	11,871	524,725	599,810	536,596
Contributed nonfinancial assets	56,129	-	54,922	-	56,129	54,922
Total Public Support	<u>10,095,611</u>	<u>2,374,616</u>	<u>9,842,753</u>	<u>4,900,022</u>	<u>12,470,227</u>	<u>14,742,775</u>
Other Revenue:						
Investment return	597,435	282,479	563,945	36,543	879,914	600,488
Endowment investment return	403,462	1,519,238	202,435	685,456	1,922,700	887,891
Transfers	104,189	(228,162)	100,049	(217,887)	(123,973)	(117,838)
Program service income	704,050	-	661,202	-	704,050	661,202
Other income	49,420	-	48,107	-	49,420	48,107
Unrealized gain on beneficial interest in perpetual trusts	-	83,727	-	52,603	83,727	52,603
Other net assets released from restriction	683,791	(683,791)	525,367	(525,367)	-	-
Total Other Revenue	<u>2,542,347</u>	<u>973,491</u>	<u>2,101,105</u>	<u>31,348</u>	<u>3,515,838</u>	<u>2,132,453</u>
Total Public Support and Other Revenue	<u>12,637,958</u>	<u>3,348,107</u>	<u>11,943,858</u>	<u>4,931,370</u>	<u>15,986,065</u>	<u>16,875,228</u>

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

**UNITED WAY OF BERKS COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES (CONTINUED)**

YEARS ENDED DECEMBER 31, 2025 AND 2024

	Year Ended December 31, 2025		Year Ended December 31, 2024		Years Ended December 31,	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	2025 Totals	2024 Totals
Allocations and Expenses:						
Program Services:						
Allocations and Expenses:						
Gross funds distributed for services	\$ 7,624,785	\$ -	\$ 9,278,236	\$ -	\$ 7,624,785	\$ 9,278,236
Less donor designations	(817,225)	-	(930,871)	-	(817,225)	(930,871)
Net Funds Distributed for Services	6,807,560	-	8,347,365	-	6,807,560	8,347,365
Community impact, including contributed nonfinancial assets (2025 - \$30,528; 2024 - \$25,430)	2,144,348	-	2,197,477	-	2,144,348	2,197,477
Total Program Services	8,951,908	-	10,544,842	-	8,951,908	10,544,842
Supporting Services:						
Resource development, including contributed nonfinancial assets (2025 - \$23,101; 2024 - \$26,992)	1,487,481	-	1,552,420	-	1,487,481	1,552,420
Administration, including contributed nonfinancial assets (2025 - \$2,500; 2024 - \$2,500)	1,090,200	-	790,638	-	1,090,200	790,638
Total Supporting Services	2,577,681	-	2,343,058	-	2,577,681	2,343,058
Total Allocations and Expenses	11,529,589	-	12,887,900	-	11,529,589	12,887,900
Changes in net assets	1,108,369	3,348,107	(944,042)	4,931,370	4,456,476	3,987,328
Net assets, beginning of year	8,615,422	23,001,587	9,559,464	18,070,217	31,617,009	27,629,681
Net assets, end of year	\$ 9,723,791	\$ 26,349,694	\$ 8,615,422	\$ 23,001,587	\$ 36,073,485	\$ 31,617,009

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

**UNITED WAY OF BERKS COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2025

	Year Ended December 31, 2025				
	Program Services	Support Services		Total Support Services	Totals
	Community Impact	Resource Development	Administration		
Gross funds distributed for services	\$ 7,624,785	\$ -	\$ -	\$ -	\$ 7,624,785
Less donor designations	(817,225)	-	-	-	(817,225)
Net allocations to services	6,807,560	-	-	-	6,807,560
Salaries	903,977	754,907	455,754	1,210,661	2,114,638
Employee benefits	119,892	146,059	93,953	240,012	359,904
Payroll taxes	69,652	57,092	34,255	91,347	160,999
Total salaries and related expenses	1,093,521	958,058	583,962	1,542,020	2,635,541
Contract services	579,266	177,107	358,207	535,314	1,114,580
Supplies	65,651	8,642	1,595	10,237	75,888
Telephone	683	595	355	950	1,633
Postage	57	3,667	1,008	4,675	4,732
Occupancy	81,080	68,576	40,026	108,602	189,682
Rent, purchase, and maintenance of equipment	26,397	19,549	12,094	31,643	58,040
Printing and promotion	106,199	42,146	400	42,546	148,745
Travel and conferences	6,933	4,623	898	5,521	12,454
Insurance	9,434	7,971	4,617	12,588	22,022
United Way sponsored meetings	36,777	52,362	3,099	55,461	92,238
United Way Worldwide and United Way of Pennsylvania dues	67,651	59,222	34,276	93,498	161,149
Contributed nonfinancial assets	30,528	23,101	2,500	25,601	56,129
Depreciation	32,646	30,246	17,262	47,508	80,154
Miscellaneous expenses	7,525	31,616	29,901	61,517	69,042
	<u>\$ 8,951,908</u>	<u>\$ 1,487,481</u>	<u>\$ 1,090,200</u>	<u>\$ 2,577,681</u>	<u>\$ 11,529,589</u>

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

**UNITED WAY OF BERKS COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2024

	Year Ended December 31, 2024				
	Program Services	Support Services		Total Support Services	Totals
	Community Impact	Resource Development	Administration		
Gross funds distributed for services	\$ 9,278,236	\$ -	\$ -	\$ -	\$ 9,278,236
Less donor designations	(930,871)	-	-	-	(930,871)
Net allocations to services	8,347,365	-	-	-	8,347,365
Salaries	952,714	732,084	437,396	1,169,480	2,122,194
Employee benefits	165,490	159,645	100,311	259,956	425,446
Payroll taxes	72,868	54,473	35,049	89,522	162,390
Total salaries and related expenses	1,191,072	946,202	572,756	1,518,958	2,710,030
Contract services	552,152	179,180	69,820	249,000	801,152
Supplies	87,170	7,814	1,708	9,522	96,692
Telephone	834	642	404	1,046	1,880
Postage	433	3,521	890	4,411	4,844
Occupancy	81,611	65,717	39,868	105,585	187,196
Rent, purchase, and maintenance of equipment	15,162	16,919	7,260	24,179	39,341
Printing and promotion	66,976	110,827	1,278	112,105	179,081
Travel and conferences	7,583	4,376	2,108	6,484	14,067
Insurance	7,627	6,286	4,110	10,396	18,023
United Way sponsored meetings	26,215	53,880	1,065	54,945	81,160
United Way Worldwide and United Way of Pennsylvania dues	56,200	46,034	30,096	76,130	132,330
Contributed nonfinancial assets	25,430	26,992	2,500	29,492	54,922
Depreciation	66,355	51,134	30,362	81,496	147,851
Miscellaneous expenses	12,657	32,896	26,413	59,309	71,966
	<u>\$ 10,544,842</u>	<u>\$ 1,552,420</u>	<u>\$ 790,638</u>	<u>\$ 2,343,058</u>	<u>\$ 12,887,900</u>

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

**UNITED WAY OF BERKS COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$ 4,456,476	\$ 3,987,328
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	80,154	147,851
Loss on disposal of assets	-	1,252
Gain on sale of investments	(529,916)	(277,336)
Unrealized gain on investments	(1,468,864)	(383,782)
Unrealized gain on beneficial interest in perpetual trusts	(83,727)	(52,603)
Contribution of beneficial interest in life insurance policy	(1,420)	(1,271)
Contributions restricted for endowment funds	(655,468)	(902,784)
Noncash lease expense	157,469	157,469
Changes in:		
Pledges receivable	333,634	(227,210)
100th Anniversary Campaign pledges receivable	(886,443)	(3,086,871)
Sponsorships	5,000	(42,678)
Other receivables	(68,541)	(77,639)
Prepaid expenses	(676)	4,269
Accounts payable and accrued expenses	(56,231)	(15,029)
Due to other United Way agencies	(6,184)	(8,616)
Due to partner agencies/programs	58,551	(85,298)
Deferred revenue	118,333	9,150
Operating lease liability	(153,778)	(152,257)
Net cash flows from operating activities	<u>1,298,369</u>	<u>(1,006,055)</u>
<b>Cash flows from investing activities:</b>		
Purchase of leasehold improvements, furniture, fixtures, and equipment	(6,085)	(13,297)
Proceeds from sale of investments	5,823,134	4,095,659
Purchase of investments	(5,448,932)	(3,942,512)
Net cash flows from investing activities	<u>368,117</u>	<u>139,850</u>
<b>Cash flows from financing activities:</b>		
Contributions restricted for endowment funds	<u>655,468</u>	<u>902,784</u>
Net change in cash and cash equivalents	2,321,954	36,579
Cash and cash equivalents, beginning of year	5,410,003	5,373,424
Cash and cash equivalents, end of year	<u>\$ 7,731,957</u>	<u>\$ 5,410,003</u>
<b>Reconciliation of cash and cash equivalents:</b>		
Cash and cash equivalents	\$ 7,023,412	\$ 4,706,379
Certificates of deposit	708,545	703,624
Cash and cash equivalents, end of year	<u>\$ 7,731,957</u>	<u>\$ 5,410,003</u>

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

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

DECEMBER 31, 2025 AND 2024

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**Note 1—Nature of operations and summary of significant accounting policies**

United Way of Berks County, Inc. (the “Organization”) is a Pennsylvania non-profit organization whose mission is to improve lives by inspiring collaborations, volunteerism, and financial support to build a stronger community. Founded in 1925, the Organization has addressed Berks County’s most important health and human services needs for over 100 years, with a steadfast commitment to do right, right here.

United Way of Berks County, Inc. develops and supports 80+ health and human service programs that address our community’s most pressing needs through four focus areas of Education, Financial Stability, Health, and Safety Net Services. The Organization partners with Berks County leaders, businesses, educational communities, government and faith-based supporters, non-profit organizations, volunteers, and donors to develop innovative solutions that address our community’s immediate needs as well as long-term community solutions. By coming together around common objectives, we create lasting systemic change that transforms lives and builds a stronger community for us all to live, work, and raise our families.

Through an annual fundraising campaign conducted primarily by volunteers, the Organization raises money from individuals, workplace campaigns, corporate giving, and foundation grants to make services provided by the Organization and by other area partners and not-for-profit health and human service organizations possible. United Way of Berks County, Inc.’s annual fundraising campaign generates revenues to support programs and services in the local community in the subsequent calendar year. The Organization’s fundraising efforts also include special efforts to respond to emerging issues and strategic initiatives as well as the development of endowment resources.

*Basis of Accounting* – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America (“U.S. GAAP”).

*Cash* – At year end and at various times during the year, the Organization had cash balances in excess of the federally insured limit in its primary operating bank account. For purposes of the statements of cash flows, the Organization considers all highly-liquid investments with a maturity of three months or less to be cash equivalents.

*Certificates of Deposit* – The Organization purchases certificates of deposit with its excess operating funds. While some certificates of deposit are purchased at local banks, the majority of the funds are invested through a local bank, on a reciprocal basis, through the Certificate of Deposit Account Registry Service. This program allows the Organization to invest in multiple banks, at competitive rates, so that all the excess funds invested through this program are Federal Deposit Insurance Corporation insured. The Organization maintains a certificate of deposit ladder with most certificates maturing on a three-year basis.

*Pledges and Sponsorships Receivables* – Pledges and sponsorships receivables are recognized as revenues and assets in the period received. Conditional pledges are recognized only when the conditions on which they depend are substantially met.

*Allowance for Uncollectible Pledges* – The Organization uses the allowance method to determine uncollectible unconditional monies receivable. The allowance is computed based on a four-year historical average adjusted by management’s estimates of current economic factors applied to gross campaign estimates.

*100th Anniversary Campaign Pledges Receivable* – 100th Anniversary Campaign pledges receivable are recognized when a donor makes a promise to give that is, in substance, unconditional. All 100th Anniversary Campaign pledges are recorded as net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible monies receivable. No allowance has been recorded as of December 31, 2025, as management deemed the entire amount as collectible through its analysis of the 100<sup>th</sup> Anniversary Campaign pledges made.

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

DECEMBER 31, 2025 AND 2024

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**Note 1—Nature of operations and summary of significant accounting policies**

*Other Receivables* – Other receivables are recognized as revenues and assets in the period earned. The Organization uses the allowance method to provide for any other receivables which may be unrecoverable and is based upon an analysis of the Organization’s prior collection experience, current economic trends, and supportable future forecasts.

*Allowance for Credit Losses* – The Organization maintains an allowance for credit losses for expected uncollectible accounts receivable, which is recorded as an offset to other receivables and provisions for credit losses are recorded in expenses in the statements of functional expenses. At each statement of financial position date, the Organization recognizes an expected allowance for credit losses. In addition, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance for current expected credit losses is based on a review of customer accounts and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts regarding future events and any other factors deemed relevant by the Organization. The allowance for credit losses is reviewed on an annual basis to assess the adequacy of the allowance.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery or if any invoice has aged greater than one year. If any recoveries are made from any accounts previously written off, they will be recognized in revenue or an offset to credit loss expense in the year of recovery, in accordance with the Organization’s accounting policy election. There were no write-offs for the years ended December 31, 2025 and 2024.

*Investments* – Investments are recorded at cost when purchased and at fair value on the date of donation when donated. Thereafter, investments are measured at fair value in the statements of financial position. Investment income or loss, including gains and losses of investments, interest and dividends, and investment fees are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of financial position.

*Leasehold Improvements, Furniture, Fixtures, and Equipment* – Purchases of new leasehold improvements, furniture, fixtures, and equipment are recorded at cost. The Organization’s policy is to capitalize any assets in excess of \$2,000 with an estimated useful life of more than one year. Donations of new furniture, fixtures, and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and conditional contributions of cash that must be used to acquire furniture, fixtures, and equipment are reported as donor restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies donor restricted net assets to net assets without donor restrictions at that time. Leasehold improvements, furniture, fixtures, and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Leasehold improvements, furniture and fixtures	5 years
Equipment	3 years

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

*DECEMBER 31, 2025 AND 2024*

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**Note 1—Nature of operations and summary of significant accounting policies (continued)**

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of leasehold improvements, furniture, fixtures, and equipment, the cost and accumulated depreciation are eliminated from the accounts and a gain or loss is recorded.

*Leases* – The Organization leases office space. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment. The office space is included in right-of-use (“ROU”) asset - operating lease and operating lease liability on the statements of financial position.

The Organization elected the practical expedient to not recognize ROU assets and liabilities for operating leases with shorter than 12-month terms. These leases will be expensed on a straight-line basis, and no operating lease liability will be recorded.

The Organization elected the practical expedient to use the risk-free rate as the discount rate for all leases based on the information available at commencement date in determining the present value of lease payments.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization uses a risk-free rate based on information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization’s lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Variable lease costs are not included within the measurement of the lease liability as they are entirely variable and the difference between the portion captured within the lease liability and the actual cost will be expensed as incurred. There are no associated variable lease costs with the leases noted above.

The Organization’s lease agreement does not contain any material residual value guarantees or material restrictive covenants.

*Net Assets* – The Organization is required to report information regarding its financial position and activities according to two net asset classes:

*Net Assets Without Donor Restrictions* are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

*Net Assets With Donor Restrictions* consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

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

DECEMBER 31, 2025 AND 2024

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**Note 1—Nature of operations and summary of significant accounting policies (continued)**

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

*Contribution Revenue* – The Organization recognizes revenue from contributions in accordance with Accounting Standards Update (“ASU”) 2018-08, *Not-For-Profit Entities (Topic 958); Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under Accounting Standards Codification (“ASC”) 606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised, and (2) a right of return of assets transferred or a right or release of a promisor’s obligation to transfer assets.

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

*Grants* – Support received under grants with Federal, State, and Local agencies are considered nonreciprocal transactions and follow the guidance for contributions. These grants are recorded as public support when the conditions are met, including incurring related costs and/or meeting program requirements. Grants receivable represent amounts due for expenditures incurred or program requirements met prior to year-end. Deferred revenue represents cash received in advance of the conditions being met. Deferred revenue related to grants totaled \$125,000 at December 31, 2025. There was no deferred revenue related to grants at December 31, 2024.

*Sponsorships* – Support received from sponsorships solicited by the Organization, in support of organizational activities which enhance the mission of the organization, are considered nonreciprocal transactions and follow the guidance for contributions. Sponsorships support activities in the current fiscal year in which the solicitation occurs. In most cases, the sponsorships cover costs related to the annual campaign activities; others are focused on program activities. Sponsorships are either provided by individuals or companies. At the end of each fiscal year, sponsorships are closed out. If any dollars are left unused, the dollars are treated as restricted by the Organization and are available to support the same activities in the following fiscal year. Receivables for sponsorships totaled \$40,000 and \$45,000 for the years ended December 31, 2025 and 2024, respectively.

*Contributed Nonfinancial Assets* – The Organization records the estimated fair value of contributed nonfinancial assets related to its operations, which was \$56,129 and \$54,922 for the years ended December 31, 2025 and 2024, respectively.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A substantial number of volunteers, which include the directors of the Organization, have made significant contributions of their time toward developing and achieving the Organization’s goals and objectives. For the years ended December 31, 2025 and 2024, approximately 27,323 hours and 31,250 hours, respectively, were donated. However, no amounts have been included in the financial statements for donated director or volunteer services, since they do not meet the criteria for recognition.

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

DECEMBER 31, 2025 AND 2024

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**Note 1—Nature of operations and summary of significant accounting policies (continued)**

No amounts have been included in the accompanying financial statements for the Organization's share of the advertising managed by United Way Worldwide which promotes the United Way network's shared mission on nationally broadcast television including the National Football League, and the Ad Council, etc.

*Revenue Recognition* – The Organization recognizes revenue in accordance with Financial Accounting Standards Board, ASC Topic 606, *Revenue from Contracts with Customers (ASC 606)*, which applies to exchange transactions with customers that are bound by contract or similar arrangement and establishes a performance obligation approach to revenue recognition.

Except for tuition fees, the Organization's revenue from program service fees, events, merchandise income, and other contracts is minimal. Most of the Organization's revenue is from contribution revenue. The Organization records the following exchange transaction revenue in its statements of activities:

*Tuition Fees* – The Organization offers a limited number of classes available for individuals to register for and attend at a cost. A full refund is provided if a registrant cancels their registration prior to the start of the class. Refunds are typically not issued after the sessions have begun. Individuals with financial need may be eligible for a discounted rate. Under ASC 606, management considers tuition fees to be a contract with a customer. Revenue by class type is as follows:

*Single Class*

Single classes can be paid for in advance or, at times, at the time of the class. Fees must be paid by the start of the class. The tuition fee is recognized when the class/program occurs, and the performance obligation is met.

*Multi-Session Class*

Multi-session classes must be paid for in advance. A contractual obligation is created at the time of registration between the Organization and the class registrant. The sessions provided are the performance obligations. The number of performance obligations depends on the number of sessions provided for the class. The transaction price will vary based on the type of class provided. The performance obligation for the class is satisfied ratably over the sessions for each class/program with revenue being recognized based on the allocation per session as each session is completed.

Deferred revenue related to the program totaled \$55,000 and \$61,667 for the years ended December 31, 2025 and 2024, respectively. Related deferred revenue totaled \$52,517 at January 1, 2023.

*Other Program Service Fees* – The Organization, in collaboration with a local school district and others, is delivering a dual impact program improving the reading skills of early elementary students by recruiting, training, and providing high school students with paid work experience. Certain expenses are being reimbursed by the school district. The other program service fees are recognized when the programs occur, and the performance obligation is met. Receivables for these services totaled \$217,333 and \$147,850 for the years ended December 31, 2025 and 2024, respectively. Related receivables totaled \$69,630 at January 1, 2023.

*Functional Expenses Allocation* – The statements of functional expenses presents Organizational expenditures based by function and natural classification. Expenses directly attributed to a specific functional area are reported as costs in those specific areas. Costs benefiting multiple functional areas are allocated based on the proportion of full-time equivalent positions as estimated by management.

*Tax-Exempt Status* – The Organization has been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code. The Organization files federal and state information returns as required. There is no current year provision for federal or state income taxes.

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

DECEMBER 31, 2025 AND 2024

**Note 1—Nature of operations and summary of significant accounting policies (continued)**

In accordance with generally accepted accounting principles, the Organization accounts for uncertain tax positions relative to unrelated business income, if any, as required.

*Use of Estimates* – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

*Subsequent Events* – In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 13, 2026, the date the financial statements were available to be issued.

**Note 2—Pledges receivable**

The Organization conducts an annual campaign to generate revenue to support health and human services in the local community.

Pledges receivable at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Pledges Receivable	\$ 7,336,445	\$ 7,665,426
Receivable in less than one year	\$ 7,182,507	\$ 7,136,988
Receivable in one to three years	153,938	528,438
Total Pledges Receivable	7,336,445	7,665,426
Less allowance for uncollectible pledges	(925,992)	(921,339)
Net Pledges Receivable	<u>\$ 6,410,453</u>	<u>\$ 6,744,087</u>

**Note 3—100th Anniversary Campaign pledges receivable**

In 2025, the Organization embarked on a special 100<sup>th</sup> Anniversary Campaign to raise significant gifts outside of the annual campaign. These contributions tend to be long-term pledges with a maximum of five years to fulfill the unconditional promise to give. The discount rate used is the risk-free rate as of December 31 adjusted up by 0.75%.

100th Anniversary Campaign pledges receivable at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
100th Anniversary Campaign Pledges Receivable	\$ 4,306,406	\$ 3,412,590
Receivable in less than one year	\$ 858,000	\$ 497,874
Receivable in one to five years	3,448,406	2,914,716
Total 100th Anniversary Campaign Pledges Receivable	4,306,406	3,412,590
Less discount to present value (4.48% - 2025; 5.13% - 2024)	(333,092)	(325,719)
Net 100th Anniversary Pledges Receivable	<u>\$ 3,973,314</u>	<u>\$ 3,086,871</u>

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

DECEMBER 31, 2025 AND 2024

**Note 4—Long-term investments and fair value measurements**

All investments are recorded at fair value.

The following table shows long-term investments held, including board-designated and donor-restricted endowment funds, endowment income held as net assets with donor restrictions, and other funds which can be used for future operating purposes. The board-designated and donor-restricted endowment funds are held in a common trust.

Fair values as of December 31 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Equity funds	\$ 5,798,559	\$ 4,549,130
Bond funds	4,714,079	4,525,902
Exchange traded funds	8,042,978	7,856,006
	<u>\$ 18,555,616</u>	<u>\$ 16,931,038</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31:

	<u>2025</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividend and interest income	\$ 458,331	\$ 427,618	\$ 885,949
Realized gain	183,615	346,301	529,916
Unrealized gain	405,287	1,063,577	1,468,864
Investment expenses	(46,336)	(35,779)	(82,115)
Total Investment return	<u>\$ 1,000,897</u>	<u>\$ 1,801,717</u>	<u>\$ 2,802,614</u>

	<u>2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividend and interest income	\$ 464,721	\$ 284,844	\$ 749,565
Realized gain	145,280	277,336	422,616
Unrealized gain	194,023	189,759	383,782
Investment expenses	(37,644)	(29,940)	(67,584)
Total Investment return	<u>\$ 766,380</u>	<u>\$ 721,999</u>	<u>\$ 1,488,379</u>

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

DECEMBER 31, 2025 AND 2024

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**Note 4—Long-term investments and fair value measurements (continued)**

Generally accepted accounting principles establish a framework for measuring fair value.

That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting principles are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025.

*Long-Term Investments* – Schwab holds the investments of the Organization in accordance with the investment policy of the Organization. The policy restricts the investments to cash, fixed income, equity securities which are publicly traded and exchange traded funds. The investments are valued at the quoted market value for shares held at year end.

*Beneficial Interests in Perpetual Trusts* – The Organization is the beneficiary of four trusts, three of which are managed by banks, and the fourth which is managed by the Berks County Community Foundation. The banks and Foundation hold the investments in diversified and balanced portfolios consisting of cash and money market funds, corporate and government debt securities, equity securities, mutual funds, fixed income mutual funds, and limited investment partnerships. These investments are valued by the trust managers based on the quoted market prices for shares held or current bid price of held funds.

The methods described previously may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its reliance on the valuation methods of the banks and Foundation are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

DECEMBER 31, 2025 AND 2024

**Note 4—Long-term investments and fair value measurements (continued)**

The following tables set forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of December 31:

	<b>2025</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Equity funds	\$ 5,798,559	\$ -	\$ -	\$ 5,798,559
Bond funds	4,714,079	-	-	4,714,079
Exchange traded funds	8,042,978	-	-	8,042,978
Beneficial interest in perpetual trusts	-	-	1,020,861	1,020,861
Total	<u>\$ 18,555,616</u>	<u>\$ -</u>	<u>\$ 1,020,861</u>	<u>\$ 19,576,477</u>

	<b>2024</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Equity funds	\$ 4,549,130	\$ -	\$ -	\$ 4,549,130
Bond funds	4,525,902	-	-	4,525,902
Exchange traded funds	7,856,006	-	-	7,856,006
Beneficial interest in perpetual trusts	-	-	937,134	937,134
Total	<u>\$ 16,931,038</u>	<u>\$ -</u>	<u>\$ 937,134</u>	<u>\$ 17,868,172</u>

The following table sets forth a summary of changes in the fair value of the Organization’s Level 3 assets for the years ended December 31:

	<b>2025</b>	<b>2024</b>
Balance, beginning of year	\$ 937,134	\$ 884,531
Unrealized gains	83,727	52,603
Balance, end of year	<u>\$ 1,020,861</u>	<u>\$ 937,134</u>

**Note 5—Beneficial interest in perpetual trusts**

The Organization is a beneficiary under various perpetual trusts. The Organization recorded its proportionate share of the fair value of the principal received. Total value recorded at December 31, 2025 and 2024 was \$1,020,861 and \$937,134, respectively. Annual distributions from the trusts are included in other income without donor restrictions and amounted to \$42,486 and \$41,418 in 2025 and 2024, respectively. The change in market value has been recorded in unrealized gain on beneficial interests in perpetual trusts in net assets with donor restrictions and amounted to \$83,727 and \$52,603 in 2025 and 2024, respectively.

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

DECEMBER 31, 2025 AND 2024

**Note 6—Leasehold improvements, furniture and fixtures, and equipment**

Leasehold improvements, furniture and fixtures, and equipment balances and activities for the year consist of the following:

	<b>Beginning Balance 1/1/2025</b>	<b>Additions Depreciation</b>	<b>Disposals</b>	<b>Ending Balance 12/31/2025</b>
Leasehold improvements	\$ 22,258	\$ -	\$ -	\$ 22,258
Furniture and fixtures	298,574	6,085	-	304,659
Equipment	356,225	-	(18,408)	337,817
	677,057	6,085	(18,408)	664,734
Accumulated depreciation	(526,656)	(80,154)	18,408	(588,402)
Leasehold improvements, furniture fixtures, and equipment, net	<u>\$ 150,401</u>	<u>\$ (74,069)</u>	<u>\$ -</u>	<u>\$ 76,332</u>

	<b>Beginning Balance 1/1/2024</b>	<b>Additions Depreciation</b>	<b>Disposals</b>	<b>Ending Balance 12/31/2024</b>
Leasehold improvements	\$ 22,258	\$ -	\$ -	\$ 22,258
Furniture and fixtures	298,418	156	-	298,574
Equipment	349,419	13,141	(6,335)	356,225
	670,095	13,297	(6,335)	677,057
Accumulated depreciation	(383,888)	(147,851)	5,083	(526,656)
Leasehold improvements, furniture fixtures, and equipment, net	<u>\$ 286,207</u>	<u>\$ (134,554)</u>	<u>\$ (1,252)</u>	<u>\$ 150,401</u>

Depreciation expense for the years ended December 31, 2025 and 2024 was \$80,154 and \$147,851 respectively.

**Note 7—Lease agreement**

In June of 2021, the Organization entered a sublease arrangement for its office facility. The term of the sublease is for a period of fifteen (15) years and four (4) months, expiring on the date that is fifteen (15) years after the rent commencement date. The Organization has a renewal option of one (1) additional five (5) year period.

The fixed minimum rent was abated for the first four (4) months of the initial term and commencing on the date that is four (4) months after the rent commencement date, a fixed minimum rent for the remainder of the first year of the initial term in equal monthly installments. Beginning on the first anniversary of the commencement date and continuing each succeeding anniversary through and including the option term, the annual fixed minimum rent will increase by one percent (1%). The initial term commenced on March 1, 2022. The rent commencement date under the lease is July 1, 2022. The initial term will expire on June 30, 2037. At this time, it is unlikely the Organization will initiate the renewal option of the lease.

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

DECEMBER 31, 2025 AND 2024

**Note 7—Lease agreement (continued)**

The Organization included the following amounts related to operating lease assets and liabilities within the statements of financial position as of December 31:

		<u>2025</u>	<u>2024</u>
Assets	Classification		
Operating lease	Operating lease right-of-use asset	\$ 1,590,298	\$ 1,710,207
Liabilities			
Operating lease	Operating lease liability	\$ 1,662,145	\$ 1,778,363

The components of lease expense were as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Operating lease expense	\$ 157,469	\$ 157,469

Supplemental cash flow information related to leases was as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	\$ 153,778	\$ 152,257

Supplemental statements of financial position information related to the lease was as follows as of December 31:

	<u>2025</u>	<u>2024</u>
<b>Weighted Average Remaining Lease Term</b>		
Operating lease	11.5 years	12.5 years
<b>Weighted Average Discount Rete</b>		
Operating lease	2.19%	2.19%

Maturities of lease liabilities are as follows:

<u>Years Ending December 31,</u>	
2026	\$ 155,318
2027	156,871
2028	158,440
2029	160,024
2030	161,624
2031 - 2037	<u>1,090,470</u>
Total undiscounted cash flow	1,882,747
Less present value discount	<u>(220,602)</u>
Total lease liability	<u>\$ 1,662,145</u>

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

DECEMBER 31, 2025 AND 2024

**Note 8—Net assets without donor restrictions**

The Organization's net assets without donor restrictions are comprised of undesignated and board designated amounts for the following purposes at December 31:

	<u>2025</u>	<u>2024</u>
Undesignated - available for general use	\$ 7,229,270	\$ 6,477,435
Board designated	2,494,521	2,137,987
Total	<u>\$ 9,723,791</u>	<u>\$ 8,615,422</u>

The Board has designated funds to be set aside to establish and maintain an endowment fund for the purpose of securing the Organization's long-term financial viability and continuing to meet spending needs. The Board designated endowment fund received \$32,939 and \$11,871 of additional contributions for the years ended December 31, 2025 and 2024, respectively.

**Note 9—Net assets with donor restrictions**

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2025</u>	<u>2024</u>
Subject to expenses for specified purpose or period:		
Human service allocation for the next fiscal year	\$ 8,981,586	\$ 8,796,623
Human service allocation for future years	176,916	563,520
United Way programs and activities	1,773,326	1,598,808
At-risk children	23,719	25,699
Other community impact activities	1,620,841	1,236,985
Total subject to expenses for specified purpose or period	<u>12,576,388</u>	<u>12,221,635</u>
Endowment fund subject to the Organization's spending policy and appropriation:		
Investments in perpetuity to support:		
Focus area panel appropriations	7,151,187	4,951,029
At-risk children	721,645	628,196
Major gifts and planned giving activities	507,811	442,057
United Way of Berks County operations	4,371,802	3,821,536
Total endowment subject to the Organization's spending policy and appropriation	<u>12,752,445</u>	<u>9,842,818</u>
Beneficial interest in perpetual trusts	<u>1,020,861</u>	<u>937,134</u>
Total net assets with donor restrictions	<u>\$ 26,349,694</u>	<u>\$ 23,001,587</u>

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

DECEMBER 31, 2025 AND 2024

**Note 10—Net assets released from restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor. Net assets released from donor restrictions for the years ended December 31 were as follows:

	<u>2025</u>	<u>2024</u>
Expiring time restrictions - campaign	\$ 8,796,623	\$ 9,065,290
United Way programs and activities	282,160	223,572
At-risk children	25,699	22,882
Other community impact activities	375,932	278,913
Total net assets released from restriction	<u>\$ 9,480,414</u>	<u>\$ 9,590,657</u>

The donor restricted net assets released on the statements of activities include the following for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Contributions received in prior year and now released from restriction	\$ 10,306,032	\$ 10,626,141
Less donor designations	(996,033)	(1,088,514)
Less allowance for uncollectible pledges	(458,248)	(472,337)
Less amounts not available for operations	(55,128)	-
Total campaign contributions release from restriction	8,796,623	9,065,290
Other net assets released from restriction	<u>683,791</u>	<u>525,367</u>
Total net assets released from restriction	<u>\$ 9,480,414</u>	<u>\$ 9,590,657</u>

**Note 11—Endowment funds**

The Organization’s endowment consists of 26 donor-restricted sub-funds and one board-designated sub-fund, all of which are to be held indefinitely, with the income expendable for operations as directed by donors or the board of directors. As required by generally accepted accounting principles, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law* – Though the Commonwealth of Pennsylvania has not fully adopted the Uniform Prudent Management of Institutional Funds Act (“UMIFA”), the Organization considers the guidance in the management and investment of funds. The Organization classifies as net assets with donor restrictions (a time restriction in perpetuity) the original value of the gifts donated to the donor restricted endowment. Investment income from the donor restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Organization in a manner consistent with the donor stipulated purpose within the standard of prudence followed by the Organization.

*Investment Policy* – The goal of the Organization’s investment policy, which follows a total return investment strategy, is to conserve and enhance the capital value of the fund, in real terms, through asset appreciation and income generation while maintaining a moderate level of risk. Under the investment policy approved by the board of directors, the endowment assets are invested 50% to 80% in equity securities and 20% to 50% in fixed income securities. The Organization expects its endowment funds, over time, to provide an average rate of return that meets or exceeds the returns of the MSCI ACWI Index and the Bloomberg Barclays Aggregate Bond Index that most closely mirrors the securities held in the portfolio. The Organization’s actual returns may vary from this amount in any given year.

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

DECEMBER 31, 2025 AND 2024

**Note 11—Endowment funds (continued)**

*Spending Policy* – The Organization has a board-approved spending policy that allows the operating fund to receive and recognize investment earnings originating from the endowment fund. As of December 31, 2025 and 2024, the board-approved spending policy was 4.00% of the rolling five-year average of the market value of the trust as of September 30 of the prior year.

*Underwater Endowments* – The Organization considers a sub-fund to be underwater if the fair value of the sub-fund is less than the sum of the original value of initial and subsequent gift amounts donated to the fund and/or other requirements in accordance with donor directives. Income distributions for new gifts to the endowment fund will not be eligible for a minimum of two years after receipt, assuming the FMV is 100% or greater than the contributed value at that time. Should a sub-fund be underwater, the Organization will use a step-down appropriation method to slow the allocation from the endowment until the principal has been restored. No distributions will be made from an endowed fund that is considered underwater by more than 15%. Further, once distributions have been suspended from an underwater endowment, the annual appropriations will not resume until the fair market value has been restored to the initial principal value.

For years ended December 31, 2025 and 2024, the Organization had no endowment sub-funds considered to be underwater and all gifts in the fund are eligible for distribution.

Endowment net asset composition by type of funds as of December 31, 2025 is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 12,752,445	\$ 12,752,445
Board-designated endowment funds	2,494,521	-	2,494,521
Total funds	<u>\$ 2,494,521</u>	<u>\$ 12,752,445</u>	<u>\$ 15,246,966</u>

Changes in endowment net assets for the year ended December 31, 2025 are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	<u>\$ 2,137,987</u>	<u>\$ 9,842,818</u>	<u>\$ 11,980,805</u>
Investment return:			
Dividend and interest income	112,739	427,617	540,356
Net gain (realized and unrealized)	300,195	1,127,400	1,427,595
Investment expenses	(9,472)	(35,779)	(45,251)
Total investment return	<u>403,462</u>	<u>1,519,238</u>	<u>1,922,700</u>
Contributions	32,939	1,658,967	1,691,906
Transfers of donor-restricted income	-	(164,389)	(164,389)
Transfers from application of spending policy	(79,867)	(104,189)	(184,056)
Endowment net assets, end of year	<u>\$ 2,494,521</u>	<u>\$ 12,752,445</u>	<u>\$ 15,246,966</u>

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

DECEMBER 31, 2025 AND 2024

**Note 11—Endowment funds (continued)**

Endowment net asset composition by type of funds as of December 31, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 9,842,818	\$ 9,842,818
Board-designated endowment funds	2,137,987	-	2,137,987
Total funds	<u>\$ 2,137,987</u>	<u>\$ 9,842,818</u>	<u>\$ 11,980,805</u>

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,999,917	\$ 6,807,963	\$ 8,807,880
Investment return:			
Dividend and interest income	84,233	284,844	369,077
Net gain (realized and unrealized)	127,056	430,552	557,608
Investment expenses	<u>(8,854)</u>	<u>(29,940)</u>	<u>(38,794)</u>
Total investment return	<u>202,435</u>	<u>685,456</u>	<u>887,891</u>
Contributions	11,871	2,606,203	2,618,074
Transfers of donor-restricted income	-	(140,663)	(140,663)
Transfers from application of spending policy	<u>(76,236)</u>	<u>(116,141)</u>	<u>(192,377)</u>
Endowment net assets, end of year	<u>\$ 2,137,987</u>	<u>\$ 9,842,818</u>	<u>\$ 11,980,805</u>

**Note 12—Contributed nonfinancial assets**

The value of donated services and materials provided by local businesses to benefit the Organization included with revenue in the financial statements and the corresponding expenses are as follows:

	<u>2025</u>	<u>2024</u>
Administration:		
General	\$ 2,500	\$ 2,500
Resource Development:		
Incentive gifts	7,448	7,008
General	1,364	2,300
Awards	1,493	1,247
Events	5,649	3,235
Marketing	7,147	13,202
Community Impact:		
Events	12,494	12,392
Marketing	<u>18,034</u>	<u>13,038</u>
Total	<u>\$ 56,129</u>	<u>\$ 54,922</u>

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

DECEMBER 31, 2025 AND 2024

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**Note 12—Contributed nonfinancial assets (continued)**

*Valuation Techniques* – Donated materials, equipment, and services are recognized as contributed nonfinancial assets at their estimated fair value if they create or enhance nonfinancial assets or require specialized skills that would need to be purchased if they were not donated. The Organization receives contributed marketing and advertising and professional fees that are reported using current rates for similar services. Donated materials are valued at current rates for similar items.

*Donor Restrictions* – There are no restrictions on contributed nonfinancial assets at year end. The Organization does not sell donated contributed nonfinancial assets and only utilized contributed nonfinancial assets for the programs detailed above.

**Note 13—Payments to affiliated agencies**

In accordance with the membership criteria of United Way Worldwide, a percentage of total unrestricted support from the previous year is shared with United Way Worldwide. The percentage shared was 1% for both years ending December 31, 2025 and 2024. An additional amount is shared with United Way of Pennsylvania. Payments made to United Way Worldwide and United Way of Pennsylvania for the years ended December 31, 2025 and 2024 amounted to \$161,149 and \$132,330, respectively.

**Note 14—Commitments**

The Organization has committed \$6,987,794 of contributions for the next investment period to various partner agencies. The resources used to fulfill this commitment are largely reflected in the net assets with donor restriction balance.

**Note 15—Retirement plans**

*Defined Contribution Plan* – The Organization maintains a 403(b) Defined Contribution Plan for all employees. Under this Plan, a participant shall be 20% vested after one year and 20% each year thereafter. An employee shall be considered 100% vested after five years or upon the attainment of age 55, whichever occurs first. The employer has the sole right to determine the amount of any discretionary employer matching contributions annually. During 2025 and 2024, the Organization made contributions of \$78,029 and \$86,075, respectively, to the Plan.

*Deferred Contribution Plan* – Effective November 1, 2017, the Organization implemented a 457(b) Retirement Plan which is a nonqualified deferred compensation plan for key employees. Participants of the Plan may elect to defer a portion of the cash compensation that would otherwise be paid to each participant. Employer contributions of \$9,107 and \$7,500 were made to the Plan in 2025 and 2024, respectively. The Plan assets of \$66,209 and \$45,098 for years ended December 31, 2025 and 2024, respectively, are included with cash and equivalents on the statements of financial position with the liability included with accounts payable and accrued expenses.

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

DECEMBER 31, 2025 AND 2024

**Note 16—Distribution for services**

The Organization raises funds that are distributed to health and human service programs in the community. A breakdown of support, which includes donor designations provided by focus area, is as follows at December 31:

	<u>2025</u>	<u>2024</u>
Education	\$ 2,847,286	\$ 2,768,335
Financial stability	779,681	1,622,117
Health	1,867,886	2,446,130
Safety net	<u>2,129,932</u>	<u>2,441,654</u>
Total support	<u>\$ 7,624,785</u>	<u>\$ 9,278,236</u>

As part of the annual investment process, \$6,894,016 and \$6,989,699 of the support, including base and one-time investment awards was distributed to partner agencies for the years ended December 31, 2025 and 2024, respectively. An additional \$730,769 and \$2,288,537 was distributed through other grant programs for the years ended December 31, 2025 and 2024, respectively.

**Note 17—Liquidity and availability of financial resources**

*Liquidity Management* – The Organization maintains a policy to ensure its financial assets are available to meet its expenditures and other obligations with a goal to maintain balances to meet three to six months of ordinary business expenses. Excess operating cash not needed for operations will be invested in a short-term CD ladder program with various banks and/or other short-term investments as allowed in the Organization’s Investment Statement Policy. The Organization maintains an Operating Reserve Account that is invested as a long-term asset in a conservative manner with a 50/50 asset mix. Assets from the Operating Reserve Account can be converted to cash as necessary. The Organization’s endowment investments consist of donor-restricted and a Board designated endowment. Income for donor-restricted endowments is restricted and not available for general expenditures. The Organization does not intend to spend from its Board designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process; however, if deemed necessary by the Finance Committee and approved by the Board of Directors, amounts from its Board designated endowment could be made available. The Organization does not currently utilize a line of credit nor other operating loans from financial institutions to support operations.

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

DECEMBER 31, 2025 AND 2024

**Note 17—Liquidity and availability of financial resources (continued)**

The Organization’s financial assets available within one year of the statements of financial position date for general expenses are as follows at December 31:

	<u>2025</u>	<u>2024</u>
Financial assets available within one year:		
Cash	\$ 7,023,412	\$ 4,706,379
Certificates of deposit	708,545	703,624
Pledges receivable, net	6,410,453	6,744,087
100th Anniversary Campaign pledges receivable, net	3,973,314	3,086,871
Sponsorship receivable	40,000	45,000
Other accounts receivable	240,368	171,827
Long-term investments	18,555,616	16,931,038
Total financial assets available	<u>36,951,708</u>	<u>32,388,826</u>
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time restrictions	(12,576,388)	(12,221,635)
Restricted by donors in perpetuity	(12,752,445)	(9,842,818)
Total amounts unavailable for general expenditures within one year	<u>(25,328,833)</u>	<u>(22,064,453)</u>
Less amounts unavailable to management without Board approval:		
Board designated for endowment	(2,494,521)	(2,137,987)
Total financial assets available to management for general expenses within one year		
Plus human service allocation for next fiscal year	8,981,586	8,796,623
Plus endowment funds available for general expenditures in subsequent year based on spending policy	195,811	183,878
Total financial assets, human service allocation and endowment funds available to meet cash needs for general expenses within one year	<u>\$ 18,305,751</u>	<u>\$ 17,166,887</u>

## **COMPLIANCE REPORT**

**Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Directors  
United Way of Berks County, Inc.  
Reading, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Berks County, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 13, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cherry Bekaert LLP*

Reading, Pennsylvania  
May 13, 2026