



UNITED WAY OF THE GREATER LEHIGH VALLEY

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2022



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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
United Way of the Greater Lehigh Valley
Allentown, Pennsylvania**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of the Greater Lehigh Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 United Way of the Greater Lehigh Valley as of June 30, 2022, 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 United Way of the Greater Lehigh Valley 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 opinions.

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 United Way of the Greater Lehigh Valley'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 United Way of the Greater Lehigh Valley'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 United Way of the Greater Lehigh Valley'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.

Report on Summarized Comparative Information

We have previously audited United Way of the Greater Lehigh Valley June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2021. 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 financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of community investment awards and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of community investment awards and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022, on our consideration of United Way of the Greater Lehigh Valley'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 United Way of the Greater Lehigh Valley'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 United Way of the Greater Lehigh Valley's internal control over financial reporting and compliance.

Herbein + Company, Inc.

Reading, Pennsylvania
November 17, 2022

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENTS OF FINANCIAL POSITION

June 30, 2022

With Summarized Totals For June 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 3,245,597	\$ 3,581,341
Grants receivable	192,521	96,808
Accounts receivable and accrued income	39,216	52,007
Prepaid expenses	147,568	141,627
Pledges receivable, net	4,058,119	3,739,143
Life insurance cash value	92,448	89,080
Long-term investments	4,963,825	5,663,422
Beneficial interest in perpetual trusts	2,253,606	2,646,913
Split-interest agreements	149,275	173,947
Investment in insurance trust	41,001	25,910
Leasehold improvements, equipment, furniture, and fixtures, net	<u>209,961</u>	<u>286,012</u>
TOTAL ASSETS	<u><u>\$ 15,393,137</u></u>	<u><u>\$ 16,496,210</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expense	\$ 523,043	\$ 622,715
Custodial funds	13	13
Liability to donors under split-interest trusts	82,811	99,495
Campaign support designated to organizations and other United Ways	<u>2,769,786</u>	<u>2,356,895</u>
TOTAL LIABILITIES	3,375,653	3,079,118
 NET ASSETS		
Without donor restrictions	(2,946,401)	(1,482,885)
With donor restrictions:		
Restricted for time or purpose:		
Split-interest agreements	66,464	74,452
Support for future periods	10,992,706	10,307,122
Restricted in perpetuity	<u>3,904,715</u>	<u>4,518,403</u>
Total with donor restrictions	<u>14,963,885</u>	<u>14,899,977</u>
TOTAL NET ASSETS	<u>12,017,484</u>	<u>13,417,092</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 15,393,137</u></u>	<u><u>\$ 16,496,210</u></u>

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2022

With Summarized Totals For Year Ended June 30, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Campaign contributions applicable to current period:				
Raised in current fiscal year (net of additional loss provisions)	\$ 344,327	\$ -	\$ 344,327	\$ 118,871
Less: donor designations	(252,781)	-	(252,781)	(404,075)
Prior years campaign for current year support, net of loss provisions (released from restriction)	17,186,179	(17,186,179)	-	-
Less: donor designations	(8,183,504)	8,183,504	-	-
Prior campaign support released from purpose restriction	77,472	(77,472)	-	-
Total campaign contributions received applicable to current period	9,171,693	(9,080,147)	91,546	(285,204)
Campaign contributions received for next allocation period:				
Current year campaign revenue, net of loss provisions	-	22,446,647	22,446,647	16,746,931
Less: donor designations	-	(12,725,159)	(12,725,159)	(7,379,041)
Total campaign contributions received for next allocation period	-	9,721,488	9,721,488	9,367,890
Other support	83,304	55,904	139,208	111,105
Designations from other United Ways	164,270	-	164,270	80,089
In-kind services and materials	514,556	-	514,556	624,891
Investment return, net	(340,966)	-	(340,966)	399,842
Endowment/trust income	104,960	-	104,960	93,269
Donor choice fees	48,791	-	48,791	82,821
Professional service fees	12,500	-	12,500	-
Grant and bequest revenue	1,443,834	1,025,905	2,469,739	2,192,349
Endowment contributions	-	55,000	55,000	652,165
Paycheck Protection Program Loan forgiveness	-	-	-	594,392
Net assets released from restrictions:				
Donor choice fees	23,018	(23,018)	-	-
Sponsorships	62,554	(62,554)	-	-
Grant revenue	951,994	(951,994)	-	-
Total revenue and other support	12,240,508	740,584	12,981,092	13,913,609
Other changes:				
Endowment investment return, net	(126,788)	(241,957)	(368,745)	519,068
Unrealized gains (loss) on beneficial interest in perpetual trusts	-	(393,307)	(393,307)	456,900
Change in value of split-interest agreements	-	(7,988)	(7,988)	11,510
Unrealized gain (loss) on investment in insurance trust	(6,885)	-	(6,885)	3,295
Endowment policy appropriations	33,424	(33,424)	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	12,140,259	63,908	12,204,167	14,904,382

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENTS OF ACTIVITIES - CONTINUED

Year Ended June 30, 2022

With Summarized Totals For Year Ended June 30, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
ALLOCATIONS AND EXPENSES				
Community investments and program services:				
Community investment awards	6,743,079	-	6,743,079	6,654,089
Donor designations	8,436,285	-	8,436,285	7,959,060
Community impact services provided by United Way, including donated materials and services (2022 - \$355,771; 2021 - \$401,517)	3,302,965	-	3,302,965	2,900,683
Total community investments and program services with donor designations	18,482,329	-	18,482,329	17,513,832
Less: donor designations	(8,436,285)	-	(8,436,285)	(7,959,060)
Total community investments and program services, net of donor designations	10,046,044	-	10,046,044	9,554,772
Support services:				
Revenue development costs, including donated materials and services (2022 - \$93,861; 2021 - \$135,737)	2,140,699	-	2,140,699	1,895,177
Administration, including donated materials and services (2022 - \$64,924; 2021 - \$87,637)	1,417,032	-	1,417,032	1,309,033
Total support services	3,557,731	-	3,557,731	3,204,210
TOTAL ALLOCATIONS AND EXPENSES	13,603,775	-	13,603,775	12,758,982
INCREASE (DECREASE) IN NET ASSETS	(1,463,516)	63,908	(1,399,608)	2,145,400
NET ASSETS AT BEGINNING OF YEAR	(1,482,885)	14,899,977	13,417,092	11,271,692
NET ASSETS AT END OF YEAR	\$ (2,946,401)	\$ 14,963,885	\$ 12,017,484	\$ 13,417,092

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENTS OF FUNCTIONAL EXPENSES

**Year Ended June 30, 2022
With Summarized Totals For Year Ended June 30, 2021**

	2022				2021 Total
	Community Investments and Program Services	Support Services		Total	
		Revenue Development Costs	Administration		
Community investment awards	\$ 6,743,079	\$ -	\$ -	\$ 6,743,079	\$ 6,654,089
Donor designations	8,436,285	-	-	8,436,285	7,959,060
Subtotal	15,179,364	-	-	15,179,364	14,613,149
Less: donor designations	(8,436,285)	-	-	(8,436,285)	(7,959,060)
Community investments	6,743,079	-	-	6,743,079	6,654,089
Salaries and temporary help	1,531,680	1,114,154	755,068	3,400,902	2,985,600
Employee benefits and taxes	405,372	280,102	220,097	905,571	836,873
Employee recruitment	1,737	-	3,420	5,157	2,765
Total compensation	1,938,789	1,394,256	978,585	4,311,630	3,825,238
Professional services	197,223	98,942	80,097	376,262	369,556
General supplies	3,211	2,462	1,638	7,311	4,161
Communications	14,832	11,121	7,567	33,520	37,369
Occupancy costs	135,403	95,081	69,079	299,563	291,709
Equipment costs	144,230	101,280	73,583	319,093	228,712
Direct program costs	199,964	160,877	51,048	411,889	226,189
Staff development, travel, and meetings	34,141	28,880	17,476	80,497	26,048
Dues, insurance, and other	44,012	8,919	36,802	89,733	59,039
Fair share support to other United Ways	197,779	118,610	17,045	333,434	327,600
Total expenses before donated services and materials and depreciation	2,909,584	2,020,428	1,332,920	6,262,932	5,395,621
Donated services and materials	355,771	93,861	64,924	514,556	624,891
Depreciation	37,610	26,410	19,188	83,208	84,381
Total expenses	3,302,965	2,140,699	1,417,032	6,860,696	6,104,893
TOTAL COMMUNITY INVESTMENTS AND EXPENSES	\$ 10,046,044	\$ 2,140,699	\$ 1,417,032	\$ 13,603,775	\$ 12,758,982

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENTS OF CASH FLOWS

**For the Year Ended June 30, 2022
With Summarized Totals for the Year Ended June 30, 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (1,399,608)	\$ 2,145,400
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation expense	83,208	84,381
Net unrealized and realized (gains) losses on long-term investments	824,450	(815,079)
Net unrealized (gains) losses on beneficial interest in perpetual trusts	393,307	(456,900)
Net unrealized (gains) losses on split-interest agreements	7,988	(11,510)
Net unrealized (gains) losses on investment in insurance trust	6,885	(3,295)
Endowment contributions	(55,000)	(652,165)
Paycheck Protection Program loan forgiveness	-	(594,392)
Changes in:		
Grants receivable	(95,713)	16,093
Accounts receivable and accrued income	12,791	(3,365)
Prepaid expenses	(5,941)	140,354
Pledges receivable	(318,976)	(11,901)
Life insurance cash value	(3,368)	(3,344)
Accounts payable and accrued expenses	(99,672)	301,181
Liability to donors under split-interest trusts	(16,684)	11,433
Campaign support designated to organizations and other United Ways	412,891	493,598
	<u>(253,442)</u>	<u>640,489</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,507,034	2,255,997
Proceeds from sale, split-interest agreements	16,684	-
Purchase of investments	(1,631,887)	(3,081,819)
Purchase of investments, split-interest agreements	-	(11,433)
Net purchases of insurance trust	(21,976)	(22,615)
Acquisitions of leasehold improvements, equipment, furniture, and fixtures	(7,157)	(12,766)
	<u>(137,302)</u>	<u>(872,636)</u>
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment contributions	55,000	652,165
	<u>(335,744)</u>	<u>420,018</u>
NET INCREASE (DECREASE) IN CASH		
CASH AT BEGINNING OF YEAR	<u>3,581,341</u>	<u>3,161,323</u>
CASH AT END OF YEAR	<u><u>\$ 3,245,597</u></u>	<u><u>\$ 3,581,341</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES		
Paycheck Protection Program loan forgiveness	\$ -	\$ 594,392

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

United Way of the Greater Lehigh Valley (the "Organization") is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania for the purpose of supporting nonprofit health and human service agencies who serve the needs of Lehigh, Northampton, and Carbon County citizens. The Organization is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code.

United Way Services is a wholly-owned subsidiary of the United Way of the Greater Lehigh Valley. The subsidiary is inactive and therefore not reflected in the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of the Organization for the year ended June 30, 2022, 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).

The financial statements for the year ended June 30, 2021, include certain prior year summarized comparative information in total, but not by net asset class or function. 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 financial statements for the year ended June 30, 2021, from which the information was derived.

Cash

For the purpose of reporting cash flows, the Organization considers all cash deposited in bank accounts, including unrestricted highly liquid investments, to be cash on the accompanying statements of financial position.

At various times during the years, the Organization had cash balances in excess of the federally insured limit in deposit accounts.

Grants and Accounts Receivable

Grants and accounts receivable represent amounts due from various grantors and governmental agencies. Management has determined that the receivables are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at June 30, 2022.

Pledges Receivable

Pledges receivable consist of unconditional promises to give which are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The Organization uses the allowance method to determine uncollectible pledges 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.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments

Investments in equity securities with readily determinable fair values and investments in mutual funds, fixed income investments, alternative investments, and pooled investments are measured at fair market 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, Equipment, Furniture, and Fixtures

Purchased leasehold improvements, equipment, furniture, and fixtures are capitalized at cost. Donations of leasehold improvements, equipment, furniture, and fixtures are recorded as contributions at their fair market value. The Organization's policy is to capitalize any assets in excess of \$1,000 with an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Such assets and lives are generally as follows:

Leasehold improvements	15 years
Equipment	3 - 10 years
Furniture and fixtures	7 years

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

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets

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 - Net assets without donor restrictions include funds not subject to donor-imposed stipulations. In general, the revenues received and expenses incurred in conducting the Organization's charitable mission are included in this category.

Net Assets With Donor Restrictions - Net assets with donor restrictions include gifts, grants, and pledges whose use by the Organization has been limited by donors to later periods of time or to specified purposes. The annual campaign held April 1 through March 31 of each year, intended to support activities for the subsequent year starting July 1 (time restriction) are carried in this category until the subsequent year when the support is reclassified to the without donor restriction category. Net assets with donor restrictions also include activity and balances under split-interest agreements or temporary trusts. Generally, on termination of the agreements or trusts, the net assets would be reclassified as net assets without donor restriction.

Some net assets with donor restrictions, including gifts, trusts, and pledges, 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 stipulations or the Board approved spending policy. Outside perpetual trusts with independent trustees including the Warren York Trust are included in this category.

Revenue Recognition

In accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Organization recognizes revenue when control of the promised services is transferred to the Organization's outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. The standard outlined a five-step model whereby revenue is recognized as performance obligations are satisfied.

The Organization's revenue from program service fees, events, and other contracts is minimal. The majority of the Organization's revenue is from contribution revenue.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 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 recognized 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 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 in the appropriate fund 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.

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.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Donated Services and Materials

Gifts of property and equipment are presented as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Organization's activities).

Donated materials, furniture, fixtures, equipment, and certain services are reflected as contributions in the accompanying financial statements at the estimated fair value at the date of receipt. The amount of such donated materials and services was \$514,556 and \$624,891 for the years ended June 30, 2022 and 2021, respectively.

A substantial number of volunteers have donated significant hours to the Organization's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

Community Investment Awards

In spring of each year, the United Way issues a letter of "intent to give" (non-recordable until paid) for its annual community investment awards for the following July - June fiscal year. These annual community investment awards are expensed when paid in order to match the recognition of the campaign support in the statements of activities in the net assets without donor restrictions and to maintain the integrity of the campaign years.

Certain special initiatives which are made outside the regular community investment awards cycle are expensed when approved by the Board of Directors and all the conditions for receiving the initiative have been met.

Advertising Costs

Advertising costs, included in direct program costs, are expensed as incurred and were \$415,503 and \$521,594, including in-kind services of \$265,683 and \$366,729 in 2022 and 2021, respectively.

Functional Expense Allocations

As reported in the statements of functional expenses, expenses of the Organization have been allocated to the following functional reporting classifications: Community Investments and Program Services, Revenue Development Costs, and Administration.

Expenses directly attributable to a specific functional area are reported as expenses of those functions. The Organization's method for allocating expenses among the functional reporting classifications which cannot be specifically identified as program or supporting service are based on estimates made for time spent by key personnel between functions, space occupied by function, consumption of supplies and postage by function, and other objective bases.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 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, 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 November 17, 2022, the date the financial statements were available to be issued and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying financial statements.

Adoption of FASB ASU No. 2020-07

The Organization adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new ASU requires the Organization to present contributed nonfinancial assets, including fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets, as a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosures of a disaggregation by category of nonfinancial assets, including whether used or monetized, policies and/or a description of the programs or other activities in which those assets were used, a description of any donor restrictions associated with nonfinancial assets, a description of the valuation techniques and inputs used to arrive at the fair value measure for initial recognition, and the principal market used to arrive at the fair value measure if it is a market in which the Organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. This standard is effective for fiscal years beginning after June 15, 2021. The Organization adopted this standard for the year ended June 30, 2022, with a retrospective application as of June 30, 2021.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 2 - GRANTS RECEIVABLE

Grants receivable consist of amounts due from the following:

	<u>2022</u>	<u>2021</u>
Corporation for National and Community Service	\$ 12,500	\$ 6,250
Lehigh County	34,166	1,405
Northampton County	16,803	-
Pennsylvania Commission on Crime and Delinquency	16,288	15,530
Pennsylvania Department of Labor & Industry	54,436	19,337
U.S. Department of Education	<u>58,328</u>	<u>54,286</u>
Balance, end of year	<u>\$ 192,521</u>	<u>\$ 96,808</u>

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable are recorded net of an allowance for estimated uncollectible amounts as follows:

	<u>2022</u>	<u>2021</u>
Balance of 2019 campaign pledges	\$ 342,419	\$ 372,571
Balance of 2020 campaign pledges	346,145	3,929,930
Balance of 2021 campaign pledges	3,961,654	-
Balance of future campaign pledges (net)	<u>279,199</u>	<u>12,504</u>
	4,929,417	4,315,005
Allowance for uncollectible pledges	<u>(871,298)</u>	<u>(575,862)</u>
	<u>\$ 4,058,119</u>	<u>\$ 3,739,143</u>

The balance of any collectible amounts from the 2021 and 2022 campaign would be expected to be received over 12 months from the balance sheet date.

Changes in the allowance for estimated uncollectibles are as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 575,862	\$ 1,897,030
Addition from campaigns	674,605	36,907
Charge off of known uncollectible pledges	<u>(379,169)</u>	<u>(1,358,075)</u>
Balance, end of year	<u>\$ 871,298</u>	<u>\$ 575,862</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments held as of June 30 are summarized as follows:

	2022	2021
Money market instruments	\$ 296,666	\$ 114,561
Alternatives/real assets	213,392	251,327
Fixed income	2,014,499	2,235,528
Mutual funds	2,354,043	2,961,517
Pooled investments	85,225	100,489
	\$ 4,963,825	\$ 5,663,422

Investments as of June 30 are reflected in the various net assets as follows:

	2022	2021
Without donor restrictions	\$ 3,312,716	\$ 3,791,932
With donor restrictions, in perpetuity	1,651,109	1,871,490
	\$ 4,963,825	\$ 5,663,422

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30:

	2022	2021
Dividend and interest income	\$ 131,838	\$ 120,224
Realized gain	49,401	54,417
Unrealized gain (loss)	(873,851)	760,662
Investment expenses	(17,099)	(16,393)
Total investment return, net	\$ (709,711)	\$ 918,910

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

United Way of the Greater Lehigh Valley, in accordance with generally accepted accounting principles, has applied fair value measurement and disclosure in these financial statements as follows:

Generally accepted accounting principles establish 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 June 30, 2022.

Long-Term Investments

The banks hold the investments of the United Way of the Greater Lehigh Valley in accordance with the investment policy of the Organization. The investments are valued at the quoted market price for shares held at year end. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investments, or the net asset value (NAV) based on the fair value of the underlying investments less its liability.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Split-Interest Agreements, Pooled Investments, and Beneficial Interest in Perpetual Trusts

The United Way of the Greater Lehigh Valley is the beneficiary of various trusts and split-interest agreements and pooled investments management by banks and the Lehigh Valley Community Foundation (the "Foundation"). The banks and the 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 other investments. 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 the 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.

Investment in Insurance Trust

The United Way of the Greater Lehigh Valley is invested in an unemployment insurance trust which is managed by a group insurance administrator organization. The organization holds the investments in diversified and balanced portfolios consisting of cash, certificates of deposits, corporate and government debt securities, equity securities, mutual funds, and fixed income mutual funds. The investments are valued at the quoted market price for shares held at year end.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

The following tables set forth by level, within the fair value hierarchy, the United Way of the Greater Lehigh Valley's assets at fair value as of June 30:

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Alternatives/real assets	\$ -	\$ 213,392	\$ -	\$ 213,392
Fixed income	-	2,014,499	-	2,014,499
Mutual funds:				
Large cap	1,682,883	-	-	1,682,883
Small/mid cap	318,190	-	-	318,190
Developed international	186,440	-	-	186,440
Other international	166,530	-	-	166,530
Pooled investments	-	-	85,225	85,225
Split-interest agreements	67,346	3,596	78,333	149,275
Beneficial interest in perpetual trusts	157,142	8,390	2,088,074	2,253,606
Investment in insurance trust	-	-	41,001	41,001
Total assets at fair value	\$ 2,578,531	\$ 2,239,877	\$ 2,292,633	\$ 7,111,041

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Alternatives/real assets	\$ -	\$ 251,327	\$ -	\$ 251,327
Fixed income	-	2,235,528	-	2,235,528
Mutual funds:				
Large cap	2,007,725	-	-	2,007,725
Small/mid cap	399,540	-	-	399,540
Developed international	259,325	-	-	259,325
Emerging international	74,559	-	-	74,559
Other international	220,368	-	-	220,368
Pooled investments	-	-	100,489	100,489
Split-interest agreements	81,228	4,148	88,571	173,947
Beneficial interest in perpetual trusts	189,532	9,679	2,447,702	2,646,913
Investment in insurance trust	-	-	25,910	25,910
Total assets at fair value	\$ 3,232,277	\$ 2,500,682	\$ 2,662,672	\$ 8,395,631

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30:

	Year Ended June 30, 2022				Total
	Community Foundation Pooled Investments	Split-Interest Agreements	Beneficial Interest in Perpetual Trusts	Investment in Insurance Trust	
Balance, beginning of year	\$ 100,489	\$ 88,571	\$ 2,447,702	\$ 25,910	\$ 2,662,672
Distributions	(3,670)	(2,250)	(97,423)	-	(103,343)
Contributions	-	-	-	24,257	24,257
Unemployment claims paid by trust	-	-	-	(2,281)	(2,281)
Realized and unrealized gains (losses)	(11,594)	(7,988)	(262,205)	(6,885)	(288,672)
Balance, end of year	<u>\$ 85,225</u>	<u>\$ 78,333</u>	<u>\$ 2,088,074</u>	<u>\$ 41,001</u>	<u>\$ 2,292,633</u>
	Year Ended June 30, 2021				Total
	Community Foundation Pooled Investments	Split-Interest Agreements	Beneficial Interest in Perpetual Trusts	Investment in Insurance Trust	
Balance, beginning of year	\$ 76,838	\$ 82,241	\$ 2,029,566	\$ -	\$ 2,188,645
Distributions	(3,750)	(6,259)	(86,569)	-	(96,578)
Contributions	-	-	-	24,979	24,979
Unemployment claims paid by trust	-	-	-	(2,364)	(2,364)
Realized and unrealized gains (losses)	27,401	12,589	504,705	3,295	547,990
Balance, end of year	<u>\$ 100,489</u>	<u>\$ 88,571</u>	<u>\$ 2,447,702</u>	<u>\$ 25,910</u>	<u>\$ 2,662,672</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 5 - BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The Organization is an income beneficiary of eight perpetual trusts.

The amounts recorded represent the prorata share of net assets that provide for distribution of income to the Organization as beneficiary. Distributions are made annually to the Organization in accordance with the respective spending policies of the trusts. Annual distributions from the trusts are included in endowment/trust income without donor restrictions and totaled \$104,960 and \$93,269 in 2022 and 2021, respectively. The change in market value has been recorded in unrealized gains (loss) on beneficial interest in perpetual trusts with donor restrictions and totaled \$(393,307) and \$456,900 in 2022 and 2021, respectively.

The trusts are detailed as follows as of June 30:

Trust	Trust %	Shares of Trust Assets	
		2022	2021
Thun Fund	100%	\$ 276,161	\$ 325,579
Albert T. Rex Estate	35	61,185	75,237
Adora Gross Estate	100	85,662	107,727
Samuel A. Kleppinger Estate	100	959,738	1,140,205
The Warren W. York Fund	100	563,344	627,442
David Rabaut Fund for Neighborhoods	100	21,992	25,934
MacCrindle Fund	70	165,531	199,210
Stanley R. Liebman Estate	34	119,993	145,579
		<u>\$ 2,253,606</u>	<u>\$ 2,646,913</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 6 - SPLIT-INTEREST AGREEMENTS

The Organization holds investments under five split-interest agreements. The investments represent the fair market value of assets held under the charitable trusts and gift annuity agreements. The change in market value has been recorded in change in value of split-interest agreements with donor restrictions and totaled \$(7,988) and \$11,510 in 2022 and 2021, respectively.

Total assets by split-interest agreement are as follows at June 30:

	<u>2022</u>	<u>2021</u>
Annuity Trust A	\$ 50,676	\$ 60,625
Covert Unitrust	25,695	25,695
Mills Gift Annuity	1,962	2,252
MacCrimdle Perpetual Trust	70,942	85,375
	<u>\$ 149,275</u>	<u>\$ 173,947</u>

Total liabilities by split-interest agreements are as follows at June 30:

	<u>2022</u>	<u>2021</u>
Annuity Trust A*	\$ 11,869	\$ 14,119
MacCrimdle Perpetual Trust	70,942	85,376
	<u>\$ 82,811</u>	<u>\$ 99,495</u>

- * The relevant donor's ages and a discount rate of 6.24% were used to determine the present value of obligations to donors.

NOTE 7 - INVESTMENT IN INSURANCE TRUST

The Organization uses the Unemployment Services Trust. The Organization has recorded its proportionate share of the fair value of the principal of the trust. Agreement terms provide that the Organization make an initial contribution to the trust and additional contributions as necessary according to the trust. Contributions to the trust amounted to \$24,257 and \$24,979 for the years ended June 30, 2022 and 2021, respectively. Unemployment claims paid through the trust totaled \$2,281 and \$2,364 for the years ended June 30, 2022 and 2021, respectively. The trust depreciated in value by \$6,885 during the year ended June 30, 2022 and appreciated in value by \$3,295 during the year ended June 30, 2021. The value of the trust at June 30, 2022 and 2021 was \$41,001 and \$25,910, respectively.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 8 - LEASEHOLD IMPROVEMENTS, EQUIPMENT, FURNITURE, AND FIXTURES

Leasehold improvements, equipment, furniture, and fixtures consist of the following:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 60,884	\$ 60,884
Computer hardware and software	199,926	192,769
Equipment, furniture, and fixtures	<u>452,143</u>	<u>452,143</u>
	712,953	705,796
Less: accumulated depreciation	<u>(502,992)</u>	<u>(419,784)</u>
	<u>\$ 209,961</u>	<u>\$ 286,012</u>

Depreciation and amortization charged to expense was \$83,208 and \$84,381 for the years ended June 30, 2022 and 2021, respectively.

NOTE 9 - LINE OF CREDIT

The Organization has a \$1,000,000 revolving line of credit bearing interest equal to the Index plus 0.70% with a floor of 5.00%. The line of credit is on demand. There was no outstanding balance at June 30, 2022 and 2021.

NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization qualified for and received a Paycheck Protection Program Loan (the "PPP Loan") from a qualified lender totaling \$594,392. This loan program was implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. The principal amount of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN - CONTINUED

The Organization initially recorded a note payable upon receipt of the PPP Loan and subsequently recorded forgiveness when the loan obligation was legally released upon notification by the SBA in March 2021. The \$594,392 forgiven is recognized as loan forgiveness income in the statements of activities for the year ended June 30, 2021.

NOTE 11 - NET ASSETS

The Organization's net assets without donor restrictions are comprised of undesignated and Board designated funds. From time to time the Board may designate a portion of net assets for specific purposes which would be included with net assets without donor restrictions.

Net assets without donor restrictions are summarized as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Board designated investment reserves	\$ 2,404,706	\$ 2,723,913
Board designated, endowment	847,785	992,530
Board designated, fiscal year 2022 impact	-	450,000
Board designated, investment in insurance trust	41,001	25,910
Undesignated	<u>(6,239,893)</u>	<u>(5,675,238)</u>
Total net assets without donor restrictions	<u>\$ (2,946,401)</u>	<u>\$ (1,482,885)</u>

At June 30, 2022 and 2021, there is a deficit in undesignated net assets. This is mainly from a prior period and the Organization is working to eliminate this over time, while serving the needs of the communities served.

Adding to the prior period deficit was a deficit in the current period as result of a planned budget deficit of \$450,000 due to the Organization's board voting to utilize \$450,000 from the 2021 surplus to fund impact operations to support the community as it recovers from the effects of the pandemic along with a significant decline in the investment market during the current period.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 11 - NET ASSETS - CONTINUED

Net assets with donor restrictions consists of:

	<u>2022</u>	<u>2021</u>
Time and purpose:		
Time restricted net 2021 and 2020 campaign	\$ 9,150,911	\$ 9,264,494
Future campaign support, net	570,575	103,396
Split-interest and trusts	66,464	74,452
Other time and purpose restricted support	<u>1,271,220</u>	<u>939,232</u>
Subtotal time and purpose	11,059,170	10,381,574
Perpetuity trusts	2,253,606	2,646,913
Endowment funds:		
Fulton Financial Endowment Fund	1,626,109	1,846,490
Other donor restricted fund	<u>25,000</u>	<u>25,000</u>
Subtotal perpetuity	<u>3,904,715</u>	<u>4,518,403</u>
Total net assets with donor restrictions	<u><u>\$ 14,963,885</u></u>	<u><u>\$ 14,899,977</u></u>

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 June 30 were as follows:

	<u>2022</u>	<u>2021</u>
Expiring time restrictions - campaign	\$ 9,080,147	\$ 9,364,454
Expiring purpose restrictions - campaign	-	15,125
Donor choice fees	23,018	-
Sponsorships	62,554	22,500
Grant revenue	<u>951,994</u>	<u>719,300</u>
Total net assets released from restriction	<u><u>\$ 10,117,713</u></u>	<u><u>\$ 10,121,379</u></u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 11 - NET ASSETS - CONTINUED

The donor restricted net assets released on the statements of activities include the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Prior years campaign for current year support, net of loss provisions	\$ 17,186,179	\$ 16,844,200
Less: donor designations	(8,183,504)	(7,554,985)
Prior campaign support released from purpose restriction	77,472	75,239
Future campaign support released from purpose restriction	<u>-</u>	<u>15,125</u>
Total campaign contributions released from restriction	9,080,147	9,379,579
Donor choice fees	23,018	-
Sponsorships	62,554	22,500
Grant revenue	<u>951,994</u>	<u>719,300</u>
Total net assets released from restriction	<u>\$ 10,117,713</u>	<u>\$ 10,121,379</u>

NOTE 12 - ENDOWMENT NET ASSETS

The Organization's endowments consist of funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 12 - ENDOWMENT NET ASSETS - CONTINUED

Interpretation of Relevant Laws: The Board of Directors of the Organization has interpreted the laws of the Commonwealth of Pennsylvania as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, in perpetuity (a) the original value of gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with the laws of the Commonwealth of Pennsylvania, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies: The Organization has adopted investment policies, approved by the Board of Directors, for donor-restricted endowment funds and board-designated endowments. The primary purpose of the *donor-restricted endowment fund* is to allow for preservation of principal for gifts given in perpetuity; whose earnings will be utilized as defined by the donor upon creation of the gift. The target balance of the fund is \$10M short-term and \$100M long-term. The fund excludes the perpetual trusts. The Finance Committee will oversee the management of the fund.

Investment Return Objectives: The purpose of establishing an investment policy asset mix is to construct a target or "normal" set of investments, well diversified among suitable asset classes that will generate, on average, the level of expected return necessary to meet endowment objectives at the lowest volatility consistent with achieving that return.

The investment asset allocations mix, including target levels and ranges approved by the Board of Directors. The target levels at June 30, 2022 were 65% Equities and 35% Bonds.

Spending Policy: The spending policy of the *donor-restricted endowment fund* shall be 4% annually as part of the annual budget.

Underwater Endowment Funds: The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the director of the applicable donor gift instrument.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 12 - ENDOWMENT NET ASSETS - CONTINUED

At June 30, 2022, the fair value of underwater endowments with donor restrictions totaled \$472,225. The original gifts required to be held related to the underwater endowments with donor restrictions totaled \$511,500. The deficiency in the underwater endowment funds with donor restrictions totaled \$39,275 at June 30, 2022. The Organization's policy permits grantmaking from underwater endowment funds unless otherwise precluded by donor intent or wishes or relevant laws and regulations.

Endowment net asset composition by type of fund as of June 30, 2022 and 2021 is as follows:

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 847,785	\$ 1,651,109	\$ 2,498,894
	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 992,530	\$ 1,871,490	\$ 2,864,020

Changes in endowment net assets as of June 30, 2022 and 2021 are as follows:

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 992,530	\$ 1,871,490	\$ 2,864,020
Contributions	-	55,000	55,000
Investment return, net	(126,788)	(241,957)	(368,745)
Net appropriated for expenditures	(17,957)	(33,424)	(51,381)
Endowment net assets, end of year	\$ 847,785	\$ 1,651,109	\$ 2,498,894

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

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With Comparative Information for June 30, 2021

NOTE 12 - ENDOWMENT NET ASSETS - CONTINUED

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 768,979	\$ 870,754	\$ 1,639,733
Contributions	79,000	652,165	731,165
Investment return, net	156,023	363,045	519,068
Net appropriated for expenditures	(11,472)	(14,474)	(25,946)
Endowment net assets, end of year	<u>\$ 992,530</u>	<u>\$ 1,871,490</u>	<u>\$ 2,864,020</u>

Board action is taken to approve appropriation for amounts in excess of spending policy for endowments without restrictions.

NOTE 13 - IN-KIND SERVICES AND MATERIALS

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:

	Year Ended June 30	
	2022	2021
Community Impact and Initiatives:		
Marketing and advertising	\$ 127,257	\$ 166,957
AmeriaCorps VISTA	227,994	216,786
Books	500	-
Cardboard boxes	20	-
Summer Learn & Play Kits	-	17,774
Revenue Development:		
Marketing and advertising	89,362	120,412
Board Strategy Facilitation	2,200	-
Presentation space	-	8,000
Video production for Teen Works Celebration	-	1,500
Campaign Incentive Prizes	2,299	5,825
Other:		
Marketing and advertising	49,064	79,360
Office space	-	300
Legal fees	15,860	7,977
	<u>\$ 514,556</u>	<u>\$ 624,891</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 13 - IN-KIND SERVICES AND MATERIALS - CONTINUED

Valuation Techniques:

Contributed services and materials are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they 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. Donated office space is valued based on the current rates for similar space.

Donor Restrictions:

There are no restrictions on in-kind donations at year end. The Organization does not sell donated gifts in-kind and only utilized in-kinds for the programs detailed above.

NOTE 14 - RETIREMENT PLANS

The Organization sponsors a defined contribution 401(k) plan. Participation is available to substantially all full-time employees. Organization contributions to the plan were based on 5% of compensation. Employees are eligible to receive an additional employer matching contribution of 50% of employee contributions up to 2% of salary the month following one year of service. Employer contributions to the plan were \$185,497 and \$175,173 in 2022 and 2021, respectively.

NOTE 15 - POSTRETIREMENT HEALTH BENEFITS

Employees of the United Way of Lehigh County as of January 1, 1993, who also retire with the United Way of the Greater Lehigh Valley are eligible for a \$100 per month contribution toward their health insurance coverage beginning with their retirement and throughout their life. There are currently three individuals receiving this benefit, with no others eligible. New employees hired since that date and employees of the former United Way of Northampton and Warren Counties are not eligible for the benefit at retirement.

There are no accrued postretirement benefits included in accounts payable and accrued expense on the statements of financial position for the years ended June 30, 2022 and 2021.

Costs incurred under this benefit were \$4,320 for each of the years ended June 30, 2022 and 2021.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 16 - LEASES

The Organization leases its office space in Allentown under a lease agreement which will expire December 31, 2023. Rent charged to expense was \$299,563 and \$291,709 in 2022 and 2021, respectively.

Minimum lease payments under this lease for the year ending June 30 are as follows:

2023	\$	300,119
2024		151,080

NOTE 17 - COMMUNITY IMPACT SERVICES

Community impact services provided by the United Way are summarized as follows:

	<u>2022</u>	<u>2021</u>
Labor/community services	\$ 90,367	\$ 79,810
Community initiatives/coalition building and funds distribution	<u>3,212,598</u>	<u>2,820,873</u>
	<u>\$ 3,302,965</u>	<u>\$ 2,900,683</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 18 - AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions and financial liabilities due within one year. The Organization's financial assets include cash, receivables, investments, split-interest agreements, a life insurance policy, cash value, and beneficial interest in perpetual trusts.

	<u>2022</u>	<u>2021</u>
Cash	\$ 3,245,597	\$ 3,581,341
Grants and accounts receivable	231,737	148,815
Campaign pledges receivable, net	4,058,119	3,739,143
Life insurance policy, cash value	92,448	89,080
Investments	4,963,825	5,663,422
Beneficial interest in perpetual trusts	2,253,606	2,646,913
Split-interest agreements	149,275	173,947
Investment in insurance trust	41,001	25,910
Total financial assets	<u>15,035,608</u>	<u>16,068,571</u>
Less:		
Contractual, board designated, or donor-imposed restrictions:		
Beneficial interest in perpetual trusts	(2,253,606)	(2,646,913)
Split-interest agreements	(66,464)	(74,452)
Investment in insurance trust	(41,001)	(25,910)
Custodial funds	(13)	(13)
Liabilities under split-interest agreements	(82,811)	(99,495)
Campaign support designated to organizations and other United Ways	(2,769,786)	(2,356,895)
Board designated investment reserves	(2,404,706)	(2,723,913)
Endowment, board designated	(847,785)	(992,530)
Board designated for community impact	-	(450,000)
Other time and purpose restrictions	(1,841,795)	(1,042,628)
Endowment, with donor restriction	<u>(1,651,109)</u>	<u>(1,871,490)</u>
Financial assets available to meet cash needs for general expenses within one year	3,076,532	3,784,332
Plus line of credit	<u>1,000,000</u>	<u>1,000,000</u>
Total financial assets and line of credit available to meet cash needs for general expenses within one year	<u>\$ 4,076,532</u>	<u>\$ 4,784,332</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

With Comparative Information for June 30, 2021

NOTE 18 - AVAILABILITY OF FINANCIAL RESOURCES - CONTINUED

The Organization has funds held for others, funds designated for other organizations, restricted funds, and board designated funds. To help manage liquidity needs, the Organization has a committed line of credit totaling \$1,000,000 which it could draw upon. There is no outstanding balance on the line of credit at June 30, 2021 or 2020. In addition, at June 30, 2022 and 2021, the Organization has a board designated endowment totaling \$847,785 and \$992,530, respectively, funds designated for community impact totaling \$0 and \$450,000, respectively, and investment reserves totaling \$2,404,706 and \$2,723,913, respectively, that are expected to be held for long-term purposes. With board approval, these investments could be used to meet cash needs, if necessary.

NOTE 19 - NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Under this guidance, lessees will need to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. In July 2019, the FASB deferred the effective date of ASU No. 2016-02 one year, making it effective for fiscal years beginning after December 15, 2021. The Organization is evaluating the impact this standard will have on the financial statements.

SUPPLEMENTARY INFORMATION

UNITED WAY OF THE GREATER LEHIGH VALLEY

SCHEDULE OF COMMUNITY INVESTMENT AWARDS

June 30, 2022

		Amount
Education		
Big Brothers Big Sisters of the Lehigh Valley	Middle School Mentoring	\$ 20,000
Boy Scouts of America Minsi Trails Council	Scoutreach	25,000
Boys & Girls Club of Allentown, Inc.	Make Your M.A.R.K.	50,000
Boys & Girls Club of Bethlehem	Community Mobilization	50,000
Boys & Girls Club of Easton	Summer Learning	31,000
Center for Humanistic Change, Inc.	Project Success 6th-8th Grade	37,180
Center for Humanistic Change, Inc.	Crossroads K-5th Grade	60,800
Communities in Schools of the Lehigh Valley	United Way Community School at Cheston Elementary	46,569
Communities in Schools of the Lehigh Valley	United Way Community School at Lincoln Elementary	37,255
Communities in Schools of the Lehigh Valley	United Way Community School at South Mountain MS	29,167
Communities in Schools of the Lehigh Valley	United Way Community School at Central Elementary	51,225
Communities in Schools of the Lehigh Valley	United Way Community School at Sheridan Elementary	51,225
Communities in Schools of the Lehigh Valley	United Way Community School at Hays Elementary	55,882
Communities in Schools of the Lehigh Valley	United Way Community School at Northeast Middle School	69,853
Communities in Schools of the Lehigh Valley	United Way Community School at Roosevelt Elementary	47,255
Communities in Schools of the Lehigh Valley	United Way Community School at Paxinosa Elementary	46,569
Communities in Schools of the Lehigh Valley	DCED, Emotional Wellness Grant	37,840
Communities in Schools of the Lehigh Valley	The Century Promise Grant	387,500
Communities in Schools of the Lehigh Valley	Case Management Supports	100,000
Communities in Schools of the Lehigh Valley	Intensive Case Management	67,751
Communities in Schools of the Lehigh Valley	Women United, After School Supports - Central Elementary	30,000
Community Bike Works	Earn a Bike	25,000
Community Bike Works	Junior Earn a Bike	25,000
Community Services for Children	Literacy Focused Preschool	20,000
Diakon LSM	Girls on the Run of Lehigh Valley	20,000
EITC	Childcare Scholarships	177,482
Family Connection of Easton, Inc.	Family Support and Case Management	50,000
Family Connection of Easton, Inc.	EASD Kindergarten Transition Coordination	25,000
Family Connection of Easton, Inc.	Parent Child Home Program	60,000
Franklin Covey	Leader in Me	225,056
Girl Scouts of Eastern Pennsylvania, Inc.	Troops and Camp	25,000
Greater Valley YMCA	Early Childhood Program	5,000
Lehigh University	Trauma-Informed Care	35,244
Lehigh University	United Way Community School at Broughal MS	50,000
Lehigh University	United Way Community School at Donegan Elementary	40,000
Lehigh University	United Way Community School at Fountain Hill Elementary	40,000
Lehigh Valley Children's Centers, Inc.	First Steps to Readiness	70,000
Lehigh Valley Children's Centers, Inc.	Mental Health Consulting and Training	73,000
Moravian College	United Way Community School at William Penn Elementary	40,000
Northampton Community College	United Way Community School at Bangor Area SD	6,667
Pinebrook Family Answers	Making the Grade	148,000
Pinebrook Family Answers	School-Based Behavioral Health	150,000
Pinebrook Family Answers	School-Based Behavioral Health - Bangor	75,000
Pinebrook Family Answers	Unconditional Child Care Case-Based	70,000
Project of Easton	Women United, Family Literacy Program	25,000
Promise Neighborhoods of the Lehigh Valley	Community Leadership Development	75,000
Shanthi Project	Mindfulness Programming	20,000
Slater Family Network	Family Case Management	45,000
St. Luke's University Health Network	Donegan Elementary "Youth Succeeding in School"	57,000
TeenWorks	Youth Run Community Projects	11,691
The Children's Center, Volunteers of America	Starting Strong and Early Learning	73,000
The Literacy Center	Women United, Peer Mentoring & Supporting Immigrant Professionals	25,000
Third Street Alliance for Women and Children	The Learning Center Scholarship Fund	20,000
United Way Education Goal	Community School Pay-Directs	233,775
United Way Education Goal	Handle with Care Grant	20,000

UNITED WAY OF THE GREATER LEHIGH VALLEY

SCHEDULE OF COMMUNITY INVESTMENT AWARDS

June 30, 2022

		<u>Amount</u>
Education - continued		
United Way Education Goal	Full Service Communities School Grant	435,442
United Way Education Goal	PCCD Grant	24,953
United Way Education Goal	PNC Bank, Talk, Read, Sing Grant	8,852
United Way Education Goal	Together for Students Grant	205,403
United Way Education Goal	Baker Foundation Grant	10,625
Valley Youth House	School-Based CBT	238,000
Valley Youth House	Attendance Support Counseling	83,000
Visiting Nurse Association of St. Luke's	Nurse-Family Partnership	80,000
Wildlands Conservancy	Wild About Learning	25,000
Women United	Program Supports	20,000
		<hr/>
Total Education		4,524,261
 Healthy Aging		
Casa Guadalupe Center	Jesus Ramos Senior Program	25,000
Catholic Charities, Diocese of Allentown	Case Management and Gatekeepers Program	60,000
Sights for Hope	Escorted Transportation	26,000
Greater Valley YMCA	Diabetes Fitness Program	25,000
Greater Valley YMCA	SilverSneakers Program	20,000
Hispanic Center Lehigh Valley	Basilio Huertas Senoir Center	25,000
Jewish Family Service of the Lehigh Valley	Community Connections Program	20,000
Lehigh Valley Active Life	Get Moving and Live Better	20,000
Lehigh Valley Association of Independent Colleges	Healthy Aging Research	19,647
Meals on Wheels of the Greater Lehigh Valley	Meals Delivery	80,000
Meals on Wheels of the Greater Lehigh Valley	Market on Wheels Grocery Shopping Service	40,000
Pinebrook Family Answers	HOME CARE	70,000
ShareCare Faith in Action	Transportation Program	25,000
United Way Healthy Aging Goal	Alzheimer's Disease and Dementia Support Program	75,220
YWCA of Bethlehem	Adult Day Services Center	20,000
YWCA of Bethlehem	Backbone Supports	26,000
		<hr/>
Total Healthy Aging		576,867
 Food Access		
Boys & Girls Club of Easton	Healthy Habits Partnership	22,500
Community Action Committee of the Lehigh Valley	Lehigh Valley Food Policy Council Leadership	65,000
Community Action Committee of the Lehigh Valley	Second Harvest Food Bank Share our Strengths Cooking Matters	40,000
Easton Area Neighborhood Center	Food Pantry	10,000
Hispanic Center Lehigh Valley	Hispanic Center Food Pantry	20,000
Kellyn Foundation	Healthy Neighborhood Immersion	60,000
Lehigh Carbon Community College Foundation	Allentown Site Food Pantry	10,000
Meals on Wheels of the Greater Lehigh Valley	Better Fresh Project	20,000
New Bethany Ministries	Food Pantry	20,000
Northeast Community Center	Food Pantry	10,000
ProJeCt of Easton, Inc.	Food Pantry	20,000
Slater Family Network	Emergency Food Pantry and Back Packs	10,000
The Salvation Army of the Lehigh Valley	Allentown Corps Food Pantry	20,000
The Salvation Army of the Lehigh Valley	Pen Argyl Corps Food Pantry	20,000
United Way Food Access Goal	Virtual Food Cart Pantry	6,150
		<hr/>
Total Food Access		353,650

UNITED WAY OF THE GREATER LEHIGH VALLEY

SCHEDULE OF COMMUNITY INVESTMENT AWARDS

June 30, 2022

		<u>Amount</u>
Emergency Services		
American Red Cross of the Greater Lehigh Valley	Disaster Response	65,000
Catholic Charities, Diocese of Allentown	Soup Kitchen	20,000
Community Action Committee of the LV	Sixth Street Shelter	20,000
Crime Victims Council of the Lehigh Valley, Inc.	Rape Crisis and Support	50,000
Disaster Relief Grants	COVID Relief Fund	3,600
Lehigh Conference of Churches	Eccumenical Soup Kitchen	20,000
New Bethany Ministries	Housing Navigators	30,000
New Bethany Ministries	Mollard Hospitality Meal Center	20,000
New Bethany Ministries	Women United - Women and Children in Transition	20,000
North Penn Legal Services, Inc.	HELP Project (Help for Emergency Legal Problems)	30,000
ProJeCt of Easton, Inc.	ASSIST	30,000
Safe Harbor Easton	Easton Shelter Program	20,000
The Salvation Army of the Lehigh Valley	Hospitality House	50,000
Third Street Alliance for Women & Children	Shelter Program	45,000
Third Street Alliance for Women & Children	Regional Homeless Advisory Board	20,000
Turning Point of Lehigh Valley, Inc.	Shelter & Support for Survivors of Domestic Violence	85,000
United Way Emergency Services Response	Disaster Relief Grants	71,742
United Way Emergency Services Response	PHARE Grant - LVRHAB Landlord Engagement Program	140,765
United Way Emergency Services Response	#MaskUpLV	15,880
United Way of Lancaster County	PA 2-1-1 East	50,000
Valley Youth House	Lehigh Valley Youth Shelter	50,000
Victory House of Lehigh Valley	Shelter Services	40,000
Total Emergency Services		<u>896,987</u>
Carbon County		
Bradbury-Sullivan LGBT Community Center	LGBTQ+ Competency Training to Carbon County	3,000
Cancer Support Community Greater Lehigh Valley	Carbon County Program Expansion	3,000
Carbon County Action Committee	Emergency Housing & Essential Needs	2,500
Carbon-Schuylkill Community Hospital	Adopt a School Program at Panther Valley School District	5,000
Domestic Violence Service Center	Emergency Shelter/Transitional Housing for Domestic Violence Victims	6,100
Family Promise	Emergency Shelter for Families	2,500
Lehigh Carbon Community College	SHINE Summer Camp	4,500
Lehigh Area School District	Attendance Program	2,000
Meals on Wheels of the Greater Lehigh Valley	Meal Delivery	2,500
Penn-Kidder Ministerium After-School Program	After-School Program	2,500
Pinebrook Family Answers	Leaving Jail: Regional Reentry Program for Women	5,000
Raising the House	Blaine House Backpack Program	3,000
ShareCare Faith in Action	Transportation & Visitation Program	2,500
Summit Hill Heritage Center	Healthy Food	2,500
Turn to Us, Inc	Autism Support	6,000
United Way Education Goal - Carbon County	PennSERVE Grant	3,388
Total Carbon County		<u>55,988</u>
Other		
Agency Capacity Building	Data Capacity with Partners	5,935
Promise Neighborhoods of the Lehigh Valley	Micro-grants Pilot	50,000
United Way Diversity, Equity & Inclusion	Mini-RFP Project	114,545
United Way Diversity, Equity & Inclusion	Fund for Racial Justice & Equity	53,926
United Way Diversity, Equity & Inclusion	Momentum Fund	35,777
United Way Diversity, Equity & Inclusion	BankOn	25,143
Volunteer Center of the LV	Volunteer Management	50,000
Total Other		<u>335,326</u>
	Total Community Program Investments	<u>\$ 6,743,079</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Source Code	Assistance Listing Number	Program Period	Federal Revenue/ Expenditures Recognized
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
AmeriCorps Volunteers In Service to America	D	94.013	07/19/2020-07/17/2021	\$ 4,863
AmeriCorps Volunteers In Service to America	D	94.013	09/12/2021-09/10/2022	18,750
Total AmeriCorps Volunteers In Service to America				<u>23,613</u>
AmeriCorps State and National				
Passed through the PA Department of Labor and Industry	I	94.006	08/20/2020-8/19/2021	8,980
Passed through the PA Department of Labor and Industry	I	94.006	08/20/2021-8/19/2022	92,926
Passed through the PA Department of Labor and Industry	I	94.006	09/01/2021-9/30/2022	46,578
Total AmeriCorps State and National				<u>148,484</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				172,097
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects	D	84.215	10/01/2018-09/30/2023	536,768
TOTAL U.S. DEPARTMENT OF EDUCATION				536,768
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
Coronavirus State and Local Fiscal Recovery Funds				
Passed through the PA Department of Labor and Industry	I	21.027	11/01/2021-12/31/2022	26,527
Passed through the County of Lehigh	I	21.027	11/01/2021-12/31/2022	40,000
Passed through the County of Northampton	I	21.027	11/01/2021-12/31/2022	100,000
TOTAL CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS AND U.S. DEPARTMENT OF THE TREASURY				<u>166,527</u>
TOTAL FEDERAL AWARDS				<u>\$ 875,392</u>

I - Indirect Source of Funding
D - Direct Source of Funding

Note: No funds were passed through to subrecipients in the year ended June 30, 2022.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the United Way of the Greater Lehigh Valley under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the United Way of the Greater Lehigh Valley, it is not intended to and does not present the financial position, changes in net position, or cash flows of the United Way of the Greater Lehigh Valley.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustment or credits made in the normal course of business amounts reported as expenditures in prior years.

NOTE 3 - DE MINIMIS RATE FOR INDIRECT COSTS

The Organization has not elected to use the De Minimis rate for indirect costs.

**INDEPENDENT AUDITOR'S REPORT 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 the Greater Lehigh Valley
Allentown, 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 the Greater Lehigh Valley, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 November 17, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of the Greater Lehigh Valley'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 United Way of the Greater Lehigh Valley's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of the Greater Lehigh Valley'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 United Way of the Greater Lehigh Valley'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.

Herbein + Company, Inc.

Reading, Pennsylvania

November 17, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Directors
United Way of the Greater Lehigh Valley
Allentown, Pennsylvania**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of the Greater Lehigh Valley's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of United Way of the Greater Lehigh Valley's major federal programs for the year ended June 30, 2022. United Way of the Greater Lehigh Valley's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of the Greater Lehigh Valley complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of United Way of the Greater Lehigh Valley and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Way of the Greater Lehigh Valley's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to United Way of the Greater Lehigh Valley's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way of the Greater Lehigh Valley's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way of the Greater Lehigh Valley's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 United Way of the Greater Lehigh Valley's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Way of the Greater Lehigh Valley's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of United Way of the Greater Lehigh Valley's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Herbein + Company, Inc.

Reading, Pennsylvania
November 17, 2022

UNITED WAY OF THE GREATER LEHIGH VALLEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified
Internal control over financial reporting:
Material weakness(es) identified? yes X no
Significant deficiencies identified not considered to be
material weaknesses? yes X none reported
Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? yes X no
Significant deficiencies identified not considered to be
material weaknesses? yes X none reported
Type of auditor's report issued on compliance for major programs: unmodified
Any audit findings disclosed that are required to be
reported in accordance with 2 CFR Section 200.516(a)? yes X no

Identification of major program(s):

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.215	Innovative Approaches to Literacy, Full-service Community Schools; and Promise Neighborhoods

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
Auditee qualified as low-risk auditee? yes X no

UNITED WAY OF THE GREATER LEHIGH VALLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

Section II - Financial Statement Findings

There were no financial statement findings reported.

Section III - Federal Awards Findings and Questioned Costs

There were no federal awards findings reported.

UNITED WAY OF THE GREATER LEHIGH VALLEY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Section II - Financial Statement Findings

There were no financial statement findings reported for the year ended June 30, 2021.

Section III - Federal Awards Findings and Questioned Costs

There were no federal awards findings reported for the year ended June 30, 2021.