

**UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)**

**Financial Statements and
Independent Auditor's Report**

June 30, 2017

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
TABLE OF CONTENTS

	Page(s)
Independent Auditor's Report	1 - 2
<i><u>Financial Statements:</u></i>	
Statement of Financial Position	3
Statement of Unrestricted Revenues, Expenses and Other Changes in Unrestricted Net Assets	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 27
<i><u>Supplementary Information:</u></i>	
Schedule of Community Investments	29 - 30

INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of the Greater Lehigh Valley
Allentown, PA

We have audited the accompanying financial statements of the United Way of the Greater Lehigh Valley (Not-for-Profit Corporation), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of the Greater Lehigh Valley as of June 30, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the United Way of the Greater Lehigh Valley's June 30, 2016 financial statements, and our report dated November 18, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of community investments on pages 29-30 is presented for purposes of additional analysis and is 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Congbell, Roppold & Yurasita LLP

October 30, 2017

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
June 30, 2017
With Summarized Totals for June 30, 2016

ASSETS	June 30, 2017			Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2017	June 30, 2016
Cash and Cash Equivalents	\$ 200,267	\$ -	\$ -	\$ 200,267	\$ 680,757
Grants Receivable (Note 3)	416,183	-	-	416,183	407,957
Accounts Receivable and Accrued Income	53,336	-	-	53,336	48,254
Prepaid Expenses	18,577	53,707	-	72,284	40,659
Pledges Receivable, Net (Note 3)	225,383	3,640,195	-	3,865,578	4,369,805
Leasehold Improvements and Equipment (Note 4)	395,857	-	-	395,857	90,894
Life Insurance Cash Value	276,947	-	-	276,947	265,654
Interfund Balances	(5,844,357)	5,844,357	-	-	-
Long-Term Investments:					
Split Interest Agreements and Perpetual Trusts (Note 5)	-	83,433	2,012,547	2,095,980	1,972,904
Other (Note 5)	3,189,616	79,550	309,975	3,579,141	3,839,754
Total Assets	<u>\$ (1,068,191)</u>	<u>\$ 9,701,242</u>	<u>\$ 2,322,522</u>	<u>\$ 10,955,573</u>	<u>\$ 11,716,638</u>
LIABILITIES AND NET ASSETS					
<i>Liabilities:</i>					
Accounts Payable and Accrued Expense	\$ 479,522	\$ -	\$ -	\$ 479,522	\$ 406,752
Custodial Funds	19,976	-	-	19,976	22,063
Liability to Donors Under Split-Interest Trusts (Note 10)	-	26,532	-	26,532	24,411
Campaign Support Designated to Organizations and Other United Ways	222,743	1,850,679	-	2,073,422	2,503,535
Total Liabilities	<u>722,241</u>	<u>1,877,211</u>	<u>-</u>	<u>2,599,452</u>	<u>2,956,761</u>
<i>Net Assets:</i>					
Unrestricted (Note 8):					
Unrestricted Investment Reserves	1,086,627	-	-	1,086,627	1,452,222
Opportunity Investment Fund	1,392,527	-	-	1,392,527	1,326,494
Other Unrestricted (Note 2)	(4,269,586)	-	-	(4,269,586)	(4,066,790)
Temporarily Restricted:					
Split Interest and Annuity Trusts (Note 10)	-	56,901	-	56,901	57,209
Support for Future Periods (Note 9)	-	7,767,130	-	7,767,130	8,047,485
Permanently Restricted (Note 11)	-	-	2,322,522	2,322,522	1,943,257
Total Net Assets	<u>(1,790,432)</u>	<u>7,824,031</u>	<u>2,322,522</u>	<u>8,356,121</u>	<u>8,759,877</u>
Total Liabilities and Net Assets	<u>\$ (1,068,191)</u>	<u>\$ 9,701,242</u>	<u>\$ 2,322,522</u>	<u>\$ 10,955,573</u>	<u>\$ 11,716,638</u>

See independent auditor's report and notes to financial statements.

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
STATEMENT OF UNRESTRICTED REVENUES, EXPENSES
AND OTHER CHANGES IN UNRESTRICTED NET ASSETS
For the Year Ended June 30, 2017
With Summarized Totals for the Year Ended June 30, 2016

	2017	2016
<i><u>Memo about Campaign Support:</u></i>		
Gross Campaign	\$ 11,680,940	\$ 10,771,106
Donor Designations to Organizations	(4,285,361)	(3,634,776)
Undesignated Campaign	7,395,579	7,136,330
Unspent Purpose Restricted Campaign	(95,490)	(87,163)
Uncollectible Pledges	(331,464)	(306,515)
Total 2015 and 2014 Campaign	\$ 6,968,625	\$ 6,742,652
<i><u>Revenues and Other Support:</u></i>		
<i><u>Annual Campaign Support (Net):</u></i>		
2015 and 2014 Campaign for Fiscal Years 2017 and 2016 Support		
Raised in 2015 and 2014 (Released from Restrictions)	\$ 6,910,521	\$ 6,782,128
Raised in Fiscal Years 2017 and 2016 (Net of Additional Loss Provisions and Designations)	58,104	(39,476)
Subtotal	6,968,625	6,742,652
Future Campaign Support Released from Restrictions	124,701	150,000
Prior Campaign Support Released from Purpose Restriction	87,163	167,816
Prior Campaign Support Raised in 2017 and 2016 (Net of Additional Loss Provisions and Designations)	-	-
Total Campaign Support	7,180,489	7,060,468
Other Support	192,897	90,242
Designations from Other United Ways	147,304	199,167
In Kind Services and Materials	504,776	652,615
In Kind Equipment (Capitalized)	343,250	-
Investment Income	44,265	54,201
Endowment Income	169,163	114,676
Donor Choice Fees	1,778	14,024
Other Income	26,236	25,351
Grant and Bequest Revenue	560,185	850,475
Net Assets Released From Restrictions		
Donor Choice Fees	66,841	75,504
Sponsorships	20,000	17,500
Bequests and Memorials	175,000	200,000
Grant Revenue	251,588	94,888
Total Revenue and Other Support	9,683,772	9,449,111
<i><u>Community Investments and Program Services:</u></i>		
Community Investment Awards and Special Initiatives	5,645,048	5,446,846
Community Impact Services Provided by United Way (Note 17)	2,091,002	1,931,980
	7,736,050	7,378,826
<i><u>United Way Support Services:</u></i>		
Fund Raising Costs	1,522,256	1,542,494
Administration	1,036,441	946,088
	2,558,697	2,488,582
Total Community Investment Distributions and Expenses	10,294,747	9,867,408
Change in Unrestricted Net Assets from Operations	(610,975)	(418,297)
<i><u>Other Changes:</u></i>		
Realized and Unrealized Investment Gains (Losses)	108,617	(66,090)
Change in Unrestricted Net Assets	\$ (502,358)	\$ (484,387)

See independent auditor's report and notes to financial statements.

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017
With Summarized Totals for the Year Ended June 30, 2016

	2017	2016
<u>Changes in Unrestricted Net Assets:</u>		
<i><u>Revenues, Gains and Other Support:</u></i>		
Unrestricted	\$ 2,047,958	\$ 1,961,275
Net Assets Released from Restriction	7,635,814	7,487,836
Total Revenue, Gains and Other Support	9,683,772	9,449,111
Unrestricted Expenses	10,294,747	9,867,408
Decrease in Unrestricted Net Assets from Operations	(610,975)	(418,297)
Non Operating Gains (Losses)	108,617	(66,090)
Decrease in Unrestricted Net Assets	(502,358)	(484,387)
<u>Changes in Temporarily Restricted Net Assets:</u>		
Campaign Revenue	6,932,713	7,148,378
Other Support	422,746	227,500
Change in Value of Split Interest Agreements	(308)	(801)
Net Assets Released from Time Restriction	(7,635,814)	(7,487,836)
Decrease in Temporarily Restricted Net Assets	(280,663)	(112,759)
<u>Changes in Permanently Restricted Net Assets:</u>		
Contributions	258,000	-
Total Investment Return	209,323	(56,547)
Investment Income Distribution	(88,058)	(91,764)
Increase (Decrease) in Permanently Restricted Net Assets	379,265	(148,311)
Decrease in Net Assets	(403,756)	(745,457)
Net Assets at Beginning of Year	8,759,877	9,505,334
Net Assets at End of Year	\$ 8,356,121	\$ 8,759,877

See independent auditor's report and notes to financial statements.

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2017
With Summarized Totals for the Year Ended June 30, 2016

	June 30, 2017			2017 Total Expenses	2016 Total Expenses
	Community Investments and Other Programs	Other Functional Expense			
		Fund Raising Costs	Administration		
Community Investment Awards	\$ 5,645,048			\$ 5,645,048	\$ 5,446,846
Donor Designations	4,285,361			4,285,361	3,634,776
Subtotal	9,930,409	-	-	9,930,409	9,081,622
Less Donor Designations	(4,285,361)	-	-	(4,285,361)	(3,634,776)
Community Investments	5,645,048	-	-	5,645,048	5,446,846
Salaries and Temporary Help	987,944	782,861	485,351	2,256,156	2,011,554
Employee Benefits and Taxes (Notes 13,14, and 16)	272,592	216,108	136,701	625,401	567,543
Employee Recruitment	81	-	823	904	1,706
Total Compensation	1,260,617	998,969	622,875	2,882,461	2,580,803
Professional Services	158,557	35,978	49,366	243,901	212,880
General Supplies	8,562	5,421	3,133	17,116	12,817
Communications	19,194	15,463	8,937	43,594	41,501
Occupancy Costs	86,795	69,921	40,411	197,127	146,365
Equipment Costs	53,922	43,439	25,106	122,467	114,617
Direct Program Costs	125,587	134,198	28,019	287,804	371,464
Staff Development, Travel and Meetings	51,744	34,330	7,394	93,468	69,729
Dues, Insurance and Other	8,276	6,758	34,220	49,254	50,921
Fair Share Support	20,830	266	126,001	147,097	135,077
Total Expenses Before Donated Services and Depreciation	1,794,084	1,344,743	945,462	4,084,289	3,736,174
Donated Services and Materials	270,221	156,006	78,549	504,776	652,615
Depreciation	26,697	21,507	12,430	60,634	31,773
Total Expenses	2,091,002	1,522,256	1,036,441	4,649,699	4,420,562
Total Expenses and Community Investments	<u>\$ 7,736,050</u>	<u>\$ 1,522,256</u>	<u>\$ 1,036,441</u>	<u>\$ 10,294,747</u>	<u>\$ 9,867,408</u>

See independent auditor's report and notes to financial statements.

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017
With Summarized Totals for the Year Ended June 30, 2016

	<u>2017</u>	<u>2016</u>
<i><u>Cash flows from Operating Activities:</u></i>		
Change in Net Assets	\$ (403,756)	\$ (745,457)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation Expense	60,634	31,773
In Kind Capital Contributions	(343,250)	-
Increase (Decrease) in Liability to Donors Under Split-Interest Trusts	2,121	(2,440)
(Increase) Decrease in Grants / Accounts Receivable and Accrued Income	(13,308)	187,433
(Increase) in CSV of Life Insurance	(11,293)	(12,455)
(Increase) Decrease in Prepaid Expenses	(31,625)	2,770
Decrease (Increase) in Pledges Receivable	504,227	(152,928)
Increase (Decrease) in Accounts Payable and Accrued Expenses	72,770	(5,569)
(Decrease) Increase in Custodial Funds	(2,087)	2,094
(Decrease) Increase in Designations Payable	(430,113)	424,426
Net Unrealized and Realized (Gains) Losses on Long-Term Investment	(369,280)	84,717
Net Cash Used by Operating Activities	<u>(964,960)</u>	<u>(185,636)</u>
<i><u>Cash Flows from Investing Activities:</u></i>		
Acquisitions of Equipment	(22,347)	(38,426)
Proceeds from Sale of Investments	3,338,499	433,173
Purchase of Investments	(2,831,682)	(80,412)
Net Cash Provided by Investing Activities	<u>484,470</u>	<u>314,335</u>
<i><u>Cash Flows from Financing Activities:</u></i>		
Net Borrowing (Repayment) on Line of Credit	-	-
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>-</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(480,490)	128,699
Cash and Cash Equivalents at Beginning of Year	<u>680,757</u>	<u>552,058</u>
Cash and Cash Equivalents at End of Year	<u>\$ 200,267</u>	<u>\$ 680,757</u>
<i><u>Supplementary Information:</u></i>		
In-Kind Services and Materials	<u>\$ 504,776</u>	<u>\$ 652,615</u>
Interest Paid	<u>\$ 4,997</u>	<u>\$ 10,298</u>

See independent auditor's report and notes to financial statements.

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1. Nature of Activities

United Way of the Greater Lehigh Valley 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 of the Greater Lehigh Valley merged with United Way of Carbon County effective July 1, 2016. The name of the Organization remains United Way of the Greater Lehigh Valley and will serve Lehigh, Northampton, and Carbon Counties. Notice of the intent to merge was approved by the Pennsylvania State Attorney General's office. The subsequent Statement of Merger was filed with Pennsylvania Department of State, Bureau of Corporations and Charitable Organizations as applicable by law.

The statements do not include the wholly-owned subsidiary, United Way Services, Inc. United Way Services, Inc. had no assets, liabilities, revenue, support or expenses in the years ended June 30, 2017 and 2016.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Organization are set forth below.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Unrestricted net assets 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. The Organization has elected an allowable policy of reporting contributions whose restrictions are met in the same reporting period as unrestricted revenues.

Temporarily Restricted Net Assets - Temporarily restricted net assets include gifts, grants and pledges whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to specified purpose. 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 unrestricted category. Temporarily restricted net assets 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 unrestricted.

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Permanently Restricted Net Assets - Permanently restricted net assets include gifts, trusts and pledges which are required by donor-imposed restrictions to be invested in perpetuity and only income be made available for operations in accordance with donor restrictions. Outside perpetual trusts with independent trustees including the Warren York Trust are included in this category.

Beginning with the six-months ended June 30, 2009 the Organization changed its fiscal year end to June 30th.

Unrestricted Net Assets presented on the Statement of Financial Position includes the amount of (\$3,578,605) which is representative of the loss sustained in the six-month period ended June 30, 2009. This loss resulted from the continued payment of community investment awards without corresponding campaign revenue in the six-month period.

Use of Estimates

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

Contributions

Contributions received, including unconditional promises, are recognized as support in the period received and are measured at their fair values. Depending on the form of the benefits received, contributions are either recorded by the Organization as revenues or assets, or as decreases in liabilities or expenses. Contributions with donor-imposed restrictions are recorded as restricted support, while contributions without donor-imposed restrictions are recorded as unrestricted support. The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Conditional promises are recorded when donor stipulations are substantially met. The Organization has elected an allowable policy of reporting contributions whose restrictions are met in the same reporting period as unrestricted revenues.

Contributed services are recorded if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed materials are recorded at the fair market value of items received. For the year ended June 30, 2017 and June 30, 2016 donated services and materials, including advertising and marketing services totaling \$504,776 and \$652,615, respectively, were recorded in the financial statements. For the year ended June 30, 2017 and June 30, 2016, donated equipment totaling \$343,250 and \$-0- were recorded in the financial statements. The values were determined by fair market valuation. A significant amount of time has been donated by volunteers and board members of the Organization; however, such services are typically not recorded.

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

2. Summary of Significant Accounting Policies (Continued)

Contributions (Continued)

The Organization reports gifts of land, buildings, and equipment as unrestricted support 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 restricted support. 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.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in checking, and funds held in a money market mutual fund. Cash and cash equivalents exclude cash received with donor-imposed stipulations restricting its use to long-term purposes.

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, 2017 and 2016.

Investments

Investments are presented in the financial statements in the aggregate at fair market value. See Notes 5 and 6 for details. The Organization reports investment income and gains and losses on investments as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

Leasehold Improvements and Equipment

Leasehold improvements and equipment, other than contributed property and equipment, is stated at cost less depreciation. Contributed assets are recorded at fair value at the time of the gift. Depreciation is computed using the straight-line method based on estimated useful lives of the related assets. Additions and betterments of \$500 or more are capitalized while maintenance and repairs that do not improve or extend the original useful lives of the respective assets are expensed as incurred.

Such assets and lives are generally as follows:

	<u>Years</u>
Leasehold Improvements	5
Furniture and Equipment	3 - 10

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

2. Summary of Significant Accounting Policies (Continued)

Post Retirement Benefits Other Than Pension

The Organization accrues the projected future cost of providing postretirement benefits during the period that employees render the services necessary to be eligible for such benefits. While the adoption of this standard does have an impact on the Organization's reported expenses, it does not have an impact on the Organization's cash flow because it intends to continue its current practice of paying the cost of postretirement benefits as incurred. The accrued post retirement benefits of \$16,738 and \$18,078 for 2017 and 2016, respectively, is included in accounts payable and accrued expense on the statement of financial position.

Allocation of Expenses by Function

As reported in the Statement of Functional Expenses, expenses of the Organization have been allocated to the following functional reporting classifications:

Community Investments and Other Programs
Fund Raising Costs
Administration

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.

Community Investment Awards to Agencies

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 Statement of Unrestricted Revenues, Expenses, and Other Changes in Unrestricted Net Assets and to maintain the integrity of the campaign years.

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

Operating Measure

The Organization includes all changes in Unrestricted Net Assets in its "operating income" on the Statement of Unrestricted Revenues, Expenses and Other Changes in Unrestricted Net Assets and on the Statement of Activities except:

Realized and Unrealized Investment Gains
Bequests and Memorial Gifts received (Unrestricted)
which have been designated by the board for Long-Term Investment

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

2. Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Organization maintains accounts at various banks. Accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization had uninsured amounts of approximately \$103,000 at June 30, 2017. While the Organization maintains cash balances which may exceed federally insured limits, it historically has not experienced any credit related losses.

Income Taxes

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. There were no unrecognized tax benefits identified or liabilities recorded for fiscal years 2017 or 2016.

United Way of the Greater Lehigh Valley files its Form 990, *Return of Organization Exempt from Tax*, with the United States Internal Revenue Service and with the Bureau of Charitable Organizations in Pennsylvania.

Advertising Costs

Advertising costs are expensed as incurred and were \$341,579 and \$368,387, including in-kind services of \$258,384 and \$210,694 in 2017 and 2016, respectively.

3. Grants and Pledges Receivable

Grants receivable consist of amounts due from the following:

	2017	2016
Northampton County	\$ 415,000	\$ 400,000
Lehigh County	1,183	7,957
	\$ 416,183	\$ 407,957

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

3. Grants and Pledges Receivable (Continued)

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

	<u>2017</u>	<u>2016</u>
Balance of 2014 Campaign Pledges	\$ -	\$ 493,224
Balance of 2015 Campaign Pledges	529,314	4,279,405
Balance of 2016 Campaign Pledges	3,903,059	336,458
Balance of Future Campaign Pledges (Net)	<u>73,739</u>	<u>-</u>
	4,506,112	5,109,087
Allowance for Uncollectible Pledges	<u>640,534</u>	<u>739,282</u>
	<u><u>\$ 3,865,578</u></u>	<u><u>\$ 4,369,805</u></u>

The balance of any collectible amounts from the 2016 and 2017 campaign would be expected to be received over twelve months from the balance sheet date.

Changes in the allowance for estimated uncollectibles are as follows:

	<u>2017</u>	<u>2016</u>
Balance, Beginning of Year	\$ 739,282	\$ 552,224
Addition from Campaigns	376,618	525,888
Charge off of Known Uncollectible Pledges	<u>(475,366)</u>	<u>(338,830)</u>
Balance, End of Year	<u><u>\$ 640,534</u></u>	<u><u>\$ 739,282</u></u>

4. Leasehold Improvements and Equipment

Leasehold improvements and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Computer Hardware and Software	\$ 301,715	\$ 280,984
Furniture, Equipment and Leasehold Improvements	<u>396,850</u>	<u>51,984</u>
	698,565	332,968
Less: Accumulated Depreciation	<u>(302,708)</u>	<u>(242,074)</u>
	<u><u>\$ 395,857</u></u>	<u><u>\$ 90,894</u></u>

Depreciation and amortization charged to expense was \$60,634 and \$31,773 for the years ended June 30, 2017 and 2016, respectively.

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

5. Long-Term Investments

Investments consist of the following:

	<u>June 30, 2017</u> <u>Market Value</u>	<u>June 30, 2016</u> <u>Market Value</u>
Money Market Instruments	\$ 692,280	\$ 108,532
Alternatives/Real Assets	135,895	97,357
Common Stock	46,778	1,357,105
Fixed Income	1,455,711	1,369,497
Mutual Funds	1,166,495	830,681
Pooled Investments	<u>81,982</u>	<u>76,582</u>
	<u><u>\$ 3,579,141</u></u>	<u><u>\$ 3,839,754</u></u>

The investments are reflected in the various net assets as follows:

	<u>June 30, 2017</u> <u>Market Value</u>	<u>June 30, 2016</u> <u>Market Value</u>
Unrestricted	\$ 3,189,616	\$ 3,533,990
Temporarily Restricted	79,550	253,789
Permanently Restricted	<u>309,975</u>	<u>51,975</u>
	<u><u>\$ 3,579,141</u></u>	<u><u>\$ 3,839,754</u></u>

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

5. Long-Term Investments (Continued)

The Organization is an income beneficiary of seven outside perpetual trusts and four split interest agreements.

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.

The trusts and split interest agreements are as follows:

Trust	% Trust	2017 Share of Net Assets	2016 Share of Net Assets
Thun Fund	100%	\$ 238,510	\$ 222,793
Albert T. Rex Estate	35%	64,454	62,098
Adora Gross Estate	100%	82,662	78,327
Samuel A. Kleppinger Estate	100%	936,563	856,002
The Warren W. York Fund	100%	540,843	529,725
David Rabaut Fund for Neighborhoods	100%	21,190	19,796
Stanley R. Liebman Estate	34%	128,325	122,541
Outside Perpetual Trusts-Permanently Restricted		2,012,547	1,891,282
Annuity Trust A		52,002	50,221
Covert Unitrust		25,695	25,695
Cressman Charitable Gift Annuity		4,129	4,196
Mills Gift Annuity		1,607	1,510
Split Interest Agreements-Temporarily Restricted		83,433	81,622
		\$ 2,095,980	\$ 1,972,904

6. Fair Value Measurements

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820-10, *Fair Value Measurements and Disclosures*, defines fair value, establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

- 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.

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

6. Fair Value Measurements (Continued)

- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or 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.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- 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, 2017.

Money markets instruments, fixed income securities, stocks, and mutual funds: Valued at the net asset value ("NAV") of shares held by the Organization at year end.

Split-interest agreements, annuity trusts, and perpetual trusts: Measured based on quoted market prices of the underlying securities and other relevant information generated by market transactions, which approximates the expected future cash flows from the trust or agreement, divided by the Organization's share based on its pro-rata share of distributable income of the Trusts.

Pooled investments: Valued at the net asset value ("NAV") of shares held by the funds at month end.

The methods described above 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 valuation methods 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.

There were no significant transfers among Level 1, Level 2, and Level 3 investments in 2017 and 2016. Transfers between fair value levels are recognized at the end of the reporting period.

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

6. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2017 and 2016:

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ 692,280	\$ -	\$ -	\$ 692,280
Alternatives/Real Assets	135,895	-	-	135,895
Common Stock:				
Consumer Discretion	-	-	-	-
Consumer Staples	-	-	-	-
Energy	-	-	-	-
Financials	-	-	-	-
Health Care	6,370	-	-	6,370
Industrials	-	-	-	-
Info Technology	40,408	-	-	40,408
International	-	-	-	-
Materials	-	-	-	-
Small Cap Equity Mutual Funds	-	-	-	-
Speciality Mutual Funds	-	-	-	-
Utilities	-	-	-	-
Fixed Income	1,455,711	-	-	1,455,711
Mutual Funds:				
Large Cap	715,152	-	-	715,152
Small/Mid Cap	128,604	-	-	128,604
Developed International	111,482	-	-	111,482
Emerging International	94,983	-	-	94,983
Other International	116,274	-	-	116,274
Pooled Investments	-	81,982	-	81,982
Split-Interest Agreements and Annuity Trusts	-	-	83,433	83,433
Perpetual Trusts	-	-	2,012,547	2,012,547
Total Assets at Fair Value	\$ 3,497,159	\$ 81,982	\$ 2,095,980	\$5,675,121

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

6. Fair Value Measurements (Continued)

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ 108,532	\$ -	\$ -	\$ 108,532
Alternatives/Real Assets	97,357	-	-	97,357
Common Stock:				
Consumer Discretion	140,011	-	-	140,011
Consumer Staples	124,268	-	-	124,268
Energy	24,732	-	-	24,732
Financials	140,624	-	-	140,624
Health Care	131,532	-	-	131,532
Industrials	132,003	-	-	132,003
Info Technology	179,712	-	-	179,712
International	256,308	-	-	256,308
Materials	33,797	-	-	33,797
Small Cap Equity Mutual Funds	55,564	-	-	55,564
Speciality Mutual Funds	134,275	-	-	134,275
Utilities	4,279	-	-	4,279
Fixed Income	1,369,497	-	-	1,369,497
Mutual Funds:				
Large Cap	544,830	-	-	544,830
Small/Mid Cap	82,169	-	-	82,169
Developed International	16,518	-	-	16,518
Emerging International	62,043	-	-	62,043
Other International	125,121	-	-	125,121
Pooled Investments	-	76,582	-	76,582
Split-Interest Agreements and Annuity Trusts	-	-	81,622	81,622
Perpetual Trusts	-	-	1,891,282	1,891,282
	-	-	-	-
Total Assets at Fair Value	\$ 3,763,172	\$ 76,582	\$ 1,972,904	\$5,812,658

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

6. Fair Value Measurements (Continued)

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30, 2017 and 2016.

	Level 3 Assets		
	Year Ending June 30, 2017		
	Split-Interest Agreements and Annuity Trusts	Perpetual Trusts	Total
Balance, Beginning of Period	\$ 81,622	\$ 1,891,282	\$ 1,972,904
Contributions	-	-	-
Distributions	(2,250)	(88,058)	(90,308)
Realized/Unrealized Gains/(Losses)	4,061	209,323	213,384
Total Assets at Fair Value	\$ 83,433	\$ 2,012,547	\$ 2,095,980

	Level 3 Assets		
	Year Ending June 30, 2016		
	Split-Interest Agreements and Annuity Trusts	Perpetual Trusts	Total
Balance, Beginning of Period	\$ 84,861	\$ 2,039,593	\$ 2,124,454
Contributions	-	-	-
Distributions	(2,249)	(91,764)	(94,013)
Realized/Unrealized Gains/(Losses)	(990)	(56,547)	(57,537)
Total Assets at Fair Value	\$ 81,622	\$ 1,891,282	\$ 1,972,904

The realized/unrealized gains/(losses) are included in revenues, gains and other support in the statement of activities and are related to assets still held at the statement of financial position date.

7. Line of Credit

The Organization has a \$1,000,000 revolving line of credit bearing interest equal to the Index plus 0.40% with a floor of 3.90%. Due on demand. There was no outstanding balance at June 30, 2017 and 2016.

Interest paid on the line of credit was \$4,997 and \$10,298 in 2017 and 2016, respectively.

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. Unrestricted Net Assets

Unrestricted Net Assets have been designated by the Board of Directors for the following:

	<u>2017</u>	<u>2016</u>
Unrestricted Investment Reserves		
Community Fund	\$ 557,131	\$ 557,131
Property and Equipment		
Set Aside for Future Expansion	359,080	381,425
Undesignated Investment Reserves	513,666	513,666
Opportunity Investment Fund	1,392,527	1,326,494
Property and Equipment		
Expended for Equipment	52,607	90,896
Undesignated	<u>(4,665,443)</u>	<u>(4,157,686)</u>
Total Unrestricted Net Assets	<u>\$ (1,790,432)</u>	<u>\$ (1,288,074)</u>

9. Temporarily Restricted Support for Future Periods

Temporarily restricted support for future periods consists of:

	<u>2017</u>	<u>2016</u>
Campaign Support		
Time Restricted Net Campaign for 2016 and 2015	\$ 7,077,535	\$ 7,197,553
Unspent Purpose Restricted Campaign		
Funds From Prior Years	95,490	87,163
Future Campaign Support	208,839	353,661
Other Purpose and Time Restricted Support	<u>385,266</u>	<u>409,108</u>
	<u>\$ 7,767,130</u>	<u>\$ 8,047,485</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

10. Temporarily Restricted Net Assets

Split-interest agreements and annuity trusts consist of the following:

	<u>Liability to Donors Under Split-Interest Agreements and Annuity Trusts</u>	<u>Net Assets</u>
A Unitrust Created in 1993 Requiring 8% Annual Distributions to Donors for Their Lifetime	\$ -	\$ 25,695
1993 Anonymous Charitable Remainder Annuity Trust Requiring 6.1% Annual Distribution to Donors for Their Lifetime	23,117	28,885
Charitable Gift Annuity Created in 2004 Requiring Annual Distributions to Donors for Their Lifetime	-	1,607
Cressman Charitable Gift Annuity Requiring 6.9% Annual Distribution to Donors for Their Lifetime	<u>3,415</u>	<u>714</u>
Total	<u>\$ 26,532</u>	<u>\$ 56,901</u>

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

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

11. Permanently Restricted Net Assets

Permanently restricted net assets are composed of the following:

	2017 Net Assets	2016 Net Assets
	<u>Assets</u>	<u>Assets</u>
<u>Perpetual Trusts:</u>		
Thun Fund	\$ 238,510	\$ 222,793
Albert T. Rex Estate	64,454	62,098
Adora Gross Estate	82,662	78,327
Samuel A. Kleppinger Estate	936,563	856,002
The Warren W. York Fund	540,843	529,725
David Rabaut Fund for Neighborhoods	21,190	19,796
Stanley R. Liebman Estate	128,325	122,541
<u>Endowment Funds:</u>		
J. Bogert Endowment Fund	26,975	26,975
Fulton Financial Endowment Fund	258,000	-
Other Donor Restricted Fund	25,000	25,000
	<u>25,000</u>	<u>25,000</u>
Total	<u>\$ 2,322,522</u>	<u>\$ 1,943,257</u>

Investment income distributed from the perpetual trusts totaled \$88,058 and \$91,764 in 2017 and 2016, respectively.

The David Rabaut Fund for Neighborhoods is a permanent agency endowment fund of the Lehigh Valley Community Foundation. The Foundation will make distributions to United Way of the Greater Lehigh Valley in accordance with the Spending Policy and Distribution Schedule adopted by the Foundation's Board of Governors. The Foundation has been granted variance power in that in the event that it becomes unnecessary, undesirable, impractical, or impossible to utilize the Fund for such purposes or if the United Way of the Greater Lehigh Valley ceases to exist or be recognized as a tax exempt charitable organization, the Foundation shall have the right to utilize the Fund for such charitable purposes as it deems appropriate in accordance with the Foundation's governing instruments. \$21,190 and \$19,796 has been reported in the Statement of Financial Position as Permanently Restricted other long-term investments in 2017 and 2016, respectively.

12. Endowment Net Assets

The Organization's endowment consists 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
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

12. Endowment Net Assets (Continued)

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 permanently restricted net assets (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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by the laws of the Commonwealth of Pennsylvania. 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 board designated *opportunity investment fund* is to maintain a quasi endowment fund which will be utilized for opportunistic investments of a strategic nature, both programmatically and for resource generation including grant matches. The target balance of the fund is a minimum of \$1M. The Board Opportunity Investment Fund Committee and the Financial Investment Committee will oversee the management of the fund. 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 and the Financial Investment Committee will oversee the management of the fund.

Spending Policy: The spending policy of the *opportunity investment fund* shall be 5% annually or at the discretion of the Board of Directors given a grant matching opportunity. If the fund balance falls below minimum level, measures must be taken to restore the fund balance within a three year period. The spending policy of the *donor-restricted endowment fund* shall be 4% annually as part of the annual budget.

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.

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

12. Endowment Net Assets (Continued)

The investment asset allocations mix, including target levels and ranges approved by the Investment Committee is as follows:

	Opportunity Investment	Donor-Restricted Endowment
Equities	50%	60%
Bonds	50%	40%

Endowment net asset composition by type of fund as of June 30, 2017 and 2016 are as follows:

	June 30, 2017			Total Net Endowment Assets
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-Restricted Endowment Funds	\$ -	\$ 1,762	\$ 309,975	\$ 311,737
Opportunity Investment Fund	1,392,527	-	-	1,392,527
Total Funds	\$ 1,392,527	\$ 1,762	\$ 309,975	\$1,704,264
	June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-Restricted Endowment Funds	\$ -	\$ -	\$ 51,975	\$ 51,975
Opportunity Investment Fund	1,326,494	-	-	1,326,494
Total Funds	\$ 1,326,494	\$ -	\$ 51,975	\$1,378,469

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

12. Endowment Net Assets (Continued)

Changes in endowment net assets as of June 30, 2017 and 2016 are as follows:

	June 30, 2017			Total Net Endowment Assets
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ 1,326,494	\$ -	\$ 51,975	\$1,378,469
Contributions		-	258,000	258,000
Investment Income	18,437	1,762	-	20,199
Net Appreciation (Depreciation)	112,596	-	-	112,596
Net Appropriated for Expenditure	(65,000)	-	-	(65,000)
Endowment Net Assets, End of Year	<u>\$ 1,392,527</u>	<u>\$ 1,762</u>	<u>\$ 309,975</u>	<u>\$1,704,264</u>

	June 30, 2016			Total Net Endowment Assets
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ 1,326,989	\$ -	\$ 51,975	\$1,378,964
Contributions	-	-	-	-
Investment Income	29,242	-	-	29,242
Net Appreciation (Depreciation)	(21,395)	-	-	(21,395)
Net Appropriated for Expenditure	(8,342)	-	-	(8,342)
Endowment Net Assets, End of Year	<u>\$ 1,326,494</u>	<u>\$ -</u>	<u>\$ 51,975</u>	<u>\$1,378,469</u>

13. 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. Employer contributions to the plan were \$114,188 and \$90,606 in 2017 and 2016, respectively.

14. 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. 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.

Costs incurred under this benefit were \$4,320 and \$4,320 for 2017 and 2016, respectively.

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

15. Leases

The Organization leases its office space in Allentown under a lease agreement which will expire December 31, 2023. Rent charged to expense was \$196,466 and \$146,088 in 2017 and 2016, respectively.

The Organization entered into 63-month lease agreements for equipment which expire through June, 2021. Rental expense is \$865 per month under these agreements.

Minimum lease payments under these leases are as follows:

Years ending June 30,		
	2018	\$260,436
	2019	269,805
	2020	284,205
	2021	296,467
	2022	296,236
	Thereafter	300,119

16. Unemployment Insurance Self Funding

The Organization uses the Unemployment Services Trust. Payments for this insurance totaled \$9,446 and \$8,126 in 2017 and 2016, respectively.

17. Community Impact Services

Community impact services are detailed in the Statement of Functional Expenses (“Other Programs” column). Community impact services provided by the United Way are summarized as follows:

	2017	2016
Labor/Community Services	\$ 78,247	\$ 59,279
Community Initiatives/Coalition Building and Funds Distribution	2,012,755	1,872,701
	\$ 2,091,002	\$ 1,931,980

UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

18. Supporting Cost Ratio

In accordance with overhead reporting guidelines issued by the United Way Worldwide, United Way of the Greater Lehigh Valley calculates its Supporting Cost (Overhead) Ratio using their Form 990. The supporting cost ratio and its calculation are as follows:

2015 Form 990 For Year Ended June 30, 2016:

Supporting Cost (Overhead) Ratio:		
Supporting Services Functional Expenses:		
Management and General, Part IX, Line 25 Col C	\$ 854,585	
Fundraising, Part IX, Line 25 Col D	1,349,920	
		\$ 2,204,505
Total Campaign and All Other Revenue		
Sources, Part VIII, Line 12, Col A		\$ 11,998,902
Supporting Services Divided by Total		
Campaign and All Other Revenue		18.37%

Fiscal Year Ending June 30, 2017 Supporting Cost Ratio
will be Calculated and Disclosed with Preparation of the 2016 Form 990

19. Summarized Totals For Year Ended June 30, 2016

The financial statements 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, 2016, from which the information was derived.

20. Subsequent Events

Management has evaluated subsequent events through October 30, 2017, the date the financial statements were available to be issued.

Investments are exposed to various risks, such as interest rate, market risk and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investment will occur in the near term. Users of these financial statements should be aware that the financial markets' volatility in 2017 may significantly impact the subsequent valuation of the Organization's investments. Accordingly, the valuation of the investments at June 30, 2017 may not necessarily be indicative of the amounts that could be realized in a current market exchange.

SUPPLEMENTARY INFORMATION

**UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
SCHEDULE OF COMMUNITY INVESTMENTS
June 30, 2017**

Education

Big Brothers Big Sisters of the Lehigh Valley	School-Based Mentoring – Elementary School Level	\$ 36,000
Big Brothers Big Sisters of the Lehigh Valley	School-Based Mentoring – Middle School Level	36,000
Boy Scouts of America Minsi Trails Council	Urban Scouting	25,000
Boys & Girls Club of Allentown, Inc.	Istation	60,000
Boys & Girls Club of Allentown, Inc.	Literacy 4 R Youth 4–8	20,000
Boys & Girls Club of Allentown, Inc.	Literacy 4 R Youth K–Third Grade	80,000
Boys & Girls Club of Allentown, Inc.	Make Your M.A.R.K. Fourth-Eighth Grade	20,000
Boys & Girls Club of Allentown, Inc.	Make Your M.A.R.K. K–Third Grade	200,000
Boys & Girls Club of Allentown, Inc.	United Way Community School at Central Elementary	10,000
Boys & Girls Club of Allentown, Inc.	United Way Community School at Cleveland Elementary	6,667
Boys & Girls Club of Allentown, Inc.	United Way Community School at McKinley Elementary	5,833
Boys & Girls Club of Allentown, Inc.	United Way Community School at Roosevelt Elementary	10,000
Boys & Girls Club of Bethlehem, Inc.	Project Learn 4–8	23,825
Boys & Girls Club of Bethlehem, Inc.	Project Learn K–3	80,000
Boys & Girls Club of Easton	Project Learn K–3 with Imagination Station	28,050
Boys & Girls Club of Easton	Summer Brain Gain	25,000
Center for Humanistic Change, Inc.	Crossroads & Project Success Mentoring Program 4–8	50,000
Center for Humanistic Change, Inc.	Crossroads Mentoring Program K–3	100,000
Child Care Information Services, Inc.	Unconditional Child Care – Case-Based Services	70,000
Child Care Information Services, Inc.	Unconditional Child Care – Social Skills Training	31,200
Communities In Schools of the Lehigh Valley	United Way Community School at Cheston Elementary	50,000
Communities In Schools of the Lehigh Valley	United Way Community School at Lincoln Elementary	60,000
Communities In Schools of the Lehigh Valley	United Way Community School at South Mountain MS	50,000
Communities In Schools of the Lehigh Valley	United Way Community School at Central Elementary	55,000
Communities In Schools of the Lehigh Valley	United Way Community School at Cleveland Elementary	53,333
Communities In Schools of the Lehigh Valley	United Way Community School at McKinley Elementary	29,167
Communities In Schools of the Lehigh Valley	United Way Community School at Roosevelt Elementary	50,000
Communities In Schools of the Lehigh Valley	United Way Community School Coordination of Services	50,000
Communities In Schools of the Lehigh Valley	Supportive Case Management	50,000
Communities In Schools of the Lehigh Valley	Intensive Case Management	42,500
Community Bike Works	Earn a Bike: School Year	20,000
Community Bike Works	Junior Earn a Bike: School Year	30,000
Community Services for Children	Head Start Quality Early Learning	50,000
Diakon LSM	Girls on the Run of Lehigh Valley	20,000
Easton Area Community Center	SAINTS Clubhouse 4–8	23,826
Easton Area Community Center	SAINTS Clubhouse K–3	50,000
EITC	Childcare Scholarships	92,118
EITC	After-School Programs	1,000
Family Connection of Easton, Inc.	United Way Community School at Paxinosa	50,000
Family Connection of Easton, Inc.	After-School Learning Clubs	46,000
Family Connection of Easton, Inc.	Family Support and Case Management	32,000
Family Connection of Easton, Inc.	EASD Kindergarten Transition Coordination Success	42,900
Family Connection of Easton, Inc.	Parent Child Home Program	52,000
Girl Scouts of Eastern Pennsylvania, Inc.	Mountain House Summer Programming	25,000
Hasan Fehmi Erel Legacy	STEM Scholarships	10,000
Hispanic Center Lehigh Valley	Community Empowerment Program (CEP) Donegan /Broughal	28,000
Leader in Me	Leader in Me Program	30,988
Lehigh University	United Way Community School at Broughal MS	50,000
Lehigh University	United Way Community School at Donegan Elementary	35,000
Lehigh Valley Association of Independent Colleges	Collective Impact Research	10,000
Lehigh Valley Children's Centers, Inc.	FIRST STEPS TO READINESS	114,520
Lehigh Valley Children's Centers, Inc.	Spring Garden Successful Preschoolers	16,667
Lehigh Valley FACES	Diversity & Inclusion	15,000
Moravian College	United Way Community School at William Penn Elementary	35,000
Northampton Community College	United Way Community School at Bangor Area SD	40,000
Northampton Community College	United Way Community School at Fountain Hill Elementary	60,000
Northeast Ministry	Northeast Ministry 4-8 After School Homework Club	12,500
Northeast Ministry	Northeast Ministry K-3 After School Homework Club	12,500
Pinebrook Family Answers	SHAPE	42,000
Pinebrook Family Answers	Making the Grade K–3	60,000
Pinebrook Family Answers	Making the Grade 4-8	73,825
Pinebrook Family Answers	Middle School Integrated Behavioral Health	30,400
Pinebrook Family Answers	SHAPE - Middle	70,000
ProjeCt of Easton, Inc.	SIZZLE! Summer Literacy Day Camp	20,000
Promise Neighborhoods of the Lehigh Valley	Neighborhood-based Coordination for Cradle to Career	200,000
Slater Family Network	Case Management–Stabilize Families with Students 4–8	25,000
Spring Garden Children's Center, Inc.	Successful Preschoolers: Ready, Inspired, Nurtured & Growing	3,333
St. Luke's University Health Network	Donegan Elementary "Youth Succeeding in School"	70,680
St. Luke's University Health Network	United Way Community School at Raub MS	10,000
TeenWorks	Youth Run Community Projects	48,413
The Children's Center, Volunteers of America	Starting Strong and Active Learning	85,000
The Children's Center, Volunteers of America	Center-based enrollment area recruitment pilot	10,000
The Literacy Center of the Lehigh Valley	The Literacy Center's Family Reading, Literacy and Support Program	50,591
Third Street Alliance for Women & Children	Learning Center Scholarship Fund ages 0–3	80,000
United Way Community Schools	Valley-Wide Supports	5,318
United Way Council for Grade Level Reading	Summer Learning	90,833
United Way Council for Grade Level Reading	Challenge 5	13,718
Valley Youth House	Student Assistance Program	33,000
Valley Youth House	Truancy Intervention Program K–3	85,000
Via of the Lehigh Valley, Inc.	Reading Together at Home	22,000
Visiting Nurse Association of St. Luke's	Nurse-Family Partnership (NFP)	66,000
Visiting Nurse Association of St. Luke's	Parent Advocate in the Home (PATH)	50,000
Wildlands Conservancy	Wild About Learning	42,844
Women United	After-school Programs	145,176
YMCA of Bethlehem	Quality Learning Experiences for Children ages 0–5	20,000
		3,865,725

See independent auditor's report on supplementary information.

**UNITED WAY OF THE GREATER LEHIGH VALLEY
(Not-for-Profit Corporation)
SCHEDULE OF COMMUNITY INVESTMENTS (CONTINUED)
June 30, 2017**

Healthy Aging

Allentown YMCA & YWCA	“GO” (Golden Opportunities) Active Older Adults	30,000
Catholic Charities, Diocese of Allentown	Senior Case Management	25,000
Catholic Charities, Diocese of Allentown	United Way Gatekeepers Initiative	61,000
Catholic Charities, Diocese of Allentown	Gatekeeper Case Management	3,750
Center for Vision Loss	Escorted Transportation	26,000
Hispanic Center Lehigh Valley	Hispanic Center Senior Center Program	30,000
Lehigh Valley Research Consortium	Healthy Aging Population Research	20,000
Lehigh County	Gatekeepers Initiative	2,500
Meals on Wheels of Lehigh County, Inc.	Market on Wheels—Grocery Shopping Service	20,000
Meals on Wheels of Northampton County, Inc.	Grocery Shopping Service	26,196
Northampton County	Gatekeeper Initiative	2,500
Northampton County	Needy Senior Fund	1,250
Pinebrook Family Answers	Family Answers HOMECARE	60,000
Pinebrook Family Answers	Family Answers Homecare – Fall Education and Prevention	42,211
ShareCare Faith in Action	Sharecare Grocery Shopping Program	20,000
ShareCare Faith in Action	ShareCare Transportation Program	25,000
St. Luke’s University Health Network	St. Luke’s Select Program for Seniors	50,036
Third Street Alliance for Women & Children	Sharing the Caring Adult Day Services	20,000
United Way Alliance on Aging	Age-Friendly Communities Exploration & Development	10,000
YWCA of Bethlehem	Adult Day Services Center	25,000
		500,443

Food Access

Community Action Committee of the Lehigh Valley	Lehigh Valley Food Policy Council Leadership	50,000
Community Action Committee of the Lehigh Valley	Second Harvest Food Bank of the LV and NE PA’s Share Our Strength’s Cooking N	50,000
Hispanic Center Lehigh Valley	Hispanic Center Food Pantry	20,000
Meals on Wheels of Lehigh County, Inc.	Meals Delivery	40,000
Meals on Wheels of Northampton County, Inc.	Meal Subsidy Program – Home Delivered Meals	40,000
Meals on Wheels of Northampton County, Inc.	Better Fresh	15,000
Mosser Village Family Center	Food Pantry	10,000
New Bethany Ministries	Food Pantry – Mollard Hospitality Center	20,000
ProjeCt of Easton, Inc.	ProjeCt of Easton Interfaith Food Pantry	20,000
Slater Family Network	SFN Emergency Food Pantry and Back Packs	20,000
The Salvation Army of the Lehigh Valley	Emergency Assistance at Four Pantries	82,875
		367,875

Emergency Services

American Red Cross of the Greater Lehigh Valley	Disaster Response	65,000
Bradbury-Sullivan LGBT Community Center	Support Services	1,255
Catholic Charities, Diocese of Allentown	Catholic Charities, Diocese of Allentown Ecumenical Soup Kitchen	20,000
Crime Victims Council of the Lehigh Valley, Inc.	Sexual Violence Program	50,000
Lehigh County Conference of Churches	LCCC Ecumenical Soup Kitchen	20,000
New Bethany Ministries	Meal Center - Mollard Hospitality Center	20,000
North Penn Legal Services, Inc.	NPLS HELP Project (Help for Emergency Legal Problems)	30,000
ProjeCt of Easton, Inc.	ASSIST Emergency Shelter	40,000
The Salvation Army of the Lehigh Valley	Hospitality House	50,000
Third Street Alliance for Women & Children	Shelter Program	45,000
Turning Point of Lehigh Valley, Inc.	Turning Point of Lehigh Valley, Inc.	115,000
United Way of the Capital Region	PA 2-1-1 Capacity Building	5,000
United Way of Lancaster County	PA 2-1-1 Services for Lehigh and Northampton Counties	50,000
Valley Youth House	Lehigh Valley Youth Shelter	50,000
Victory House of Lehigh Valley	Shelter Services	40,000
		601,255

Carbon County

ARC of NE PA	Services for People with Disabilities	500
Carbon County Action Committee	Emergency Services for Low-Income Families	2,375
Catholic Services DBA Big Brothers/Big Sisters		250
CTC Manufacturing	Services for People with Disabilities	1,250
Family Promise	Homelessness and Transitional Housing	875
Girl Scouts of Eastern PA		125
Healthy Smiles	Dental Van for Low-Income Children	1,000
Human Resources Center	Services for People with Disabilities	875
Meals on Wheels of Palmerton, Inc	Senior Food Access	375
North Penn Legal Services, Inc.	NPLS Help Project	125
Pathstone	Headstart and Preschool	3,500
Penn State Cooperative Ext/Prosper Project	School-Based Coordination of Health and Human Services	750
Shepherd House Inc	Large Network of Food Pantries	2,500
Penn-Kidder Ministerium After-School Program	School-Based Extended-Day Student Enrichment	250
		14,750

Other

Family Centers	Passthrough Grants	245,000
Volunteer Center of the LV	Volunteer Management	50,000
		295,000

TOTAL COMMUNITY INVESTMENTS

\$ 5,645,048

See independent auditor’s report on supplementary information.