

UNITED WAY OF THE GREATER LEHIGH VALLEY

FINANCIAL STATEMENTS

Year Ended June 30, 2020



TABLE OF CONTENTS

	Pages
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities.....	4 - 5
Statements of Functional Expenses.....	6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 - 31
SUPPLEMENTARY INFORMATION	
Schedule of Community Investment Awards	32 - 34



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the United Way of the Greater Lehigh Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities 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 misstatements 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 in the first paragraph present fairly, in all material respects, the financial position of the United Way of the Greater Lehigh Valley as of June 30, 2020, 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

The June 30, 2019 financial statements were audited by us and we expressed an unmodified opinion on those audited financial statements dated November 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 accompanying schedule of community investment awards 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.

Herbein + Company, Inc.

**Reading, Pennsylvania
November 12, 2020**

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENTS OF FINANCIAL POSITION

June 30, 2020

With Summarized Totals For June 30, 2019

	2020	2019
ASSETS		
Cash	\$ 3,161,323	\$ 3,154,701
Grants receivable	112,901	87,229
Accounts receivable and accrued income	48,642	71,186
Prepaid expenses	281,981	117,826
Pledges receivable, net	3,727,242	4,202,649
Life insurance cash value	85,736	82,532
Long-term investments	4,022,521	3,683,212
Beneficial interest in perpetual trusts	2,190,013	2,261,523
Split interest agreements	151,004	151,254
Leasehold improvements, equipment, furniture, and fixtures, net	357,627	278,991
TOTAL ASSETS	\$ 14,138,990	\$ 13,812,112
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expense	\$ 321,534	\$ 395,853
Custodial funds	13	6,468
Liability to donors under split- interest trusts	88,062	89,874
Campaign support designated to organizations and other United Ways	1,863,297	2,633,104
Payroll protection program loan	594,392	-
TOTAL LIABILITIES	2,867,298	3,125,299
NET ASSETS		
Without donor restrictions:	(1,969,584)	(2,076,717)
With donor restrictions:		
Restricted for time or purpose:		
Split interest and annuity trusts	62,942	61,380
Support for future periods	10,117,567	10,059,777
Restricted in perpetuity	3,060,767	2,921,364
Total with donor restrictions	13,241,276	13,042,521
TOTAL NET ASSETS	11,271,692	10,965,804
TOTAL LIABILITIES AND NET ASSETS	\$ 14,138,990	\$ 14,091,103

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2020

With Summarized Totals For Year Ended June 30, 2019

	2020			2019
	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 and designations)	\$ 574,304	\$ -	\$ 574,304	\$ 203,169
Prior years campaign for current year support, net of loss provisions (released from restriction)	16,171,644	(16,171,644)	-	-
Less: donor designations	(7,374,635)	7,374,635	-	-
Prior campaign support released from purpose restriction	51,569	(51,569)	-	-
Total campaign contributions applicable to current period	9,422,882	(8,848,578)	574,304	203,169
Campaign contributions received for next allocation period:				
Current year campaign revenue, net of loss provisions	-	17,937,539	17,937,539	15,442,678
Less: donor designations	-	(8,518,794)	(8,518,794)	(6,692,987)
Future campaign support purpose restriction met	125,000	-	125,000	130,500
Future campaign support released from purpose restriction	80,514	(80,514)	-	-
Total campaign contributions for next allocation period	205,514	9,338,231	9,543,745	8,880,191
Other support	108,091	40,000	148,091	168,808
Designations from other United Ways	82,609	-	82,609	104,032
In-kind services and materials	558,359	-	558,359	623,842
Operating investment activity, net	186,652	-	186,652	104,692
Endowment/trust income	96,887	-	96,887	83,881
Donor choice fees	100,844	-	100,844	30,361
Grant and bequest revenue	1,129,907	719,245	1,849,152	1,367,683
Contributions	-	113,127	113,127	153,044
Net assets released from restrictions:				
Donor choice fees	9,905	(9,905)	-	-
Sponsorships	17,500	(17,500)	-	-
Grant revenue	1,163,703	(1,163,703)	-	-
Total revenue and other support	13,082,853	170,917	13,253,770	11,719,703
Other changes:				
Endowment investment activity, net	(88,334)	97,786	9,452	108,146
Unrealized gains (loss) on beneficial interest in perpetual trusts	-	(71,510)	(71,510)	24,684
Change in value of split interest agreements	-	1,562	1,562	2,401
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	12,994,519	198,755	13,193,274	11,854,934

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENTS OF ACTIVITIES - CONTINUED

Year Ended June 30, 2020

With Summarized Totals For Year Ended June 30, 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
ALLOCATIONS AND EXPENSES				
Community investments and program services:				
Community investment awards	6,824,714	-	6,824,714	6,159,186
Donor designations	7,374,635	-	7,374,635	5,699,279
Community impact services provided by United Way, including donated materials and services (2020 - \$387,575; 2019 - \$428,028)	2,977,301	-	2,977,301	2,422,295
Total community investments and program services with donor designations	17,176,650	-	17,176,650	14,280,760
Less donor designations	(7,374,635)	-	(7,374,635)	(5,699,279)
Total community investments and program services, net of donor designations	9,802,015	-	9,802,015	8,581,481
Support services:				
Revenue development costs, including donated materials and services (2020 - \$107,778; 2019 - \$128,590)	1,894,578	-	1,894,578	1,638,571
Administration, including donated materials and services (2020 - \$63,006; 2019 - \$67,224)	1,190,793	-	1,190,793	1,125,422
Total supporting services	3,085,371	-	3,085,371	2,763,993
TOTAL ALLOCATIONS AND EXPENSES	12,887,386	-	12,887,386	11,345,474
INCREASE IN NET ASSETS	107,133	198,755	305,888	509,460
NET ASSEST AT BEGINNING OF YEAR	(2,076,717)	13,042,521	10,965,804	10,456,344
NET ASSETS AT END OF YEAR	<u>\$ (1,969,584)</u>	<u>\$ 13,241,276</u>	<u>\$ 11,271,692</u>	<u>\$ 10,965,804</u>

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

With Summarized Totals For Year Ended June 30, 2019

	2020				2019 Total
	Community Investments and Program Services	Support Services Revenue Development Costs	Administration	Total	
Community investment awards	\$ 6,824,714	\$ -	\$ -	\$ 6,824,714	\$ 6,159,186
Donor designations	7,374,635	-	-	7,374,635	5,699,279
Subtotal	14,199,349	-	-	14,199,349	11,858,465
Less donor designations	(7,374,635)	-	-	(7,374,635)	(5,699,279)
Community investments	6,824,714	-	-	6,824,714	6,159,186
Salaries and temporary help	1,308,696	964,139	647,820	2,920,655	2,339,888
Employee benefits and taxes	310,733	251,439	165,346	727,518	629,400
Employee recruitment	757	-	7,636	8,393	4,804
Total compensation	1,620,186	1,215,578	820,802	3,656,566	2,974,092
Professional services	329,243	81,232	85,917	496,392	363,388
General supplies	3,748	2,807	1,714	8,269	13,959
Communications	17,536	14,838	8,228	40,602	34,423
Occupancy costs	125,750	93,700	59,005	278,455	260,132
Equipment costs	95,968	71,508	45,030	212,506	158,916
Direct program costs	154,306	162,000	28,576	344,882	371,190
Staff development, travel, and meetings	56,610	33,434	18,675	108,719	95,011
Dues, insurance, and other	14,813	10,092	32,207	57,112	45,405
Fair share support to other United Ways	132,858	72,768	9,470	215,096	167,371
Total expenses before donated services and depreciation	2,551,018	1,757,957	1,109,624	5,418,599	4,483,887
Donated services and materials	387,575	107,778	63,006	558,359	623,842
Depreciation	38,708	28,843	18,163	85,714	78,559
Total expenses	2,977,301	1,894,578	1,190,793	6,062,672	5,186,288
TOTAL COMMUNITY INVESTMENTS AND EXPENSES	<u>\$ 9,802,015</u>	<u>\$ 1,894,578</u>	<u>\$ 1,190,793</u>	<u>\$ 12,887,386</u>	<u>\$ 11,345,474</u>

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

With Summarized Totals for the Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 305,888	\$ 509,460
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation expense	85,714	78,559
Net unrealized and realized (gains) on long-term investments	(110,652)	(133,892)
Net unrealized (gains) losses on beneficial interest in perpetual trusts	71,510	(24,684)
Net unrealized (gains) on split-interest agreements	(1,562)	(2,401)
Endowment contributions	(113,127)	(153,044)
Changes in:		
Grants receivable	(25,672)	313,782
Accounts receivable and accrued income	22,544	(1,308)
Prepaid expenses	(164,155)	(51,837)
Pledges receivable	475,407	10,533
CSV of life insurance	(3,204)	91,878
Accounts payable and accrued expenses	(74,319)	(17,628)
Custodial funds	(6,455)	(12,198)
Liability to donors under split-interest trusts	(1,812)	(840)
Campaign support designated to organizations and other United Ways	(769,807)	576,652
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(309,702)</u>	<u>1,183,032</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,759,453	860,564
Purchase of investments	(1,988,110)	(1,263,203)
Proceeds from sale of investments, split-interest agreements	1,812	840
Acquisitions of leasehold improvements, equipment, furniture, and fixtures	<u>(164,350)</u>	<u>(18,436)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(391,195)</u>	<u>(420,235)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Endowment contributions	113,127	153,044
Payroll protection program loan	<u>594,392</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>707,519</u>	<u>153,044</u>
NET INCREASE IN CASH	6,622	915,841
CASH AT BEGINNING OF YEAR	<u>3,154,701</u>	<u>2,238,860</u>
CASH AT END OF YEAR	<u><u>\$ 3,161,323</u></u>	<u><u>\$ 3,154,701</u></u>

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

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, Inc. 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, 2020, 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, 2019, 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, 2019, 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 statement 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, 2020.

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, 2020

With Comparative Information for June 30, 2019

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 statement 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 statement 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, 2020

With Comparative Information for June 30, 2019

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), Accountings 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, 2020

With Comparative Information for June 30, 2019

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, 2020

With Comparative Information for June 30, 2019

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 \$558,359 and \$623,842 for the years ended June 30, 2020 and 2019, respectively.

A substantial number of volunteers have donated significant hours to the Organization's program services and fund-raising 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 statement of revenues, expenses, and other changes 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 are expensed as incurred and were \$416,946 and \$299,965, including in-kind services of \$261,652 and \$151,843 in 2020 and 2019, respectively.

Functional Expense Allocations

As reported in the statement 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.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Expense Allocations - continued

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.

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 12, 2020, 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 Accounting Pronouncements

The Organization adopted FASB No. 2014-09, ASU 606, *Revenue from Contracts with Customers* ("Topic 606"), on July 1, 2019. Topic 606 supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The financial statements reflect the application of ASC 606 guidance using the modified retrospective approach with application to all contracts open as of July 1, 2019. There was no impact on the revenue recognized or net assets for the year ended June 30, 2020.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Adoption of Accounting Pronouncements - continued

During the year, the Organization also adopted the provisions of FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. Topic 958 was applied, with no effect on the financial statements as a result of the adoption.

NOTE 2 - GRANTS RECEIVABLE

Grants receivable consist of amounts due from the following:

	2020	2019
Lehigh County	\$ -	\$ 12,117
Northampton County	-	20,000
Pennsylvania Commission on Crime and Delinquency	70,637	-
Pennsylvania Department of Labor & Industry	9,046	-
U.S. Department of Education	33,218	55,112
Balance, end of year	<u>\$ 112,901</u>	<u>\$ 87,229</u>

NOTE 3 - PLEDGES RECEIVABLE

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

	2020	2019
Balance of 2016 campaign pledges	\$ -	\$ 41,317
Balance of 2017 campaign pledges	461,973	482,605
Balance of 2018 campaign pledges	448,017	4,506,544
Balance of 2019 campaign pledges	4,559,341	-
Balance of future campaign pledges (net)	154,941	169,584
	<u>5,624,272</u>	<u>5,200,050</u>
Allowance for uncollectible pledges	<u>(1,897,030)</u>	<u>(997,401)</u>
	<u>\$ 3,727,242</u>	<u>\$ 4,202,649</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 3 - PLEDGES RECEIVABLE - CONTINUED

The balance of any collectible amounts from the 2019 and 2020 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:

	2020	2019
Balance, beginning of year	\$ 997,401	\$ 653,201
Addition from campaigns	1,043,654	745,876
Charge off of known uncollectible pledges	(144,025)	(401,676)
Balance, end of year	<u>\$ 1,897,030</u>	<u>\$ 997,401</u>

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments held as of June 30 are summarized as follows:

	2020	2019
Money market instruments	\$ 102,904	\$ 197,239
Alternatives/real assets	171,112	173,164
Fixed income	1,889,227	1,702,792
Mutual funds	1,782,440	1,526,428
Pooled investments	76,838	83,589
	<u>\$ 4,022,521</u>	<u>\$ 3,683,212</u>

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

	2020	2019
Without donor restrictions	\$ 3,151,767	\$ 3,023,371
With donor restrictions, in perpetuity	870,754	659,841
	<u>\$ 4,022,521</u>	<u>\$ 3,683,212</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

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

	2020	2019
Dividend and interest income	\$ 104,925	\$ 93,414
Realized gain	48,198	23,188
Unrealized gain	62,454	110,704
Investment expenses	(19,473)	(14,468)
Total investment activity, net	<u>\$ 196,104</u>	<u>\$ 212,838</u>

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.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

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, 2020.

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.

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

The United Way of the Greater Lehigh Valley, Inc. 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.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

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, 2020			
	Level 1	Level 2	Level 3	Total
Alternatives/real assets	\$ -	\$ 171,112	\$ -	\$ 171,112
Fixed income	-	1,889,227	-	1,889,227
Mutual funds:				
Large cap	1,193,928	-	-	1,193,928
Small/mid cap	233,728	-	-	233,728
Developed international	168,245	-	-	168,245
Emerging international	47,191	-	-	47,191
Other international	139,348	-	-	139,348
Pooled investments	-	-	76,838	76,838
Split-interest agreements	65,363	3,400	82,241	151,004
Beneficial interest in perpetual trusts	152,513	7,934	2,029,566	2,190,013
Total assets at fair value	<u>\$ 2,000,316</u>	<u>\$ 2,071,673</u>	<u>\$ 2,188,645</u>	<u>\$ 6,260,634</u>

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Alternatives/real assets	\$ -	\$ 173,164	\$ -	\$ 173,164
Fixed income	-	1,702,792	-	1,702,792
Mutual funds:				
Large cap	987,931	-	-	987,931
Small/mid cap	143,589	-	-	143,589
Developed international	200,129	-	-	200,129
Emerging international	96,893	-	-	96,893
Other international	97,886	-	-	97,886
Pooled investments	-	-	83,589	83,589
Split-interest agreements	64,277	3,897	83,080	151,254
Beneficial interest in perpetual trusts	149,979	9,093	2,102,451	2,261,523
Total assets at fair value	<u>\$ 1,740,684</u>	<u>\$ 1,888,946</u>	<u>\$ 2,269,120</u>	<u>\$ 5,898,750</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

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, 2020			
	Community Foundation Pooled Investments	Split- Interest Agreements	Beneficial Interest in Perpetual Trusts	Total
Balance, beginning of year	\$ 83,589	\$ 83,080	\$ 2,102,451	\$ 2,269,120
Realized and unrealized gains (losses)	(6,751)	(839)	(72,885)	(80,475)
Balance, end of year	<u>\$ 76,838</u>	<u>\$ 82,241</u>	<u>\$ 2,029,566</u>	<u>\$ 2,188,645</u>

	Year Ended June 30, 2019			
	Community Foundation Pooled Investments	Split- Interest Agreements	Beneficial Interest in Perpetual Trusts	Total
Balance, beginning of year	\$ 86,021	\$ 83,090	\$ 2,081,432	\$ 2,250,543
Realized and unrealized gains (losses)	(2,432)	(10)	21,019	18,577
Balance, end of year	<u>\$ 83,589</u>	<u>\$ 83,080</u>	<u>\$ 2,102,451</u>	<u>\$ 2,269,120</u>

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.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 5 - BENEFICIAL INTERESTS IN PERPETUAL TRUSTS - CONTINUED

The trusts are detailed as follows as of June 30:

Trust	Trust %	Shares of Net Assets	
		2020	2019
Thun Fund	100%	\$ 248,738	\$ 269,992
Albert T. Rex Estate	35	62,413	64,456
Adora Gross Estate	100	84,500	85,576
Samuel A. Kleppinger Estate	100	923,781	953,605
The Warren W. York Fund	100	564,414	578,253
David Rabaut Fund for Neighborhoods	100	19,832	21,582
MacCrindle Fund	70	160,447	159,073
Stanley R. Liebman Estate	34	125,889	128,986
Beneficial interest in perpetual trusts		<u>\$ 2,190,014</u>	<u>\$ 2,261,523</u>

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.

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

	2020	2019
Annuity Trust A	\$ 50,655	\$ 52,241
Covert Unitrust	25,695	25,695
Cressman Charitable Gift Annuity	4,010	3,355
Mills Gift Annuity	1,881	1,789
MacCrindle Perpetual Trust	68,763	68,174
	<u>\$ 151,004</u>	<u>\$ 151,254</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 6 - SPLIT-INTEREST AGREEMENTS - CONTINUED

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

	<u>2020</u>	<u>2019</u>
Annuity Trust A*	\$ 16,368	\$ 18,618
Cressman Charitable Gift Annuity*	2,931	3,082
MacCrindle Perpetual Trust	<u>68,763</u>	<u>68,174</u>
	<u>\$ 88,062</u>	<u>\$ 89,874</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 - LEASEHOLD IMPROVEMENTS, EQUIPMENT, FURNITURE, AND FIXTURES

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

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 60,884	\$ -
Computer hardware and software	180,003	156,554
Equipment, furniture, and fixtures	<u>452,143</u>	<u>372,126</u>
	693,030	528,680
Less: accumulated depreciation	<u>(335,403)</u>	<u>(249,689)</u>
	<u>\$ 357,627</u>	<u>\$ 278,991</u>

Depreciation and amortization charged to expense was \$85,714 and \$78,559 for the years ended June 30, 2020 and 2019, respectively.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 8 - 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 6.20% (reduced to 5.00% subsequent to year end). The line of credit is on demand. There was no outstanding balance at June 30, 2020.

There was no interest paid on the line of credit in 2020 and 2019.

NOTE 9 - 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 is 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. The Organization applied for forgiveness of the PPP Loan with respect to these covered expenses. The Organization will recognize the forgiven portion of the loan upon notification of forgiveness by the SBA.

To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum through the maturity date. The PPP Loan may be accelerated upon the occurrence of an event of default. On June 5, 2020, the Paycheck Protection Flexibility Act (the "Act") was signed into law, which allows the Organization and the lender to amend certain terms of the loan in accordance with the Act. The Act also extended the repayment deferral period which is now defined as (1) when the loan forgiveness is determined by the SBA or (2) ten months after the end of the borrower's covered period if forgiveness is not requested.

NOTE 10 - 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.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 10 - NET ASSETS - CONTINUED

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

	<u>2020</u>	<u>2019</u>
Board designated investment reserves	\$ 2,331,019	\$ 1,756,524
Board designated opportunity investment fund	-	1,117,713
Board designated, endowment	768,979	90,546
Undesignated	<u>(5,069,582)</u>	<u>(5,041,500)</u>
Total net assets without donor restrictions	<u><u>\$ (1,969,584)</u></u>	<u><u>\$ (2,076,717)</u></u>

At June 30, 2020 and 2019, there is a deficit in undesignated net assets. This is from a prior period and the Organization is working to eliminate this over time, while serving the needs of the communities served.

Net assets with donor restrictions consists of:

	<u>2020</u>	<u>2019</u>
Time and purpose:		
Time restricted net campaign for 2019 and 2018	\$ 9,185,079	\$ 8,492,911
Future campaign support, net	233,666	256,780
Split interest and trusts	62,942	61,380
Other time and purpose restricted support	<u>698,822</u>	<u>1,310,086</u>
Subtotal time and purpose	10,180,509	10,121,157
Perpetuity trusts	2,190,013	2,261,523
Endowment funds:		
Fulton Financial Endowment Fund	845,754	634,841
Other donor restricted fund	<u>25,000</u>	<u>25,000</u>
Subtotal perpetuity	<u>3,060,767</u>	<u>2,921,364</u>
Total net assets with donor restrictions	<u><u>\$ 13,241,276</u></u>	<u><u>\$ 13,042,521</u></u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 10 - NET ASSETS - CONTINUED

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>2020</u>	<u>2019</u>
Expiring time restrictions - campaign	\$ 8,848,578	\$ 8,696,121
Donor choice fees	9,905	68,985
Sponsorships	17,500	8,500
Grant revenue	<u>1,163,703</u>	<u>504,799</u>
Total net assets released from restriction	<u>\$ 10,039,686</u>	<u>\$ 9,278,405</u>

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

	<u>2020</u>	<u>2019</u>
Prior years campaign for current year support, net of loss provisions	\$ 16,171,644	\$ 14,326,387
Less: donor designations	(7,374,635)	(5,699,279)
Prior campaign support released from purpose restriction	<u>51,569</u>	<u>69,013</u>
Total campaign contributions released from restriction	8,848,578	8,696,121
Donor choice fees	9,905	68,985
Sponsorships	17,500	8,500
Grant revenue	<u>1,163,703</u>	<u>504,799</u>
Total net assets released from restriction	<u>\$ 10,039,686</u>	<u>\$ 9,278,405</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 11 - 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.

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 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.

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 Investment Committee. The target levels at June 30, 2020, were 65% Equities and 35% Bonds.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 11 - ENDOWMENT NET ASSETS - CONTINUED

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.

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. The Organization has no underwater endowment funds at June 30, 2020 or 2019.

During the year ended June 30, 2020, the Board of Directors approved dissolving the Opportunity Fund and splitting it 60% to endowments without donor restrictions and 40% to investment reserves.

Endowment net asset composition by type of fund as of June 30, 2020 and 2019 is as follows:

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 768,979	\$ 870,754	\$ 1,639,733
	June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 90,546	\$ 659,841	\$ 750,387
Opportunity investment fund	1,117,713	-	1,117,713
Totals funds	\$ 1,208,259	\$ 659,841	\$ 1,868,100

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 11 - ENDOWMENT NET ASSETS - CONTINUED

Changes in endowment net assets as of June 30, 2020 and 2019 are as follows:

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,208,259	\$ 659,841	\$ 1,868,100
Contributions	52,142	113,127	165,269
Investment activity, net	(88,334)	97,786	9,452
Undesignated, board approved	(365,888)	-	(365,888)
Net appropriated for expenditures	(37,200)	-	(37,200)
Endowment net assets, end of year	<u>\$ 768,979</u>	<u>\$ 870,754</u>	<u>\$ 1,639,733</u>
	June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,051,799	\$ 464,565	\$ 1,516,364
Contributions	90,546	153,044	243,590
Investment activity, net	65,914	42,232	108,146
Net appropriated for expenditures	-	-	-
Endowment net assets, end of year	<u>\$ 1,208,259</u>	<u>\$ 659,841</u>	<u>\$ 1,868,100</u>

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

NOTE 12 - 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 \$134,247 and \$111,658 in 2020 and 2019, respectively.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 13 - 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 four 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.

The accrued postretirement benefits of \$3,778 and \$8,098 for 2020 and 2019, respectively, are included in accounts payable and accrued expense on the statement of financial position.

Costs incurred under this benefit were \$4,320 for each of the years ended June 30, 2020 and 2019.

NOTE 14 - LEASES

The Organization leases its office space in Allentown under a lease agreement which will expire December 31, 2023. Rent charged to expense was \$275,599 and \$259,425 in 2020 and 2019, 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 for the years ending June 30 are as follows:

2021	\$	296,467
2022		296,236
2023		300,119

NOTE 15 - UNEMPLOYMENT INSURANCE SELF-FUNDING

The Organization uses the Unemployment Services Trust. Payments for this insurance totaled \$14,507 and \$27,807 for the years ended June 30, 2020 and 2019, respectively.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 16 - COMMUNITY IMPACT SERVICES

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

	<u>2020</u>	<u>2019</u>
Labor/community services	\$ 101,865	\$ 102,946
Community initiatives/coalition building and funds distribution	<u>2,875,436</u>	<u>2,319,349</u>
	<u>\$ 2,977,301</u>	<u>\$ 2,422,295</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 17 - AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Organization's financial assets as of June 30, 2020 and 2019, 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.

	2020	2019
Cash	\$ 3,161,323	\$ 3,154,701
Grants and accounts receivable	161,543	158,415
Campaign pledges receivable, net	3,727,242	4,202,649
Investments	4,022,521	3,683,212
Split interest agreements	151,004	151,254
Life insurance policy, cash value	85,736	82,532
Beneficial interest in perpetual trusts	2,190,013	2,261,523
Total financial assets	<u>13,499,382</u>	<u>13,694,286</u>
Less:		
Contractual, board designated, or donor-imposed restrictions:		
Beneficial interest in perpetual trusts	(2,190,013)	(2,261,523)
Split interest agreements	(62,942)	(61,380)
Custodial funds	(13)	(6,468)
Liabilities under split interest agreements	(88,062)	(89,874)
Campaign support designated to organizations and other United Ways	(1,863,297)	(2,633,104)
Board designated investment reserves	(2,331,019)	(1,756,524)
Endowment, board designated	(768,979)	(1,208,259)
Other time and purpose restrictions	(932,488)	(1,566,866)
Endowment, with donor restriction	<u>(870,754)</u>	<u>(659,841)</u>
Financial assets available to meet cash needs for general expenses within one year	4,391,815	3,450,447
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>\$ 5,391,815</u>	<u>\$ 4,450,447</u>

During the year ended June 30, 2020, the Board of Directors approved dissolving the Opportunity Fund and splitting it 60% to endowments without donor restrictions and 40% to investment reserves.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

With Comparative Information for June 30, 2019

NOTE 17 - 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 committed lines of credit totaling \$1,000,000 which it could draw upon. There is no outstanding balance on the line of credit at June 30, 2020, or 2019. In addition, at June 30, 2020 and 2019, the Organization has board designated endowment totaling \$768,979 and \$1,208,259, respectively, and investment reserves totaling \$2,331,019 and \$1,756,524, 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 18 - 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, 2020

		Amount
Education		
Allentown School District	Summer Learning Initiative	\$ 150,000
Bangor Area School District	United Way Community School at Bangor Area SD (<i>pay direct</i>)	8,574
Bethlehem Area School District	Summer Learning Initiative	100,000
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.	Student Success	50,000
Boys & Girls Club of Allentown, Inc.	Make Your M.A.R.K.	100,000
Boys & Girls Club of Easton	Summer Learning	31,000
Broughal Middle School	United Way Community School at Broughal Middle School (<i>pay direct</i>)	25,000
Center for Humanistic Change, Inc.	Project Success 6th-8th Grade	37,180
Center for Humanistic Change, Inc.	Crossroads K-5th Grade	60,800
Christ Lutheran Church	Summer Learning	20,000
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	65,000
Communities in Schools of the Lehigh Valley	United Way Community School at Cleveland Elementary	60,000
Communities in Schools of the Lehigh Valley	United Way Community School at McKinley Elementary	35,000
Communities in Schools of the Lehigh Valley	United Way Community School at Northeast Middle School	10,000
Communities in Schools of the Lehigh Valley	United Way Community School at Roosevelt Elementary	60,000
Communities in Schools of the Lehigh Valley	United Way Community School at Paxinosa Elementary	50,000
Communities in Schools of the Lehigh Valley	After School Supports - Donley & McKinley	17,836
Communities in Schools of the Lehigh Valley	Community School Network Coordination	85,000
Communities in Schools of the Lehigh Valley	Case Management Supports	100,000
Communities in Schools of the Lehigh Valley	Intensive Case Management	39,176
Communities in Schools of the Lehigh Valley	Women United, After School Supports - Lincoln Elementary	13,163
Communities in Schools of the Lehigh Valley	Women United, After School Supports - Central Elementary	29,120
Community Bike Works	Earn a Bike	25,000
Community Bike Works	Junior Earn a Bike	25,000
Community Services for Children	Childcare Scholarships	25,000
Diakon LSM	Girls on the Run of Lehigh Valley	20,000
Donegan Elementary School	United Way Community School at Donegan Elementary (<i>pay direct</i>)	25,000
Easton Area School District	Summer Learning Initiative	75,000
EITC	Childcare Scholarships	176,750
Family Connection of Easton, Inc.	After-School Learning Clubs	20,000
Family Connection of Easton, Inc.	Family Support and Case Management	30,000
Family Connection of Easton, Inc.	EASD Kindergarten Transition Coordination	25,000
Family Connection of Easton, Inc.	Parent Child Home Program	60,000
Fountain Hill Elementary School	United Way Community School at Fountain Hill Elementary (<i>pay direct</i>)	9,100
Girl Scouts of Eastern Pennsylvania, Inc.	Troops and Camp	25,000
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	35,000
Lehigh University	United Way Community School at Fountain Hill Elementary	60,000
Lehigh Valley Children's Centers, Inc.	First Steps to Readiness	75,000
Lehigh Valley Children's Centers, Inc.	Mental Health Consulting and Training	73,000
Marvine Elementary School	United Way Community School at Marvine Elementary (<i>pay direct</i>)	54,328
Moravian College	United Way Community School at William Penn Elementary	55,000
Northampton Community College	United Way Community School at Bangor Area SD	40,000
Pinebrook Family Answers	Trauma-Informed Care Training Initiative	36,840
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	SHAPE	25,000
Pinebrook Family Answers	Unconditional Child Care Case-Based	70,000
ProJeCt of Easton	Women United, Family Literacy	30,000
Promise Neighborhoods of the Lehigh Valley	Community Leadership Development	50,000
Raub Middle School	United Way Community School at Raub Middle School (<i>pay direct</i>)	54,329

UNITED WAY OF THE GREATER LEHIGH VALLEY
SCHEDULE OF COMMUNITY INVESTMENT AWARDS

June 30, 2020

		Amount
Education - continued		
Shanthi Project	Mindfulness Programming	20,000
Slater Family Network	Family Case Management	20,000
St. Luke's University Health Network	Coordination of Health Services	20,000
St. Luke's University Health Network	Donegan Elementary "Youth Succeeding in School"	65,000
TeenWorks	Youth Run Community Projects	25,942
The Children's Center, Volunteers of America	Starting Strong and Early Learning	73,000
The Literacy Center	Women United, Peer Mentoring & Supporting Immigrant Professionals	30,000
Third Street Alliance for Women and Children	The Learning Center Scholarship Fund	25,000
United Way Education Goal	Challenge 5	2,260
United Way Education Goal	Full Service Communities School Grant	334,734
United Way Education Goal	Leader in Me	320,786
United Way Education Goal	Leader in Me (<i>pay direct</i>)	41,584
United Way Education Goal	Summer Learning Program	18,356
United Way Education Goal	Together for Students Grant	228,654
United Way Collective Impact	Community Capacity Building	19,000
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
William Penn Elementary School	United Way Community School at William Penn Elementary (<i>pay direct</i>)	21,917
Wildlands Conservancy	Wild About Learning	25,000
Women United	Afterschool Programs	3,000
Total Education		4,704,673
Healthy Aging		
Casa Guadalupe Center	Jesus Ramos Senior Program	25,000
Catholic Charities, Diocese of Allentown	Case Management and Gatekeepers Program	60,000
Center for Vision Loss	Escorted Transportation	26,000
Greater Valley YMCA	Diabetes Fitness Program	25,000
Greater Valley YMCA	SilverSneakers Program	20,000
Greater Valley YMCA	Childcare Scholarships	10,000
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	Population Research	17,027
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	HEMOCARE	70,000
ShareCare Faith in Action	Sharecare Transportation Program	25,000
YWCA of Bethlehem	Adult Day Services Center	20,000
YWCA of Bethlehem	Backbone for Diabetes Prevention Coalition	10,000
YWCA of Bethlehem	Backbone for Dementia Spport	6,000
YWCA of Bethlehem	Backbone for Fall Prevention Coalition	10,000
Total Healthy Aging		509,027
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 - Mallard Hospitality Center	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	Emergency Assistance at Two Pantries	40,000
Total Food Access		347,500

UNITED WAY OF THE GREATER LEHIGH VALLEY
SCHEDULE OF COMMUNITY INVESTMENT AWARDS

June 30, 2020

		Amount
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	Allentown Fire Fund & COVID Relief Fund	558,514
Lehigh Conference of Churches	Eccumenical Soup Kitchen	20,000
New Bethany Ministries	Mollard Hospitality Meal Center	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	5,000
Turning Point of Lehigh Valley, Inc.	Shelter & Support for Survivors of Domestic Violence	85,000
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		1,158,514
Carbon County		
Cancer Support Community	Cancer Support and Education	2,500
Carbon County Action Committee	Emergency Services for Low-Income Families	4,620
Carbon-Schuylkill Community Hospital	Adopt a School Program at Panther Valley School District	6,160
Community Action Committee of the Lehigh Valley	Second Harvest Food Bank	2,000
Domestic Violence Service Center	Emergency Shelter for Domestic Violence Victims	6,160
Family Promise	Homeless Shelter Care Program	7,700
Lehigh Carbon Community College	SEED Program Outreach	1,076
Lehigh Carbon Community College	SHINE Kindergarten Boot Camp	3,000
Lehigh Valley Children's Centers	Summer Kindergarten Readiness Programs	2,500
Lehigh Area School District	Girls' Group	2,784
PathStone Corporation	Child and Family Development Supports	4,000
Penn-Kidder Ministerium After-School Program	After-School Program	2,000
ShareCare Faith in Action	Transportation Program	2,000
Summit Hill Heritage Center	Summit Hill Food Pantry	2,500
The ARC of Northeastern PA	Services for People with Disabilities	1,000
Victims Resource Center	Prevention Education for Children	5,000
Total Carbon County		55,000
Other		
Volunteer Center of the LV	Volunteer Management	50,000
Total Community Program Investments		<u>\$ 6,824,714</u>