



UNITED WAY OF THE GREATER LEHIGH VALLEY

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2021



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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, 2021, 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, 2020 financial statements were audited by us and we expressed an unmodified opinion on those audited financial statements dated November 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent in all material respects with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of community investment awards is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is also 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 accepting 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021, on our consideration of United Way of the Greater Lehigh Valley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of the Greater Lehigh Valley's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of the Greater Lehigh Valley's internal control over financial reporting and compliance.

Herbein + Company, Inc.

Reading, Pennsylvania
November 18, 2021

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UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENTS OF FINANCIAL POSITION

June 30, 2021

With Summarized Totals For June 30, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 3,581,341	\$ 3,161,323
Grants receivable	96,808	112,901
Accounts receivable and accrued income	52,007	48,642
Prepaid expenses	141,627	281,981
Pledges receivable, net	3,739,143	3,727,242
Life insurance cash value	89,080	85,736
Long-term investments	5,663,422	4,022,521
Beneficial interest in perpetual trusts	2,646,913	2,190,013
Split-interest agreements	173,947	151,004
Investment in insurance trust	25,910	-
Leasehold improvements, equipment, furniture, and fixtures, net	<u>286,012</u>	<u>357,627</u>
TOTAL ASSETS	<u><u>\$ 16,496,210</u></u>	<u><u>\$ 14,138,990</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expense	\$ 622,715	\$ 321,534
Custodial funds	13	13
Liability to donors under split-interest trusts	99,495	88,062
Campaign support designated to organizations and other United Ways	2,356,895	1,863,297
Paycheck Protection Program loan	<u>-</u>	<u>594,392</u>
TOTAL LIABILITIES	3,079,118	2,867,298
 NET ASSETS		
Without donor restrictions	(1,482,885)	(1,969,584)
With donor restrictions:		
Restricted for time or purpose:		
Split-interest and annuity trusts	74,452	62,942
Support for future periods	10,307,122	10,117,567
Restricted in perpetuity	<u>4,518,403</u>	<u>3,060,767</u>
Total with donor restrictions	<u>14,899,977</u>	<u>13,241,276</u>
TOTAL NET ASSETS	<u>13,417,092</u>	<u>11,271,692</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 16,496,210</u></u>	<u><u>\$ 14,138,990</u></u>

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2021

With Summarized Totals For Year Ended June 30, 2020

	2021			2020
	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)	\$ 118,871	\$ -	\$ 118,871	\$ 817,580
Less: donor designations	(404,075)	-	(404,075)	(243,276)
Prior years campaign for current year support, net of loss provisions (released from restriction)	16,844,200	(16,844,200)	-	-
Less: donor designations	(7,554,985)	7,554,985	-	-
Prior campaign support released from purpose restriction	75,239	(75,239)	-	-
Total campaign contributions received applicable to current period	9,079,250	(9,364,454)	(285,204)	574,304
Campaign contributions received for next allocation period:				
Current year campaign revenue, net of loss provisions	-	16,746,931	16,746,931	17,937,539
Less: donor designations	-	(7,379,041)	(7,379,041)	(8,518,794)
Future campaign support purpose restriction met	-	-	-	125,000
Future campaign support released from purpose restriction	15,125	(15,125)	-	-
Total campaign contributions received for next allocation period	15,125	9,352,765	9,367,890	9,543,745
Other support	46,105	65,000	111,105	148,091
Designations from other United Ways	80,089	-	80,089	82,609
In-kind services and materials	624,891	-	624,891	558,359
Operating investment return, net	399,842	-	399,842	186,652
Endowment/trust income	93,269	-	93,269	96,887
Donor choice fees	82,821	-	82,821	100,844
Grant and bequest revenue	1,314,305	878,044	2,192,349	1,849,152
Contributions	-	652,165	652,165	113,127
Paycheck Protection Program Loan forgiveness	594,392	-	594,392	-
Net assets released from restrictions:				
Sponsorships	22,500	(22,500)	-	-
Grant revenue	719,300	(719,300)	-	-
Total revenue and other support	13,071,889	841,720	13,913,609	13,253,770
Other changes:				
Endowment investment activity, net	156,023	363,045	519,068	9,452
Unrealized gains (loss) on beneficial interest in perpetual trusts	-	456,900	456,900	(71,510)
Change in value of split-interest agreements	-	11,510	11,510	1,562
Unrealized gain (loss) on investment in insurance trust	3,295	-	3,295	-
Endowment policy appropriations	14,474	(14,474)	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	13,245,681	1,658,701	14,904,382	13,193,274

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENTS OF ACTIVITIES - CONTINUED

Year Ended June 30, 2021

With Summarized Totals For Year Ended June 30, 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
ALLOCATIONS AND EXPENSES				
Community investments and program services:				
Community investment awards	6,654,089	-	6,654,089	6,824,714
Donor designations	7,959,060	-	7,959,060	7,617,911
Community impact services provided by United Way, including donated materials and services (2021 - \$401,517; 2020 - \$387,575)	2,900,683	-	2,900,683	2,977,301
Total community investments and program services with donor designations	17,513,832	-	17,513,832	17,419,926
Less: donor designations	(7,959,060)	-	(7,959,060)	(7,617,911)
Total community investments and program services, net of donor designations	9,554,772	-	9,554,772	9,802,015
Support services:				
Revenue development costs, including donated materials and services (2021 - \$135,737; 2020 - \$107,778)	1,895,177	-	1,895,177	1,894,578
Administration, including donated materials and services (2021 - \$87,637; 2020 - \$63,006)	1,309,033	-	1,309,033	1,190,793
Total support services	3,204,210	-	3,204,210	3,085,371
TOTAL ALLOCATIONS AND EXPENSES	12,758,982	-	12,758,982	12,887,386
INCREASE IN NET ASSETS	486,699	1,658,701	2,145,400	305,888
NET ASSETS AT BEGINNING OF YEAR	(1,969,584)	13,241,276	11,271,692	10,965,804
NET ASSETS AT END OF YEAR	\$ (1,482,885)	\$ 14,899,977	\$ 13,417,092	\$ 11,271,692

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

With Summarized Totals For Year Ended June 30, 2020

	2021				2020 Total
	Community Investments and Program Services	Support Services		Total	
		Revenue Development Costs	Administration		
Community investment awards	\$ 6,654,089	\$ -	\$ -	\$ 6,654,089	\$ 6,824,714
Donor designations	7,959,060	-	-	7,959,060	7,617,911
	Subtotal	14,613,149	-	14,613,149	14,442,625
Less: donor designations	(7,959,060)	-	-	(7,959,060)	(7,617,911)
Community investments	6,654,089	-	-	6,654,089	6,824,714
Salaries and temporary help	1,341,143	978,706	665,751	2,985,600	2,920,655
Employee benefits and taxes	343,620	267,054	226,199	836,873	727,518
Employee recruitment	2,300	-	465	2,765	8,393
Total compensation	1,687,063	1,245,760	892,415	3,825,238	3,656,566
Professional services	188,879	97,757	82,920	369,556	496,392
General supplies	1,448	1,945	768	4,161	8,269
Communications	16,244	12,540	8,585	37,369	40,602
Occupancy costs	128,585	94,893	68,231	291,709	278,455
Equipment costs	100,816	74,400	53,496	228,712	212,506
Direct program costs	121,343	69,305	35,541	226,189	344,882
Staff development, travel, and meetings	10,884	9,741	5,423	26,048	108,719
Dues, insurance, and other	13,000	8,720	37,319	59,039	57,112
Fair share support to other United Ways	193,709	116,930	16,961	327,600	215,096
Total expenses before donated services and depreciation	2,461,971	1,731,991	1,201,659	5,395,621	5,418,599
Donated services and materials	401,517	135,737	87,637	624,891	558,359
Depreciation	37,195	27,449	19,737	84,381	85,714
Total expenses	2,900,683	1,895,177	1,309,033	6,104,893	6,062,672
TOTAL COMMUNITY INVESTMENTS AND EXPENSES	\$ 9,554,772	\$ 1,895,177	\$ 1,309,033	\$ 12,758,982	\$ 12,887,386

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 2,145,400	\$ 305,888
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation expense	84,381	85,714
Net unrealized and realized gains on long-term investments	(815,079)	(110,652)
Net unrealized (gains) losses on beneficial interest in perpetual trusts	(456,900)	71,510
Net unrealized gains on split-interest agreements	(11,510)	(1,562)
Net unrealized gain on investment in insurance trust	(3,295)	-
Endowment contributions	(652,165)	(113,127)
Paycheck Protection Program loan forgiveness	(594,392)	-
Changes in:		
Grants receivable	16,093	(25,672)
Accounts receivable and accrued income	(3,365)	22,544
Prepaid expenses	140,354	(164,155)
Pledges receivable	(11,901)	475,407
CSV of life insurance	(3,344)	(3,204)
Accounts payable and accrued expenses	301,181	(74,319)
Custodial funds	-	(6,455)
Liability to donors under split-interest trusts	11,433	(1,812)
Campaign support designated to organizations and other United Ways	493,598	(769,807)
	<u>640,489</u>	<u>(309,702)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,255,997	1,759,453
Purchase of investments	(3,081,819)	(1,988,110)
Proceeds from sale of investments, split-interest agreements	-	1,812
Purchase of investments, split-interest agreements	(11,433)	-
Net purchases of insurance trust	(22,615)	-
Acquisitions of leasehold improvements, equipment, furniture, and fixtures	(12,766)	(164,350)
	<u>(872,636)</u>	<u>(391,195)</u>
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment contributions	652,165	113,127
Payroll protection program loan	-	594,392
	<u>652,165</u>	<u>707,519</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
	420,018	6,622
NET INCREASE IN CASH		
CASH AT BEGINNING OF YEAR	<u>3,161,323</u>	<u>3,154,701</u>
	<u>\$ 3,581,341</u>	<u>\$ 3,161,323</u>
CASH AT END OF YEAR		
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES		
Paycheck Protection Program loan forgiveness	\$ 594,392	\$ -

See accompanying notes.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

With Comparative Information for June 30, 2020

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, 2021, 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, 2020, 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, 2020, 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, 2021.

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, 2021

With Comparative Information for June 30, 2020

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 statements of financial position.

Leasehold Improvements, Equipment, Furniture, and Fixtures

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

Such assets and lives are generally as follows:

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

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

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

With Comparative Information for June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

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

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

Some net assets with donor restrictions, including gifts, trusts, and pledges, include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor stipulations or the Board approved spending policy. Outside perpetual trusts with independent trustees including the Warren York Trust are included in this category.

Revenue Recognition

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

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

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

With Comparative Information for June 30, 2020

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, 2021

With Comparative Information for June 30, 2020

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 \$624,891 and \$558,359 for the years ended June 30, 2021 and 2020, respectively.

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

Community Investment Awards

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

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

Advertising Costs

Advertising costs are expensed as incurred and were \$521,594 and \$416,946, including in-kind services of \$366,729 and \$261,652 in 2021 and 2020, respectively.

Functional Expense Allocations

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

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

With Comparative Information for June 30, 2020

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 18, 2021, 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.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

With Comparative Information for June 30, 2020

NOTE 2 - GRANTS RECEIVABLE

Grants receivable consist of amounts due from the following:

	<u>2021</u>	<u>2020</u>
Corporation for National and Community Service	\$ 6,250	\$ -
Lehigh County	1,405	-
Pennsylvania Commission on Crime and Delinquency	15,530	70,637
Pennsylvania Department of Labor & Industry	19,337	9,046
U.S. Department of Education	<u>54,286</u>	<u>33,218</u>
Balance, end of year	<u>\$ 96,808</u>	<u>\$ 112,901</u>

NOTE 3 - PLEDGES RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
Balance of 2017 campaign pledges	\$ -	\$ 461,973
Balance of 2018 campaign pledges	-	448,017
Balance of 2019 campaign pledges	372,571	4,559,341
Balance of 2020 campaign pledges	3,929,930	-
Balance of future campaign pledges (net)	<u>12,504</u>	<u>154,941</u>
	4,315,005	5,624,272
Allowance for uncollectible pledges	<u>(575,862)</u>	<u>(1,897,030)</u>
	<u>\$ 3,739,143</u>	<u>\$ 3,727,242</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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NOTE 3 - PLEDGES RECEIVABLE - CONTINUED

The balance of any collectible amounts from the 2020 and 2021 campaign would be expected to be received over 12 months from the balance sheet date.

Changes in the allowance for estimated uncollectibles are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 1,897,030	\$ 997,401
Addition from campaigns	36,907	1,043,654
Charge off of known uncollectible pledges	<u>(1,358,075)</u>	<u>(144,025)</u>
Balance, end of year	<u>\$ 575,862</u>	<u>\$ 1,897,030</u>

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments held as of June 30 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Money market instruments	\$ 114,561	\$ 102,904
Alternatives/real assets	251,327	171,112
Fixed income	2,235,528	1,889,227
Mutual funds	2,961,517	1,782,440
Pooled investments	<u>100,489</u>	<u>76,838</u>
	<u>\$ 5,663,422</u>	<u>\$ 4,022,521</u>

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

	<u>2021</u>	<u>2020</u>
Without donor restrictions	\$ 3,791,932	\$ 3,151,767
With donor restrictions, in perpetuity	<u>1,871,490</u>	<u>870,754</u>
	<u>\$ 5,663,422</u>	<u>\$ 4,022,521</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

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NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

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

	<u>2021</u>	<u>2020</u>
Dividend and interest income	\$ 120,224	\$ 104,925
Realized gain	54,417	48,198
Unrealized gain	760,662	62,454
Investment expenses	<u>(16,393)</u>	<u>(19,473)</u>
Total investment return, net	<u>\$ 918,910</u>	<u>\$ 196,104</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

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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, 2021.

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 is the beneficiary of various trusts and split-interest agreements and pooled investments management by banks and the Lehigh Valley Community Foundation (the "Foundation"). The banks and the Foundation hold the investments in diversified and balanced portfolios consisting of cash and money market funds, corporate and government debt securities, equity securities, mutual funds, fixed income mutual funds, and other investments. These investments are valued by the trust managers based on the quoted market prices for shares held or current bid price of held funds.

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

Investment in Insurance Trust

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

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

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

	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	\$ 2,000,316	\$ 2,071,673	\$ 2,188,645	\$ 6,260,634

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

With Comparative Information for June 30, 2020

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, 2021				Total
	Community Foundation Pooled Investments	Split-Interest Agreements	Beneficial Interest in Perpetual Trusts	Investment in Insurance Trust	
Balance, beginning of year	\$ 76,838	\$ 82,241	\$ 2,029,566	\$ -	\$ 2,188,645
Distributions	(3,750)	(6,259)	(86,569)	-	(96,578)
Contributions	-	-	-	20,251	20,251
Unemployment claims paid by trust	-	-	-	2,364	-
Realized and unrealized gains (losses)	27,401	12,589	504,705	3,295	547,990
Balance, end of year	<u>\$ 100,489</u>	<u>\$ 88,571</u>	<u>\$ 2,447,702</u>	<u>\$ 25,910</u>	<u>\$ 2,660,308</u>

	Year Ended June 30, 2020			Total
	Community Foundation Pooled Investments	Split-Interest Agreements	Beneficial Interest in Perpetual Trusts	
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>

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, 2021

With Comparative Information for June 30, 2020

NOTE 5 - BENEFICIAL INTERESTS IN PERPETUAL TRUSTS - CONTINUED

The trusts are detailed as follows as of June 30:

Trust	Trust %	Shares of Trust Assets	
		2021	2020
Thun Fund	100%	\$ 325,579	\$ 248,738
Albert T. Rex Estate	35	75,237	62,413
Adora Gross Estate	100	107,727	84,500
Samuel A. Kleppinger Estate	100	1,140,205	923,781
The Warren W. York Fund	100	627,442	564,414
David Rabaut Fund for Neighborhoods	100	25,934	19,832
MacCrindle Fund	70	199,210	160,447
Stanley R. Liebman Estate	34	<u>145,579</u>	<u>125,888</u>
Beneficial interest in perpetual trusts		<u>\$ 2,646,913</u>	<u>\$ 2,190,013</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:

	2021	2020
Annuity Trust A	\$ 60,625	\$ 50,655
Covert Unitrust	25,695	25,695
Cressman Charitable Gift Annuity	-	4,010
Mills Gift Annuity	2,252	1,881
MacCrindle Perpetual Trust	<u>85,375</u>	<u>68,763</u>
	<u>\$ 173,947</u>	<u>\$ 151,004</u>

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NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - SPLIT-INTEREST AGREEMENTS - CONTINUED

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

	<u>2021</u>	<u>2020</u>
Annuity Trust A*	\$ 14,119	\$ 16,368
Cressman Charitable Gift Annuity*	-	2,931
MacCrindle Perpetual Trust	<u>85,376</u>	<u>68,763</u>
	<u>\$ 99,495</u>	<u>\$ 88,062</u>

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

NOTE 7 - INVESTMENT IN INSURANCE TRUST

The Organization uses the Unemployment Services Trust. The Organization has recorded its proportionate share of the fair value of the principal of the trust. Agreement terms provide that the Organization make an initial contribution to the trust and additional contributions as necessary according to the trust. Contributions to the trust amounted to \$20,251 for the year ended June 30, 2021. Unemployment claims paid through the trust totaled \$2,364 for the year ended June 30, 2021. The trust appreciated in value by \$3,295 during the year ended June 30, 2021. The value of the trust at June 30, 2021 was \$25,910.

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NOTES TO FINANCIAL STATEMENTS

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

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

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 60,884	\$ 60,884
Computer hardware and software	192,769	180,003
Equipment, furniture, and fixtures	<u>452,143</u>	<u>452,143</u>
	705,796	693,030
Less: accumulated depreciation	<u>(419,784)</u>	<u>(335,403)</u>
	<u>\$ 286,012</u>	<u>\$ 357,627</u>

Depreciation and amortization charged to expense was \$84,381 and \$85,714 for the years ended June 30, 2021 and 2020, respectively.

NOTE 9 - LINE OF CREDIT

The Organization has a \$1,000,000 revolving line of credit bearing interest equal to the Index plus 0.70% with a floor of 5.00%. The line of credit is on demand. There was no outstanding balance at June 30, 2021 and 2020.

NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN

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

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NOTES TO FINANCIAL STATEMENTS

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NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN - CONTINUED

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

NOTE 11 - NET ASSETS

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

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

	<u>2021</u>	<u>2020</u>
Board designated investment reserves	\$ 2,723,913	\$ 2,331,019
Board designated, endowment	992,530	768,979
Board designated, fiscal year 2022 impact	450,000	-
Board designated, investment in insurance trust	25,910	-
Undesignated	<u>(5,675,238)</u>	<u>(5,069,582)</u>
Total net assets without donor restrictions	<u>\$ (1,482,885)</u>	<u>\$ (1,969,584)</u>

At June 30, 2021 and 2020, 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.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 11 - NET ASSETS - CONTINUED

Net assets with donor restrictions consists of:

	2021	2020
Time and purpose:		
Time restricted net 2020 and 2019 campaign	\$ 9,264,494	\$ 9,185,079
Future campaign support, net	103,396	233,666
Split-interest and trusts	74,452	62,942
Other time and purpose restricted support	939,232	698,822
Subtotal time and purpose	10,381,574	10,180,509
Perpetuity trusts	2,646,913	2,190,013
Endowment funds:		
Fulton Financial Endowment Fund	1,846,490	845,754
Other donor restricted fund	25,000	25,000
Subtotal perpetuity	4,518,403	3,060,767
Total net assets with donor restrictions	\$ 14,899,977	\$ 13,241,276

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:

	2021	2020
Expiring time restrictions - campaign	\$ 9,364,454	\$ 8,848,578
Expiring purpose restrictions - campaign	15,125	80,514
Donor choice fees	-	9,905
Sponsorships	22,500	17,500
Grant revenue	719,300	1,163,703
Total net assets released from restriction	\$ 10,121,379	\$ 10,120,200

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NOTE 11 - NET ASSETS - CONTINUED

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

	<u>2021</u>	<u>2020</u>
Prior years campaign for current year support, net of loss provisions	\$ 16,844,200	\$ 16,171,644
Less: donor designations	(7,554,985)	(7,374,635)
Prior campaign support released from purpose restriction	75,239	51,569
Future campaign support released from purpose restriction	<u>15,125</u>	<u>80,514</u>
Total campaign contributions released from restriction	9,379,579	8,929,092
Donor choice fees	-	9,905
Sponsorships	22,500	17,500
Grant revenue	<u>719,300</u>	<u>1,163,703</u>
Total net assets released from restriction	<u>\$ 10,121,379</u>	<u>\$ 10,120,200</u>

NOTE 12 - ENDOWMENT NET ASSETS

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

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.

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NOTE 12 - ENDOWMENT NET ASSETS - CONTINUED

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

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

The investment asset allocations mix, including target levels and ranges approved by the Board of Directors. The target levels at June 30, 2021 were 65% Equities and 35% Bonds.

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

Underwater Endowment Funds: The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the director of the applicable donor gift instrument. The Organization has no underwater endowment funds at June 30, 2021 or 2020.

Endowment net asset composition by type of fund as of June 30, 2021 and 2020 is as follows:

	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	<u>\$ 992,530</u>	<u>\$ 1,871,490</u>	<u>\$ 2,864,020</u>
	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	<u>\$ 768,979</u>	<u>\$ 870,754</u>	<u>\$ 1,639,733</u>

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NOTE 12 - ENDOWMENT NET ASSETS - CONTINUED

Changes in endowment net assets as of June 30, 2021 and 2020 are as follows:

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

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

NOTE 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. 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 \$175,173 and \$134,247 in 2021 and 2020, respectively.

UNITED WAY OF THE GREATER LEHIGH VALLEY

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NOTE 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. 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 \$0 and \$3,778 for 2021 and 2020, respectively, are included in accounts payable and accrued expense on the statements of financial position.

Costs incurred under this benefit were \$4,320 for each of the years ended June 30, 2021 and 2020.

NOTE 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 \$291,708 and \$275,599 in 2021 and 2020, respectively.

The Organization entered into 63-month lease agreements for equipment which expired 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:

2022	\$	296,236
2023		300,119

NOTE 16 - COMMUNITY IMPACT SERVICES

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

	<u>2021</u>	<u>2020</u>
Labor/community services	\$ 78,977	\$ 101,865
Community initiatives/coalition building and funds distribution	<u>2,824,381</u>	<u>2,875,436</u>
	<u>\$ 2,903,358</u>	<u>\$ 2,977,301</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

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NOTE 17 - AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions and financial liabilities due within one year. The Organization's financial assets include cash, receivables, investments, split-interest agreements, a life insurance policy, cash value, and beneficial interest in perpetual trusts.

	<u>2021</u>	<u>2020</u>
Cash	\$ 3,581,341	\$ 3,161,323
Grants and accounts receivable	148,815	161,543
Campaign pledges receivable, net	3,739,143	3,727,242
Life insurance policy, cash value	89,080	85,736
Investments	5,663,422	4,022,521
Beneficial interest in perpetual trusts	2,646,913	2,190,013
Split-interest agreements	173,947	151,004
Investment in insurance trust	25,910	-
Total financial assets	<u>16,068,571</u>	<u>13,499,382</u>
Less:		
Contractual, board designated, or donor-imposed restrictions:		
Beneficial interest in perpetual trusts	(2,646,913)	(2,190,013)
Split-interest agreements	(74,452)	(62,942)
Investment in insurance trust	(25,910)	-
Custodial funds	(13)	(13)
Liabilities under split-interest agreements	(99,495)	(88,062)
Campaign support designated to organizations and other United Ways	(2,356,895)	(1,863,297)
Board designated investment reserves	(2,723,913)	(2,331,019)
Endowment, board designated	(992,530)	(768,979)
Board designated for community impact	(450,000)	-
Other time and purpose restrictions	(1,042,628)	(932,488)
Endowment, with donor restriction	<u>(1,871,490)</u>	<u>(870,754)</u>
Financial assets available to meet cash needs for general expenses within one year	3,784,332	4,391,815
Plus line of credit	<u>1,000,000</u>	<u>1,000,000</u>
Total financial assets and line of credit available to meet cash needs for general expenses within one year	<u>\$ 4,784,332</u>	<u>\$ 5,391,815</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

With Comparative Information for June 30, 2020

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 a committed line of credit totaling \$1,000,000 which it could draw upon. There is no outstanding balance on the line of credit at June 30, 2021 or 2020. In addition, at June 30, 2021 and 2020, the Organization has board designated endowment totaling \$992,530 and \$768,979, respectively, funds designated for community impact totaling \$450,000 and \$0, respectively, and investment reserves totaling \$2,723,913 and \$2,331,019, 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.

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

		Amount
Education		
Big Brothers Big Sisters of the Lehigh Valley	Middle School Mentoring	\$ 20,000
Boy Scouts of America Minsi Trails Council	Scoutreach	25,000
Boys & Girls Club of Allentown, Inc.	Make Your M.A.R.K.	50,000
Boys & Girls Club of Bethlehem	Community Mobilization	68,500
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
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	40,000
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 Sheridan Elementary	55,000
Communities in Schools of the Lehigh Valley	United Way Community School at Hays Elementary	60,000
Communities in Schools of the Lehigh Valley	United Way Community School at Northeast Middle School	75,000
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 at Paxinosa Elementary	50,000
Communities in Schools of the Lehigh Valley	After School Supports - Donley & McKinley	20,929
Communities in Schools of the Lehigh Valley	Community School Network Coordination	85,000
Communities in Schools of the Lehigh Valley	Stabler Foundation Grant	5,000
Communities in Schools of the Lehigh Valley	Case Management Supports	50,417
Communities in Schools of the Lehigh Valley	Intensive Case Management	10,944
Communities in Schools of the Lehigh Valley	Women United, After School Supports - Central Elementary	30,000
Community Bike Works	Earn a Bike	25,000
Community Bike Works	Junior Earn a Bike	25,000
Community Services for Children	Literacy Focused Preschool	20,000
Diakon LSM	Girls on the Run of Lehigh Valley	20,000
Donegan Elementary School	United Way Community School at Donegan Elementary (<i>pay direct</i>)	115,000
Easton Area School District	Connect the Gap Program Support	20,000
EITC	Childcare Scholarships	181,201
Family Connection of Easton, Inc.	Family Support and Case Management	50,000
Family Connection of Easton, Inc.	EASD Kindergarten Transition Coordination	25,000
Family Connection of Easton, Inc.	Parent Child Home Program	60,000
Franklin Covey	Leader in Me	240,091
Fountain Hill Elementary School	United Way Community School at Fountain Hill Elementary (<i>pay direct</i>)	25,000
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	40,000
Lehigh University	United Way Community School at Fountain Hill Elementary	40,000
Lehigh Valley Children's Centers, Inc.	First Steps to Readiness	70,000
Lehigh Valley Children's Centers, Inc.	Mental Health Consulting and Training	73,000
Marvine Elementary School	United Way Community School at Marvine Elementary (<i>pay direct</i>)	56,075
Moravian College	United Way Community School at William Penn Elementary	40,000
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
Pratyush Sinha Foundation	T.I.M.E. Training	4,000
ProJeCt of Easton	Women United, Family Literacy	25,000
Promise Neighborhoods of the Lehigh Valley	Community Leadership Development	125,000
Raub Middle School	United Way Community School at Raub Middle School (<i>pay direct</i>)	56,075

UNITED WAY OF THE GREATER LEHIGH VALLEY

SCHEDULE OF COMMUNITY INVESTMENT AWARDS

June 30, 2021

		<u>Amount</u>
Education - continued		
Resurrected Community Development Corp	Freedom Schools	43,500
Shanthi Project	Mindfulness Programming	20,000
Slater Family Network	Family Case Management	20,000
St. Luke's University Health Network	Donegan Elementary "Youth Succeeding in School"	57,000
TeenWorks	Youth Run Community Projects	24,315
The Children's Center, Volunteers of America	Starting Strong and Early Learning	73,000
The Literacy Center	Women United, Peer Mentoring & Supporting Immigrant Professionals	25,000
Third Street Alliance for Women and Children	The Learning Center Scholarship Fund	20,000
United Way Education Goal	Lehigh Valley Reads	6,211
United Way Education Goal	Full Service Communities School Grant	444,752
United Way Education Goal	PCCD Grant	46,241
United Way Education Goal	Summer Learning Program	42,032
United Way Education Goal	Summer Learning Microgrants	16,500
United Way Education Goal	Together for Students Grant	317,556
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>)	10,518
Wildlands Conservancy	Wild About Learning	25,000
Women United	Program Supports	16,683
		<hr/>
Total Education		4,604,604
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	5,000
Hispanic Center Lehigh Valley	Basilio Huertas Senoir Center	25,000
Jewish Family Service of the Lehigh Valley	Community Connections Program	20,000
Lehigh Valley Active Life	Get Moving and Live Better	20,000
Lehigh Valley Association of Independent Colleges	Healthy Aging Research	17,600
Meals on Wheels of the Greater Lehigh Valley	Meals Delivery	80,000
Meals on Wheels of the Greater Lehigh Valley	Market on Wheels Grocery Shopping Service	40,000
Pinebrook Family Answers	HOME CARE	70,000
ShareCare Faith in Action	Sharecare Transportation Program	25,000
United Way Healthy Aging Goal	Healthy Places by Design Grant	16,122
YWCA of Bethlehem	Adult Day Services Center	20,000
YWCA of Bethlehem	Backbone Supports	26,000
		<hr/>
Total Healthy Aging		520,722
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
Food Policy Council	Summer 2021 Meals Program	5,000
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	Allentown Corps Food Pantry	20,000
The Salvation Army of the Lehigh Valley	Pen Argyl Corps Food Pantry	20,000
United Way Food Access Goal	Virtual Food Cart Pantry	10,000
		<hr/>
Total Food Access		362,500

UNITED WAY OF THE GREATER LEHIGH VALLEY

SCHEDULE OF COMMUNITY INVESTMENT AWARDS

June 30, 2021

		<u>Amount</u>
Emergency Services		
American Red Cross of the Greater Lehigh Valley	Disaster Response	65,000
Catholic Charities, Diocese of Allentown	Soup Kitchen	20,000
Community Action Committee of the LV	PHARE Grant	19,842
Community Action Committee of the LV	Sixth Street Shelter	20,000
Crime Victims Council of the Lehigh Valley, Inc.	Rape Crisis and Support	50,000
Disaster Relief Grants	COVID Relief Fund	117,417
Lehigh Conference of Churches	Eccumenical Soup Kitchen	20,000
New Bethany Ministries	Mollard Hospitality Meal Center	20,000
New Bethany Ministries	PHARE Grant	18,741
New Bethany Ministries	Women United - Women and Children in Transition	20,000
North Penn Legal Services, Inc.	HELP Project (Help for Emergency Legal Problems)	30,000
ProJeCt of Easton, Inc.	ASSIST	30,000
Safe Harbor Easton	Easton Shelter Program	20,000
The Salvation Army of the Lehigh Valley	Hospitality House	50,000
Third Street Alliance for Women & Children	Shelter Program	45,000
Third Street Alliance for Women & Children	Regional Homeless Advisory Board	20,000
Turning Point of Lehigh Valley, Inc.	Shelter & Support for Survivors of Domestic Violence	85,000
United Way Emergency Services Response	#MaskUpLV	25,264
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
		<hr/>
Total Emergency Services		816,264
Carbon County		
Carbon County Action Committee	Emergency Services for Low-Income Families	2,500
Carbon-Schuylkill Community Hospital	Adopt a School Program at Panther Valley School District	5,000
Catholic Charities, Diocese of Allentown	Emergency Rent and Assistance Program	2,500
Disaster Relief Grants	Carbon County COVID-19 Grants	49,683
Domestic Violence Service Center	Emergency Shelter for Domestic Violence Victims	2,500
Family Promise	Emergency Shelter for Families	5,000
Family Promise	Emergency Shelter for Single Women	5,000
Grace Community Church	Panther Valley Food Pantry/Cooking Skills	2,500
Lehigh Carbon Community College	SHINE Kindergarten Boot Camp	5,000
Lehigh Valley Children's Centers	Summer Kindergarten Readiness Program at Palmer	5,000
Lehigh Area School District	Girls/Guys Group	2,000
PathStone Corporation	HeadStart	2,000
Penn-Kidder Ministerium After-School Program	After-School Program	2,000
Pocono Mountains United Way	PHARE & Home 4Goods Grant	10,920
ShareCare Faith in Action	Transportation Program	2,000
St. Peter's Resource Center	Bare Necessities Pantry	2,500
The ARC of Northeastern PA	Carbon County Recreation Services	2,500
Turn to Us, Inc	Spectrum of Support	5,000
United Way Education Goal - Carbon County	PennSERVE Grant	1,476
Victims Resource Center	Prevention Education for Children	2,000
		<hr/>
Total Carbon County		117,079
Other		
Agency Capacity Building	Data Capacity with Partners	150,001
United Way Diversity, Equity & Inclusion	Fund for Racial Justice & Equity	15,125
United Way Diversity, Equity & Inclusion	Momentum Fund	16,750
United Way Diversity, Equity & Inclusion	BankOn	44
United Way Diversity, Equity & Inclusion	MLK CSK Memorial Project	1,000
Volunteer Center of the LV	Volunteer Management	50,000
		<hr/>
Total Other		232,920
		<hr/>
Total Community Program Investments		\$ 6,654,089

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

Year Ended June 30, 2021

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Source Code</u>	<u>Federal Assistance Listing Number</u>	<u>Program Period</u>	<u>Federal Revenue/ Expenditures Recognized</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Volunteers in Service to America	D	94.013	07/19/2020-07/17/2021	\$ 30,067
AmeriCorps Passed through the PA Department of Labor and Industry	I	94.006	08/20/2020-12/31/2021	<u>119,350</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				149,417
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Innovative Approaches to Literacy, Full-service Community Schools, and Promise Neighborhoods	D	84.215	10/01/2018-09/30/2023	<u>509,788</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				509,788
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
Coronavirus Relief Fund				
Passed through the County of Lehigh	I	20.019	03/01/2020-12/30/2020	223,145
Passed through the County of Carbon	I	20.019	03/01/2020-12/30/2020	51,999
Passed through the County of Northampton	I	20.019	03/01/2020-12/30/2020	<u>6,000</u>
TOTAL CORONAVIRUS RELIEF FUND AND U.S. DEPARTMENT OF THE TREASURY				<u>281,144</u>
TOTAL FEDERAL AWARDS				<u>\$ 940,349</u>

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

Note: No funds were passed through to subrecipients in the year ended June 30, 2021

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the United Way of the Greater Lehigh Valley under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the United Way of the Greater Lehigh Valley, it is not intended to and does not present the financial position, changes in net position, or cash flows of the United Way of the Greater Lehigh Valley.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - DE MINIMIS RATE FOR INDIRECT COSTS

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of the Greater Lehigh Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Herbein + Company, Inc.

Reading, Pennsylvania

November 18, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited United Way of the Greater Lehigh Valley's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way of the Greater Lehigh Valley's major federal programs for the year ended June 30, 2021. United Way of the Greater Lehigh Valley's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of United Way of the Greater Lehigh Valley's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way of the Greater Lehigh Valley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way of the Greater Lehigh Valley's compliance.

Opinion on Each Major Federal Program

In our opinion, United Way of the Greater Lehigh Valley complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of United Way of the Greater Lehigh Valley is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way of the Greater Lehigh Valley's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way of the Greater Lehigh Valley internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that might be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Herbein + Company, Inc.

**Reading, Pennsylvania
November 18, 2021**

UNITED WAY OF THE GREATER LEHIGH VALLEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major program(s):

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

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

UNITED WAY OF THE GREATER LEHIGH VALLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

Section II - Financial Statement Findings

There were no financial statement findings reported.

Section III - Federal Awards Findings and Questioned Costs

There were no federal awards findings reported

UNITED WAY OF THE GREATER LEHIGH VALLEY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

Section II - Financial Statement Findings

There were no financial statement findings reported.

Section III - Federal Awards Findings and Questioned Costs

There was no audit of federal awards for the year ended June 30, 2020, as federal expenditures did not exceed the \$750,000 threshold.