

***UNITED WAY OF THE GREATER LEHIGH VALLEY***

**FINANCIAL AND COMPLIANCE REPORT**

**Year Ended June 30, 2023**

## TABLE OF CONTENTS

	Pages
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1 - 3
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	4
Statements of Activities.....	5 - 6
Statements of Functional Expenses.....	7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9 - 37
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Community Investment Awards .....	38 - 41
Schedule of Expenditures of Federal Awards .....	42
Notes to Schedule of Expenditures of Federal Awards .....	43
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b> .....	44 - 45
<b>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b> .....	46 - 48
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b> .....	49 - 51
<b>SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS</b> .....	52
<b>CORRECTIVE ACTION PLAN</b> .....	53 - 54

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of United Way of the Greater Lehigh Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way of the Greater Lehigh Valley as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of the Greater Lehigh Valley and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Emphasis of Matter

As discussed in Note 1 of the financial statements, on July 1, 2022, United Way of the Greater Lehigh Valley adopted FASB ASC 842, *Leases*. Our opinion is not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of the Greater Lehigh Valley's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Summarized Comparative Information**

We have previously audited United Way of the Greater Lehigh Valley June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2024, 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**  
**May 7, 2024**

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2023**

**With Summarized Totals For June 30, 2022**

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 2,326,054	\$ 3,245,597
Grants receivable	268,367	192,521
Accounts receivable and accrued income	120,098	39,216
Prepaid expenses	589,559	147,568
Pledges receivable, net	<u>4,195,962</u>	<u>4,058,119</u>
<b>TOTAL CURRENT ASSETS</b>	7,500,040	7,683,021
<b>NONCURRENT ASSETS</b>		
Life insurance cash value	95,767	92,448
Long-term investments	5,505,869	4,963,825
Beneficial interest in perpetual trusts	2,354,307	2,253,606
Split-interest agreements	156,390	149,275
Investment in insurance trust	52,540	41,001
Right-of-use assets - finance leases	95,347	-
Right-of-use assets - operating leases	3,259,540	-
Leasehold improvements, equipment, furniture, and fixtures, net	<u>308,725</u>	<u>209,961</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>11,828,485</u>	<u>7,710,116</u>
<b>TOTAL ASSETS</b>	<u>\$ 19,328,525</u>	<u>\$ 15,393,137</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expense	\$ 499,379	\$ 523,043
Custodial funds	13	13
Liability to donors under split-interest trusts	85,189	82,811
Campaign support designated to organizations and other United Ways	2,870,511	2,769,786
Finance lease liabilities	18,941	-
Operating lease liabilities	<u>243,941</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	3,717,974	3,375,653
<b>NONCURRENT LIABILITIES</b>		
Finance lease liabilities	77,024	-
Operating lease liabilities	<u>3,069,895</u>	<u>-</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>3,146,919</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	6,864,893	3,375,653
<b>NET ASSETS</b>		
Without donor restrictions	(3,998,342)	(2,946,401)
With donor restrictions:		
Restricted for time or purpose:		
Split-interest agreements	71,201	66,464
Support for future periods	12,091,744	10,992,706
Restricted in perpetuity	<u>4,299,029</u>	<u>3,904,715</u>
Total with donor restrictions	<u>16,461,974</u>	<u>14,963,885</u>
<b>TOTAL NET ASSETS</b>	<u>12,463,632</u>	<u>12,017,484</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 19,328,525</u>	<u>\$ 15,393,137</u>

See accompanying notes.

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**STATEMENTS OF ACTIVITIES**

**Year Ended June 30, 2023**

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

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Campaign contributions applicable to current period:				
Raised in current fiscal year (net of additional loss provisions)	\$ 912,037	\$ -	\$ 912,037	\$ 344,327
Less: donor designations	(513,496)	-	(513,496)	(252,781)
Prior years campaign for current year support, net of loss provisions (released from restriction)	18,994,364	(18,994,364)	-	-
Less: donor designations	(10,039,728)	10,039,728	-	-
Prior campaign support released from purpose restriction	147,574	(147,574)	-	-
<b>Total campaign contributions received applicable to current period</b>	<b>9,500,751</b>	<b>(9,102,210)</b>	<b>398,541</b>	<b>91,546</b>
Campaign contributions received for next allocation period:				
Current year campaign revenue, net of loss provisions	-	19,234,860	19,234,860	22,446,647
Less: donor designations	-	(9,013,058)	(9,013,058)	(12,725,159)
<b>Total campaign contributions received for next allocation period</b>	<b>-</b>	<b>10,221,802</b>	<b>10,221,802</b>	<b>9,721,488</b>
Other support	152,463	-	152,463	139,208
Designations from other United Ways	156,306	-	156,306	164,270
Grant and bequest revenue	1,456,385	886,950	2,343,335	2,469,739
Endowment contributions	-	161,500	161,500	55,000
Contributed nonfinancial assets	853,621	-	853,621	514,556
Donor choice fees	66,253	-	66,253	48,791
Professional service fees	75,000	-	75,000	12,500
Investment return	184,981	-	184,981	(340,966)
Endowment/trust income	110,700	-	110,700	104,960
Net assets released from restrictions:				
Donor choice fees	4,648	(4,648)	-	-
Sponsorships	589	(589)	-	-
Grant revenue	902,267	(902,267)	-	-
<b>Total revenue and other support</b>	<b>13,463,964</b>	<b>1,260,538</b>	<b>14,724,502</b>	<b>12,981,092</b>
Other changes:				
Endowment investment return	92,673	185,582	278,255	(368,745)
Unrealized gains (loss) on beneficial interest in perpetual trusts	-	100,701	100,701	(393,307)
Change in value of split-interest agreements	-	4,737	4,737	(7,988)
Unrealized gain (loss) on investment in insurance trust	5,136	-	5,136	(6,885)
Endowment policy appropriations	53,469	(53,469)	-	-
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>13,615,242</b>	<b>1,498,089</b>	<b>15,113,331</b>	<b>12,204,167</b>

See accompanying notes.

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**STATEMENTS OF ACTIVITIES - CONTINUED**

**Year Ended June 30, 2023  
With Summarized Totals For Year Ended June 30, 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>ALLOCATIONS AND EXPENSES</b>				
Community investments and program services:				
Community investment awards	6,531,250	-	6,531,250	6,743,079
Donor designations	10,553,224	-	10,553,224	8,436,285
Community impact services provided by United Way, including contributed nonfinancial assets (2023 - \$730,392; 2022 - \$355,771)	4,007,359	-	4,007,359	3,302,965
Total community investments and program services with donor designations	21,091,833	-	21,091,833	18,482,329
Less: donor designations	(10,553,224)	-	(10,553,224)	(8,436,285)
Total community investments and program services, net of donor designations	10,538,609	-	10,538,609	10,046,044
Support services:				
Revenue development costs, including contributed nonfinancial assets (2023 - \$52,055; 2022 - \$93,861)	2,242,511	-	2,242,511	2,140,699
Administration, including contributed nonfinancial assets (2023 - \$71,174; 2022 - \$64,924)	1,886,063	-	1,886,063	1,417,032
Total support services	4,128,574	-	4,128,574	3,557,731
<b>TOTAL ALLOCATIONS AND EXPENSES</b>	<b>14,667,183</b>	<b>-</b>	<b>14,667,183</b>	<b>13,603,775</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(1,051,941)</b>	<b>1,498,089</b>	<b>446,148</b>	<b>(1,399,608)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>(2,946,401)</b>	<b>14,963,885</b>	<b>12,017,484</b>	<b>13,417,092</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ (3,998,342)</b>	<b>\$ 16,461,974</b>	<b>\$ 12,463,632</b>	<b>\$ 12,017,484</b>

See accompanying notes.



**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2023  
With Summarized Totals For Year Ended June 30, 2022**

	2023				2022 Total
	Community Investments and Program Services	Support Services		Total	
		Revenue Development Costs	Administration		
Community investment awards	\$ 6,531,250	\$ -	\$ -	\$ 6,531,250	\$ 6,743,079
Donor designations	10,553,224	-	-	10,553,224	8,436,285
Subtotal	17,084,474	-	-	17,084,474	15,179,364
Less: donor designations	(10,553,224)	-	-	(10,553,224)	(8,436,285)
Community investments	6,531,250	-	-	6,531,250	6,743,079
Salaries and temporary help	1,850,571	1,329,556	941,103	4,121,230	3,400,902
Employee benefits and taxes	464,305	286,153	270,872	1,021,330	905,571
Employee recruitment	795	-	53,193	53,988	5,157
Total compensation	2,315,671	1,615,709	1,265,168	5,196,548	4,311,630
Professional services	201,193	94,273	110,591	406,057	376,262
General supplies	5,048	2,910	3,815	11,773	7,311
Communications	13,586	8,070	10,343	31,999	33,520
Occupancy costs	157,782	88,295	120,723	366,800	299,563
Equipment costs	140,925	78,861	107,824	327,610	319,093
Direct program costs	188,727	153,377	74,785	416,889	411,889
Staff development, travel, and meetings	48,579	34,280	29,714	112,573	80,497
Dues, insurance, and other	9,163	8,049	36,073	53,285	89,733
Fair share support to other United Ways	147,467	79,309	18,495	245,271	333,434
Total expenses before donated services and materials and depreciation	3,228,141	2,163,133	1,777,531	7,168,805	6,262,932
Donated services and materials	730,392	52,055	71,174	853,621	514,556
Depreciation	48,826	27,323	37,358	113,507	83,208
Total expenses	4,007,359	2,242,511	1,886,063	8,135,933	6,860,696
<b>TOTAL COMMUNITY INVESTMENTS AND EXPENSES</b>	<b>\$ 10,538,609</b>	<b>\$ 2,242,511</b>	<b>\$ 1,886,063</b>	<b>\$ 14,667,183</b>	<b>\$ 13,603,775</b>

See accompanying notes.

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**STATEMENTS OF CASH FLOWS**

**For the Year Ended June 30, 2023  
With Summarized Totals for the Year Ended June 30, 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 446,148	\$ (1,399,608)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation expense	113,507	83,208
Amortization of finance lease	8,213	-
Net unrealized and realized (gains) losses on long-term investments	(284,554)	824,450
Net unrealized (gains) losses on beneficial interest in perpetual trusts	(100,701)	393,307
Net unrealized (gains) losses on split-interest agreements	(4,737)	7,988
Net unrealized (gains) losses on investment in insurance trust	(5,136)	6,885
Endowment contributions	(161,500)	(55,000)
Noncash lease expense	354,695	-
Changes in:		
Grants receivable	(75,846)	(95,713)
Accounts receivable and accrued income	(80,882)	12,791
Prepaid expenses	(441,991)	(5,941)
Pledges receivable	(137,843)	(318,976)
Life insurance cash value	(3,319)	(3,368)
Accounts payable and accrued expenses	(23,664)	(99,672)
Liability to donors under split-interest trusts	2,378	(16,684)
Campaign support designated to organizations and other United Ways	100,725	412,891
Operating lease liabilities	<u>(300,399)</u>	<u>-</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(594,906)</b>	<b>(253,442)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,970,707	1,507,034
Proceeds from sale, split-interest agreements	-	16,684
Purchase of investments	(2,228,197)	(1,631,887)
Purchase of investments, split-interest agreements	(2,378)	-
Net purchases of insurance trust	(6,403)	(21,976)
Acquisitions of leasehold improvements, equipment, furniture, and fixtures	<u>(212,271)</u>	<u>(7,157)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(478,542)</b>	<b>(137,302)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Endowment contributions	161,500	55,000
Repayments of finance lease liabilities	<u>(7,595)</u>	<u>-</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b><u>153,905</u></b>	<b><u>55,000</u></b>
<b>NET DECREASE IN CASH</b>	<b>(919,543)</b>	<b>(335,744)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b><u>3,245,597</u></b>	<b><u>3,581,341</u></b>
<b>CASH AT END OF YEAR</b>	<b><u>\$ 2,326,054</u></b>	<b><u>\$ 3,245,597</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest on finance leases	\$ 1,327	\$ -
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES</b>		
Right-of-use assets - finance leases in exchange for finance lease liabilities	\$ 103,560	\$ -
Right-of-use asset - operating leases in exchange for operating lease liabilities	3,518,944	-

See accompanying notes.

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

**Basis of Accounting and Presentation**

The financial statements of the Organization for the year ended June 30, 2023, 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, 2022, 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, 2022, from which the information was derived.

**Cash**

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

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

**Grants and Accounts Receivable**

Grants and accounts receivable represent amounts due from various grantors and governmental agencies. Management has determined that the receivables are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at June 30, 2023.

**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, 2023**

**With Comparative Information for June 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

**Investments**

Investments in equity securities with readily determinable fair values and investments in mutual funds, fixed income investments, alternative investments, and pooled investments are measured at fair market value in the statements of financial position. Investment income or loss, including gains and losses of investments, interest and dividends, and investment fees are included in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor or law.

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

**Leases**

United Way of the Greater Lehigh Valley is the lessee of office space, storage space, copiers, and a postage machine. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment. The copiers and postage machine were determined to be finance leases and are included in right-of-use assets - finance leases and finance lease liabilities on the statements of financial position. Office space in two locations and storage space are included in right-of-use (ROU) assets - operating leases and operating lease liabilities on the statements of financial position.

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

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

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

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

With Comparative Information for June 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

**Leases - continued**

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

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**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, 2023

With Comparative Information for June 30, 2022

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.

**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.

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

**Contribution Revenue - continued**

The Organization recognized contributions received or pledged, 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.

**Contributed Nonfinancial Assets**

Contributed nonfinancial assets 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).

Contributed nonfinancial assets 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 \$853,621 and \$514,556 for the years ended June 30, 2023 and 2022, 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.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

With Comparative Information for June 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

**Revenue Recognition**

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

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.

**Community Investment Awards**

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

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

**Advertising Costs**

Advertising costs, included in direct program costs, are expensed as incurred and were \$336,624 and \$415,503, including in-kind services of \$177,252 and \$265,683 in 2023 and 2022, respectively.

**Functional Expense Allocations**

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

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



**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

---

**Tax-Exempt Status**

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

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

**Use of Estimates**

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

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 7, 2024, 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**

In February 2016, the Financial Accounting Standards Board ("FASB") issued guidance (Accounting Standards Codification ("ASC") 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) using a modified retrospective approach, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

With Comparative Information for June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

---

**Adoption of Accounting Pronouncements - continued**

The Organization elected the available practical expedients to account for their existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. The Organization also elected the practical expedients disclosed in the lease policy footnote on page 10.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 (beginning of the year of adoption) finance lease liabilities of \$103,560, which represents the present value of the remaining finance lease payments of \$113,425, discounted using the risk-free rate, and right-of-use assets of \$103,560. The Organization also recognized on July 1, 2022 (beginning of the year of adoption) an operating lease liability of \$3,518,944, which represents the present value of the remaining operating lease payments of \$4,157,106, discounted using the risk-free rate, and right-of-use assets of \$3,518,944.

The standard did have a material impact on the Organization's statements of financial position but did not have a material impact on the Organization's statements of activities or statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for finance and operating leases.

NOTE 2 - GRANTS RECEIVABLE

---

Grants receivable consist of amounts due from the following:

	<u>2023</u>	<u>2022</u>
Corporation for National and Community Service	\$ 19,308	\$ 12,500
Lehigh County	12,246	34,166
Northampton County	-	16,803
Pennsylvania Commission on Crime and Delinquency	-	16,288
Pennsylvania Department of Labor & Industry	54,143	54,436
U.S. Department of Education	<u>182,670</u>	<u>58,328</u>
Balance, end of year	<u>\$ 268,367</u>	<u>\$ 192,521</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

With Comparative Information for June 30, 2022

NOTE 3 - PLEDGES RECEIVABLE

---

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

	<u>2023</u>	<u>2022</u>
Balance of 2020 campaign pledges	\$ 268,299	\$ 342,419
Balance of 2021 campaign pledges	501,542	346,145
Balance of 2022 campaign pledges	4,091,726	3,961,654
Balance of future campaign pledges (net)	<u>326,663</u>	<u>279,199</u>
	5,188,230	4,929,417
Allowance for uncollectible pledges	<u>(992,268)</u>	<u>(871,298)</u>
	<u>\$ 4,195,962</u>	<u>\$ 4,058,119</u>

The balance of any collectible amounts from the 2022 and 2023 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>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 871,298	\$ 575,862
Addition from campaigns	495,177	674,605
Charge off of known uncollectible pledges	<u>(374,207)</u>	<u>(379,169)</u>
Balance, end of year	<u>\$ 992,268</u>	<u>\$ 871,298</u>

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

---

Investments held as of June 30 are summarized as follows:

	2023	2022
Money market instruments	\$ 170,381	\$ 296,666
Alternatives/real assets	256,884	213,392
Fixed income	2,164,762	2,014,499
Mutual funds	2,824,393	2,354,043
Pooled investments	89,449	85,225
	\$ 5,505,869	\$ 4,963,825

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

	2023	2022
Without donor restrictions	\$ 3,561,147	\$ 3,312,716
With donor restrictions, in perpetuity	1,944,722	1,651,109
	\$ 5,505,869	\$ 4,963,825

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

	2023	2022
Dividend and interest income	\$ 194,511	\$ 131,838
Realized gain	43,237	49,401
Unrealized gain (loss)	241,317	(873,851)
Investment expenses	(15,829)	(17,099)
Total investment return, net	\$ 463,236	\$ (709,711)

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

With Comparative Information for June 30, 2022

**NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED**

---

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

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

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

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

**Long-Term Investments**

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

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED**

---

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

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

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

**Investment in Insurance Trust**

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

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**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, 2023			
	Level 1	Level 2	Level 3	Total
Alternatives/real assets	\$ -	\$ 256,884	\$ -	\$ 256,884
Fixed income	-	2,164,762	-	2,164,762
Mutual funds:				
Large cap	2,017,209	-	-	2,017,209
Small/mid cap	457,758	-	-	457,758
Developed international	271,414	-	-	271,414
Other international	78,012	-	-	78,012
Pooled investments	-	-	89,449	89,449
Split-interest agreements	71,731	3,838	80,821	156,390
Beneficial interest in perpetual trusts	167,372	8,955	2,177,980	2,354,307
Investment in insurance trust	-	-	52,540	52,540
<b>Total assets at fair value</b>	<b>\$ 3,063,496</b>	<b>\$ 2,434,439</b>	<b>\$ 2,400,790</b>	<b>\$ 7,898,725</b>

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

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**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, 2023				
	Community Foundation Pooled Investments	Split-Interest Agreements	Beneficial Interest in Perpetual Trusts	Investment in Insurance Trust	Total
Balance, beginning of year	\$ 85,225	\$ 78,333	\$ 2,088,074	\$ 41,001	\$ 2,292,633
Distributions	(3,900)	(2,250)	(103,189)	-	(109,339)
Contributions	-	-	-	6,403	6,403
Realized and unrealized gains	8,124	4,738	193,095	5,136	211,093
Balance, end of year	<u>\$ 89,449</u>	<u>\$ 80,821</u>	<u>\$ 2,177,980</u>	<u>\$ 52,540</u>	<u>\$ 2,400,790</u>
	Year Ended June 30, 2022				
	Community Foundation Pooled Investments	Split-Interest Agreements	Beneficial Interest in Perpetual Trusts	Investment in Insurance Trust	Total
Balance, beginning of year	\$ 100,489	\$ 88,571	\$ 2,447,702	\$ 25,910	\$ 2,662,672
Distributions	(3,670)	(2,250)	(97,423)	-	(103,343)
Contributions	-	-	-	24,257	24,257
Unemployment claims paid by trust	-	-	-	(2,281)	(2,281)
Realized and unrealized losses	(11,594)	(7,988)	(262,205)	(6,885)	(288,672)
Balance, end of year	<u>\$ 85,225</u>	<u>\$ 78,333</u>	<u>\$ 2,088,074</u>	<u>\$ 41,001</u>	<u>\$ 2,292,633</u>



UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

With Comparative Information for June 30, 2022

**NOTE 5 - BENEFICIAL INTERESTS IN PERPETUAL TRUSTS**

---

The Organization is an income beneficiary of eight perpetual trusts.

The amounts recorded represent the prorata share of net assets that provide for distribution of income to the Organization as beneficiary. Distributions are made annually to the Organization in accordance with the respective spending policies of the trusts. Annual distributions from the trusts are included in endowment/trust income without donor restrictions and totaled \$110,700 and \$104,960 in 2023 and 2022, respectively. The change in market value has been recorded in unrealized gains (loss) on beneficial interest in perpetual trusts with donor restrictions and totaled \$100,701 and \$(393,307) in 2023 and 2022, respectively.

The trusts are detailed as follows as of June 30:

Trust	Trust %	Shares of Trust Assets	
		2023	2022
Thun Fund	100%	\$ 289,854	\$ 276,161
Albert T. Rex Estate	35	61,817	61,185
Adora Gross Estate	100	90,258	85,662
Samuel A. Kleppinger Estate	100	1,021,023	959,738
The Warren W. York Fund	100	570,099	563,344
David Rabaut Fund for Neighborhoods	100	23,079	21,992
MacCrindle Fund	70	176,327	165,531
Stanley R. Liebman Estate	34	121,850	119,993
		<u>\$ 2,354,307</u>	<u>\$ 2,253,606</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

With Comparative Information for June 30, 2022

**NOTE 6 - SPLIT-INTEREST AGREEMENTS**

---

The Organization holds investments under five split-interest agreements. The investments represent the fair market value of assets held under the charitable trusts and gift annuity agreements. The change in market value has been recorded in change in value of split-interest agreements with donor restrictions and totaled \$4,737 and \$(7,988) in 2023 and 2022, respectively.

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

	<u>2023</u>	<u>2022</u>
Annuity Trust A	\$ 53,001	\$ 50,676
Covert Unitrust	25,695	25,695
Mills Gift Annuity	2,125	1,962
MacCrimdle Perpetual Trust	<u>75,569</u>	<u>70,942</u>
	<u>\$ 156,390</u>	<u>\$ 149,275</u>

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

	<u>2023</u>	<u>2022</u>
Annuity Trust A*	\$ 9,620	\$ 11,869
MacCrimdle Perpetual Trust	<u>75,569</u>	<u>70,942</u>
	<u>\$ 85,189</u>	<u>\$ 82,811</u>

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

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

With Comparative Information for June 30, 2022

**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 \$6,403 and \$24,257 for the years ended June 30, 2023 and 2022, respectively. There were no unemployment claims paid through the trust for the year ended June 30, 2023. Unemployment claims paid through the trust totaled \$2,281 for the year ended 2022. The trust appreciated in value by \$5,136 during the year ended June 30, 2023 and depreciated in value by \$6,885 during the year ended June 30, 2022. The value of the trust at June 30, 2023 and 2022 was \$52,540 and \$41,001, respectively.

**NOTE 8 - LEASES**

---

The Organization leases copiers and a postage machine under finance leases.

The Organization also leases office space in Allentown under a lease agreement which will expire December 31, 2023. The Organization has a renewal option of two (2) additional five (5) year periods which they are reasonably certain to exercise. The Organization also leases storage space at this location. Additionally, the Organization leases office space at a second location in Allentown under a lease agreement which will expire August 31, 2026.

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

		<u>June 30</u> <u>2023</u>
Assets	Classification	
Right-of-use assets	Right-of-use assets - finance leases	\$ 95,347
Right-of-use assets	Right-of-use assets - operating leases	3,259,540
	Total lease assets	<u>\$ 3,354,887</u>
Liabilities		
<u>Current</u>		
Finance leases	Current portion of finance lease liabilities	\$ 18,941
Operating leases	Current portion of operating lease liabilities	243,941
<u>Long-term</u>		
Finance leases	Noncurrent portion of finance lease liabilities	77,024
Operating leases	Noncurrent portion of operating lease liabilities	3,069,895
	Total lease liabilities	<u>\$ 3,409,801</u>

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

With Comparative Information for June 30, 2022

NOTE 8 - LEASES - CONTINUED

---

The components of lease expense were as follows for the year ended June 30, 2023:

Finance lease amortization	\$	8,213
Interest on finance lease liabilities	\$	1,327
Operating lease expense	\$	354,695

Supplemental cash flow information related to leases was as follows for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:

Financing cash flows from finance leases (i.e., principal portion)	\$	7,595
Operating cash flows from operating lease	\$	300,399
Operating cash flows from finance leases (i.e., interest)	\$	1,327

Right-of-use assets obtained in exchange for lease obligations:

Finance leases	\$	103,560
Operating leases	\$	3,518,944

Supplemental balance sheet information related to leases was as follows:

Weighted Average Remaining Lease Term	
Finance leases	4.79 years
Operating leases	10.30 years
Weighted Average Discount Rate	
Finance leases	3.54%
Operating leases	2.91%

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**NOTE 8 - LEASES - CONTINUED**

---

Maturities of lease liabilities are as follows for the years ending June 30:

	Finance Leases	Operating Leases
2024	\$ 22,024	\$ 336,294
2025	22,024	351,598
2026	22,024	362,140
2027	20,424	344,412
2028	17,988	349,006
Thereafter	-	2,113,257
	104,484	3,856,707
Total lease payments		
	(8,519)	(542,871)
Less: present value discount		
	\$ 95,965	\$ 3,313,836
Total		

The Organization has not restated prior year information for the adoption of ASC 842. The following table presented future minimum lease payments under non-cancellable operating leases under ASC 840 at June 30, 2022:

2023	\$ 300,119
2024	151,080

Rent charged to expense was \$299,563 for the year ended June 30, 2022.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

With Comparative Information for June 30, 2022

**NOTE 9 - LEASEHOLD IMPROVEMENTS, EQUIPMENT, FURNITURE, AND FIXTURES**

---

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

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 60,884	\$ 60,884
Computer hardware and software	412,197	199,926
Equipment, furniture, and fixtures	<u>452,143</u>	<u>452,143</u>
	925,224	712,953
Less: accumulated depreciation	<u>(616,499)</u>	<u>(502,992)</u>
	<u>\$ 308,725</u>	<u>\$ 209,961</u>

Depreciation and amortization charged to expense was \$113,507 and \$83,208 for the years ended June 30, 2023 and 2022, respectively.

**NOTE 10 - 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, 2023 and 2022.

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**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>2023</u>	<u>2022</u>
Board designated investment reserves	\$ 2,584,204	\$ 2,404,706
Board designated, endowment	912,494	847,785
Board designated, investment in insurance trust	52,540	41,001
Undesignated	<u>(7,547,580)</u>	<u>(6,239,893)</u>
Total net assets without donor restrictions	<u>\$ (3,998,342)</u>	<u>\$ (2,946,401)</u>

At June 30, 2023 and 2022, there is a deficit in undesignated net assets. This is mainly from a prior period, with additional deficit in the current period, and the Organization is working to eliminate this over time, while serving the needs of the communities served.

Net assets with donor restrictions consist of:

	<u>2023</u>	<u>2022</u>
Time and purpose:		
Time restricted from 2022 and 2021 campaigns	\$ 9,757,706	\$ 9,150,911
Future campaign support, net	464,095	570,575
Split-interest and trusts	71,201	66,464
Other time and purpose restricted support	<u>1,869,943</u>	<u>1,271,220</u>
Subtotal time and purpose	12,162,945	11,059,170
Perpetuity trusts	2,354,307	2,253,606
Endowment funds:		
Fulton Financial Endowment Fund	1,919,722	1,626,109
Other donor restricted fund	<u>25,000</u>	<u>25,000</u>
Subtotal perpetuity	<u>4,299,029</u>	<u>3,904,715</u>
Total net assets with donor restrictions	<u>\$ 16,461,974</u>	<u>\$ 14,963,885</u>

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**NOTE 11 - 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:

	2023	2022
Expiring time restrictions - campaign	\$ 9,102,210	\$ 9,080,147
Expiring purpose restrictions - campaign	-	-
Donor choice fees	4,648	23,018
Sponsorships	589	62,554
Grant revenue	902,267	951,994
Total net assets released from restriction	\$ 10,009,714	\$ 10,117,713

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

	2023	2022
Prior years campaign for current year support, net of loss provisions	\$ 18,994,364	\$ 17,186,179
Less: donor designations	(10,039,728)	(8,183,504)
Prior campaign support released from purpose restriction	147,574	77,472
Total campaign contributions released from restriction	9,102,210	9,080,147
Donor choice fees	4,648	23,018
Sponsorships	589	62,554
Grant revenue	902,267	951,994
Total net assets released from restriction	\$ 10,009,714	\$ 10,117,713



UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

With Comparative Information for June 30, 2022

**NOTE 12 - ENDOWMENT NET ASSETS**

---

The Organization's endowments consist of funds designated by the Board of Directors and restricted by donors 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 *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, 2023 were 65% Equities and 35% Bonds.

*Spending Policy:* The spending policy of the *donor-restricted endowment fund* shall be 4%, of the twelve quarters moving average market value, annually as part of the annual budget.

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**NOTE 12 - ENDOWMENT NET ASSETS - CONTINUED**

*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.

At June 30, 2023 and 2022, the fair value of underwater endowments with donor restrictions totaled \$497,753 and \$472,255, respectively. The original gifts required to be held related to the underwater endowments with donor restrictions totaled \$501,500 and \$511,500 for 2023 and 2022, respectively. The deficiency in the underwater endowment funds with donor restrictions totaled \$3,747 and \$39,275 at June 30, 2023 and 2022, respectively. The Organization's policy permits grantmaking from underwater endowment funds unless otherwise precluded by donor intent or wishes or relevant laws and regulations.

Endowment net asset composition by type of fund as of June 30, 2023 and 2022 is as follows:

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 912,494	\$ 1,944,722	\$ 2,857,216
	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	\$ 847,785	\$ 1,651,109	\$ 2,498,894

Changes in endowment net assets as of June 30, 2023 and 2022 are as follows:

	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 847,785	\$ 1,651,109	\$ 2,498,894
Contributions	-	161,500	161,500
Investment return, net	92,673	185,582	278,255
Net appropriated for expenditures	(27,964)	(53,469)	(81,433)
Endowment net assets, end of year	\$ 912,494	\$ 1,944,722	\$ 2,857,216

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**NOTE 12 - ENDOWMENT NET ASSETS - CONTINUED**

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

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

**NOTE 13 - CONTRIBUTED NONFINANCIAL ASSETS**

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

	Year Ended June 30	
	2023	2022
Community Impact and Initiatives:		
Marketing and advertising	\$ 93,022	\$ 127,257
AmeriCorps VISTA member support	336,593	227,994
Books	-	500
Cardboard boxes	-	20
Full service community schools food pantry	300,777	-
Revenue Development:		
Marketing and advertising	52,055	89,362
Board Strategy Facilitation	-	2,200
Campaign Incentive Prizes	-	2,299
Other:		
Marketing and advertising	47,174	49,064
Legal fees	24,000	15,860
	<u>\$ 853,621</u>	<u>\$ 514,556</u>

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**NOTE 13 - CONTRIBUTED NONFINANCIAL ASSETS - CONTINUED**

---

Valuation Techniques:

Contributed services and materials are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization receives contributed marketing and advertising and professional fees that are reported using current rates for similar services. Donated materials are valued at current rates for similar items. Donated office space is valued based on the current rates for similar space.

Donor Restrictions:

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

**NOTE 14 - RETIREMENT PLANS**

---

The Organization sponsors a defined contribution 401(k) plan. Participation is available to substantially all full-time employees. Organization contributions to the plan were based on 5% of compensation. Employees are eligible to receive an additional employer matching contribution of 50% of employee contributions up to 2% of salary the month following one year of service. Employer contributions to the plan were \$205,643 and \$185,497 in 2023 and 2022, respectively.

UNITED WAY OF THE GREATER LEHIGH VALLEY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

With Comparative Information for June 30, 2022

**NOTE 15 - POSTRETIREMENT HEALTH BENEFITS**

---

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

There are no accrued postretirement benefits included in accounts payable and accrued expense on the statements of financial position for the years ended June 30, 2023 and 2022.

Costs incurred under this benefit were \$4,320 for each of the years ended June 30, 2023 and 2022.

**NOTE 16 - COMMUNITY IMPACT SERVICES**

---

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

	<u>2023</u>	<u>2022</u>
Labor/community services	\$ 128,011	\$ 90,367
Community initiatives/coalition building and funds distribution	<u>3,879,341</u>	<u>3,212,598</u>
	<u>\$ 4,007,352</u>	<u>\$ 3,302,965</u>

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**NOTE 17 - AVAILABILITY OF FINANCIAL RESOURCES**

The following reflects the Organization's financial assets as of June 30, 2023 and 2022, 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>2023</u>	<u>2022</u>
Cash	\$ 2,326,054	\$ 3,245,597
Grants and accounts receivable	388,465	231,737
Campaign pledges receivable, net	4,195,962	4,058,119
Life insurance policy, cash value	95,767	92,448
Investments	5,505,869	4,963,825
Beneficial interest in perpetual trusts	2,354,307	2,253,606
Split-interest agreements	156,390	149,275
Investment in insurance trust	52,540	41,001
Total financial assets	<u>15,075,354</u>	<u>15,035,608</u>
Less:		
Contractual, board designated, or donor-imposed restrictions:		
Beneficial interest in perpetual trusts	(2,354,307)	(2,253,606)
Split-interest agreements	(71,201)	(66,464)
Investment in insurance trust	(52,540)	(41,001)
Custodial funds	(13)	(13)
Liabilities under split-interest agreements	(85,189)	(82,811)
Campaign support designated to organizations and other United Ways	(2,870,511)	(2,769,786)
Board designated investment reserves	(2,584,204)	(2,404,706)
Endowment, board designated	(912,494)	(847,785)
Other time and purpose restrictions	(2,334,038)	(1,841,795)
Endowment, with donor restriction	<u>(1,944,722)</u>	<u>(1,651,109)</u>
Financial assets available to meet cash needs for general expenses within one year	1,866,135	3,076,532
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>\$ 2,866,135</u>	<u>\$ 4,076,532</u>

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**With Comparative Information for June 30, 2022**

**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, 2023 or 2022. In addition, at June 30, 2023 and 2022, the Organization has a board designated endowment totaling \$912,494 and \$847,785, respectively, and investment reserves totaling \$2,584,204 and \$2,404,706, 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 March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform* (Topic 848), as amended by ASU 2021-01 in January 2021, directly addressing the effects of reference rate reform on financial reporting as a result of the cessation of the publication of certain LIBOR rates beginning December 31, 2021, with complete elimination of the publication of the LIBOR rates by June 30, 2023. The guidance provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform by virtue of referencing LIBOR or another reference rate expected to be discontinued. This guidance became effective on March 12, 2020 and can be adopted no later than December 31, 2024, with early adoption permitted. The Organization is evaluating the impact this guidance will have on its financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326) - *Measurement of Credit Losses on Financial Instruments*, which changes the way companies evaluate credit losses for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking expected loss model to evaluate impairment, potentially resulting in earlier recognition of allowances for losses. Enhanced disclosures are also required, including the requirement to disclose the information used to track credit quality by year or origination for most financing receivables. The new standard is effective for fiscal years beginning after December 15, 2022. The Organization is evaluating the impact that the guidance will have on its financial statements and related disclosures.

**SUPPLEMENTARY INFORMATION**



**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**SCHEDULE OF COMMUNITY INVESTMENT AWARDS**

**June 30, 2023**

		<b>Amount</b>
<b>Education</b>		
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.	40,000
Boys & Girls Club of Allentown, Inc.	Summer Brain Gain	22,500
Boys & Girls Club of Allentown, Inc.	Women United, SMART Girls	10,000
Boys & Girls Club of Bethlehem	Community Mobilization	50,000
Boys & Girls Club of Easton	Community Mobilization	15,500
Boys & Girls Club of Easton	Summer Brain Gain	12,500
Carbon County Right from the Start	Parents as Teachers Program	16,500
Center for Humanistic Change, Inc.	CHC Mentoring	50,000
Center for Humanistic Change, Inc.	Project Success 6th-8th Grade	18,590
Center for Humanistic Change, Inc.	Crossroads K-5th Grade	30,400
Cohesion Network	Character Education Program	15,000
Communities in Schools of Eastern PA	United Way Community School at Cheston Elementary	45,833
Communities in Schools of Eastern PA	United Way Community School at Lincoln Elementary	40,000
Communities in Schools of Eastern PA	United Way Community School at South Mountain MS	4,167
Communities in Schools of Eastern PA	United Way Community School at Central Elementary	55,000
Communities in Schools of Eastern PA	United Way Community School at Sheridan Elementary	55,000
Communities in Schools of Eastern PA	United Way Community School at Hays Elementary	60,000
Communities in Schools of Eastern PA	United Way Community School at Northeast Middle School	75,000
Communities in Schools of Eastern PA	United Way Community School at Roosevelt Elementary	52,500
Communities in Schools of Eastern PA	United Way Community School at Paxinosa Elementary	45,833
Communities in Schools of Eastern PA	United Way Community School at Mosser Elementary	4,167
Communities in Schools of Eastern PA	The Century Promise Grant	62,160
Communities in Schools of Eastern PA	Case Management Supports	50,000
Communities in Schools of Eastern PA	Intensive Case Management	66,064
Communities in Schools of Eastern PA	Women United, After School Supports - Central Elementary	15,000
Communities in Schools of Eastern PA	Women United, Out of School Time & Kindergarten Readiness	16,500
Community Bike Works	Earn a Bike	25,000
Community Bike Works	Junior Earn a Bike	25,000
Community Bike Works	Women United, GEARSS (Girls Evaluating & Redefining Social Standards)	10,000
Community Services for Children	Literacy Focused Preschool	10,000
Community Services for Children	Kindergarten Jumpstart Center	10,000
Community Services for Children	Early Childcare Work	12,500
Easterseals Eastern PA	Make the First Five Count	7,500
Easton Area Community Center	EACC Saints Clubhouse	15,000
EITC	Childcare Scholarships	167,941
Family Connection of Easton, Inc.	Family Support and Case Management	55,000
Family Connection of Easton, Inc.	EASD Kindergarten Transition Coordination	12,500
Family Connection of Easton, Inc.	Parent Child Home Program	60,000
Family Connection of Easton, Inc.	After School Learning Clubs	15,000
Franklin Covey	Leader in Me	194,396
Girls on the Run of Lehigh Valley	Girls on the Run of Lehigh Valley	20,000
Girls on the Run of Lehigh Valley	Girls on the Run - Panther Valley	3,125
Girl Scouts of Eastern Pennsylvania, Inc.	Troops and Camp	25,000
Greater Valley YMCA	Early Childhood Program	12,500
Lehigh University	Trauma-Informed Care	36,122
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	36,500
Mock Turtle marionette Theater	Southside Children's Festival	6,000

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**SCHEDULE OF COMMUNITY INVESTMENT AWARDS**

**June 30, 2023**

		<b>Amount</b>
<b>Education - continued</b>		
Moravian College	United Way Community School at William Penn Elementary	40,000
Moravian College	United Way Community School at Thomas Jefferson Elementary	45,000
Northampton Community College	United Way Community School at Bangor Area SD	33,333
Pinebrook Family Answers	Making the Grade	124,000
Pinebrook Family Answers	School-Based Behavioral Health	75,000
Pinebrook Family Answers	School-Based Behavioral Health - Bangor	37,500
Pinebrook Family Answers	Thomas Jefferson Behavioral Health	50,000
Pinebrook Family Answers	Unconditional Child Care Case-Based	85,000
Pratyush Sinha Foundation	Mindful Child Initiative in the Allentown School District	10,000
ProjeCt of Easton	SIZZLE!	10,000
ProjeCt of Easton	Women United, Family Literacy Program	27,500
Promise Neighborhoods of the Lehigh Valley	Community Leadership Development	37,500
Resurrected Community Development Corp.	Women United, James Lawson Freedom School	12,500
Resurrected Community Development Corp.	US Department of Education Grant, James Lawson Freedom School	172,561
Shanthi Project	Mindfulness Programming	25,000
Slater Family Network	Family Case Management	35,000
St. Luke's University Health Network	Donegan Elementary "Youth Succeeding in School"	58,500
St. Luke's University Health Network	Adopt a School Program at Panther Valley School District	5,500
TeenWorks	Youth Run Community Projects	12,647
The Children's Center, Volunteers of America	Starting Strong and Early Learning	80,500
The Literacy Center	Women United, Peer Mentoring & Supporting Immigrant Professionals	12,500
The Literacy Center	Women United, Administrative Professional Job Training Program	12,500
Third Street Alliance for Women and Children	The Learning Center Scholarship Fund	20,000
United Way Education Goal	Community School Pay-Directs	515,000
United Way Education Goal	Moses Taylor Foundation Grant	36,539
United Way Education Goal	Full Service Communities School Grant	582,406
United Way Education Goal	PCCD Grant	50,564
United Way Education Goal	PNC Bank, Talk, Read, Sing Grant	27,321
United Way Education Goal	Together for Students Grant	400
United Way Education Goal	Baker Foundation Grant	6,519
United Way Education Goal	Resilient Lehigh Valley Grant	18,820
United Way Education Goal	Avedium Grant	34,627
Valley Youth House	School-Based CBT	119,000
Valley Youth House	Attendance Support Counseling	96,780
Visiting Nurse Association of St. Luke's	Nurse-Family Partnership	90,000
Wildlands Conservancy	Wild About Learning	25,000
Total Education		<u>4,557,315</u>
<b>Healthy Aging</b>		
Casa Guadalupe Center	Jesus Ramos Senior Program	12,500
Catholic Charities, Diocese of Allentown	Case Management and Gatekeepers Program	30,000
Sights for Hope	Escorted Transportation	28,000
Greater Valley YMCA	Diabetes Fitness Program	12,500
Greater Valley YMCA	SilverSneakers Program	10,000
Greater Valley YMCA	Pen Argyl Community Hub	20,000
Hispanic Center Lehigh Valley	Basilio Huertas Senior Center	12,500
Hispanic Center Lehigh Valley	Bethlehem Community Hub	20,000
Jewish Family Service of the Lehigh Valley	Community Connections Program	10,000
Lehigh Valley Active Life	Get Moving and Live Better	10,000
Lehigh Valley Active Life	Allentown Community Hub	20,000
Meals on Wheels of the Greater Lehigh Valley	Meals Delivery	67,750
Meals on Wheels of the Greater Lehigh Valley	Market on Wheels Grocery Shopping Service	20,000
Pinebrook Family Answers	HEMOCARE	35,000
ShareCare Faith in Action	Transportation Program	27,500

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**SCHEDULE OF COMMUNITY INVESTMENT AWARDS**

**June 30, 2023**

		<u>Amount</u>
<b>Healthy Aging - continued</b>		
The ARC of NE PA	Carbon County Recreation Services	1,600
United Way Healthy Aging Goal	Fleming Foundation Grant	33,365
YWCA of Bethlehem	Adult Day Services Center	25,000
YWCA of Bethlehem	Backbone Supports	13,000
Total Healthy Aging		<u>408,715</u>
<b>Food Access</b>		
Boys & Girls Club of Easton	Healthy Habits Partnership	21,250
Community Action Committee of the LV	Lehigh Valley Food Policy Council Leadership	32,500
Community Action Committee of the LV	Second Harvest Food Bank Share our Strengths Cooking Matters	20,000
Community Action Committee of the LV	Second Harvest Food Bank - Panther Elementary School Pantry	9,000
Community Bike Works	East Allentown Community Food Pantry	10,000
Easton Area Neighborhood Center	Food Pantry	5,000
Hispanic Center Lehigh Valley	Hispanic Center Food Pantry	10,000
Kellyn Foundation	Healthy Neighborhood Immersion	30,000
Kellyn Foundation	Eat Real Food Mobile Market in Neighborhoods	30,000
Lehigh Carbon Community College Foundation	Allentown Site Food Pantry	5,000
Lehigh Valley Center for Independent Living	Fueling the Community - A Food Outreach Program	10,000
Meals on Wheels of the Greater Lehigh Valley	Better Fresh Project	10,000
New Bethany Ministries	Food Pantry	20,000
Northeast Community Center	Food Pantry	15,000
ProjeCt of Easton, Inc.	Food Pantry	20,000
Promise Neighborhoods of the Lehigh Valley	Promise Food Access	10,000
Slater Family Network	Emergency Food Pantry and Back Packs	5,000
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	15,000
Total Food Access		<u>317,750</u>
<b>Emergency Services</b>		
American Red Cross of the Greater Lehigh Valley	Disaster Response	55,000
Bradbury-Sullivan LGBT Community Center	Support for LGBTQ+ People Living with Dementia & Caregivers	13,500
Bradbury-Sullivan LGBT Community Center	Coping & Support Training (CAST)	15,000
Carbon County Action Committee	Emergency Housing Assistance Program	5,000
CASA Guadalupe Center	Allentown Community Hub	20,000
Catholic Charities, Diocese of Allentown	Soup Kitchen	20,000
Change Now Inc	Emergency Shelter Program	5,000
Community Action Committee of the LV	Sixth Street Shelter	15,000
Community Action Committee of the LV	Racial & Ethnic Justice - SHE	15,000
Cohesion Network	Block Ambassador Program	10,000
Crime Victims Council of the Lehigh Valley, Inc.	Rape Crisis and Support	25,000
Crime Victims Council of the Lehigh Valley, Inc.	Women United, Rape Crisis & Support	20,000
Domestic Violence Service Center	Shelter & Crisis Response for Victims of Abuse	7,500
Easton Area Neighborhood Center	Easton Community Hub	20,000
Eastern PA Trans Equity Project	Closing the Equity Gap	5,000
Family Promise of Carbon County	Emergency Shelter for Families	5,000
Lehigh Conference of Churches	Ecumenical Soup Kitchen	20,000
Mother 2 Mother	Women United, Grief & Healing Workshops	10,000
New Bethany Ministries	Tenant Navigation in Community Schools	25,000
New Bethany Ministries	Mollard Hospitality Meal Center	20,000
New Bethany Ministries	Women United - Women and Children in Transition	25,000
North Penn Legal Services, Inc.	HELP Project (Help for Emergency Legal Problems)	15,000
ProjeCt of Easton, Inc.	ASSIST	20,000
Promise Neighborhoods of the Lehigh Valley	Community Leadership Development/Mobilization	37,500

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**SCHEDULE OF COMMUNITY INVESTMENT AWARDS**

**June 30, 2023**

		<u>Amount</u>
<b>Emergency Services - continued</b>		
Safe Harbor Easton	Easton Shelter Program	15,000
The Salvation Army of the Lehigh Valley	Hospitality House	30,000
Third Street Alliance for Women & Children	Shelter Program	27,500
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	67,500
Unidos Inc	Women United - Fire Safety & Disaster Prevention	12,500
United Way Emergency Services Response	Disaster Relief Grants	53,263
United Way Emergency Services Response	PHARE Grant - LVRHAB Landlord Engagement Program	316,509
United Way of Lancaster County	PA 2-1-1 East	50,000
Valley Youth House	Lehigh Valley Youth Shelter	30,000
Victory House of Lehigh Valley	Shelter Services	25,000
<b>Total Emergency Services</b>		<u>1,075,772</u>
<b>Carbon County</b>		
Bradbury-Sullivan LGBT Community Center	LGBTQ+ Competency Training to Carbon County	1,500
Cancer Support Community Greater Lehigh Valley	Carbon County Program Expansion	1,500
Carbon County Action Committee	Emergency Housing & Essential Needs	1,250
Carbon-Schuylkill Community Hospital	Adopt a School Program at Panther Valley School District	2,500
Domestic Violence Service Center	Emergency Shelter/Transitional Housing for Domestic Violence Victims	3,050
Family Promise	Emergency Shelter for Families	1,250
Lehigh Carbon Community College	SHINE Summer Camp	2,250
Lehigh Area School District	Attendance Program	1,000
Meals on Wheels of the Greater Lehigh Valley	Meal Delivery	1,250
Penn-Kidder Ministerium After-School Program	After-School Program	1,250
Pinebrook Family Answers	Leaving Jail: Regional Reentry Program for Women	2,500
Raising the House	Blaine House Backpack Program	1,500
ShareCare Faith in Action	Transportation & Visitation Program	1,250
Summit Hill Heritage Center	Healthy Food	1,250
Turn to Us, Inc	Autism Support	3,000
United Way Education Goal - Carbon County	PennSERVE Grant	5,952
<b>Total Carbon County</b>		<u>32,252</u>
<b>Other</b>		
Agency Capacity Building	Data Capacity with Partners	5,454
Promise Neighborhoods of the Lehigh Valley	Micro-grants Pilot	25,000
United Way Diversity, Equity & Inclusion	Marcon Equity & Innovation Project	29,123
United Way Diversity, Equity & Inclusion	Fund for Racial Justice & Equity	4,400
United Way Diversity, Equity & Inclusion	BankOn	11,152
United Way Goal/Initiative	Collective Impact	14,317
Volunteer Center of the LV	Volunteer & Non-Profit Capacity Building	50,000
<b>Total Other</b>		<u>139,446</u>
<b>Total Community Program Investments</b>		<u><u>\$ 6,531,250</u></u>

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

**Year Ended June 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Source Code	Assistance Listing Number	Program Period	Federal Revenue/ Expenditures Recognized
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>				
AmeriCorps Volunteers In Service to America	D	94.013	09/12/2021-09/10/2022	\$ 6,250
AmeriCorps Volunteers In Service to America	D	94.013	09/11/2022-09/09/2023	13,058
Total AmeriCorps Volunteers In Service to America				<u>19,308</u>
Passed through the PA Department of Labor and Industry				
AmeriCorps State and National	I	94.006	08/20/2021-8/19/2022	8,936
AmeriCorps State and National	I	94.006	09/01/2022-8/31/2023	102,789
Total AmeriCorps State and National				<u>111,725</u>
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				<b>131,033</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects	D	84.215	10/01/2018-09/30/2023	549,518
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects	D	84.215K	09/12/2022-09/30/2023	<u>257,813</u>
<b>Total Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects and TOTAL U.S. DEPARTMENT OF EDUCATION</b>				<u>807,331</u>
<b>TOTAL FEDERAL AWARDS</b>				<u><u>\$ 938,364</u></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, 2023.

See notes to schedule of expenditures of federal awards.

**UNITED WAY OF THE GREATER LEHIGH VALLEY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2023**

**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, 2023. 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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 7, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be significant deficiency.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether United Way of the Greater Lehigh Valley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

## **United Way of the Greater Lehigh Valley's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on United Way of the Greater Lehigh Valley's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. United Way of the Greater Lehigh Valley's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 United Way of the Greater Lehigh Valley'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 United Way of the Greater Lehigh Valley's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Herbein + Company, Inc.*

**Reading, Pennsylvania**

**May 7, 2024**



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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited United Way of the Greater Lehigh Valley's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of United Way of the Greater Lehigh Valley's major federal programs for the year ended June 30, 2023. United Way of the Greater Lehigh Valley's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of the Greater Lehigh Valley complied, in all material respects, with the 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of United Way of the Greater Lehigh Valley and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Way of the Greater Lehigh Valley's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on United Way of the Greater Lehigh Valley's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. United Way of the Greater Lehigh Valley's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on United Way of the Greater Lehigh Valley's response to the internal control over the compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. United Way of the Greater Lehigh Valley's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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**

**May 7, 2024**

UNITED WAY OF THE GREATER LEHIGH VALLEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

---

**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?   X   yes        none reported  
Noncompliance material to financial statements noted?   X   yes        no

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified?        yes   X   no  
Significant deficiencies identified not considered to be  
material weaknesses?   X   yes        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)?   X   yes        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; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects

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

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

**Year Ended June 30, 2023**

---

**Section II - Financial Statement Findings**

**2023-001    UNTIMELY ACCOUNT RECONCILIATIONS AND FINANCIAL CLOSE - SIGNIFICANT DEFICIENCY**

Criteria

Monthly and year end account reconciliations and financial closing must be completed timely for appropriate board and management oversight and reporting.

Condition

The Organization's account reconciliations and financial records were not completed and closed in a timely manner, resulting in delayed reporting.

Cause

Significant turnover in finance personnel within the Organization resulted in accounts not being reconciled and financial records not being closed in a timely manner.

Effect

The lack of timely account reconciliations and closing of financial records resulted in delayed information provided to the Board of Directors, for the audit, and late filing to the Federal Audit Clearinghouse.

Recommendation

We recommend that the Organization review their processes and procedures to ensure timely closing of their financial records, allowing for a timely audit and timely submission to the Federal Audit Clearinghouse.

Management Response

See corrective action plan included in this report package.

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

**Year Ended June 30, 2023**

---

**Section III - Federal Awards Findings and Questioned Costs**

**2023-002 REPORTING - SIGNIFICANT DEFICIENCY**

Federal Program

*Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects ALN 84.215*

Criteria

Per the Uniform Guidance 2 CFR 200.512, an audit must be completed and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

Condition/Cause

The Organization did not submit their data collection form and reporting package to the Federal Audit Clearinghouse by March 31, 2024.

Effect

The Organization's audit was not complete until May 2024 due significant turnover in the Organization's finance department resulting in accounts not being reconciled timely.

Questioned Costs

Less than \$25,000.

Context

The Organization's fiscal year end is June 30, 2023, therefore making their filing deadline to submit their audit to the Federal Audit Clearinghouse the earlier of 30 calendar dates after receipt of the auditor's report or March 31, 2024. Due to significant turnover with the Organization's finance department resulting in accounts not being reconciled timely, the Organization's audit was not completed until May 2024 resulting in a late filing to the Federal Audit Clearinghouse.

Repeat Finding

No.

Recommendation

We recommend that the Organization review its processes and procedures to ensure timely closing of the annual financial records, allowing for a timely audit and the timely submission of the data collection form and reporting package to the Federal Audit Clearinghouse.

Management Response

The Organization agrees and will implement the recommendation.

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

**Year Ended June 30, 2023**

---

**Section II - Financial Statement Findings**

There were no financial statement findings reported for the year ended June 30, 2022.

**Section III - Federal Awards Findings and Questioned Costs**

There were no federal awards findings reported for the year ended June 30, 2022.



UNITED WAY OF THE GREATER LEHIGH VALLEY

CORRECTIVE ACTION PLAN

Year Ended June 30, 2023

---

U.S. Department of Education:

United Way of the Greater Lehigh Valley respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm: Herbein + Company, Inc., 2763 Century Boulevard, Reading, PA 19610

Audit Period: Year Ended June 30, 2023

Contact Person: David Lewis, President

Anticipated Completion Date: May 31, 2024

The findings from the June 30, 2023 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

**Section II - Financial Statement Findings**

**2023-001 UNTIMELY ACCOUNT RECONCILIATIONS AND FINANCIAL CLOSE - SIGNIFICANT DEFICIENCY**

Condition

The Organization's account reconciliations and financial records were not completed and closed in a timely manner, resulting in delayed reporting.

Recommendation

We recommend that the Organization review their processes and procedures to ensure timely closing of their financial records, allowing for a timely audit and timely submission to the Federal Audit Clearinghouse.

Management Response

United Way of the Greater Lehigh Valley experienced two major events that coincided. First, a forced system change due to the discontinuation of a shared CRM. This caused delayed engagement between the prior CRM, new CRM, and financial software. Second, unprecedented staff turnover (more than 90%) due to retiring leadership. These two issues drove items noted here by auditors. All staff positions have been filled and fortified, all systems have been adjusted, standards have been updated, and processes have been further documented. An example includes proper financial closing processes by the 10<sup>th</sup> business day, which will provide sufficient time for financial analysis to identify and address concerns to executive and management teams.

**Section III - Federal Awards Findings and Questioned Costs**

**2023-002 REPORTING - SIGNIFICANT DEFICIENCY**

Federal Program

*Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects ALN 84.215*



**United Way of the  
Greater Lehigh Valley**



1110 American Parkway NE  
Suite F-120  
Allentown, PA 18109

610-758-8010  
UnitedWayGLV.org

Condition/Cause

The Organization did not submit their data collection form and reporting package the Federal Audit Clearinghouse by March 31, 2024.

Recommendation

We recommend that the Organization review its processes and procedures to ensure timely closing of the annual financial records, allowing for a timely audit and the timely submission of the data collection form and reporting package to the Federal Audit Clearinghouse.

Management Response

United Way of the Greater Lehigh Valley experienced two major events that coincided. First, a forced system change due to the discontinuation of a shared CRM. This caused delayed engagement between the prior CRM, new CRM, and financial software. Second, unprecedented staff turnover (more than 90%) due to retiring leadership. These two issues drove items noted here by auditors. All staff positions have been filled and fortified, all systems have been adjusted, standards have been updated, and processes have been further documented. An example includes proper financial closing processes by the 10<sup>th</sup> business day, which will provide sufficient time for financial analysis to identify and address concerns to executive and management teams.

If the Department has any questions regarding this plan, you can contact the Organization at (610) 758-8010 or 1110 American Parkway NE, Suite F-120, Allentown, Pennsylvania 18109.

Respectfully,

A handwritten signature in cursive script that reads "David Lewis".

David Lewis, President