

UNITED WAY OF LEBANON COUNTY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022

UNITED WAY OF LEBANON COUNTY, INC.
FINANCIAL STATEMENTS
June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
UNITED WAY OF LEBANON COUNTY, INC.
Lebanon, Pennsylvania

Opinion

We have audited the accompanying financial statements of the UNITED WAY OF LEBANON COUNTY, INC. (a non-profit organization) which comprise the statement of financial position as of **June 30, 2022**, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Lebanon County, Inc. as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 State 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 Lebanon County, Inc.'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 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, 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 Lebanon County, Inc.'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 Lebanon County, Inc.'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 the United Way of Lebanon County Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stanilla, Siegel and Maser LLC

Lebanon, Pennsylvania
October 12, 2022

UNITED WAY OF LEBANON COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2022 and 2021

<i>ASSETS</i>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 637,960	\$ 386,255
Prepaid Expenses	1,786	1,048
Promises to Give, Net of Allowance	<u>179,857</u>	<u>277,996</u>
Total Current Assets	<u>\$ 819,603</u>	<u>\$ 665,299</u>
PROPERTY, PLANT AND EQUIPMENT, Net	<u>\$ 6,656</u>	<u>\$ 10,601</u>
OTHER ASSETS		
Cash and Cash Equivalents, Endowment	\$ 214,201	\$ 171,399
Investments, Endowment	1,973,478	2,173,424
Beneficiary Interest	<u>1,742,085</u>	<u>2,261,201</u>
Total Other Assets	<u>\$ 3,929,764</u>	<u>\$ 4,606,024</u>
Total Assets	<u><u>\$ 4,756,023</u></u>	<u><u>\$ 5,281,924</u></u>

See Accompanying Notes to Financial Statements

UNITED WAY OF LEBANON COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2022 and 2021

<i>LIABILITIES and NET ASSETS</i>	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Line of Credit	\$ -0-	\$ -0-
Accounts Payable	1,647	2,854
Accrued Wages	3,221	2,450
Accrued Retirement	574	488
Payroll Taxes Withheld and Accrued	765	767
Donor Designations Payable	15,774	20,647
Program Allocations Payable	200,000	320,000
	<u>200,000</u>	<u>320,000</u>
Total Current Liabilities	<u>\$ 221,981</u>	<u>\$ 347,206</u>
Total Liabilities	<u>\$ 221,981</u>	<u>\$ 347,206</u>
 NET ASSETS		
Without Donor Restriction:		
Board Designated	\$ 696,802	\$ 579,991
Undesignated	604,278	1,060,829
	<u>\$ 1,301,080</u>	<u>\$ 1,640,820</u>
With Donor Restriction:		
Time and Purpose Restrictions	\$ -0-	\$ -0-
Perpetual in Nature	3,232,962	3,293,898
	<u>\$ 3,232,962</u>	<u>\$ 3,293,898</u>
Total Net Assets	<u>\$ 4,534,042</u>	<u>\$ 4,934,718</u>
Total Liabilities and Net Assets	<u>\$ 4,756,023</u>	<u>\$ 5,281,924</u>

See Accompanying Notes to Financial Statements

UNITED WAY OF LEBANON COUNTY, INC.
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2022
(With Comparative Totals for 2021)

	<u>2022</u>		<u>Total</u>	<u>Total 2021</u>
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>		
Public Support and Revenue				
Campaign Contributions:				
Current Year Campaign Contributions	\$ 993,064	\$ -0-	\$ 993,064	\$ 1,228,606
Less: Donor Designations	(207,057)		(207,057)	(238,256)
Less: Estimated Uncollectibles	(39,278)		(39,278)	(48,320)
Net Current Campaign Contributions	\$ 746,729	\$ -0-	\$ 746,729	\$ 942,030
Prior Year Campaign Contributions	-0-			35,770
Net Campaign Contributions	\$ 746,729	\$ -0-	\$ 746,729	\$ 977,800
Other Revenue:				
Grant Revenue	-0-		-0-	127,972
Administration Fee Income	3,752		3,752	4,576
Bequests	265,614		265,614	-0-
Net Assets Released from Restriction			-0-	-0-
Distributions from Beneficial Interest				152,447
Gifts-In-Kind	4,061		4,061	31,473
Total Public Support and Revenue	\$ 1,020,156	\$ -0-	\$ 1,020,156	\$ 1,294,268
Program Allocations and Functional Expenses				
Program Allocations, Current Year	\$ 371,524	\$ -0-	\$ 371,524	\$ 320,000
Functional Expenses:				
Fundraising	140,650		140,650	261,787
Administration	53,939		53,939	77,173
Program Services	213,466		213,466	195,378
Total Program Allocations and Expenses	\$ 779,579	\$ -0-	\$ 779,579	\$ 854,338
Operating Income	\$ 240,577	\$ -0-	\$ 240,577	\$ 439,930
Non-operating Income and Expense				
Investment Income(Loss), net of Fees	\$ (580,317)	\$ (60,936)	(641,253)	793,341
Net Non-operating Income (Loss)	\$ (580,317)	\$ (60,936)	\$ (641,253)	\$ 793,341
Change in Net Assets	\$ (339,740)	\$ (60,936)	\$ (400,676)	\$ 1,233,271
Net Assets, Beginning	1,640,820	3,293,898	4,934,718	3,701,447
Net Assets, Ending	<u>\$ 1,301,080</u>	<u>\$ 3,232,962</u>	<u>\$ 4,534,042</u>	<u>\$ 4,934,718</u>

See Accompanying Notes to Financial Statements

UNITED WAY OF LEBANON COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2022
(With Comparative Totals for 2021)

	2022				2021	
	Program	SUPPORT SERVICES		Total	Total	Total
		Administration	Fundraising			
Impact Grants Awarded	\$ 371,524	\$ -0-	\$ -0-	\$ 371,524	\$ 320,000	
Salaries	100,333	28,712	58,265	187,310	218,991	
Employee Health and Retirement	5,973	1,709	3,468	11,150	10,307	
Payroll Taxes	8,209	2,350	4,767	15,326	27,794	
Total Salaries and Related Expenses	<u>114,515</u>	<u>32,771</u>	<u>66,500</u>	<u>213,786</u>	<u>257,092</u>	
Professional Fees	26,251	7,512	15,244	49,007	50,969	
Office and Computer Supplies / Expense	7,901	1,056	5,966	14,923	12,987	
Telephone	2,441	698	1,417	4,556	4,268	
Postage and Shipping	1,043	261	1,552	2,856	18,628	
Building Rent, Maintenance and Janitorial	12,446	3,508	7,225	23,179	24,645	
Liability Insurance	534	153	310	997	2,871	
Other Insurance	663	190	385	1,238	1,238	
Equipment Maintenance and Rental	6,130	1,754	3,560	11,444	7,071	
Organization Dues and Subscriptions	472	122	270	864	2,089	
Marketing / Campaign Materials	2,858	59	21,637	24,554	37,301	
Community Program Expenses	13,340			13,340	30,099	
Interest Expense	85	21	46	152	323	
Staff and Board Costs, Travel and Conferences	1,085	270	510	1,865	698	
Special Event Costs	3,976	-0-	537	4,513	17,293	
In-kind Expense				4,061	31,473	
Administration Fees-Other United Ways	2,748	787	1,596	5,131	2,618	
United Way of PA Dues	3,010	780	1,723	5,513	6,563	
United Way Worldwide Dues	9,709	2,779	5,638	18,126	17,582	
Depreciation	4,259	1,218	2,473	7,950	6,187	
Total Expenses	<u>\$ 584,990</u>	<u>\$ 53,939</u>	<u>\$ 140,650</u>	<u>\$ 779,579</u>	<u>\$ 851,995</u>	

UNITED WAY OF LEBANON COUNTY, INC.
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2022
(With Comparative Totals for 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (400,676)	\$ 1,233,271
Adjustments to Reconcile the Change in Net Assets to		
Net Cash Provided by (used in) Operating Activities:		
Depreciation	7,950	6,187
Increase (Decrease) in Allowance for Uncollectible Pledges	(8,597)	(25,416)
Realized (Gains) Losses on Investments	(110,314)	(124,278)
Unrealized (Gains) Losses on Investments	468,318	(271,936)
(Increase) Decrease in Beneficiary Interest	519,116	(375,836)
Forgiven PPP Loan	-0-	(48,353)
(Increase) Decrease in		
Pledges Receivable	106,736	82,734
Prepaid Expenses	(738)	888
Deposit Released from Restriction		1,780
Increase (Decrease) in		
Accounts Payable	(1,207)	1,049
Accrued Payroll, Taxes and Retirement	855	(8,278)
Donor Designations Payable	(4,873)	(33,100)
Program Allocations Payable	(120,000)	(184,000)
Net Cash Provided by Operating Activities	\$ 456,570	\$ 254,712
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	\$ -0-	\$ -0-
Purchase of Investments	(623,455)	(988,273)
Proceeds From Sale of Investments	461,392	702,150
Net Cash Provided by (Used in) Investing Activities	\$ (162,063)	\$ (286,123)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Borrowing (Payments) Under Line of Credit	\$ -0-	\$ (50,000)
Net Cash Provided by (Used in) Financing Activities	\$ -0-	\$ (50,000)
Increase (Decrease) in Cash	\$ 294,507	\$ (81,411)
Cash and Cash Equivalents, Beginning	557,654	639,065
Cash and Cash Equivalents, Ending	\$ 852,161	\$ 557,654

See Accompanying Notes to Financial Statements

UNITED WAY OF LEBANON COUNTY, INC.
STATEMENT OF CASH FLOWS (continued)
For The Year Ended June 30, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION:		
Cash and Cash Equivalents	\$ 637,960	\$ 386,255
Cash and Cash Equivalents, Endowment	<u>214,201</u>	<u>171,399</u>
Cash and Cash Equivalents	<u>\$ 852,161</u>	<u>\$ 557,654</u>
 SCHEDULE OF NONCASH OPERATING ACTIVITIES		
Sponsorship and Advertising In-Kind Expenses	<u>\$ 4,061</u>	<u>\$ 31,473</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest Expenses	<u>\$ 152</u>	<u>\$ 323</u>

See Accompanying Notes to Financial Statements

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

United Way of Lebanon County, Inc. (Organization) is a not-for-profit health and human service organization founded in 1931 and incorporated in 1952. Governed by a volunteer board of directors, the Organization was established to increase the overall quality of life for those in Lebanon County. To accomplish its mission, the Organization conducts fundraising campaigns and leverages partnerships across the business, nonprofit, civic, and government sectors to address community need. The Organization's primary funding sources are donor contributions from individuals and businesses.

Organizational Mission Statement

The mission of the Organization is: To serve as thought leaders, convene community, promote collaboration, and develop resources and solutions to strengthen the Lebanon County community.

Basis of Accounting

The accompanying financial statement have been prepared on the accrual basis of accounting.

Net Assets

Net assets, revenue, gains and losses are classified based on existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes are classified and reported as follow:

Net Assets Without Donor Restriction - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board designated endowment.

Net Assets with Donor Restriction - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue, if any, is recognized at the point in time the contract has been completed.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with maturity of three months or less at the time of acquisition, including all no-penalty certificates of deposit, to be cash equivalents.

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Organization carries its investments at fair value. Gifts of securities are recorded at fair value when received.

Promises to Give

Promises to Give (pledges receivable) are expected to be collected within one year and are offset by an estimated allowance for uncollectible contributions. Beginning in the June 30, 2021, fiscal year for the 2020 campaign, the reserve for uncollectible contributions is set at 4% of the total campaign based on historic pledge loss factors of this and other comparable local United Ways. The reserve is \$39,723 at June 30, 2022.

Property and Equipment

Property and equipment are stated a cost. The Organization's policy is to capitalize assets with a useful life greater than one year. Depreciation is provided using primarily the straight-line methods over five to seven years.

Campaign Contributions

Annual campaigns are conducted from September through December to provide support for the allocations to participating agencies in the subsequent fiscal year.

Concentration of Risk

The Organization maintains its cash and investment accounts in commercial financial institutions. The cash balances in each institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 or protected by Securities Investor Protection Corporation (SIPC) up to \$500,000. The Organization has accounts at financial institutions that from time to time may exceed the insurance obtained through FDIC or SIPC.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

The Organization follows the policy of charging the costs of non-direct response advertising to expense as incurred. Advertising / marketing expense for the year ended June 30, 2022, was \$24,554.

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is exempt from state and federal income taxes under Internal Revenue Codes Section 501(c)(3). Accordingly, no provision for income taxes is made in the financial statements. The Financial Accounting Standards Board issued FASB ASC 740-10, which prescribed a comprehensive model for how an organization should measure, recognize, present, and disclose uncertain tax positions taken on its tax return. The Organization believes that it has appropriate support for tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's open audit periods are for years ended June 30, 2019 through 2021.

Operations/Program Services/Functional Expenses Classifications

The following is a summary of the Organization's program services which it provides to the community and to the general public:

Allocations

UWLC Grantmaking Process - United Way of Lebanon county's grantmaking process is open for any eligible 501(c)(3) organization to apply. While grants can be awarded to individual programs demonstrating measurable outcomes, preference is given to those projects that demonstrate collaboration between organizations to maximize the impact of our resources. Grant applicants must align with one or more of the following focus areas:

- Early literacy
- Youth Development
- Adult self-sufficiency
- Safety-net services

All community investments are determined by volunteer panels comprised of community members at large. All grant recommendations are submitted to the United Way Board of Directors for final approval. All grantees are required to identify specific outcomes for their program/project and provide reports on their progress as requested by United Way.

Program Services

Communications - Provide messages and visuals to articulate the organization's mission, vision, values, and community impact work that connects with a variety of target audiences.

Community Planning - Collaborate with public and private partners to assemble information about community conditions and suggestions to heighten understanding and awareness.

Information Referral - Provide information and referrals on social, health, and other human services through, but not limited to, directories and listings, telephone assistance, and agency consultations.

Day of Caring - Participation of over 600 volunteers in projects at agencies, parks and organizations throughout Lebanon County.

Stuff the Bus – Coordinate annual schools supply drive which helped over 500 students in Lebanon County.

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operations/Program Services/Functional Expenses Classifications (continued)

Support Services

Administrative and General - Deal with the day-to-day administrative operations of the Organization and provides central administrative support to agencies.

Fundraising - Conduct annual campaign in order to raise necessary funds to help support services of community service agencies affiliated with the Organization.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses are broken into two categories which are program and support services. Program services are broken into allocation and program services, while support services are broken into organizational administration and fundraising. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. Allocated expenses include occupancy and depreciation which are allocated on a square footage basis, as well as salaries, benefits, payroll taxes, contracted services, supplies, dues and subscriptions, and travel which are allocated on the basis of estimates of time and effort.

Summarized Comparative Information

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

Subsequent Review

Management has evaluated subsequent events through October 12, 2022, which is the date the financial statements were available to be issued.

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 - FAIR VALUE MEASUREMENT

Financial Accounting Standards Board FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides 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 measure) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 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 or liabilities in active markets; quoted prices for identical or similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term or the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during 2022.

Mutual funds: Valued at the net asset value ("NAV") of shares held by the Organization at year end.

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds:				
Large Cap	\$ 605,539	\$ -0-	\$ -0-	\$ 605,539
Small/Mid Cap	234,238	-0-	-0-	234,238
International	210,247	-0-	-0-	210,247
Fixed Income	870,591	-0-	-0-	870,591
Alternative and Liquid Real Assets	<u>52,863</u>	<u>-0-</u>	<u>-0-</u>	<u>52,863</u>
Total Investments at Fair Value	<u>\$ 1,973,478</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,973,478</u>

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 3 - LIQUIDITY

The Organization's management and Board of Directors regularly monitor liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2022, the United Way of Lebanon County, Inc. has the following financial assets available to meet annual operating needs for the 2023 fiscal year as follows:

Cash and Cash Equivalents	\$ 637,960
Promises to Give (Net of Allowance)	179,857
Cash and Cash Equivalents, Endowment	214,201
Investments, Endowment	<u>1,973,478</u>
 Total Financial Assets	 \$ 3,005,496
 Less:	
Donor Restricted Endowment	1,490,877
Board Designated Endowment	<u>696,802</u>
 Financial Assets Available for General Expenditure Within One Year	 <u>\$ 817,817</u>

The endowment fund is subject to an annual spending rate of no more than 7.0%. Although the Organization does not intend to spend from the endowment other than amounts appropriated for general expenditures as part of the Board's annual budget approval and appropriation, the unrestricted amounts could be made available, if necessary.

NOTE 4 – ENDOWMENT INVESTMENTS

Under Financial Accounting Standards Board FASB ASC 958-320-35, investments in securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Long-term Endowment investments consisted of the following as of June 30, 2022 and 2021:

	Cost	Fair Value	Unrealized Gain (Loss)
June 30, 2022	<u>\$2,117,079</u>	<u>\$1,973,478</u>	<u>\$(143,601)</u>
June 30, 2021	<u>\$2,013,616</u>	<u>\$2,173,424</u>	<u>\$ 159,808</u>

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 4 – ENDOWMENT INVESTMENTS (Continued)

Investment return on endowment funds, including beneficial interest, consisted of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest Income	\$ 380	\$ 512
Dividend Income	43,005	34,072
Realized Gains (Losses) on Investments	110,314	124,278
Less Investment Fees	<u>(14,791)</u>	<u>(13,293)</u>
Realized return on Investments	\$ 138,908	\$ 145,569
Unrealized Gain (Losses) on Investment	<u>(471,196)</u>	<u>271,936</u>
Investment Return - Endowment	\$ (332,288)	\$ 417,505
Investment Return – Beneficial Interest	<u>(308,965)</u>	<u>375,836</u>
Total Investment Return	<u>\$ (641,253)</u>	<u>\$ 793,341</u>

Investment return is classified as without donor restrictions in the statement of activities.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts 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.

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 4 – ENDOWMENT INVESTMENTS (Continued)

Changes in Endowment Net Assets for the year ended June 30, 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, July 1, 2021	\$ 940,544	\$ 1,404,279	\$ 2,344,823
Interest and Dividends	43,385		43,385
Fees	(17,296)		(17,296)
Realized and Unrealized Gain (Loss)	(362,100)		(362,100)
Contributions/Transfers	152,151	86,598	238,749
Appropriation of Endowment Assets for Expenditures	(59,882)		(59,882)
Endowment Net Assets, June 30, 2022	<u>\$ 696,802</u>	<u>\$ 1,490,877</u>	<u>\$ 2,187,679</u>

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, July 1, 2020	\$ 402,215	\$ 1,351,172	\$ 1,753,387
Interest and Dividends	31,104		31,104
Fees	(12,668)	(625)	(13,293)
Realized and Unrealized Gain (Loss)	397,409		397,409
Contributions/Transfers	195,778	53,732	249,510
Appropriation of Endowment Assets for Expenditures	(73,294)		(73,294)
Endowment Net Assets, June 30, 2021	<u>\$ 940,544</u>	<u>\$ 1,404,279</u>	<u>\$ 2,344,823</u>

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment consisted of the following at June 30, 2022:

	Balance 7/1/20	Additions	Deductions	Balance 6/30/21
Property, Plant and Equipment				
Office Equipment	\$ 58,248	\$ 4,005	\$ 37,393	\$ 24,860
Accumulated Depreciation				
Office Equipment	47,647	6,118	35,561	18,204
Property, Plant and Equipment, Net	<u>\$ 10,601</u>	<u>\$ (2,113)</u>	<u>\$ (1,832)</u>	<u>\$ 6,656</u>

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 – PROGRAM ALLOCATIONS PAYABLE

Allocations approved for distribution by the Board at June 30, 2022 are payable for the following initiatives:

Power Packs Project	\$ 5,000
WEPA Empowerment Center, Inc.	15,000
Lebanon County Christian Ministries	5,000
LutherCare Child Care	15,000
Chalkboard Financial	4,000
Lebanon Valley Family YMCA	10,000
Lebanon County Library System	57,000
Big Brothers Big Sisters of the Capital Region	5,000
Lebanon Family Health Services	15,024
Girls on the Run of Lancaster/Lebanon	5,000
Supportive Housing Improving Foster Transition	8,000
Community Health Council	7,500
211 Program	65,000
Communities in Schools of Pennsylvania	<u>155,000</u>
Total	<u>\$ 371,524</u>

NOTE 7 – PAYCHECK PROTECTION PROGRAM NOTE

In April 2020 the Organization entered into a Promissory Note with Fulton Bank, N.A. in the amount of \$48,353, pursuant to the Paycheck Protection Program (the PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

Under the terms of the CARES Act, the Organization was granted forgiveness for all of the loan granted under the PPP.

NOTE 8 – LINE OF CREDIT

The Organization maintains an unsecured \$100,000 line of credit with Fulton Bank of which \$-0- and \$-0- was outstanding at June 30, 2022 and 2021, respectively. Interest is payable at the bank's prime rate. Interest was 3.25 percent at June 30, 2022.

NOTE 9 – RETIREMENT PLANS

The retirement plans are funded through Mutual of America and cover all full-time eligible employees. The cost of the plans for the year ended June 30, 2022 and 2021 was \$4,862 and \$8,260.

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 – BENEFICIARY INTEREST

The Organization has an irrevocable interest in the earnings of various trusts for which a beneficiary interest has been recorded as follows:

For the Year Ended June 30, 2022	(A)	(B)	(C)	(D)	(E)	Total
Assets, at Fair Market Value	\$ 157,161	\$ 342,468	\$ 124,583	\$ 1,529,029	\$ 107,960	\$ 2,261,201
Net Assets:						
Beginning	\$ 157,161	\$ 342,468	\$ 124,583	\$ 1,529,029	\$ 107,960	\$ 2,261,201
Interest and Dividends	2,330	6,133	2,250	21,555	1,342	33,610
Fees	(1,325)	(3,908)	(1,569)	(18,103)	(729)	(25,634)
Realized and Unrealized Gain(Loss)	(24,139)	(42,402)	(21,407)	(230,507)	1,258	(317,197)
Contributions	-0-	-0-	-0-	96	-0-	96
Distribution/Transfer	(7,448)	(12,575)	(6,081)	(74,056)	(109,831)	(209,991)
Ending	\$ 126,579	\$ 289,716	\$ 97,776	\$ 1,228,014	\$ -0-	\$ 1,742,085
Net Assets, Permanently Restricted	\$ 74,356	\$ 212,437	\$ 73,413	\$ 1,442,814	\$ -0-	\$ 1,803,116

- (A) - Laura Williams Trust Fund, receive 100% of total earnings of trust assets
- (B) - Kopp Trust, received 9% of total earnings of trust assets
- (C) - Rohrer Trust, received 25% of total earnings of trust assets
- (D) - Uhlig Trust, received 100% of total earnings of trust asset
- (E) - Deck Trust, represents 20% of total trust assets which will be distributed over ten years starting fiscal year ended June 30, 2013

The interest in these assets is carried as net assets with donor restriction in the statement of financial position. The distributed income from these investments is recorded as nonoperating revenue when received, with or without restriction depending on donor direction for the use of these funds.

NOTE 11 - DESIGNATIONS TO OTHERS

Through the United Way Campaign, donors can direct their gifts to any qualified organization in the United States over which United Way exercises/retains no discretion as to use due to donor instruction. To qualify, an organization must be fully tax exempt and in full compliance with The Federal Patriot Act laws. As a member of United Way Worldwide, United Way adheres to all membership criteria including the requirements for deducting administrative fees from donor-directed contributions.

UNITED WAY OF LEBANON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 – LEASES

The Organization leased its offices under a multi-year lease through February 28, 2022, with annual lease payments of \$23,332 payable in monthly installments of \$1,944. The lease was terminated in 2022 and office space was obtained at a new location with lease terms of three years beginning February 1, 2022, with options to renew for an additional two one-year terms. The occupancy expense under these lease terms for the year ended June 30, 2022 and 2021 were \$20,624 and \$23,332.

Noncancelable future minimum rentals for the years ended June 30 are as follows:

2023	\$ 9,680
2024	9,872
2025	5,824

NOTE 13 - NET ASSETS

Board Designated

The board designated funds represent money set aside by the board of directors for future board-determined uses.

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

Perpetual in Nature:

Endowment Fund	\$ 1,490,877
Beneficial Interest in Trust	<u>1,742,085</u>
Net Assets With Donor Restrictions Perpetual in Nature	<u>\$ 3,232,962</u>

NOTE 14 – DONATED SERVICES AND INCENTIVES

The estimated fair market value of donated services included in the financial statements for the year ended June 30, 2022 is as follows:

Other Revenue:

Non-cash Contributions	<u>\$ 4,061</u>
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Expenses:

Campaign and Advertising Expenses	<u>\$ 4,061</u>
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