

UNITED WAY OF BUCKS COUNTY

FINANCIAL STATEMENTS

DECEMBER 31, 2018

(WITH SUMMARIZED FINANCIAL INFORMATION
FOR DECEMBER 31, 2017)

UNITED WAY OF BUCKS COUNTY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Bucks County
Fairless Hills, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Bucks County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Bucks County as of December 31, 2018, 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.

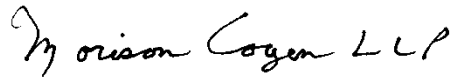
To the Board of Directors
United Way of Bucks County
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019 on our consideration of United Way of Bucks County'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 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 Bucks County's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited United Way of Bucks County's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Morrison Cogen LLP".

November 13, 2019

UNITED WAY OF BUCKS COUNTY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(WITH FINANCIAL INFORMATION
FOR DECEMBER 31, 2017)

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,707,847	\$ 1,579,674
Pledges receivable (net of allowance of \$120,000 and \$140,000)	299,254	457,575
Contributions receivable	-	15,993
Prepaid expenses	13,950	12,805
Prepaid grants	35,513	-
Investments	886,904	798,712
	2,943,468	2,864,759
INVESTMENTS - NONCURRENT	215,925	262,010
PROPERTY AND EQUIPMENT	79,195	82,892
TOTAL ASSETS	\$ 3,238,588	\$ 3,209,661
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 97,205	\$ 160,698
Campaign agency funds	12,055	53,070
Deferred revenue	175,942	141,138
	285,202	354,906
TOTAL LIABILITIES	285,202	354,906
NET ASSETS		
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Unappropriated	2,546,130	2,541,695
Building fund - Board designated	45,484	45,484
	2,591,614	2,587,179
NET ASSETS WITH DONOR RESTRICTIONS	361,772	267,576
TOTAL NET ASSETS	2,953,386	2,854,755
TOTAL LIABILITIES AND NET ASSETS	\$ 3,238,588	\$ 3,209,661

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF BUCKS COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017)

	<u>2018</u>		<u>2017</u>	
Memo about campaign support				
Gross campaign		\$ 2,462,103		\$ 3,209,009
Less: Donor designations		51,061		95,935
Undesignated campaign		<u>2,411,042</u>		<u>3,113,074</u>
Less: Valuation allowance		<u>116,627</u>		<u>152,579</u>
Net campaign		<u><u>\$ 2,294,415</u></u>		<u><u>\$ 2,960,495</u></u>
		<u>2018</u>		
	<u>Without Donor</u>	<u>With Donor</u>		<u>2017</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>	<u>Total</u>
SUPPORT				
Contributions received in the current period	\$ 2,180,196	\$ 230,846	\$ 2,411,042	\$ 3,113,074
Grants	-	35,000	35,000	17,684
	<u>2,180,196</u>	<u>265,846</u>	<u>2,446,042</u>	<u>3,130,758</u>
Less: Valuation allowance	<u>(116,627)</u>	<u>-</u>	<u>(116,627)</u>	<u>(152,579)</u>
	<u>2,063,569</u>	<u>265,846</u>	<u>2,329,415</u>	<u>2,978,179</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of program restrictions	<u>224,596</u>	<u>(224,596)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT	<u>2,288,165</u>	<u>41,250</u>	<u>2,329,415</u>	<u>2,978,179</u>
REVENUE				
Pennsylvania Pre-K Counts revenue	1,478,639	-	1,478,639	881,250
Interest and dividends	31,558	-	31,558	20,672
Special event revenue	24,425	52,946	77,371	25,844
Less: costs of direct benefits to donors	(31,498)	-	(31,498)	(11,813)
Fee revenue	10,212	-	10,212	19,187
Miscellaneous	3,511	-	3,511	2,590
TOTAL REVENUE	<u>1,516,847</u>	<u>52,946</u>	<u>1,569,793</u>	<u>937,730</u>
TOTAL SUPPORT AND REVENUE	<u>3,805,012</u>	<u>94,196</u>	<u>3,899,208</u>	<u>3,915,909</u>
EXPENSES				
Program				
Allocations	632,634	-	632,634	764,852
Funds distribution	45,934	-	45,934	39,609
Community impact	215,790	-	215,790	14,094
Community and agency services	2,274,804	-	2,274,804	2,381,578
Individual services	36,463	-	36,463	41,049
Support				
General and administration	212,232	-	212,232	246,797
Fundraising	275,801	-	275,801	264,370
TOTAL EXPENSES	<u>3,693,658</u>	<u>-</u>	<u>3,693,658</u>	<u>3,752,349</u>
CHANGE IN NET ASSETS FROM OPERATIONS	111,354	94,196	205,550	163,560
REALIZED AND UNREALIZED INVESTMENT GAINS (LOSSES)	<u>(106,919)</u>	<u>-</u>	<u>(106,919)</u>	<u>53,255</u>
CHANGE IN NET ASSETS	<u><u>\$ 4,435</u></u>	<u><u>\$ 94,196</u></u>	<u><u>\$ 98,631</u></u>	<u><u>\$ 216,815</u></u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF BUCKS COUNTY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017)

	2018			2017 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
NET ASSETS, BEGINNING OF YEAR	\$ 2,587,179	\$ 267,576	\$ 2,854,755	\$ 2,637,940
CHANGE IN NET ASSETS	4,435	94,196	98,631	216,815
NET ASSETS, END OF YEAR	<u>\$ 2,591,614</u>	<u>\$ 361,772</u>	<u>\$ 2,953,386</u>	<u>\$ 2,854,755</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF BUCKS COUNTY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
(WITH FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 98,631	\$ 216,815
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	14,232	14,339
Increase (decrease) in provision for losses on current campaign pledges receivable	(20,000)	15,000
Realized and unrealized investment (gains) losses	106,919	(53,255)
(Increase) decrease in assets		
Pledges receivable	178,321	190,326
Contributions receivable	15,993	(7,380)
Prepaid expenses	(1,145)	(1,698)
Prepaid grants	(35,513)	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(63,493)	57,175
Campaign agency funds	(41,015)	(27,465)
Deferred revenue	34,804	141,138
	<u>287,734</u>	<u>544,995</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	892,175	303,263
Purchases of investments	(1,041,201)	(463,770)
Purchase of property and equipment	(10,535)	(2,669)
	<u>(159,561)</u>	<u>(163,176)</u>
Net cash used in investing activities		
	<u>(159,561)</u>	<u>(163,176)</u>
NET INCREASE IN CASH	128,173	381,819
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,579,674</u>	<u>1,197,855</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,707,847</u></u>	<u><u>\$ 1,579,674</u></u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF BUCKS COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017)

	2018							2017 Total	
	Program				Support				
	Allocations	Funds Distribution	Community Impact	Community and Agency Services	Individual Services	General and Administration	Fundraising		Total
Allocations: Member agencies	\$ 483,277	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 483,277	\$ 560,096
Allocations: Community impact	149,357	-	-	-	-	-	-	149,357	204,756
Salaries	-	31,745	144,142	100,761	23,579	108,800	170,077	579,104	584,771
Benefits	-	6,981	33,044	5,924	5,926	38,781	39,423	130,079	157,825
Staff expenses	-	254	2,713	73,160	258	7,017	4,141	87,543	58,133
Facilities and equipment	-	2,722	16,193	174,653	2,615	19,132	17,957	233,272	171,475
Marketing and communications	-	465	1,737	2,755	392	2,465	21,167	28,981	46,101
Professional services	-	1,659	6,636	922,780	1,640	22,548	9,959	965,222	588,533
Community program services	-	-	-	188,670	-	-	-	188,670	133,883
Volunteer and community relations	-	-	1,595	11,014	89	1,729	1,995	16,422	19,454
United Way support services	-	1,464	6,759	6,593	1,365	8,027	7,691	31,899	32,893
In-kind gifts	-	-	-	785,600	-	-	-	785,600	1,180,090
	<u>632,634</u>	<u>45,290</u>	<u>212,819</u>	<u>2,271,910</u>	<u>35,864</u>	<u>208,499</u>	<u>272,410</u>	<u>3,679,426</u>	<u>3,738,010</u>
Depreciation	-	644	2,971	2,894	599	3,733	3,391	14,232	14,339
TOTAL EXPENSES	<u>\$ 632,634</u>	<u>\$ 45,934</u>	<u>\$ 215,790</u>	<u>\$ 2,274,804</u>	<u>\$ 36,463</u>	<u>\$ 212,232</u>	<u>\$ 275,801</u>	<u>\$ 3,693,658</u>	
2017 TOTALS	<u>\$ 764,852</u>	<u>\$ 39,609</u>	<u>\$ 14,094</u>	<u>\$ 2,381,578</u>	<u>\$ 41,049</u>	<u>\$ 246,797</u>	<u>\$ 264,370</u>		<u>\$ 3,752,349</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – NATURE OF ACTIVITY

United Way of Bucks County (United Way or the Organization) was incorporated as a 501(c)(3) nonprofit organization under the laws of the Commonwealth of Pennsylvania in 1952. The mission of the Organization is to advance the greater good by mobilizing the caring power of communities. United Way improves life in Bucks County by connecting people who care with those who need care. Primarily, this includes helping donors direct time and resources to where they are needed most in Bucks County.

United Way focuses on raising funds to invest in programs and activities that improve access to a quality education, a stable income, and good health; promoting a culture of philanthropy; and advocating on behalf of causes, clients, and organizations. Projects coordinated by the Organization include community planning and problem solving; investing in short and long term solutions to issues like food insecurity, access to care, and family stability; and securing grants to advance these projects.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles in the United States of America.

Financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Deferred revenue includes funds received by the Organization for services not yet performed.

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received requiring perpetual investment for use by the Organization are classified as net assets with donor restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.

Pledges Receivable

The Organization provides an allowance for doubtful accounts which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. At December 31, 2018, an allowance of \$120,000 was considered necessary.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Organization carries its investments in marketable securities at market value. Under FASB ASC 820, *Fair Value Measurement*, fair value is defined as the price that the Organization would receive to sell an investment to an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market. FASB ASC 820 establishes a three-tier hierarchy based on quoted prices in active markets, other observable inputs, or unobservable inputs.

Realized and unrealized gains (losses) on investments (determined based on original cost) and investment income are included in the statement of activities.

Property and Equipment and Depreciation

Assets are stated at cost. The cost of property and equipment is depreciated over the estimated useful lives of the related assets on a straight-line basis.

In-kind Contributions

The Organization recognizes contributed services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributed goods and services are reflected in the accompanying financial statements at their estimated values at the date of receipt. Contributed goods primarily consist of home goods distributed to the homeless, families in transitional housing, and those who have experienced a recent crisis. The Organization recorded \$785,600 of contributed goods and \$-0- of contributed services in Community and Agency Services for the year ended December 31, 2018.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as facilities and equipment, professional services, and community program services have been allocated among the programs and supporting services benefited on various bases, such as headcount. The Organization's programs are as follows:

Allocations: Actual funds distributed to social service programs via member (funded) agencies that address the areas of disabilities, early childhood, emergency services, family support, senior services, substance abuse, violence prevention, youth, and national agencies.

Funds Distribution: Funds invested in the activities of human service planning, the process of allocating the dollars raised in the annual campaign, and the ongoing development and relationship with member (funded) and affiliate (non-funded) agencies.

Community Impact: Funds invested in targeting community projects that bring together collaborative efforts by engaging systems, including governments, business, faith groups, educational, non-profits and citizens to address community conditions or critical needs.

Community and Agency Services: Funds invested in activities and programs that are provided for the benefit of the general social service community of agencies and the community at large, i.e. annual human services conferences, countywide volunteer efforts, publicizing information on available human services.

Individual Services: Funds invested in activities and programs that provide services to the individual client such as "First Call for Help" Information and Referral, Operation Helping Hand, and Gifts in Kind; or the work of the Community Services Labor Liaison.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status

The Organization is incorporated in the Commonwealth of Pennsylvania and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. United Way of Bucks County has been classified as a publicly supported charitable organization and is registered as required with the Pennsylvania Bureau of Charitable Organizations. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Comparative Financial 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 the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived. Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. The reclassifications have no effect on the classes of net assets or the change in net assets for the prior year.

Recently Issued Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. The amendments improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The amendments in this Update should be applied on a retrospective basis in the year that the Update is first applied. However, if presenting comparative financial statements, a not-for-profit entity has the option to omit certain information for any periods presented before the period of adoption. The Organization adopted the amendments in this Update effective January 1, 2018. The adoption of the ASU will not change total net assets, but it will change the classification by combining restricted net assets into a single class.

The Organization is currently assessing the impact the following Updates will have on its financial statements when adopted. ASU 2016-08 and ASU 2018-08 will affect the 2019 financial statements.

In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarifies certain aspects of the principal versus agent guidance in the new revenue recognition standard. The effective date and transition requirement for this ASU are the same as the effective date and transition requirements of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended by ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date to annual reporting periods beginning after December 15, 2018.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this Update should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 or as exchange (reciprocal transactions) subject to Topic 606, and determining whether a contribution is conditional. The amendments in this Update for nonpublic entities should apply the amendments for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

FASB ASC 855-10 establishes general standards of accounting and disclosure of events that occur after the statement of financial position date but before the date the financial statements are available to be issued. Subsequent events have been evaluated through November 13, 2019, the date that the financial statements were available to be issued.

NOTE 3 – CONCENTRATION OF CREDIT RISK INVOLVING CASH

During the year, the Organization may have deposits with major financial institutions which exceed Federal Deposit Insurance Corporation limits.

NOTE 4 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 Inputs to the valuation methodology include

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

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

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

The asset 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 maximize the use of relevant 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 December 31, 2018.

Money market accounts: Valued at the daily closing price as reported by the Fund.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Government bonds and foreign government bonds: Valued using pricing models maximizing the use of observable inputs for similar securities.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2018:

	Assets at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Money market accounts	\$ 63,548	\$ -	\$ -	\$ 63,548
Mutual funds				
Blended funds	152,877	-	-	152,877
Emerging markets funds	12,494	-	-	12,494
Foreign blended funds	99,740	-	-	99,740
Foreign value funds	44,152	-	-	44,152
Growth funds	18,824	-	-	18,824
Real estate funds	12,126	-	-	12,126
Value funds	37,962	-	-	37,962
Corporate bonds	380,675	-	-	380,675
Foreign government bonds	20,886	-	-	20,886
Government bonds	259,545	-	-	259,545
 Total assets at fair value	 \$ 1,102,829	 \$ -	 \$ -	 \$ 1,102,829

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 consist of the following:

Land	\$ 11,017
Building	193,135
Furniture, equipment, and software	191,805
	395,957
Less: Accumulated depreciation	316,762
	 \$ 79,195

For the year ended December 31, 2018 depreciation expense charged to operations was \$14,232.

NOTE 6 – LINE OF CREDIT

The Organization has available a \$250,000 on demand revolving line of credit with a bank secured by assets of the Organization. At December 31, 2018 there were no borrowings on the line.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 – CAMPAIGN AGENCY FUNDS

The Organization manages and administers annual campaigns, the purpose of which is to raise funds in accordance with its charitable purpose. As part of these campaigns donors may designate all or a portion of their pledge for specific purposes. These campaign agency funds or “donor designations” are considered transfers of assets and liabilities (which are not included in the support or expenses of the Organization). The campaign agency funds at December 31, 2018 are \$12,055.

NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

The Board of Directors has designated a portion of its net assets without donor restrictions to support the Organization’s building fund. This amount is classified as board designated – building fund in net assets without donor restrictions.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time at December 31, 2018 include \$301,772 to be used for programs in a future period.

Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization are restricted to investments in perpetuity, the income from which is expendable to support the following at December 31, 2018:

General operations	\$ 50,000
Scholarship	<u>10,000</u>
	<u><u>\$ 60,000</u></u>

NOTE 10 – EMPLOYEE BENEFIT PLAN

The Organization has a contributory 401(k) savings plan for all eligible employees in which the employer matches up to 3% of employee contributions. Contributions for the year ended December 31, 2018 amounted to \$9,164.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization’s financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 1,707,847
Pledges receivable	299,254
Investments	<u>886,904</u>
	2,894,005
Less financial assets unavailable for general expenditures within one year due to:	
Restrictions by donor for time or purpose	(145,847)
Board designations	<u>(45,484)</u>
	<u><u>\$ 2,702,674</u></u>

As shown above the Organization has approximately \$2,700,000 of assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The Organization has a goal to maintain financial assets to be liquid with minimal market risk. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization also has a committed line of credit in the amount of \$250,000, which it could draw upon in the event of an unanticipated liquidity need.

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 Bucks County
Fairless Hills, 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 Bucks County (a nonprofit organization) (the Organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors
United Way of Bucks County
(Continued)

Purpose of this Report

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

Myrion Cogen LLP

November 13, 2019