

UNITED WAY OF BUCKS COUNTY

FINANCIAL STATEMENTS

DECEMBER 31, 2019

(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR DECEMBER 31, 2018)

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, 2019, 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, 2019, 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.

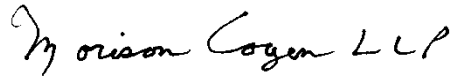
To the Board of Directors  
United Way of Bucks County  
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2020 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 United Way of Bucks County'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 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 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 10, 2020

UNITED WAY OF BUCKS COUNTY  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019  
(WITH FINANCIAL INFORMATION  
FOR DECEMBER 31, 2018)

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,670,384	\$ 1,707,847
Pledges receivable (net of allowance of \$130,000 and \$120,000)	393,746	299,254
Prepaid expenses	24,014	13,950
Prepaid grants	15,338	35,513
Investments	959,927	886,904
	3,063,409	2,943,468
<b>INVESTMENTS - NONCURRENT</b>	279,296	215,925
<b>PROPERTY AND EQUIPMENT</b>	84,084	79,195
<b>TOTAL ASSETS</b>	\$ 3,426,789	\$ 3,238,588
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 101,836	\$ 97,205
Campaign agency funds	37,448	12,055
Deferred revenue	-	175,942
	139,284	285,202
<b>TOTAL LIABILITIES</b>	139,284	285,202
<b>NET ASSETS</b>		
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Unappropriated	2,802,075	2,546,130
Building fund - Board designated	45,484	45,484
	2,847,559	2,591,614
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>	439,946	361,772
<b>TOTAL NET ASSETS</b>	3,287,505	2,953,386
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 3,426,789	\$ 3,238,588

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

UNITED WAY OF BUCKS COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019  
(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018)

	<u>2019</u>		<u>2018</u>	
Memo about campaign support				
Gross campaign		\$ 2,612,971		\$ 2,462,103
Less: Donor designations		(79,695)		(51,061)
Undesignated campaign		<u>2,533,276</u>		<u>2,411,042</u>
Less: Valuation allowance		<u>(113,410)</u>		<u>(116,627)</u>
Net campaign		<u><u>\$ 2,419,866</u></u>		<u><u>\$ 2,294,415</u></u>
		<u>2019</u>		<u>2018</u>
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
SUPPORT				
Contributions received in the current period	\$ 2,282,599	\$ 250,677	\$ 2,533,276	\$ 2,411,042
Grants	-	35,000	35,000	35,000
	<u>2,282,599</u>	<u>285,677</u>	<u>2,568,276</u>	<u>2,446,042</u>
Less: Valuation allowance	<u>(113,410)</u>	<u>-</u>	<u>(113,410)</u>	<u>(116,627)</u>
	<u>2,169,189</u>	<u>285,677</u>	<u>2,454,866</u>	<u>2,329,415</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of program restrictions	<u>259,701</u>	<u>(259,701)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT	<u>2,428,890</u>	<u>25,976</u>	<u>2,454,866</u>	<u>2,329,415</u>
REVENUE				
Pennsylvania Pre-K Counts revenue	1,832,686	-	1,832,686	1,478,639
Interest and dividends	38,963	-	38,963	31,558
Special event revenue	20,745	52,198	72,943	77,371
Less: costs of direct benefits to donors	(30,969)	-	(30,969)	(31,498)
Fee revenue	15,939	-	15,939	10,212
Miscellaneous	3,054	-	3,054	3,511
TOTAL REVENUE	<u>1,880,418</u>	<u>52,198</u>	<u>1,932,616</u>	<u>1,569,793</u>
TOTAL SUPPORT AND REVENUE	<u>4,309,308</u>	<u>78,174</u>	<u>4,387,482</u>	<u>3,899,208</u>
EXPENSES				
Program				
Allocations	698,477	-	698,477	632,634
Funds distribution	48,532	-	48,532	45,934
Community impact	259,477	-	259,477	215,790
Community and agency services	2,660,731	-	2,660,731	2,274,804
Individual services	39,770	-	39,770	36,463
Support				
General and administration	195,281	-	195,281	212,232
Fundraising	279,743	-	279,743	275,801
TOTAL EXPENSES	<u>4,182,011</u>	<u>-</u>	<u>4,182,011</u>	<u>3,693,658</u>
CHANGE IN NET ASSETS FROM OPERATIONS	127,297	78,174	205,471	205,550
REALIZED AND UNREALIZED INVESTMENT GAINS (LOSSES)	<u>128,648</u>	<u>-</u>	<u>128,648</u>	<u>(106,919)</u>
CHANGE IN NET ASSETS	<u><u>\$ 255,945</u></u>	<u><u>\$ 78,174</u></u>	<u><u>\$ 334,119</u></u>	<u><u>\$ 98,631</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, 2019  
(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018)

	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
NET ASSETS, BEGINNING OF YEAR	\$ 2,591,614	\$ 361,772	\$ 2,953,386	\$ 2,854,755
CHANGE IN NET ASSETS	<u>255,945</u>	<u>78,174</u>	<u>334,119</u>	<u>98,631</u>
NET ASSETS, END OF YEAR	<u>\$ 2,847,559</u>	<u>\$ 439,946</u>	<u>\$ 3,287,505</u>	<u>\$ 2,953,386</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, 2019  
(WITH FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 334,119	\$ 98,631
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	18,612	14,232
Increase (decrease) in provision for losses on current campaign pledges receivable	10,000	(20,000)
Realized and unrealized investment (gains) losses	(128,648)	106,919
(Increase) decrease in assets		
Pledges receivable	(104,492)	178,321
Contributions receivable	-	15,993
Prepaid expenses	(10,064)	(1,145)
Prepaid grants	20,175	(35,513)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	4,631	(63,493)
Campaign agency funds	25,393	(41,015)
Deferred revenue	(175,942)	34,804
Net cash provided by (used in) operating activities	(6,216)	287,734
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,544,487	892,175
Purchases of investments	(1,552,233)	(1,041,201)
Purchase of property and equipment	(23,501)	(10,535)
Net cash used in investing activities	(31,247)	(159,561)
<b>NET INCREASE (DECREASE) IN CASH</b>	(37,463)	128,173
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	1,707,847	1,579,674
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,670,384	\$ 1,707,847

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



UNITED WAY OF BUCKS COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019  
(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018)

	2019							2018 Total	
	Program				Support				
	Allocations	Funds Distribution	Community Impact	Community and Agency Services	Individual Services	General and Administration	Fundraising		Total
Allocations: Member agencies	\$ 470,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 470,934	\$ 483,277
Allocations: Community impact	227,543	-	-	-	-	-	-	227,543	149,357
Salaries	-	31,983	170,405	14,904	25,461	106,755	176,391	525,899	579,104
Benefits	-	7,143	37,781	15,870	5,705	33,664	38,643	138,806	130,079
Staff expenses	-	122	1,885	98,016	93	5,796	2,779	108,691	87,543
Facilities and equipment	-	4,059	21,423	206,195	3,460	17,411	19,402	271,950	233,272
Marketing and communications	-	786	4,131	4,626	1,269	3,128	16,606	30,546	28,981
Professional services	-	2,267	11,373	1,217,987	1,808	19,781	12,692	1,265,908	965,222
Community program services	-	-	-	331,757	-	-	-	331,757	188,670
Volunteer and community relations	-	-	1,010	21,397	-	270	1,015	23,692	16,422
United Way support services	-	1,435	7,382	8,717	1,298	5,434	7,621	31,887	31,899
In-kind gifts	-	-	-	735,786	-	-	-	735,786	785,600
	<u>698,477</u>	<u>47,795</u>	<u>255,390</u>	<u>2,655,255</u>	<u>39,094</u>	<u>192,239</u>	<u>275,149</u>	<u>4,163,399</u>	<u>3,679,426</u>
Depreciation	-	737	4,087	5,476	676	3,042	4,594	18,612	14,232
<b>TOTAL EXPENSES</b>	<u>\$ 698,477</u>	<u>\$ 48,532</u>	<u>\$ 259,477</u>	<u>\$ 2,660,731</u>	<u>\$ 39,770</u>	<u>\$ 195,281</u>	<u>\$ 279,743</u>	<u>\$ 4,182,011</u>	
<b>2018 TOTALS</b>	<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>

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

UNITED WAY OF BUCKS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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 create opportunities for quality education, financial stability, and good health to ensure real, lasting change for individuals and its 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.

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, 2019, an allowance of \$130,000 was considered necessary.

UNITED WAY OF BUCKS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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 \$735,786 of contributed goods and \$-0- of contributed services in Community and Agency Services for the year ended December 31, 2019.

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, 2019

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, 2018, from which the summarized information was derived.

Recently Issued Accounting Pronouncements

In June 2018, the FASB issued Accounting Standards Update (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 (deferred pursuant to FASB ASU No. 2020-05 – see below), and determining whether a contribution is conditional. 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. The Organization adopted the amendments in this Update on January 1, 2019. The adoption of this standard did not have a material impact on the Organization's financial statements.

In May 2014 the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as modified by ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing* and other subsequently issued related ASUs. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this Update are effective for entities for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. In June 2020, the FASB issued ASU No. 2020-05, which deferred the effective date for the new revenue recognition standard for one year for an entity who has not yet issued its financial statements. The Organization is currently assessing the impact these Updates will have on its financial statements when adopted.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this Update specify the accounting for leases. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. The amendments in this Update, which were originally extended by ASU No. 2019-10 and further extended by ASU No. 2020-05, are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently assessing the impact this Update will have on its financial statements when adopted.

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 10, 2020, the date that the financial statements were available to be issued.

UNITED WAY OF BUCKS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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, 2019.

*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.

*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:* Valued using pricing models maximizing the use of observable inputs for similar securities.

UNITED WAY OF BUCKS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of December 31, 2019:

	Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Blended funds	\$ 299,830	\$ -	\$ -	\$ 299,830
Emerging markets funds	54,674	-	-	54,674
Foreign blended funds	60,000	-	-	60,000
Technology funds	29,258	-	-	29,258
Corporate bonds	328,867	-	-	328,867
Government bonds	466,594	-	-	466,594
Total assets at fair value	\$ 1,239,223	\$ -	\$ -	\$ 1,239,223

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 consist of the following:

Land	\$ 11,017
Building	195,656
Furniture, equipment, and software	212,785
	419,458
Less: Accumulated depreciation	335,374
	\$ 84,084

For the year ended December 31, 2019 depreciation expense charged to operations was \$18,612.

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, 2019 there were no borrowings on the line.

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, 2019 are \$37,448.

UNITED WAY OF BUCKS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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 building fund – board designated 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, 2019 include \$379,946 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, 2019:

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, 2019 amounted to \$11,119.

NOTE 11 – SPECIAL EVENT

Functional expenses for the year ended December 31, 2019 are detailed on the statement of functional expenses. To the extent that expenses are reported on the statement of activities by other than their natural classification (the cost of special events reported as a direct benefit to donors), they are included in the summary below with all expenses incurred.

	Program	General and Administration	Fundraising	Subtotal	Special Event (Direct Benefit to Donors)	Total
Allocations	\$ 698,477	\$ -	\$ -	\$ 698,477	\$ -	\$ 698,477
Salaries and benefits	309,252	140,419	215,034	664,705	-	664,705
Professional services	1,233,435	19,781	12,692	1,265,908	-	1,265,908
Other	<u>1,465,823</u>	<u>35,081</u>	<u>52,017</u>	<u>1,552,921</u>	<u>30,969</u>	<u>1,583,890</u>
	<u><u>\$ 3,706,987</u></u>	<u><u>\$ 195,281</u></u>	<u><u>\$ 279,743</u></u>	<u><u>\$ 4,182,011</u></u>	<u><u>\$ 30,969</u></u>	<u><u>\$ 4,212,980</u></u>

UNITED WAY OF BUCKS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 11 – SPECIAL EVENT (Continued)

The Organization hosted a special event that resulted in direct benefits to donors. The detail of the special event costs are:

Special event		
Printing	\$	2,167
Venue		17,408
Supplies		6,534
Audio visual		<u>4,860</u>
	\$	<u><u>30,969</u></u>

NOTE 12 – OPERATING LEASES

The Organization leases equipment a under noncancellable lease agreement that expires in March 2024.

Rent expense for the year ended December 31, 2019 was \$1,510. The minimum future rental payments under the operating lease are as follows:

YEARS ENDING DECEMBER 31,	AMOUNT
2020	\$ 2,014
2021	2,014
2022	2,014
2023	2,014
2024	<u>503</u>
	<u><u>\$ 8,559</u></u>

In 2020, the Organization executed leases for distribution space and equipment under noncancellable lease agreements that expire through April 2025. The minimum future rental payments under the operating leases are \$95,045.



UNITED WAY OF BUCKS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 13 – 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	\$ 1,670,384
Pledges receivable	393,746
Investments	<u>959,927</u>
	3,024,057
Less financial assets unavailable for general expenditures within one year due to:	
Restrictions by donor for time or purpose	(160,650)
Board designations	<u>(45,484)</u>
	<u><u>\$ 2,817,923</u></u>

As shown above the Organization has approximately \$2,800,000 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.

NOTE 14 – SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. On March 19, 2020 the Governor of Pennsylvania declared a health emergency and issued an order to close all nonessential businesses until further notice. The Organization has transitioned to remote operations. While the Organization expects this matter to somewhat negatively impact their results of operations, cash flow, and financial position, the related financial impact cannot be reasonably estimated at this time.

Subsequent to year end the Organization received a loan in the amount of \$115,829 to fund payroll, rent, and utilities through the federal Paycheck Protection Program, an initiative of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed by Congress in response to COVID-19. This amount may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

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, 2019, 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 10, 2020.

*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 10, 2020