

UNITED WAY OF BUCKS COUNTY

FINANCIAL STATEMENTS

DECEMBER 31, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION
FOR DECEMBER 31, 2019)

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, 2020, 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, 2020, 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, 2021 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 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, 2021

UNITED WAY OF BUCKS COUNTY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(WITH FINANCIAL INFORMATION
FOR DECEMBER 31, 2019)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,377,616	\$ 1,670,384
Pledges receivable (net of allowance of \$100,000 and \$130,000)	213,772	393,746
Prepaid expenses	26,290	24,014
Prepaid grants	19,409	15,338
Investments	1,066,580	959,927
	3,703,667	3,063,409
INVESTMENTS - NONCURRENT	312,004	279,296
PROPERTY AND EQUIPMENT	112,389	84,084
SECURITY DEPOSIT	13,387	-
TOTAL ASSETS	\$ 4,141,447	\$ 3,426,789
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 143,954	\$ 101,836
Campaign agency funds	46,844	37,448
Pennsylvania Pre-K Counts advances	106,247	-
Note payable - bank	115,829	-
	412,874	139,284
TOTAL LIABILITIES	412,874	139,284
NET ASSETS		
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Unappropriated	3,000,954	2,802,075
Building fund - Board designated	45,484	45,484
	3,046,438	2,847,559
NET ASSETS WITH DONOR RESTRICTIONS	682,135	439,946
TOTAL NET ASSETS	3,728,573	3,287,505
TOTAL LIABILITIES AND NET ASSETS	\$ 4,141,447	\$ 3,426,789

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

UNITED WAY OF BUCKS COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019)

	<u>2020</u>		<u>2019</u>	
Memo about campaign support				
Gross campaign		\$ 3,809,631		\$ 2,612,971
Less: Donor designations		(39,672)		(79,695)
Undesignated campaign		<u>3,769,959</u>		<u>2,533,276</u>
Less: Valuation allowance		<u>(191,848)</u>		<u>(113,410)</u>
Net campaign		<u>\$ 3,578,111</u>		<u>\$ 2,419,866</u>
		<u>2020</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>2019</u>
	<u>Restrictions</u>	<u>Restrictions</u>		<u>Total</u>
SUPPORT				
Contributions received in the current period	\$ 1,512,205	\$ 996,126	\$ 2,508,331	\$ 1,797,490
In-kind contributions	1,261,628	-	1,261,628	735,786
Grants	-	40,000	40,000	35,000
	<u>2,773,833</u>	<u>1,036,126</u>	<u>3,809,959</u>	<u>2,568,276</u>
Less: Valuation allowance	(191,848)	-	(191,848)	(113,410)
	<u>2,581,985</u>	<u>1,036,126</u>	<u>3,618,111</u>	<u>2,454,866</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of program restrictions	<u>793,937</u>	<u>(793,937)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT	<u>3,375,922</u>	<u>242,189</u>	<u>3,618,111</u>	<u>2,454,866</u>
REVENUE				
Pennsylvania Pre-K Counts revenue	2,026,925	-	2,026,925	1,832,686
Interest and dividends	27,672	-	27,672	38,963
Special event revenue	-	-	-	72,943
Less: costs of direct benefits to donors	-	-	-	(30,969)
Fee revenue	7,634	-	7,634	15,939
Miscellaneous	18,033	-	18,033	3,054
TOTAL REVENUE	<u>2,080,264</u>	<u>-</u>	<u>2,080,264</u>	<u>1,932,616</u>
TOTAL SUPPORT AND REVENUE	<u>5,456,186</u>	<u>242,189</u>	<u>5,698,375</u>	<u>4,387,482</u>
EXPENSES				
Program				
Allocations	810,178	-	810,178	698,477
Funds distribution	35,175	-	35,175	48,532
Community impact	287,771	-	287,771	259,477
Community and agency services	3,654,025	-	3,654,025	2,660,731
Individual services	18,706	-	18,706	39,770
Support				
General and administration	207,726	-	207,726	195,281
Fundraising	356,635	-	356,635	279,743
TOTAL EXPENSES	<u>5,370,216</u>	<u>-</u>	<u>5,370,216</u>	<u>4,182,011</u>
CHANGE IN NET ASSETS FROM OPERATIONS	85,970	242,189	328,159	205,471
NET REALIZED AND UNREALIZED INVESTMENT GAINS	<u>112,909</u>	<u>-</u>	<u>112,909</u>	<u>128,648</u>
CHANGE IN NET ASSETS	<u>\$ 198,879</u>	<u>\$ 242,189</u>	<u>\$ 441,068</u>	<u>\$ 334,119</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, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
NET ASSETS, BEGINNING OF YEAR	\$ 2,847,559	\$ 439,946	\$ 3,287,505	\$ 2,953,386
CHANGE IN NET ASSETS	<u>198,879</u>	<u>242,189</u>	<u>441,068</u>	<u>334,119</u>
NET ASSETS, END OF YEAR	<u>\$ 3,046,438</u>	<u>\$ 682,135</u>	<u>\$ 3,728,573</u>	<u>\$ 3,287,505</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, 2020
(WITH FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 441,068	\$ 334,119
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	18,026	18,612
Increase (decrease) in provision for losses on current campaign pledges receivable	(30,000)	10,000
Net realized and unrealized investment gains	(112,909)	(128,648)
(Increase) decrease in assets		
Pledges receivable	209,974	(104,492)
Prepaid expenses	(2,276)	(10,064)
Prepaid grants	(4,071)	20,175
Security deposit	(13,387)	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	42,118	4,631
Campaign agency funds	9,396	25,393
Pennsylvania Pre-K Counts advances	106,247	(175,942)
	664,186	(6,216)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,041,953	1,544,487
Purchases of investments	(1,068,405)	(1,552,233)
Purchase of property and equipment	(46,331)	(23,501)
	(72,783)	(31,247)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of note payable - bank	115,829	-
	707,232	(37,463)
NET INCREASE (DECREASE) IN CASH	707,232	(37,463)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,670,384	1,707,847
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,377,616	\$ 1,670,384

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

UNITED WAY OF BUCKS COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019)

	2020							2019 Total	
	Program				Support				
	Allocations	Funds Distribution	Community Impact	Community and Agency Services	Individual Services	General and Administration	Fundraising		Total
Allocations: Community agencies	\$ 810,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 810,178	\$ 470,934
Pennsylvania Pre-K Counts grants	-	-	-	1,809,922	-	10,983	-	1,820,905	1,834,671
Salaries	-	24,377	127,131	114,561	7,296	110,685	237,478	621,528	525,899
Benefits	-	4,717	29,909	22,586	2,916	46,156	45,085	151,369	138,806
Staff expenses	-	123	1,686	1,712	102	1,868	2,029	7,520	11,982
Facilities and equipment	-	1,648	72,928	24,891	1,857	11,207	17,071	129,602	86,801
Marketing and communications	-	1,096	9,913	11,314	3,236	6,937	20,061	52,557	30,546
Professional services	-	1,515	11,995	10,152	1,477	10,274	17,765	53,178	59,538
Community program services	-	-	21,164	373,610	-	-	-	394,774	227,543
Volunteer and community relations	-	-	-	2,226	-	-	-	2,226	9,006
United Way support services	-	1,225	9,024	15,958	1,256	6,969	12,293	46,725	31,887
In-kind gifts	-	-	-	1,261,628	-	-	-	1,261,628	735,786
	<u>810,178</u>	<u>34,701</u>	<u>283,750</u>	<u>3,648,560</u>	<u>18,140</u>	<u>205,079</u>	<u>351,782</u>	<u>5,352,190</u>	<u>4,163,399</u>
Depreciation	-	474	4,021	5,465	566	2,647	4,853	18,026	18,612
TOTAL EXPENSES	<u>\$ 810,178</u>	<u>\$ 35,175</u>	<u>\$ 287,771</u>	<u>\$ 3,654,025</u>	<u>\$ 18,706</u>	<u>\$ 207,726</u>	<u>\$ 356,635</u>	<u>\$ 5,370,216</u>	<u>\$ 4,182,011</u>

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

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 financial statements have been prepared in accordance with accounting principles generally accepted 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. Pennsylvania Pre-K Counts advances represent funds received by the Organization in advance to be passed through to partner agencies.

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. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. 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, 2020, an allowance of \$100,000 was considered necessary.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

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

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

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.

Paycheck Protection Program

The Organization entered into a note payable pursuant to the Paycheck Protection Program (the Program) under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). The proceeds from the note payable were recorded as debt in accordance with FASB ASC 470 (see Note 6). The interest charged per the note payable is treated in accordance with FASB ASC 835-30.

Revenue Recognition

In accordance with FASB ASC 606, *Revenue from Contracts with Customers*, the Organization recognizes revenue upon transfer of promised goods or services in an amount that reflects the consideration expected to be received in exchange for those goods or services. To determine revenue recognition for arrangements within the scope of FASB ASC 606, the Organization performs the following five steps:

1. Identify the contract with the customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue as (or when) the performance obligations are satisfied.

Fee revenue and miscellaneous revenue related to administrative fees are recognized at a point in time when the service is performed.

There are no contract assets or contract liabilities and therefore no unsatisfied performance obligations.

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 \$1,261,628 of contributed goods and \$-0- of contributed services for the year ended December 31, 2020.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2019, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year financial statement presentation. These reclassifications had no effect on the total net assets or the total change in net assets.

Recently Issued Accounting Pronouncements

In May 2014 the FASB issued Accounting Standards Update (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 Organization adopted the new standard on January 1, 2020 under the modified retrospective method. The adoption of this standard did not have a material impact on the Organization's financial statements.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

Amounts for periods beginning on or after January 1, 2020 are presented in accordance with FASB ASC 606; however, prior period amounts have not been adjusted and continue to be reported in accordance with FASB ASC 605, *Revenue Recognition*, which was in effect for those periods.

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, 2021, 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.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

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.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020:

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Blended funds	\$ 319,798	\$ -	\$ -	\$ 319,798
Emerging markets funds	60,577	-	-	60,577
Foreign blended funds	20,600	-	-	20,600
Foreign growth funds	49,143	-	-	49,143
Health funds	4,255	-	-	4,255
Technology funds	30,905	-	-	30,905
Value funds	44,498	-	-	44,498
Corporate bonds	485,503	-	-	485,503
Government bonds	363,305	-	-	363,305
Total assets at fair value	\$ 1,378,584	\$ -	\$ -	\$ 1,378,584

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 consist of the following:

Land	\$ 11,017
Automobiles	36,500
Building	205,487
Furniture, equipment, and software	212,785
	465,789
Less: Accumulated depreciation	353,400
	\$ 112,389

For the year ended December 31, 2020 depreciation expense charged to operations was \$18,026.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 – NOTE PAYABLE – BANK

On May 6, 2020, the Organization entered into a term note (the Note) with Santander Bank N.A. (the Bank) that provided for a loan in the amount of \$115,829 pursuant to the Program under the CARES Act. Certain terms of the Note were modified by the Bank as of June 5, 2020 due to the Paycheck Protection Program Flexibility Act of 2020 (the PPPF Act).

The Note bears interest at a rate of 1.0% per annum and was set to mature on May 5, 2022. Under the terms of the Program, certain amounts of the Note and accrued interest thereon may be forgiven if they are used for qualifying expenses within certain time parameters as described in the CARES Act and the PPPF Act. Interest and principal payments under the Note are deferred until the date of any forgiven amount of the Note has been remitted to the Bank by the Small Business Administration (the SBA) or the date that a final determination is made that no portion of the Note will be forgiven (the Deferral Expiration Date). Following the Deferral Expiration Date, any unforgiven portion of the Note converts to an amortizing term loan under the terms noted above. The Organization applied for and received forgiveness of the Note from the SBA on June 4, 2021.

NOTE 7 – 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, 2020 there were no borrowings on the line.

NOTE 8 – 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, 2020 are \$46,844.

NOTE 9 – 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 10 – 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, 2020 include \$622,135 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, 2020:

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

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 – 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, 2020 amounted to \$11,731.

NOTE 12 – OPERATING LEASES

The Organization leases equipment under noncancellable lease agreements expiring through April 2025. Rent expense for equipment was \$3,609 for the year ended December 31, 2020.

In March 2020, the Organization executed a lease for distribution space under a noncancellable lease agreement that expires in March 2022. Rent expense for space was \$30,667 for the year ended December 31, 2020.

The minimum future rental payments under operating leases are as follows:

<u>YEARS ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2021	\$ 49,754
2022	19,087
2023	3,754
2024	2,243
2025	<u>580</u>
	<u>\$ 75,418</u>

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	\$ 2,377,616
Pledges receivable	213,772
Investments	1,066,580
Less financial assets unavailable for general expenditures within one year due to:	
Restrictions by donor for time or purpose	(370,131)
Board designations	(45,484)
Pennsylvania Pre-K Counts advances	<u>(106,247)</u>
	<u>\$ 3,136,106</u>

As shown above the Organization has approximately \$3,100,000 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.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 14 – COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic which spread throughout the United States and globally. 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 transitioned to remote operations. Subsequently businesses were allowed to reopen with certain restrictions. While the Organization expects this matter could continue to impact its results of operations, cash flow, and financial position, the related financial impact cannot be reasonably estimated at this time.

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, 2020, 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, 2021.

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, 2021