

UNITED WAY OF BUCKS COUNTY

FINANCIAL STATEMENTS

DECEMBER 31, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION
FOR DECEMBER 31, 2020)

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

Opinion

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, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Bucks County as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



November 15, 2022

UNITED WAY OF BUCKS COUNTY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH FINANCIAL INFORMATION
FOR DECEMBER 31, 2020)

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,554,971	\$ 2,377,616
Pledges receivable	250,690	213,772
Prepaid expenses	19,501	26,290
Prepaid grants	-	19,409
Investments	1,124,661	1,066,580
	3,949,823	3,703,667
INVESTMENTS	337,595	312,004
PROPERTY AND EQUIPMENT	88,288	112,389
SECURITY DEPOSIT	13,387	13,387
TOTAL ASSETS	\$ 4,389,093	\$ 4,141,447
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 284,908	\$ 143,954
Campaign agency funds	12,661	46,844
Pennsylvania Pre-K Counts advances	142,575	106,247
Note payable - bank	-	115,829
TOTAL LIABILITIES	440,144	412,874
NET ASSETS		
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Unappropriated	3,214,507	3,000,954
Building fund - Board designated	45,484	45,484
	3,259,991	3,046,438
NET ASSETS WITH DONOR RESTRICTIONS	688,958	682,135
TOTAL NET ASSETS	3,948,949	3,728,573
TOTAL LIABILITIES AND NET ASSETS	\$ 4,389,093	\$ 4,141,447

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

UNITED WAY OF BUCKS COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020)

		<u>2021</u>	<u>2020</u>
Memo about campaign support			
Gross campaign		\$ 4,033,077	\$ 3,809,631
Less: Donor designations		(13,627)	(39,672)
Undesignated campaign		<u>4,019,450</u>	<u>3,769,959</u>
Less: Valuation allowance		<u>(100,000)</u>	<u>(191,848)</u>
Net campaign		<u>\$ 3,919,450</u>	<u>\$ 3,578,111</u>
		<u>2021</u>	
	<u>Without Donor</u>	<u>With Donor</u>	<u>2020</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
SUPPORT			
Contributions received in the current period	\$ 1,522,230	\$ 390,913	\$ 1,913,143
In-kind contributions	2,106,307	-	2,106,307
Grants	-	40,000	40,000
	<u>3,628,537</u>	<u>430,913</u>	<u>4,059,450</u>
Less: Valuation allowance	(100,000)	-	(100,000)
	<u>3,528,537</u>	<u>430,913</u>	<u>3,959,450</u>
			<u>3,618,111</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program restrictions	<u>424,090</u>	<u>(424,090)</u>	<u>-</u>
TOTAL SUPPORT	<u>3,952,627</u>	<u>6,823</u>	<u>3,959,450</u>
REVENUE			
Pennsylvania Pre-K Counts revenue	2,051,458	-	2,051,458
Interest and dividends	29,874	-	29,874
Fee revenue	2,015	-	2,015
Miscellaneous	18,548	-	18,548
Forgiveness of note payable - bank	115,829	-	115,829
TOTAL REVENUE	<u>2,217,724</u>	<u>-</u>	<u>2,217,724</u>
TOTAL SUPPORT AND REVENUE	<u>6,170,351</u>	<u>6,823</u>	<u>6,177,174</u>
EXPENSES			
Program			
Allocations	481,872	-	481,872
Funds distribution	32,363	-	32,363
Community impact	415,188	-	415,188
Community and agency services	4,502,400	-	4,502,400
Individual services	21,359	-	21,359
Support			
General and administration	142,261	-	142,261
Fundraising	425,450	-	425,450
TOTAL EXPENSES	<u>6,020,893</u>	<u>-</u>	<u>6,020,893</u>
CHANGE IN NET ASSETS FROM OPERATIONS	149,458	6,823	156,281
NET REALIZED AND UNREALIZED INVESTMENT GAINS	<u>64,095</u>	<u>-</u>	<u>64,095</u>
CHANGE IN NET ASSETS	<u>\$ 213,553</u>	<u>\$ 6,823</u>	<u>\$ 220,376</u>
		<u>\$ 441,068</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
NET ASSETS, BEGINNING OF YEAR	\$ 3,046,438	\$ 682,135	\$ 3,728,573	\$ 3,287,505
CHANGE IN NET ASSETS	213,553	6,823	220,376	441,068
NET ASSETS, END OF YEAR	<u>\$ 3,259,991</u>	<u>\$ 688,958</u>	<u>\$ 3,948,949</u>	<u>\$ 3,728,573</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, 2021
(WITH FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 220,376	\$ 441,068
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	24,101	18,026
Increase (decrease) in provision for losses on current campaign pledges receivable	100,000	(30,000)
Forgiveness of note payable - bank	(115,829)	-
Net realized and unrealized investment gains	(64,095)	(112,909)
(Increase) decrease in assets		
Pledges receivable	(136,918)	209,974
Prepaid expenses	6,789	(2,276)
Prepaid grants	19,409	(4,071)
Security deposit	-	(13,387)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	140,954	42,118
Campaign agency funds	(34,183)	9,396
Pennsylvania Pre-K Counts advances	36,328	106,247
Net cash provided by operating activities	<u>196,932</u>	<u>664,186</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,267,586	1,041,953
Purchases of investments	(1,287,163)	(1,068,405)
Purchase of property and equipment	-	(46,331)
Net cash used in investing activities	<u>(19,577)</u>	<u>(72,783)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of note payable - bank	-	115,829
NET INCREASE IN CASH	177,355	707,232
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,377,616</u>	<u>1,670,384</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,554,971</u></u>	<u><u>\$ 2,377,616</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021							2020 Total	
	Program				Support				
	Allocations	Funds Distribution	Community Impact	Community and Agency Services	Individual Services	General and Administration	Fundraising		Total
Allocations: Community agencies	\$ 481,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 481,872	\$ 810,178
Pennsylvania Pre-K Counts grants	-	-	-	2,054,338	-	-	-	2,054,338	1,820,905
Salaries	-	22,347	167,210	9,149	7,969	70,940	284,458	562,073	621,528
Benefits	-	3,649	29,732	1,903	3,057	33,108	38,481	109,930	151,369
Staff expenses	-	391	4,602	2,441	581	2,735	6,214	16,964	7,520
Facilities and equipment	-	1,753	132,149	12,659	2,774	10,550	20,156	180,041	129,602
Marketing and communications	-	563	7,151	3,897	938	3,147	25,026	40,722	52,557
Professional services	-	1,605	17,271	9,833	2,366	10,727	18,018	59,820	53,178
Community program services	-	-	28,942	287,327	-	-	11,323	327,592	394,774
Volunteer and community relations	-	-	1,885	383	-	-	-	2,268	2,226
United Way support services	-	1,399	18,105	9,217	2,513	7,654	15,977	54,865	46,725
In-kind gifts	-	-	-	2,106,307	-	-	-	2,106,307	1,261,628
	<u>481,872</u>	<u>31,707</u>	<u>407,047</u>	<u>4,497,454</u>	<u>20,198</u>	<u>138,861</u>	<u>419,653</u>	<u>5,996,792</u>	<u>5,352,190</u>
Depreciation	-	656	8,141	4,946	1,161	3,400	5,797	24,101	18,026
TOTAL EXPENSES	<u><u>\$ 481,872</u></u>	<u><u>\$ 32,363</u></u>	<u><u>\$ 415,188</u></u>	<u><u>\$ 4,502,400</u></u>	<u><u>\$ 21,359</u></u>	<u><u>\$ 142,261</u></u>	<u><u>\$ 425,450</u></u>	<u><u>\$ 6,020,893</u></u>	<u><u>\$ 5,370,216</u></u>

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

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, an allowance of \$200,000 was considered necessary.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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) during the year ended December 31, 2020. 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 was treated in accordance with FASB ASC 835-30. The Organization applied for and received forgiveness of the note during the year ended December 31, 2021 (see Note 6).

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.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Contributions (Continued)

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 \$2,106,307 of contributed goods and \$-0- of contributed services for the year ended December 31, 2021.

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.

Income 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, 2020, from which the summarized information was derived.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (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 15, 2022, 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, 2021

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, 2021.

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, 2021:

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Blended Funds	\$ 217,526	\$ -	\$ -	\$ 217,526
Commodities Funds	19,516	-	-	19,516
Communications Funds	18,799	-	-	18,799
Consumer Cyclical Funds	19,626	-	-	19,626
Emerging Markets Funds	14,231	-	-	14,231
Equity Energy Funds	13,798	-	-	13,798
Europe Stock Funds	14,656	-	-	14,656
Financial Funds	35,992	-	-	35,992
Foreign Blended Funds	38,489	-	-	38,489
Foreign Diversified Funds	19,190	-	-	19,190
Foreign Growth Funds	42,462	-	-	42,462
Foreign Value Funds	41,773	-	-	41,773
Health Funds	20,711	-	-	20,711
Industrial Funds	6,454	-	-	6,454
Technology Funds	49,809	-	-	49,809
Value Funds	16,968	-	-	16,968
Corporate bonds	548,539	-	-	548,539
Government bonds	323,717	-	-	323,717
Total assets at fair value	\$ 1,462,256	\$ -	\$ -	\$ 1,462,256

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 consist of the following:

Land	\$ 11,017
Automobiles	36,500
Building	205,487
Furniture, equipment, and software	<u>212,785</u>
	465,789
Less: Accumulated depreciation	<u>377,501</u>
	<u><u>\$ 88,288</u></u>

For the year ended December 31, 2021 depreciation expense charged to operations was \$24,101.

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 was set to mature on May 5, 2022 and bore interest at a rate of 1.0% per annum. Under the terms of the Program, certain amounts of the Note and accrued interest thereon could 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 were 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 was 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 would convert to an amortizing term loan under the terms noted above.

The Organization applied for and received forgiveness of the Note and accrued interest from the SBA effective June 4, 2021. The forgiveness of the Note of \$115,829 is reflected on the statement of activities.

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, 2021 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, 2021 are \$12,661.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021 include \$628,958 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, 2021:

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

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, 2021 amounted to \$14,594.

NOTE 12 – OPERATING LEASES

The Organization leases equipment under noncancellable lease agreements expiring through April 2025. Rent expense for equipment was \$3,754 for the year ended December 31, 2021.

In March 2020, the Organization executed a lease for distribution space under a noncancellable lease agreement that was originally set to expire in March 2022. Rent expense for space was \$46,000 for the year ended December 31, 2021.

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

<u>YEARS ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2022	\$ 19,087
2023	3,754
2024	2,243
2025	<u>580</u>
	<u>\$ 25,664</u>

Subsequent to December 31, 2021, the lease for distribution space was extended until June 30, 2023 with monthly payments due of \$4,000.

UNITED WAY OF BUCKS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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	\$ 2,554,971
Pledges receivable	250,690
Investments	1,124,661
Less financial assets unavailable for general expenditures within one year due to:	
Restrictions by donor for time or purpose	(351,363)
Board designations	(45,484)
Pennsylvania Pre-K Counts advances	<u>(142,575)</u>
	<u>\$ 3,390,900</u>

As shown above the Organization has approximately \$3,400,000 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, 2021, 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 15, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Marion Cogen LLP

November 15, 2022