

**UNITED WAY OF LEBANON COUNTY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**UNITED WAY OF LEBANON COUNTY, INC.**  
**FINANCIAL STATEMENTS**  
**June 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the UNITED WAY OF LEBANON COUNTY, INC. (a non-profit organization) which comprise the statement of financial position as of **June 30, 2020**, and the related statements of activities, functional expenses, and cash flows 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 State 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 opinions 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. 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 respective financial position of the United Way of Lebanon County, Inc., as of June 30, 2020, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United State of America.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The detailed schedule of allocations and payments to participating agencies on pages 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Stanilla, Siegel and Maser LLC*

Lebanon, Pennsylvania  
January 13, 2021

**UNITED WAY OF LEBANON COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2020**

*ASSETS*

**CURRENT ASSETS**

Cash and Cash Equivalents	\$	375,363
Prepaid Expenses		1,936
Promises to Give, Net of Allowance		335,314
		335,314

Total Current Assets	\$	712,613
		712,613

<b>PROPERTY, PLANT AND EQUIPMENT, Net</b>	\$	16,788
		16,788

**OTHER ASSETS**

Cash and Cash Equivalents, Endowment	\$	262,300
Cash, Restricted-Communities in Schools		1,402
Deposit, Pennsylvania Unemployment Fund		1,780
Investments, Endowment		1,491,087
Beneficiary Interest		1,885,365
		1,885,365

Total Other Assets	\$	3,641,934
		3,641,934

Total Assets	\$	4,371,335
		4,371,335

**UNITED WAY OF LEBANON COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2020**

***LIABILITIES and NET ASSETS***

**CURRENT LIABILITIES**

Line of Credit	\$ 50,000
Accounts Payable	1,805
Accrued Wages	10,575
Accrued Retirement	177
Payroll Taxes Withheld and Accrued	1,231
Donor Designations Payable	53,747
Program Allocations Payable	<u>504,000</u>
<b>Total Current Liabilities</b>	<b>\$ 621,535</b>

**LONG-TERM LIABILITIES**

PPP Loan	<u>48,353</u>
<b>Total Liabilities</b>	<b>\$ <u>669,888</u></b>

**NET ASSETS**

<b>Without Donor Restriction:</b>	
Board Designated	\$ 371,142
Undesignated	<u>34,627</u>
	<b>\$ <u>405,769</u></b>
<b>With Donor Restriction:</b>	
Time and Purpose Restrictions	\$ 1,780
Perpetual in Nature	<u>3,293,898</u>
	<b>\$ <u>3,295,678</u></b>
<b>Total Net Assets</b>	<b><u>3,701,447</u></b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u><u>4,371,335</u></u></b>

**UNITED WAY OF LEBANON COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2020**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>CHANGES IN NET ASSETS</b>			
<b>Public Support and Revenue:</b>			
Gross Campaign Results	\$ 1,343,706	\$ -0-	\$ 1,343,706
Contributions Released from Restrictions (Less Donor Designations)	10,700 <u>(319,257)</u>	(10,700)	-0- <u>(319,257)</u>
Net Campaign Revenue	\$ 1,035,149	\$ (10,700)	\$ 1,024,449
Day of Caring Sponsorship	13,520		13,520
Stuff the Bus Sponsorship	3,120		3,120
Other Program Sponsorships	4,608		4,608
Community Support	36,767		36,767
Investment Income (Loss), Net	7,236		7,236
Non-Cash Contributions	12,287		12,287
Increase (Decrease) in Beneficial Interest	<u>44,402</u>		<u>44,402</u>
Total Public Support and Revenue	<u>\$ 1,157,089</u>	<u>\$ (10,700)</u>	<u>\$ 1,146,389</u>
<b>Program Allocations and Expenses:</b>			
Program Allocations, Current Year (Less Donor Designations)	\$ 823,257 <u>(319,257)</u>	\$ -0-	\$ 823,257 <u>(319,257)</u>
Net Program Allocations	504,000	\$ -0-	504,000
Other Allocation Expenses	<u>44,231</u>		<u>44,231</u>
Total Program Distributions	\$ 548,231	\$ -0-	\$ 548,231
<b>Functional Expenses:</b>			
Fundraising	203,161		203,161
Administration	162,331		162,331
Program Services	136,786		136,786
United Way Worldwide Dues	<u>12,471</u>		<u>12,471</u>
Total Allocations and Expenses	<u>\$ 1,062,980</u>	<u>\$ -0-</u>	<u>\$ 1,062,980</u>
Increase (Decrease) in Net Assets	\$ 94,109	\$ (10,700)	\$ 83,409
Net Assets, Beginning	\$ 910,795	\$ 3,306,378	\$ 4,217,173
Prior period adjustment	<u>(599,135)</u>		<u>(599,135)</u>
Net Assets, Ending	<u>\$ 405,769</u>	<u>\$ 3,295,678</u>	<u>\$ 3,701,447</u>

See Accompanying Notes to Financial Statements

**UNITED WAY OF LEBANON COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended June 30, 2020**

	PROGRAM SERVICES		SUPPORT SERVICES				Total
	Allocation	Program	Total	Administration	Fundraising	UWA Dues	
Gross funds Awarded/Distributed:	\$ 823,257	\$ -0-	\$ 823,257	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Less Donor Designations	(319,257)		(319,257)				(319,257)
Net Allocations and Grants Paid	\$ 504,000	\$ -0-	\$ 504,000	\$ -0-	\$ -0-	\$ -0-	\$ 504,000
Salaries	\$ 27,423	\$ 29,532	\$ 56,955	\$ 63,284	\$ 90,707	\$ -0-	\$ 153,991
Employee Health and Retirement	1,089	1,173	2,262	2,513	3,601		6,114
Payroll Taxes	3,154	3,396	6,550	7,278	10,431		17,709
Total Salaries and Related Expenses	\$ 31,666	\$ 34,101	\$ 65,767	\$ 73,075	\$ 104,739	\$ -0-	\$ 177,814
Contracted Service and Professional Fees	5,939	2,970	8,909	43,949	6,533		50,482
Supplies	839	2,098	2,937	2,265	3,188		5,453
Telephone	356	356	712	1,460	1,389		2,849
Occupancy	2,682	4,023	6,705	13,410	6,704		20,114
Conferences and Seminars	103	309	412	206	412		618
Organization Dues and Subscriptions	895	2,687	3,582	4,478	896		5,374
Equipment Maintenance and Rental	797	957	1,754	3,828	2,393		6,221
Staff and Board Development		559	559	1,676	558		2,234
Miscellaneous		2,654	2,654	7,963	2,654		10,617
Campaign Expenses					55,996		55,996
Advertising (In-Kind)					12,287		12,287
Marketing	687	1,374	2,061	2,062	2,749		4,811
Program Expenses		55,215	55,215				-0-
Interest Expense							3,077
Grant Expenses		23,168	23,168				-0-
United Way of PA Dues		5,250	5,250				-0-
Depreciation	267	1,065	1,332	4,882	2,663		7,545
Total Expenses before UWA Dues	\$ 44,231	\$ 136,786	\$ 181,017	\$ 162,331	\$ 203,161	\$ -0-	\$ 365,492
United Way Worldwide Dues						12,471	12,471
Total Expenses	\$ 548,231	\$ 136,786	\$ 685,017	\$ 162,331	\$ 203,161	\$ 12,471	\$ 377,963
							\$ 1,062,980

See Accompanying Notes to Financial Statements



**UNITED WAY OF LEBANON COUNTY, INC.**  
**STATEMENT OF CASH FLOWS**  
**For The Year Ended June 30, 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (Decrease) in Net Assets	\$ 83,409
Adjustments to Reconcile the Change in Net Assets to Net Cash Provided by (used in) Operating Activities:	
Depreciation	8,877
Increase (Decrease) in Allowance for Uncollectible Pledges	(11,265)
Realized (Gains) Losses on Investments	79,569
Unrealized (Gains) Losses on Investments	(51,617)
(Increase) Decrease in Pledges Receivable	126,230
Increase (Decrease) in Accounts Payable	3,455
Accrued Payroll, Taxes and Retirement	(9,906)
Donor Designations Payable	(20,685)
Program Allocations Payable	<u>(20,703)</u>
Net Cash Provided by Operating Activities	<u>\$ 187,364</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Property and Equipment	\$ (5,465)
Purchase of Investments	(593,525)
Proceeds From Sale of Investments	699,691
(Increase) Decrease in Beneficiary Interest	<u>128,312</u>
Net Cash Provided by Investing Activities	<u>\$ 229,013</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net Borrowing (Payments) Under Line of Credit	\$ (25,000)
Proceeds from PPP Loan	<u>48,353</u>
Net Cash Provided by Financing Activities	<u>\$ 23,353</u>
Increase (Decrease) in Cash	\$ 439,730
Cash and Cash Equivalents, Beginning	<u>199,335</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 639,065</u></u>

See Accompanying Notes to Financial Statements

**UNITED WAY OF LEBANON COUNTY, INC.**  
**STATEMENT OF CASH FLOWS (continued)**  
**For The Year Ended June 30, 2020**

<b>RECONCILIATION TO STATEMENT OF FINANCIAL POSITION:</b>	
Cash and Cash Equivalents	\$ 375,363
Cash and Cash Equivalents, Endowment	<u>263,702</u>
Cash and Cash Equivalents	<u><u>\$ 639,065</u></u>
<b>SCHEDULE OF NONCASH OPERATING ACTIVITIES</b>	
Sponsorship and Advertising Expenses	<u>\$ 12,287</u>
Total Noncash Activities	<u><u>\$ 12,287</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	
Cash Paid for Interest Expenses	<u><u>\$ 3,077</u></u>

**UNITED WAY OF LEBANON COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

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

Organizational Mission Statement

The mission of the Organization is: Improving our neighbors' lives through effective development and stewardship of community resources.

Basis of Accounting

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

Net Assets

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

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

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

Revenue Recognition

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

Cash and Cash Equivalents

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

**UNITED WAY OF LEBANON COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Investments

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

Pledges Receivable

Pledges receivable are all due within one year.

Property and Equipment

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

Campaign Contributions

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

Concentration of Risk

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

Estimates

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

Advertising

The Organization follows the policy of charging the costs of non-direct response advertising to expense as incurred. Advertising expense for the year ended June 30, 2020, was \$3,200.

**UNITED WAY OF LEBANON COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Income Taxes

The Organization is exempt from state and federal income taxes under Internal Revenue Codes Section 501(c)(3). Accordingly, no provision for income taxes is made in the financial statements. The Financial Accounting Standards Board issued FASB ASC 740-10, which prescribed a comprehensive model for how an organization should measure, recognize, present, and disclose uncertain tax positions taken on its tax return. The Organization believes that it has appropriate support for tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's open audit periods are for years ended June 30, 2017 through 2019.

Operations/Program Services/Functional Expenses Classifications

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

**Allocations**

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

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

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

**Program Services**

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

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

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

*Day of Caring* - Participation of over 1,000 volunteers in projects at agencies, parks and organizations throughout Lebanon County.

**UNITED WAY OF LEBANON COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Operations/Program Services/Functional Expenses Classifications (continued)

**Support Services**

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

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

Functional Allocation of Expenses

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

Subsequent Review

Management has evaluated subsequent events through January 13, 2021, which is the date the financial statements were available to be issued.

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 375,363
Promises to Give (Net of Allowance)	335,314
Distributions from Beneficial Interests in Assets held by Others	170,000
Endowment Spending-rate Distributions and Appropriations	<u>22,000</u>
Total	<u>\$ 902,677</u>

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

**UNITED WAY OF LEBANON COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 3 - FAIR VALUE MEASUREMENT**

Financial Accounting Standards Board FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measure) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

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

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term or the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during 2020.

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

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Mutual Funds:</b>				
Large Cap	\$ 427,964	\$ -0-	\$ -0-	\$ 427,964
Small/Mid Cap	66,349	-0-	-0-	66,349
International	265,673	-0-	-0-	265,673
Fixed Income	673,463	-0-	-0-	673,463
Alternative and Liquid Real Assets	<u>57,637</u>	<u>-0-</u>	<u>-0-</u>	<u>57,637</u>
Total Investments at Fair Value	<u>\$ 1,491,087</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,491,087</u>

**UNITED WAY OF LEBANON COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 4 – DEPOSIT**

Deposit balance of \$1,780 on June 30, 2020 is held by the State of Pennsylvania in lieu of paying unemployment taxes currently.

**NOTE 5 – ENDOWMENT INVESTMENTS**

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

Long-term Endowment investments consisted of the following as of June 30, 2020:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
June 30, 2020	<u>\$1,433,010</u>	<u>\$1,491,087</u>	<u>\$ 58,077</u>

Investment return on endowment funds consisted of the following as of June 30, 2020:

Interest Income	\$ 202
Dividend Income	46,058
Realized Gains (Losses) on Investments	(79,569)
Less Investment Fees	<u>(11,192)</u>
	\$ (44,501)
Unrealized Gain (Losses) on Investment	<u>51,617</u>
 Total Investment Return	 <u>\$ 7,116</u>

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

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



**UNITED WAY OF LEBANON COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 5 – ENDOWMENT INVESTMENTS Continued)**

The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Changes in Endowment Net Assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning	\$ 467,320	\$ 1,274,501	\$ 1,741,821
Interest and Dividends	46,260		46,260
Fees	(11,192)		(11,192)
Realized and Unrealized Gain (Loss)	(27,952)		(27,952)
Contributions/Transfers	22,440	76,671	99,111
Appropriation of Endowment Assets for Expenditures	(94,661)		(94,661)
Endowment Net Assets, Ending	<u>\$ 402,215</u>	<u>\$ 1,351,172</u>	<u>\$ 1,753,387</u>

**NOTE 6 – PROPERTY, PLANT AND EQUIPMENT**

The property, plant and equipment consisted of the following at June 30, 2020:

	Balance 7/1/19	Additions	Deductions	Balance 6/30/2020
Property, Plant and Equipment				
Office Equipment	\$ 89,068	\$ 5,465	\$ -0-	\$ 94,533
Accumulated Depreciation				
Office Equipment	68,868	8,877	-0-	77,745
Property, Plant and Equipment, Net	<u>\$ 20,200</u>	<u>\$ (3,412)</u>	<u>\$ -0-</u>	<u>\$ 16,788</u>

**UNITED WAY OF LEBANON COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 7 – PROGRAM EXPENSE**

Program expenses as shown on the statement of functional expenses at June 30, 2020, consisted of the following:

Day of Caring	\$ 1,426
Stuff the Bus	1,441
Volunteer Reading Program	7,535
Community Support Fund	40,413
Live Warm	415
Community Impact	1,784
Other	<u>2,201</u>
 Total Program Expense	 <u>\$ 55,215</u>

**NOTE 8 – PAYCHECK PROTECTION PROGRAM NOTE**

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

The Note matures two years from the disbursement date and bears interest of 1% per annum, with the first six months of interest deferred. Principal and interest are payable monthly commencing six months after the disbursement date and may be prepaid at any time.

Under the terms of the CARES Act, the Organization can be granted forgiveness for all or a portion of the loan granted under the PPP, with forgiveness to be determined, subject to limitations, based on the use of the loan proceeds for payment of payroll costs and any payments of certain covered interest, lease and utility payments. The Organization believes that it used all the proceeds from the Note for these expenses; however, no assurance is provided that the Organization will obtain forgiveness of the Note in whole or in part. Furthermore, laws are continuously changing regarding the terms of the agreement. Currently the law has provided for a five year repayment term and requirements for applying for forgiveness are under discussion.

At this time, the Organization anticipates forgiveness of the entire amount of the PPP Term Note, but timing of this event is uncertain. With the extension of time to five years and uncertainty surrounding the CARES Act changes, the PPP Note has been classified as long-term debt at June 30, 2020. If no forgiveness were granted approximately \$-0- of principal would be due within one year.

**UNITED WAY OF LEBANON COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 9 – NET ASSETS**

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

**Net Assets with Donor Restrictions**

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

Subject to Expenditure for Specified Purpose:	
Deposit Held by State of Pennsylvania in Lieu of	
Paying Unemployment Taxes Currently	\$ <u>1,780</u>
Net Assets With Donor Restrictions Subject to Time or Purpose	\$ <u>1,780</u>
Perpetual in Nature:	
Endowment Fund	\$ 1,351,172
Beneficial Interest in Trust	<u>1,942,726</u>
Net Assets With Donor Restrictions Perpetual in Nature	<u>\$ 3,293,898</u>

**NOTE 10 – RETIREMENT PLANS**

The retirement plans are funded through Mutual of America and cover all full-time eligible employees. The cost of the plans for the years ended June 30, 2020 was \$8,260.

**NOTE 11 – LINE OF CREDIT**

The Organization maintains an unsecured \$100,000 line of credit with Fulton Bank of which \$50,000 was outstanding at June 30, 2020. Interest is payable at the bank's prime rate. Interest was 3.25 percent at June 30, 2020.

**NOTE 12 – LEASES**

The Organization leases its offices under a multi-year lease through February 28, 2022, with annual lease payments of \$23,332 payable in monthly installments of \$1,944. The occupancy expense under these lease terms for the year ended June 30, 2020 was \$23,332.

**UNITED WAY OF LEBANON COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 13 – BENEFICIARY INTEREST**

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

For the Year Ended June 30, 2020	(A)	(B)	(C)	(D)	(E)	Total
Assets, at Fair Market Value	\$ 126,067	\$ 277,872	\$ 103,101	\$ 1,218,589	\$ 159,738	\$ 1,885,366
Net Assets, Beginning	\$ 130,455	\$ 288,270	\$ 106,663	\$ 1,246,118	\$ 242,169	\$ 2,013,675
Interest and Dividends	2,924	7,096	1,984	29,254	6,010	47,267
(Fees) Refunds	(852)	(2,928)	(1,051)	(14,618)	(2,925)	(22,374)
Realized and Unrealized Gain(Loss)	(120)	7,135	1,887	14,430	(3,822)	19,509
Contributions						-0-
Distribution/Transfer	(6,340)	(21,702)	(6,382)	(56,595)	(81,694)	(172,712)
Net Assets, Ending	\$ 126,067	\$ 277,871	\$ 103,101	\$ 1,218,589	\$ 159,738	\$ 1,885,365
Net Assets, Permanently Restricted	\$ 74,356	\$ 212,437	\$ 73,413	\$ 1,442,814	\$ 139,706	\$ 1,942,726

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

**NOTE 14 – DONATED SERVICES - SERVICES AND INCENTIVES**

The estimated fair market value of donated services included in the financial statements for the year ended June 30, 2020 is as follows:

Support	
Non-cash Contributions	<u>\$ 12,287</u>
Expenditures	
Campaign and Advertising Expenses	<u>\$ 12,287</u>

**UNITED WAY OF LEBANON COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 15 –PRIOR PERIOD ADJUSTMENT**

During the fiscal year ended June 30, 2020, the Organization changed its method of accounting for Donor Designations and Allocations to Programs. In the past, they were recorded as an expense in the period they were paid. The new policy matches the amounts to be paid against the support raised each year.

Now, as donor designated amounts are received, they are offset by a liability until paid. Program allocations are made based on amounts raised during the campaign each year and are accrued as a liability when the amount to be allocated is determined and approved by the Board.

Opening net assets have been adjusted to reflect the effect at June 30, 2019 as follows:

Donor Designations	\$ 74,432
Allocations	<u>524,703</u>
Total Prior Period Adjustment	<u>\$ 599,135</u>

**SUPPLEMENTARY INFORMATION**

**UNITED WAY OF LEBANON COUNTY, INC.  
 DETAILED SCHEDULE OF ALLOCATIONS AND PAYMENTS  
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Allocation</u>	<u>Allocation Paid to Date</u>	<u>Balance To Be Paid</u>
Communities in Schools of Pennsylvania	\$ 120,000	\$	\$ 120,000
Compeer	35,000		35,000
Developmental Disability Services	20,000		20,000
Domestic Violence Intervention	20,000		20,000
Girl Scouts in the Heart of PA	10,000		10,000
Lancaster Lebanon Literacy Council	70,000		70,000
Lebanon County Library System	35,000		35,000
Lebanon County Christian Ministries	20,000		20,000
Lebanon Family Health Services	5,000		5,000
MidPenn Legal	20,000		20,000
Myerstown Library	20,000		20,000
Phoenix Youth Center	65,000		65,000
Quest	24,000		24,000
Sexual Assault Resource and Counseling Center	10,000		10,000
Volunteers in Medicine	20,000		20,000
YMCA	10,000		10,000
	<u>\$ 504,000</u>	<u>\$ -0-</u>	<u>\$ 504,000</u>