



LEHIGH VALLEY
**Community
Foundation**

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Governors
Lehigh Valley Community Foundation, Inc.
Allentown, Pennsylvania**

We have audited the accompanying financial statements of Lehigh Valley Community Foundation, Inc. (a nonprofit Foundation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 from 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 misstatements 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 in the first paragraph present fairly, in all material respects, the financial position of Lehigh Valley Community Foundation, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States 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 accompanying schedule of activity without donor restrictions 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 accepting in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Herbein + Company, Inc.

Reading, Pennsylvania
October 27, 2021

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2021 with Comparative Totals for June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total June 30	
			2021	2020
ASSETS				
Cash and cash equivalents	\$ 5,698,211	\$ -	\$ 5,698,211	\$ 2,115,190
Grants and gifts receivable	1,108	-	1,108	23,009
Prepaid expenses	29,130	-	29,130	22,031
Investments, at market (Note 2)	70,639,997	3,648,753	74,288,750	54,170,752
Investments - split interest agreements		429,204	429,204	374,403
Life insurance policy gift	298,825	-	298,825	287,319
Equipment (net of accumulated depreciation)	2,185	-	2,185	4,056
TOTAL ASSETS	\$ 76,669,456	\$ 4,077,957	\$ 80,747,413	\$ 56,996,760
LIABILITIES				
Accounts payable and accrued expenses	\$ 35,424	\$ -	\$ 35,424	\$ 44,349
Grants committed	234,018	-	234,018	142,355
Deferred revenue	-	-	-	1,500
Paycheck protection program loan	-	-	-	123,600
Funds held for organizations (Note 6)	-	3,648,753	3,648,753	2,039,785
Liabilities under split interest agreements	-	401,886	401,886	371,062
TOTAL LIABILITIES	269,442	4,050,639	4,320,081	2,722,651
NET ASSETS				
Without donor restrictions (Notes 7 & 8)	76,400,014	-	76,400,014	54,270,768
With donor restrictions	-	27,318	27,318	3,341
TOTAL NET ASSETS	76,400,014	27,318	76,427,332	54,274,109
TOTAL LIABILITIES AND NET ASSETS	\$ 76,669,456	\$ 4,077,957	\$ 80,747,413	\$ 56,996,760

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash and cash equivalents	\$ 2,115,190	\$ -	\$ 2,115,190
Grants and gifts receivable	23,009	-	23,009
Prepaid expenses	22,031	-	22,031
Investments, at market (Note 2)	52,130,967	2,039,785	54,170,752
Investments - split interest agreements	-	374,403	374,403
Life insurance policy gift	287,319	-	287,319
Equipment (net of accumulated depreciation)	4,056	-	4,056
TOTAL ASSETS	\$ 54,582,572	\$ 2,414,188	\$ 56,996,760
LIABILITIES			
Accounts payable and accrued expenses	\$ 44,349	\$ -	\$ 44,349
Grants committed	142,355	-	142,355
Deferred revenue	1,500	-	1,500
Paycheck protection program loan	123,600	-	123,600
Funds held for organizations (Note 6)	-	2,039,785	2,039,785
Liabilities under split interest agreements	-	371,062	371,062
TOTAL LIABILITIES	311,804	2,410,847	2,722,651
NET ASSETS			
Without donor restrictions (Notes 7 & 8)	54,270,768	-	54,270,768
With donor restrictions	-	3,341	3,341
TOTAL NET ASSETS	54,270,768	3,341	54,274,109
TOTAL LIABILITIES AND NET ASSETS	\$ 54,582,572	\$ 2,414,188	\$ 56,996,760

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

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021 with Comparative Totals for June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total Year Ended June 30	
			2021	2020
PUBLIC SUPPORT AND REVENUE				
Gifts	\$ 11,956,987	\$ -	\$ 11,956,987	\$ 5,819,297
In-kind gifts	85,242	-	85,242	102,686
Administrative fees	21,268	-	21,268	21,632
Net investment return (Note 2)	16,572,046	-	16,572,046	97,577
Net investment return - split interest agreements	-	19,679	19,679	1,257
Change in value of split interest agreements	-	7,034	7,034	6,386
Change in cash surrender value of life insurance policies gifted	11,506	-	11,506	13,909
Paycheck Protection Program loan forgiveness	123,600	-	123,600	-
Net assets released from restrictions	2,736	(2,736)	-	-
Total public support and revenue	28,773,385	23,977	28,797,362	6,062,744
EXPENSES				
Grantmaking and community leadership	6,014,444	-	6,014,444	7,155,405
Asset development and donor services	328,161	-	328,161	298,315
General and administrative	301,534	-	301,534	221,116
Total expenses	6,644,139	-	6,644,139	7,674,836
CHANGES IN NET ASSETS	22,129,246	23,977	22,153,223	(1,612,092)
NET ASSETS AT BEGINNING OF YEAR	54,270,768	3,341	54,274,109	55,886,201
NET ASSETS AT END OF YEAR	<u>\$ 76,400,014</u>	<u>\$ 27,318</u>	<u>\$ 76,427,332</u>	<u>\$ 54,274,109</u>

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

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Gifts	\$ 5,819,297	\$ -	\$ 5,819,297
In-kind gifts	102,686	-	102,686
Administrative fees	21,632	-	21,632
Net investment return (Note 2)	97,577	-	97,577
Net investment return - split interest agreements	-	1,257	1,257
Change in value of split interest agreements	-	6,386	6,386
Change in cash surrender value of life insurance policies gifted	13,909	-	13,909
Net assets released from restrictions	8,531	(8,531)	-
Total public support and revenue	6,063,632	(888)	6,062,744
EXPENSES			
Grantmaking and community leadership	7,155,405	-	7,155,405
Asset development and donor services	298,315	-	298,315
General and administrative	221,116	-	221,116
Total expenses	7,674,836	-	7,674,836
CHANGES IN NET ASSETS	(1,611,204)	(888)	(1,612,092)
NET ASSETS AT BEGINNING OF YEAR	55,881,972	4,229	55,886,201
NET ASSETS AT END OF YEAR	\$ 54,270,768	\$ 3,341	\$ 54,274,109

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

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Program Service		Total Program	General and Administrative	Total
	Grantmaking and Community Leadership	Asset Development and Donor Services			
Grants (Note 9)	\$ 5,504,439	\$ -	\$ 5,504,439	\$ -	\$ 5,504,439
Salaries and related taxes and benefits	318,524	237,301	555,825	226,483	782,308
Professional fees	-	-	-	18,600	18,600
Other contracted services	68,688	2,923	71,611	8,791	80,402
Advertising and promotion	64,732	39,492	104,224	-	104,224
Office expense	6,020	5,160	11,180	3,948	15,128
Information technology	20,810	17,717	38,527	10,916	49,443
Occupancy	26,873	19,899	46,772	23,157	69,929
Travel	29	68	97	128	225
Conferences and meetings	117	1,860	1,977	3,601	5,578
Insurance	1,545	1,109	2,654	1,054	3,708
Dues and subscriptions	1,887	2,073	3,960	4,324	8,284
Depreciation	780	559	1,339	532	1,871
	<u>\$ 6,014,444</u>	<u>\$ 328,161</u>	<u>\$ 6,342,605</u>	<u>\$ 301,534</u>	<u>\$ 6,644,139</u>

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Program Service		Total Program	General and Administrative	Total
	Grantmaking and Community Leadership	Asset Development and Donor Services			
Grants (Note 9)	\$ 6,631,171	\$ -	\$ 6,631,171	\$ -	\$ 6,631,171
Salaries and related taxes and benefits	330,765	201,657	532,422	161,263	693,685
Professional fees	-	-	-	20,960	20,960
Other contracted services	58,707	1,048	59,755	5,458	65,213
Advertising and promotion	70,557	46,019	116,576	-	116,576
Office expense	6,778	3,366	10,144	1,862	12,006
Information technology	14,890	12,265	27,155	4,846	32,001
Occupancy	33,597	19,723	53,320	19,198	72,518
Travel	811	917	1,728	1,281	3,009
Conferences and meetings	2,241	8,390	10,631	4,026	14,657
Insurance	1,719	1,015	2,734	817	3,551
Dues and subscriptions	3,263	3,380	6,643	975	7,618
Depreciation	906	535	1,441	430	1,871
	<u>\$ 7,155,405</u>	<u>\$ 298,315</u>	<u>\$ 7,453,720</u>	<u>\$ 221,116</u>	<u>\$ 7,674,836</u>

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30

2021 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 22,153,223	\$ (1,612,092)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	1,871	1,871
Change in value split interest agreements	(7,034)	(6,386)
Change in cash surrender value	(11,506)	(13,909)
Realized and unrealized gains/losses	(15,608,885)	1,058,773
Restricted net investment return	(19,679)	(1,257)
Paycheck Protection Program loan forgiveness	(123,600)	-
Changes in assets and liabilities:		
Grants and gifts receivable	21,901	(23,009)
Prepaid expenses	(7,099)	366
Accounts payable and accrued expenses	(8,925)	10,035
Grants committed	91,663	44,531
Deferred revenue	(1,500)	1,500
Funds held for organizations	876,333	27,689

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES 7,356,763 (511,888)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	17,145,140	18,574,473
Purchase of investments	(20,929,621)	(17,678,022)

NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES (3,784,481) 896,451

CASH FLOWS FROM FINANCING ACTIVITIES

Restricted net investment return	19,679	1,257
Payments on split interest agreements	(8,940)	(12,584)
Paycheck Protection Program loan	-	123,600

NET CASH PROVIDED BY FINANCING ACTIVITIES 10,739 112,273

INCREASE IN CASH AND CASH EQUIVALENTS 3,583,021 496,836

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 2,115,190 1,618,354

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 5,698,211 \$ 2,115,190

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Paycheck Protection Program loan forgiveness	\$ 123,600	\$ -
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LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Lehigh Valley Community Foundation (the "Foundation") was originally established in 1967 as the Bethlehem Area Foundation. In 1992, a nonprofit corporation, the Lehigh Valley Community Foundation, Inc., was created and the Bethlehem Area Foundation was renamed to reflect the regionalization of activities.

The Foundation is a publicly supported community foundation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Foundation is to develop, manage, and distribute the philanthropy of a variety of donors in order to improve the quality of life for residents of the Lehigh Valley. The Foundation's major sources of revenue are derived from contributions and investment activities. The Foundation experienced significant growth in assets during the fiscal year ended June 30, 2021. This is a result of both investment growth and increased gifts from donors to create new charitable funds. It is always considered reasonable that grantors and contributors may be lost in the near-term.

Basis of Accounting

The financial statements of the Lehigh Valley Community Foundation, Inc. have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Foundation maintains its cash and cash equivalents in bank deposit and money market accounts with highly rated financial institutions. The primary component of cash and cash equivalents is funds held in a money market account. For purposes of reporting cash flows, cash and cash equivalents do not include cash and cash equivalents within endowment investment portfolios. At times during the year, balances held in accounts may exceed insured limits; however, the Foundation does not anticipate any losses.

Grants and Gifts Receivable

Grants and gifts receivable are stated at unpaid balances. The Foundation bases its receivable on the subsequent receipt of funds recognized during the reporting period. Therefore, accounts receivable are recorded at their net realizable value and no allowance account is necessary.

Investments/Financial Instruments

The charitable funds of the Foundation are managed by diverse financial managers in accordance with the Foundation's Investment Policy and under the oversight of its finance committee and investment consultant. The Foundation's Investment Policy provides for strategic asset allocation based on a long-term perspective. The objectives of the Foundation's Investment Policy include maintaining the purchasing power of assets and maximizing long-term return within reasonable and prudent levels of risk.

Investments are reported at fair value in the statements of financial position. Investment income or loss, including gains and losses of investments, interest and dividends, and investment fees are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. The amounts the Foundation will ultimately realize could differ materially from the reported amounts, and significant fluctuations in fair values could occur from year to year.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments/Financial Instruments - continued

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

Equipment

Purchased equipment is capitalized at cost. The Foundation's policy is to capitalize any assets in excess of \$2,500 with an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Equipment	5 years
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Maintenance and repairs of equipment are charged to operations and improvements are capitalized. Upon retirement, sale, or other disposition of equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

Net Assets

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets without donor restrictions include funds not subject to donor-imposed stipulations.

Funds classified as net assets without donor restrictions are subject to the unilateral variance power in accordance with the Foundation's governing documents and the United States Treasury regulations.

The variance power gives the Foundation the right to modify any restriction or condition on the distribution of funds for any specified charitable purpose, or to specific organizations under certain circumstances. While the Foundation retains variance power, it is Foundation policy that the donors' intention will be honored unless a restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served in the sole judgement of the Foundation's Board of Governors.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets - continued

Net Assets With Donor Restrictions - Net assets with donor restrictions include gifts, grants, and pledges whose use by the Foundation has been limited by donors to later periods of time or after specified dates, or to specified purposes.

The Foundation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In addition to reporting by net asset class, the Foundation further classifies funds based on expressed donor intent. As a result, the Foundation has 266 different funds which are categorized as follows:

Discretionary Funds

- *Area of Interest Funds* represent funds to be used at the board's discretion to meet a general area of charitable need (geography, program, or purpose) as defined by the donor.
- *Community Partnership Funds* represent funds restricted for Foundation-directed discretionary grant making.
- *Undesignated Funds* represent those over which the Foundation's Board of Governors has full discretion in making distributions for charitable purposes.

Donor-Defined Funds

- *Area of Interest Funds* award grants based on the recommendations of a community committee that oversees a specific initiative.
- *Donor-Advised Funds* represent funds for which the donor has reserved the right to make nonbinding suggestions for charitable giving to the board.
- *Designated Funds* represent funds for which the donors have designated specific organizations for ongoing support.
- *Scholarship and Award Funds* represent funds intended to provide support for education and to provide grants to recognize achievement in areas such as teaching, the arts, or scientific research.
- *Agency Funds* represent endowment and special purpose funds established upon the transfer of assets from other nonprofit Foundations that designate themselves as beneficiaries.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets - continued

In addition, absent contrary directions given in the fund agreement regarding the use of principal, the Foundation's governing documents further provide all or part of the principal of any fund may be used subject to certain conditions, at the approval of the Board of Governors. Therefore, such contributions are reported as net assets without donor restrictions. However, this classification does not imply that such funds are available for claims of general creditors of the Foundation.

Contribution Revenue

The Foundation recognizes revenue from contributions in accordance with Accounting Standards Update ASU 2018-08, *Not-For-Profit Entities* (Topic 958); *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Foundation evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Foundation applies guidance under ASC-606. If the transfer of assets is determined to be a contribution, the Foundation evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Foundation is entitled to the assets transferred and promised, and (2) a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets.

The Foundation recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions.

Donated securities are recorded at fair market value as of the date of donation and converted to assets, in accordance with the Foundation's Investment Policy.

Contributed Services

The Foundation's Board of Governors and volunteers donate significant amounts of time to its various operations. The value of these contributed services does not meet the criteria for recognition in the financial statements.

Donated materials and certain services are reflected as contributions in the accompanying financial statements at their estimated fair value at the date of receipt. Donated materials and certain services totaled \$85,242 and \$102,686 at June 30, 2021 and 2020, respectively. The amount of such donated materials and certain services, excluding advertising, was \$948 and \$1,500 for the years ended June 30, 2021 and 2020, respectively. The contributed goods and services represent the value of contracted services and supplies for the Foundation.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Advertising Costs

The Foundation expenses advertising costs when incurred. Advertising expense for the years ended June 30, 2021 and 2020, totaled \$104,224 and \$116,576, respectively. Advertising expense includes in-kind advertising totaling \$84,294 and \$101,186 at June 30, 2021 and 2020, respectively.

Functional Expense Allocations

Expenses that can be identified with specific programs and support services are allocated directly to their natural expenditure classification. Expenses relating to more than one function are allocated to program and supporting services based on the Foundation's estimate of time spent by key personnel between functions and related expenses incurred for the programs and supporting services benefited.

Tax Exempt Status

The Foundation has been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code. The Foundation files federal and state information returns as required. There is no current year provision for federal or state income taxes.

In accordance with generally accepted accounting principles, the Foundation accounts for uncertain tax positions relative to unrelated business income, if any, as required.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 27, 2021, the date the financial statements were available to be issued.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments as of June 30 consist of the following:

	2021	2020
Cash	\$ 1,476,815	\$ 2,577,380
Equity securities and funds	54,282,791	37,078,889
Bonds and fixed income funds	18,529,144	14,514,483
	\$ 74,288,750	\$ 54,170,752

The market value of bonds by contracted maturity dates at June 30 is shown below. Expected maturities will differ from contracted maturities because borrowers have the right to call on the prepay obligations with or without call or prepayment penalties.

	2021	2020
Due in less than 1 year	\$ 516,408	\$ 436,476
Due after 1 through 5 years	2,381,316	1,482,233
Due after 5 through 10 years	1,344,653	1,479,478
Due after 10 through 20 years	129,339	133,359
Due after 20 years	1,572,291	1,057,185
	\$ 5,944,007	\$ 4,588,731

Net investment activity is as follows at June 30:

	2021	2020
Investment income	\$ 1,328,150	\$ 1,483,697
Realized and unrealized gain (loss) on investments	15,608,885	(1,058,773)
Custodial and investment management fees	(364,989)	(327,347)
	\$ 16,572,046	\$ 97,577

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Financial accounting standards require the use of fair value measurement. The Foundation, in accordance with generally accepted accounting principles, has applied fair value measurement and disclosure in these financial statements as follows:

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 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and 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.

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 at June 30, 2021.

Long-Term Investments

Custodians hold the investments of the Foundation in accordance with the Investment Policy of the Foundation. Investments are comprised of cash and cash equivalents, fixed income, and equities for which fair value is based on quoted market prices in an active market. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Equity Securities and Funds:

The custodians of the investments use quoted prices in active markets for identical assets to determine the fair value of Level 1 investments.

Bonds and Fixed Income Funds:

The custodians of the investments use various market inputs to determine fair value of Level 2 investments. These inputs include outside pricing services and computerized pricing models.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Long-Term Investments - continued

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2021:

	Fair Value	Valuation (Level 1)	Valuation (Level 2)
Investments			
Equity Securities - U.S.	\$ 10,494,386	\$ 10,494,386	\$ -
Equity Securities - International	4,663,941	4,663,941	-
Equity Mutual Funds - U.S.	29,418,087	29,418,087	-
Equity Mutual Funds - International	9,706,377	9,706,377	-
Corporate Bonds	2,196,509	-	2,196,509
U.S. Treasury Bonds	2,173,976	-	2,173,976
Government Agency Bonds	1,826,581	-	1,826,581
Bond Mutual Funds - U.S.	10,110,909	-	10,110,909
Bond Mutual Funds - International	2,221,169	-	2,221,169
	<u>72,811,935</u>	<u>54,282,791</u>	<u>18,529,144</u>
Investments - Split Interest Agreements			
Equity Mutual Funds	288,222	288,222	-
Bond Mutual Funds	133,107	-	133,107
	<u>421,329</u>	<u>288,222</u>	<u>133,107</u>
Total investments	<u>\$ 73,233,264</u>	<u>\$ 54,571,013</u>	<u>\$ 18,662,251</u>

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Long-Term Investments - continued

The estimated fair values of the Foundation's financial instruments as of June 30, 2020, are as follows:

	Fair Value	Valuation (Level 1)	Valuation (Level 2)
Investments			
Equity Securities - U.S.	\$ 8,044,714	\$ 8,044,714	\$ -
Equity Securities - International	3,727,885	3,727,885	-
Equity Mutual Funds - U.S.	18,813,709	18,813,709	-
Equity Mutual Funds - International	6,492,581	6,492,581	-
Corporate Bonds	1,550,899	-	1,550,899
U.S. Treasury Bonds	993,563	-	993,563
Government Agency Bonds	2,144,358	-	2,144,358
Bond Mutual Funds - U.S.	8,315,398	-	8,315,398
Bond Mutual Funds - International	1,510,265	-	1,510,265
	51,593,372	37,078,889	14,514,483
Investments - Split Interest Agreements			
Equity Mutual Funds	223,110	223,110	-
Bond Mutual Funds	142,576	-	142,576
	365,686	223,110	142,576
Total investments	\$ 51,959,058	\$ 37,301,999	\$ 14,657,059

NOTE 3 - INVESTMENTS - SPLIT INTEREST AGREEMENTS

Investments - split interest agreements represent the fair market value of assets held under charitable remainder trusts and gift annuity agreements. The Foundation has segregated the assets under these agreements as separate and distinct funds, independent from other funds, and not to be applied to payment of the obligations of the Foundation or any other purpose other than benefits specified in the agreements.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 3 - INVESTMENTS - SPLIT INTEREST AGREEMENTS - CONTINUED

Total assets by type of split interest agreement are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Gift annuities	\$ 81,041	\$ 73,038
Charitable remainder trusts	348,163	301,365
	<u>\$ 429,204</u>	<u>\$ 374,403</u>

Split interest assets are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Cash	\$ 7,875	\$ 8,717
Equity securities and funds	288,222	223,110
Bonds and fixed income funds	133,107	142,576
	<u>\$ 429,204</u>	<u>\$ 374,403</u>

Gift Annuities

The Foundation administers several charitable gift annuities. Gift annuity assets received are recorded at fair value on the date received by the Foundation. The gift annuity agreements provide for the payment of distributions at a stated return to the beneficiaries as long as they live, at which time the remaining assets are to be used for the establishment of or addition to charitable funds of the Foundation based on donor intent.

Distributions to beneficiaries are calculated based on rates varying from 5.9% to 7.1%. Total annual distributions were \$8,940 and \$12,584 for the years ended June 30, 2021 and 2020, respectively. Net investment income totaled \$19,679 and \$1,257 for the years ended June 30, 2021 and 2020, respectively. Annuity obligations represent the present value of expected future cash flows to be paid to the beneficiaries based on life expectancies. Annuity obligations are fully funded by the investments held.

Charitable Remainder Trusts

The Foundation is currently serving as the trustee of a charitable remainder annuity trust. As specified in the trust agreement, distributions from the annuity trust are \$25,000 annually.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 4 - EQUIPMENT

Equipment and related accumulated depreciation are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 43,784	\$ 43,784
Accumulated depreciation	<u>(41,599)</u>	<u>(39,728)</u>
	<u>\$ 2,185</u>	<u>\$ 4,056</u>

Depreciation expense for both years ended June 30, 2021 and 2020 was \$1,871.

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Foundation received a Paycheck Protection Program Loan (the "PPP Loan") from a qualified lender totaling \$123,600. This loan program was implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The PPP Loan was unsecured and guaranteed by the SBA. The principal amount of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon the Foundation's request to the extent that the PPP Loan proceeds were used to pay expenses permitted by the Paycheck Protection Program.

The Foundation initially recorded a note payable upon receipt of the PPP Loan and subsequently recorded forgiveness when the loan obligation was legally released upon notification by the SBA in April 2021. The \$123,600 forgiven is recognized as loan forgiveness income in the statement of activities for the year ended June 30, 2021.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 6 - FUNDS HELD FOR ORGANIZATIONS

The Foundation follows ASC 958-605, *Transfers of Assets to a Not-For-Profit Foundation or Charitable Trust*, that raises or holds contributions for others, *Revenue Recognition*, which provides standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. ASC 958-605 specifically requires that if a nonprofit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as funds held for organizations.

The Foundation maintains variance power and legal ownership of funds held for organizations, and as such, continues to report the funds as assets of the Foundation. However, in accordance with ASC 958-605, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the nonprofit organizations.

At June 30, 2021 and 2020, the Foundation was the owner of 27 and 24 agency funds, respectively, with a combined value of \$3,648,753 and \$2,039,785, respectively. The following table summarizes activity in such funds:

	<u>2021</u>	<u>2020</u>
Funds held for organizations' balances at July 1	\$ 2,039,785	\$ 2,139,045
New contributions	914,016	107,545
Net investment income (loss)	793,827	(63,494)
Fees	(20,471)	(19,325)
Grants and expenses	<u>(78,404)</u>	<u>(123,986)</u>
Funds held for organizations' balances at June 30	<u>\$ 3,648,753</u>	<u>\$ 2,039,785</u>

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 7 - NET ASSETS

The Foundation's net assets without donor restrictions are comprised of designated and undesignated funds as follows at June 30:

	<u>2021</u>	<u>2020</u>
Charitable Endowed Funds	\$ 57,201,439	\$ 44,935,170
Grantmaking	18,803,015	9,086,073
Operations and administration	<u>395,560</u>	<u>249,525</u>
	<u>\$ 76,400,014</u>	<u>\$ 54,270,768</u>

Included in the above are assets the Board has designated for the following purposes at June 30:

Endowed for:		
Foundation discretionary use	\$ 3,138,626	\$ 2,407,795
Foundation-directed grantmaking	122,078	113,245
Reserves for operations and other expenses	<u>284,229</u>	<u>233,763</u>
	<u>\$ 3,544,933</u>	<u>\$ 2,754,803</u>

Net assets with donor restrictions at June 2021 and 2020 are restricted under split interest agreements and total \$27,318 and \$3,341, respectively.

Net assets were released from donor restrictions by satisfying the restricted purposes specified by donors under the split interest agreements totaling \$2,736 and \$8,531 at June 30, 2021 and 2020, respectively.

NOTE 8 - ENDOWMENT FUNDS

The Foundation's charitable endowed funds are all classified as without donor restrictions in the accompanying statements of financial position.

Interpretation of Relevant Law

The Foundation has elected to be governed by the Pennsylvania Act 141 which relates to nonprofit endowments and requires foundations to adopt and follow a total return Investment Policy and a spending policy. The Foundation has adopted investment and spending policies for endowment assets. These policies work together in an attempt to provide a predictable stream of funding for grants and programs while seeking to maintain the purchasing power of the endowment assets.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 8 - ENDOWMENT FUNDS - CONTINUED

Investment Objectives

The Foundation's investment objective is to maximize return within reasonable and prudent levels of risk while maintaining an appropriate portfolio asset allocation. Investment guidelines are based on an investment horizon of greater than five years. To satisfy its long-term rate of return objective, the Foundation's Investment Policy pursues a total return approach to the management of assets in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy

The Foundation's spending policy determines the amount available for grant making from endowment funds. The spending rate is established annually by the Board of Governors, and the approved rate was 4.50% for the years ended June 30, 2021 and 2020. The amount available for spending is calculated based on the average asset value of an endowment fund over 12 rolling quarters.

Underwater Endowment Funds

The Foundation considers a fund to be underwater if the fair value of the fund is less than the original value of initial and subsequent amounts donated or designated to the fund.

At June 30, 2021 and 2020, the fair value of underwater endowments totaled \$882,648 and \$9,078,137, respectively. The original gifts required to be held related to the underwater endowment totaled \$1,006,413 and \$9,792,169, respectively. The deficiencies in the underwater endowment funds totaled \$123,766 and \$714,032 at June 30, 2021 and 2020, respectively. The Foundation's policy permits grantmaking from underwater endowment funds unless otherwise precluded by donor intent or wishes or relevant laws and regulations.

Changes in endowment net assets for the fiscal years ended June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Endowment net assets - beginning of year	\$ 44,935,170	\$ 44,892,697
Gifts	1,195,735	2,302,049
Investment income (net of fees)	751,562	916,329
Appreciation (depreciation)	13,167,960	(780,877)
Amounts appropriated for expenditure	(2,569,605)	(2,395,028)
Conversion of fund	<u>(279,383)</u>	<u>-</u>
Endowment net assets - end of year	<u>\$ 57,201,439</u>	<u>\$ 44,935,170</u>

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 8 - ENDOWMENT FUNDS - CONTINUED

Endowment net assets by type of fund as of June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Area of interest	\$ 4,926,881	\$ 3,928,100
Community partnership	9,208,112	7,475,133
Donor-advised	8,099,988	6,316,306
Designated	27,613,136	21,648,664
Agency	50,475	35,612
Scholarship/award	2,389,603	1,763,336
Undesignated	<u>4,913,244</u>	<u>3,768,019</u>
Total endowment funds	<u>\$ 57,201,439</u>	<u>\$ 44,935,170</u>

NOTE 9 - GRANTS

The total amount available for grant making from endowed funds varies annually based on the application of the board-approved spending policy.

Foundation-directed grants from discretionary funds are made annually and are directed toward needs or opportunities in the community in the areas of arts, culture and heritage, education, environment, healthcare, human services, and community development. The Foundation's Board of Governors has sole discretion regarding grant making from these funds.

Philanthropic partnership grants made from donor-defined funds must also be approved by the Foundation's Board of Governors. However, grants from these funds are made based on donor recommendations or designations. The total amount granted from such funds may vary greatly each year depending on the amount of grants made from temporary funds, which are not subject to the Foundation's spending policy.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 9 - GRANTS - CONTINUED

Grants paid are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Foundation-directed grants:		
Community investment grants	\$ 273,599	\$ 317,932
COVID-19 response grants	151,191	127,800
Area of interest fund grants	174,367	69,013
Other discretionary grants	396,480	383,760
Philanthropic partnership grants	<u>4,508,802</u>	<u>5,732,666</u>
Total grants	<u>\$ 5,504,439</u>	<u>\$ 6,631,171</u>

In addition, the Foundation distributed grants from the agency funds in the amount of \$76,960 and \$123,950 for the years ended June 30, 2021 and 2020, respectively.

NOTE 10 - PENSION PLAN

Effective January 1, 2012, the Foundation adopted a 401(k) Plan. Employees meeting hours and length of service requirements are eligible to participate. The Foundation will determine the amount of any matching or profit sharing contributions on an annual basis. Contributions totaling \$28,503 and \$26,273 were made by the Foundation during the years ended June 30, 2021 and 2020, respectively.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

In April 2021, the Foundation extended their existing operating lease for office space, effective July 1, 2021, for an additional 5 years at a monthly base payment of \$5,160 for the year ending June 30, 2022 and increasing by 3% every year through the end of the lease term. The lease also includes fixed monthly payments of \$167 through the end of the lease term in consideration for renovations to the office space that will take place in the year ending June 30, 2022.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 11 - COMMITMENTS AND CONTINGENCIES - CONTINUED

Minimum annual rental commitments under this lease are as follows for the years ending June 30:

2022	\$	63,916
2023		65,773
2024		67,686
2025		69,657
2026		71,687
		<u>71,687</u>
	\$	<u>338,719</u>

Total office and equipment rent paid for the years ended June 30, 2021 and 2020 was \$64,125 and \$62,138, respectively.

Subsequent to year-end, in August 2021, the Foundation entered into a master service agreement for computer and IT services at a fixed monthly payment of \$555 for a term of 3 years.

NOTE 12 - AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for operating expenses and Foundation-directed grants within one year of the statements of financial position are comprised of the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash	\$ 242,258	\$ 225,959
Investments	<u>1,998,658</u>	<u>1,616,452</u>
Total financial assets available	<u>\$ 2,240,916</u>	<u>\$ 1,842,411</u>

In managing liquidity, the Foundation structures its financial assets to be available as its operational expenditures, liabilities, and other obligations become due and for payment of Foundation-directed grants at the appropriate time during the Foundation's grant cycles. For operational expenditures, liquidity management is primarily accomplished through the Foundation's assessment of fund administrative fees. Additionally, systematic transfers of amounts appropriated for current year spending are made from long-term investments to cash accounts for operational expenses and Foundation-directed grant payments.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 12 - AVAILABILITY OF FINANCIAL RESOURCES - CONTINUED

Based on the above, the amounts available for general operating expenditure and Foundation-directed grantmaking within the next year consist of the following at June 30:

	2021	2020
Administrative fees from funds (estimated)	\$ 782,680	\$ 607,552
Appropriations from endowment funds:		
Board designated	114,810	117,050
Donor endowed	65,470	67,090
Board designated reserves	114,013	14,124
Total for general operating expenditures	1,076,973	805,816
Appropriations from donor endowed Foundation-directed funds	1,098,772	982,295
Other non-endowed cash	65,171	54,300
Total for Foundation-directed grants	1,163,943	1,036,595
Total available	\$ 2,240,916	\$ 1,842,411

All funds of the Foundation are assessed an administrative fee based on a percentage of the fund's assets. These administrative fees are recognized when assessed and are used to cover the operating expenses of the Foundation and to support the Foundation's community leadership efforts and initiatives. For endowed funds and certain pass-through funds, fees are assessed on a monthly basis.

Fees on non-endowed funds are assessed on a quarterly basis at the close of each quarter. The fees on these funds are recognized when they are assessed. Administrative fee income for the operating fund and the corresponding fee expenses for all funds is netted in the presentation of the statement of activities but is detailed on the schedule of activity without restrictions.

The Foundation manages its cash available for grant purposes by examining the purpose for which the fund was established and if the fund is endowed or non-endowed. Financial assets available for Foundation-directed grants represent the annual amount appropriated for grantmaking from funds that are made at the discretion of the Foundation.

For those funds that are endowed or operate most closely to the Foundation's spending policy for granting, the funds are generally invested in the Foundation's Legacy Portfolio or a similarly managed long term portfolio. For endowed funds, the amount available for granting is determined on an annual basis and is calculated based on the Foundation's spending rate. The amount available for granting is transferred to cash based on the planned timing of grant issuance.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 12 - AVAILABILITY OF FINANCIAL RESOURCES - CONTINUED

The amount available for philanthropic partnership grants within the next year is \$1,090,310 and \$1,089,480 at June 30, 2021 and 2020, respectively. This is the amount appropriated for grantmaking from all other endowed funds that are not available for the Foundation's discretionary use. The Foundation does not consider these available for general expenditure because grantmaking from these funds is governed by the specified purposes of the fund as outlined in each individual fund agreement. This includes donor-advised funds which allow for grants based on Foundation approved donor recommendations.

Financial assets available for general expenditure do not include \$18,803,015 and \$9,086,073 in non-endowed funds at June 30, 2021 and 2020, respectively, that would be available for granting within one year. Most funds that are not endowed are invested in the Foundation's Preservation Portfolio, a short-term pool invested in a money market fund. Funds held in this pool are subject to withdrawal at any time. Capital preservation and liquidity are paramount. Assets are transferred out of portfolios as grants are made.

Included in endowment funds are board designated funds with a value of \$3,260,704 and \$2,521,040 at June 30, 2021 and 2020, respectively. Monthly withdrawals are made from these funds for administrative fees assessed and for the annual spending policy amount appropriated for general use. Although the Foundation does not intend to make additional withdrawals from these funds, Board-approved additional withdrawals could be made as deemed necessary for general expenditures and Foundation-directed grants.

Occasionally, the Board will designate a portion of any annual operating surplus to its operating reserve which was \$284,229 and \$227,175 at June 30, 2021 and 2020, respectively. These reserves are available for general expenditure within the next year at the discretion of the Board.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 13 - NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Under this guidance, lessees will need to recognize the following for all leases (with the exception of leases with a term of 12 months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. This standard is effective for fiscal years beginning after December 15, 2021, with early application permitted. The Foundation is evaluating the impact this standard will have on the financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update would require an Organization to present contributed nonfinancial assets, including fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets, as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also requires disclosures of a disaggregation by category of nonfinancial assets, including whether used or monetized, policies and/or a description of the programs or other activities in which those assets were used, a description of any donor restrictions associated with nonfinancial assets, a description of the valuation techniques and inputs used to arrive at the fair value measure for initial recognition, and the principal market used to arrive at the fair value measure if it is a market in which the Foundation is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. This standard should be applied on a retrospective basis and is effective for fiscal years beginning after June 15, 2021, with early adoption permitted.

SUPPLEMENTARY INFORMATION

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

SCHEDULE OF ACTIVITY WITHOUT DONOR RESTRICTIONS

Year Ended June 30, 2021

	Operating and Reserve Funds	Discretionary Funds	Donor-Defined Funds	Total
PUBLIC SUPPORT AND REVENUE				
Gifts	\$ 86,323	\$ 3,914,735	\$ 7,955,929	\$ 11,956,987
In-kind gifts	85,242	-	-	85,242
Administrative fees	21,268	-	-	21,268
Net investment return	(1,198)	4,637,209	11,936,035	16,572,046
Change in cash surrender value	-	11,124	382	11,506
Paycheck Protection Program loan forgiveness	123,600	-	-	123,600
Released from donor restriction	661	-	2,075	2,736
	<u>315,896</u>	<u>8,563,068</u>	<u>19,894,421</u>	<u>28,773,385</u>
Interfund Activity:				
Appropriations from endowment funds	184,140	(184,140)	-	-
Foundation fees	685,333	(190,882)	(494,451)	-
Gifts (grants)	17,067	358,818	(375,885)	-
	<u>1,202,436</u>	<u>8,546,864</u>	<u>19,024,085</u>	<u>28,773,385</u>
EXPENSES				
Grants	3,600	627,350	4,873,489	5,504,439
Grantmaking and community leadership	426,402	83,196	407	510,005
Asset development and donor services	326,186	35	1,940	328,161
General and administrative	301,534	-	-	301,534
	<u>1,057,722</u>	<u>710,581</u>	<u>4,875,836</u>	<u>6,644,139</u>
CHANGES IN NET ASSETS	<u>\$ 144,714</u>	<u>\$ 7,836,283</u>	<u>\$ 14,148,249</u>	<u>22,129,246</u>
NET ASSETS AT BEGINNING OF YEAR				<u>54,270,768</u>
NET ASSETS AT END OF YEAR				<u>\$ 76,400,014</u>