



The United Way of Southwestern Pennsylvania

Financial Statements

June 30, 2020 and 2019

The United Way of Southwestern Pennsylvania

Contents

| | |
|--|-------|
| Independent Auditor's Report | 3-4 |
| Financial Statements | |
| Balance Sheets | 5 |
| Statements of Activities and Changes in Net Assets | 6-7 |
| Statements of Functional Expenses | 8-11 |
| Statements of Cash Flows | 12 |
| Notes to the Financial Statements | 13-39 |



Independent Auditor's Report

To the Board of Directors
The United Way of Southwestern Pennsylvania
Pittsburgh, Pennsylvania

We have audited the accompanying financial statements of The United Way of Southwestern Pennsylvania (not-for-profit entity), which comprise the balance sheets as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The United Way of Southwestern Pennsylvania as of June 30, 2020 and 2019, 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.

BDO USA, LLP

Pittsburgh, Pennsylvania

October 28, 2020

The United Way of Southwestern Pennsylvania

Balance Sheets

| <i>June 30,</i> | 2020 | 2019 |
|--|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 11,715,410 | \$ 5,345,934 |
| Pledges receivable - net - Note 4 | 12,842,055 | 14,507,527 |
| Other receivables | 1,254,756 | 273,251 |
| Investments - Note 5 | 28,697,323 | 27,597,538 |
| Funds held by others - Note 6 | 5,354,618 | 5,654,716 |
| Prepaid expenses and other assets | 54,931 | 55,487 |
| Furniture, equipment and software - net - Note 7 | 350,287 | 805,571 |
| Total Assets | \$ 60,269,380 | \$ 54,240,024 |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Distributions payable to agencies | \$ 8,090,313 | \$ 8,850,777 |
| Donor designations payable | 8,549,619 | 7,438,302 |
| Accounts payable and accrued liabilities | 1,333,484 | 1,310,712 |
| Accrued pension obligation - Note 9 | 5,047,652 | 4,603,565 |
| Paycheck protection program loan - Note 3 | 1,369,000 | - |
| Total Liabilities | 24,390,068 | 22,203,356 |
| Net Assets | | |
| Without donor restrictions - Note 11 | 18,303,562 | 18,133,505 |
| With donor restrictions - Note 12 | 17,575,750 | 13,903,163 |
| Total Net Assets | 35,879,312 | 32,036,668 |
| Total Liabilities and Net Assets | \$ 60,269,380 | \$ 54,240,024 |

See accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Statement of Activities and Changes in Net Assets

| <i>For the Year Ended June 30, 2020</i> | Without Donor Restrictions | With Donor Restrictions | 2020 Total | 2019 Total |
|---|-------------------------------|----------------------------|----------------------|----------------------|
| Public Support and Revenue | | | | |
| Public Support | | | | |
| Gross campaigns results | \$ 22,617,584 | \$ 15,639,530 | \$ 38,257,114 | \$ 35,476,549 |
| Less: Donor designations | 13,164,428 | - | 13,164,428 | 14,634,871 |
| Less: Allowance for uncollectible accounts | 1,112,800 | - | 1,112,800 | 1,015,451 |
| Net campaigns receipts | 8,340,356 | 15,639,530 | 23,979,886 | 19,826,227 |
| Gifts and other contributions | 549,674 | 432,296 | 981,970 | 707,628 |
| Total Public Support | 8,890,030 | 16,071,826 | 24,961,856 | 20,533,855 |
| Revenue | | | | |
| Service fee revenue | 1,423,284 | - | 1,423,284 | 1,433,983 |
| Interest and investment income | 545,285 | 147,446 | 692,731 | 754,358 |
| Sponsorship and event revenue | 771,152 | - | 771,152 | 617,734 |
| Net realized and unrealized gain (loss) on investments | (207,143) | (118,299) | (325,442) | 769,136 |
| Donated services income | 697,842 | - | 697,842 | 557,251 |
| Grant and other services revenue | 1,685,791 | - | 1,685,791 | 1,280,022 |
| CARES Act funding - Note 3 | 1,089,207 | - | 1,089,207 | - |
| Change in beneficial interest | - | (50,053) | (50,053) | (3,694) |
| Net assets released from restrictions | 12,378,333 | (12,378,333) | - | - |
| Total Revenue | 18,383,751 | (12,399,239) | 5,984,512 | 5,408,790 |
| Total Public Support and Revenue | 27,273,781 | 3,672,587 | 30,946,368 | 25,942,645 |
| Expenses | | | | |
| Program services | | | | |
| Gross funds awarded or designated to agencies | 22,439,695 | - | 22,439,695 | 24,201,199 |
| Less: Donor designations | 13,164,428 | - | 13,164,428 | 14,634,871 |
| Net funds awarded or designated to agencies | 9,275,267 | - | 9,275,267 | 9,566,328 |
| Other program services | 11,124,433 | - | 11,124,433 | 10,146,735 |
| Total Program Services | 20,399,700 | - | 20,399,700 | 19,713,063 |
| Total support services | 6,127,715 | - | 6,127,715 | 6,097,285 |
| Total Expenses | 26,527,415 | - | 26,527,415 | 25,810,348 |
| Increase in Net Assets Before Pension Adjustment | | | | |
| | 746,366 | 3,672,587 | 4,418,953 | 132,297 |
| Pension changes - other net periodic pension costs | (301,555) | - | (301,555) | - |
| Pension changes - actuarial net loss | (274,754) | - | (274,754) | (1,093,797) |
| Increase (Decrease) in Net Assets | 170,057 | 3,672,587 | 3,842,644 | (961,500) |
| Net Assets - beginning of year | 18,133,505 | 13,903,163 | 32,036,668 | 32,998,168 |
| Net Assets - end of year | \$ 18,303,562 | \$ 17,575,750 | \$ 35,879,312 | \$ 32,036,668 |

See accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Statement of Activities and Changes in Net Assets

| <i>For the Year Ended June 30, 2019</i> | Without Donor Restrictions | With Donor Restrictions | 2019 Total |
|--|-------------------------------|----------------------------|----------------------|
| Public Support and Revenue | | | |
| Public Support | | | |
| Gross campaigns results | \$ 26,168,043 | \$ 9,308,506 | \$ 35,476,549 |
| Less: Donor designations | 14,634,871 | - | 14,634,871 |
| Less: Allowance for uncollectible accounts | 1,015,451 | - | 1,015,451 |
| Net campaigns receipts | 10,517,721 | 9,308,506 | 19,826,227 |
| Gifts and other contributions | 291,429 | 416,199 | 707,628 |
| Total Public Support | 10,809,150 | 9,724,705 | 20,533,855 |
| Revenue | | | |
| Service fee revenue | 1,433,983 | - | 1,433,983 |
| Interest and investment income | 627,553 | 126,805 | 754,358 |
| Sponsorship and event revenue | 617,734 | - | 617,734 |
| Net realized and unrealized gain on investments | 543,448 | 225,688 | 769,136 |
| Donated services income | 557,251 | - | 557,251 |
| Grant and other services revenue | 1,280,022 | - | 1,280,022 |
| Change in beneficial interest | - | (3,694) | (3,694) |
| Net assets released from restrictions | 9,393,696 | (9,393,696) | - |
| Total Revenue | 14,453,687 | (9,044,897) | 5,408,790 |
| Total Public Support and Revenue | 25,262,837 | 679,808 | 25,942,645 |
| Expenses | | | |
| Program services | | | |
| Gross funds awarded or designated to agencies | 24,201,199 | - | 24,201,199 |
| Less: Donor designations | 14,634,871 | - | 14,634,871 |
| Net funds awarded or designated to agencies | 9,566,328 | - | 9,566,328 |
| Other program services | 10,146,735 | - | 10,146,735 |
| Total Program Services | 19,713,063 | - | 19,713,063 |
| Total support services | 6,097,285 | - | 6,097,285 |
| Total Expenses | 25,810,348 | - | 25,810,348 |
| Increase (Decrease) in Net Assets Before Pension Adjustment | | | |
| | (547,511) | 679,808 | 132,297 |
| Pension changes - actuarial net loss | (1,093,797) | - | (1,093,797) |
| Increase (Decrease) in Net Assets | (1,641,308) | 679,808 | (961,500) |
| Net Assets - beginning of year | 19,774,813 | 13,223,355 | 32,998,168 |
| Net Assets - end of year | \$ 18,133,505 | \$ 13,903,163 | \$ 32,036,668 |

See accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Statement of Functional Expenses

| <i>For the Year Ended June 30, 2020</i> | Program Services | | | Total Program Services |
|---|------------------------|-------------------|-----------------------------------|------------------------------|
| | Volunteer Referrals | Labor Services | Community Capacity Building | |
| Funds awarded | \$ - | \$ - | \$ 22,439,695 | \$ 22,439,695 |
| Less donor designations | - | - | (13,164,428) | (13,164,428) |
| Net Funds Awarded | - | - | 9,275,267 | 9,275,267 |
| Salaries | 291,380 | 51,721 | 2,430,998 | 2,774,099 |
| Employee benefits | 64,242 | 32,100 | 782,269 | 878,611 |
| Payroll taxes | 23,260 | 3,591 | 183,930 | 210,781 |
| Total Salaries and Benefits | 378,882 | 87,412 | 3,397,197 | 3,863,491 |
| Professional services | 155,305 | 9,892 | 264,162 | 429,359 |
| In-kind services | - | - | - | - |
| Community initiatives | - | - | 4,959,458 | 4,959,458 |
| Campaign and other literature | 43 | 28 | 595 | 666 |
| Meeting and event expense | 196,134 | 270 | 294,346 | 490,750 |
| Office supplies | 2,122 | 838 | 19,039 | 21,999 |
| Postage | 1,151 | 635 | 17,897 | 19,683 |
| Travel | 3,766 | 44 | 32,733 | 36,543 |
| Staff training | (945) | 872 | 15,548 | 15,475 |
| Insurance | 3,565 | 1,634 | 45,642 | 50,841 |
| Occupancy | 13,557 | 8,110 | 204,783 | 226,450 |
| Information technology | 29,962 | 16,346 | 416,919 | 463,227 |
| Equipment rental and repair | 954 | 451 | 15,190 | 16,595 |
| Subscriptions and memberships | 1,022 | 361 | 37,289 | 38,672 |
| Telephone | 525 | 218 | 20,118 | 20,861 |
| Depreciation expense | 15,624 | 10,401 | 218,736 | 244,761 |
| United Way Worldwide dues | 11,620 | 3,125 | 170,563 | 185,308 |
| Miscellaneous expense | 267 | 31,594 | 8,433 | 40,294 |
| Total Other Operating Expenses | 434,672 | 84,819 | 6,741,451 | 7,260,942 |
| Total Functional Expenses | \$ 813,554 | \$ 172,231 | \$ 19,413,915 | \$ 20,399,700 |

The United Way of Southwestern Pennsylvania

Statement of Functional Expenses

| Support Services | | | |
|------------------|----------------------------------|------------------------------|-------------------|
| Fundraising | Organizational Administration | Total Support Services | Total Expenses |
| \$ - | \$ - | \$ - | \$ 22,439,695 |
| - | - | - | (13,164,428) |
| - | - | - | 9,275,267 |
| 1,747,906 | 873,918 | 2,621,824 | 5,395,923 |
| 379,061 | 317,265 | 696,326 | 1,574,937 |
| 132,428 | 64,376 | 196,804 | 407,585 |
| 2,259,395 | 1,255,559 | 3,514,954 | 7,378,445 |
| 337,552 | 121,095 | 458,647 | 888,006 |
| 697,842 | - | 697,842 | 697,842 |
| - | - | - | 4,959,458 |
| 19,494 | 327 | 19,821 | 20,487 |
| 268,086 | 4,021 | 272,107 | 762,857 |
| 11,006 | 7,027 | 18,033 | 40,032 |
| 9,164 | 9,021 | 18,185 | 37,868 |
| 12,069 | 2,055 | 14,124 | 50,667 |
| 11,689 | 1,135 | 12,824 | 28,299 |
| 20,762 | 23,576 | 44,338 | 95,179 |
| 91,245 | 111,642 | 202,887 | 429,337 |
| 166,890 | 188,341 | 355,231 | 818,458 |
| 7,447 | 8,178 | 15,625 | 32,220 |
| 6,952 | 5,409 | 12,361 | 51,033 |
| 6,661 | 7,057 | 13,718 | 34,579 |
| 93,698 | 120,141 | 213,839 | 458,600 |
| 64,137 | 97,659 | 161,796 | 347,104 |
| 80,352 | 1,031 | 81,383 | 121,677 |
| 1,905,046 | 707,715 | 2,612,761 | 9,873,703 |
| \$ 4,164,441 | \$ 1,963,274 | \$ 6,127,715 | \$ 26,527,415 |

See accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Statement of Functional Expenses

| <i>For the Year Ended June 30, 2019</i> | Program Services | | | Total Program Services |
|---|------------------------|-------------------|-----------------------------------|------------------------------|
| | Volunteer Referrals | Labor Services | Community Capacity Building | |
| Funds awarded | \$ - | \$ - | \$ 24,201,199 | \$ 24,201,199 |
| Less donor designations | - | - | (14,634,871) | (14,634,871) |
| Net Funds Awarded | - | - | 9,566,328 | 9,566,328 |
| Salaries | 249,461 | 46,600 | 2,560,716 | 2,856,777 |
| Employee benefits | 51,498 | 33,696 | 780,007 | 865,201 |
| Payroll taxes | 19,236 | 3,052 | 190,530 | 212,818 |
| Total Salaries and Benefits | 320,195 | 83,348 | 3,531,253 | 3,934,796 |
| Professional services | 168,379 | 13,398 | 306,943 | 488,720 |
| In-kind services | - | - | - | - |
| Community initiatives | - | - | 3,379,833 | 3,379,833 |
| Campaign and other literature | 103 | 38 | 6,898 | 7,039 |
| Meeting and event expense | 197,302 | 843 | 392,146 | 590,291 |
| Office supplies | 2,737 | 869 | 26,383 | 29,989 |
| Postage | 905 | 557 | 13,711 | 15,173 |
| Travel | 3,396 | 592 | 53,671 | 57,659 |
| Staff training | 3,685 | 1,469 | 83,910 | 89,064 |
| Insurance | 3,294 | 1,880 | 46,130 | 51,304 |
| Occupancy | 13,656 | 8,290 | 201,423 | 223,369 |
| Information technology | 54,483 | 22,282 | 533,215 | 609,980 |
| Equipment rental and repair | 1,000 | 507 | 15,984 | 17,491 |
| Subscriptions and memberships | 614 | 508 | 26,987 | 28,109 |
| Telephone | 610 | 288 | 21,850 | 22,748 |
| Depreciation expense | 21,366 | 14,224 | 281,325 | 316,915 |
| United Way Worldwide dues | 13,157 | 3,445 | 167,819 | 184,421 |
| Miscellaneous expense | 4,271 | 34,075 | 61,488 | 99,834 |
| Total Other Operating Expenses | 488,958 | 103,265 | 5,619,716 | 6,211,939 |
| Total Functional Expenses | \$ 809,153 | \$ 186,613 | \$ 18,717,297 | \$ 19,713,063 |

The United Way of Southwestern Pennsylvania

Statement of Functional Expenses

| Support Services | | | |
|------------------|----------------------------------|------------------------------|-------------------|
| Fundraising | Organizational Administration | Total Support Services | Total Expenses |
| \$ - | \$ - | \$ - | \$ 24,201,199 |
| - | - | - | (14,634,871) |
| - | - | - | 9,566,328 |
| 1,600,177 | 804,139 | 2,404,316 | 5,261,093 |
| 367,717 | 321,596 | 689,313 | 1,554,514 |
| 118,865 | 56,533 | 175,398 | 388,216 |
| 2,086,759 | 1,182,268 | 3,269,027 | 7,203,823 |
| 373,534 | 174,165 | 547,699 | 1,036,419 |
| 557,251 | - | 557,251 | 557,251 |
| - | - | - | 3,379,833 |
| 16,321 | 330 | 16,651 | 23,690 |
| 291,602 | 10,689 | 302,291 | 892,582 |
| 13,657 | 9,402 | 23,059 | 53,048 |
| 6,205 | 7,281 | 13,486 | 28,659 |
| 18,546 | 7,498 | 26,044 | 83,703 |
| 10,571 | 4,950 | 15,521 | 104,585 |
| 21,885 | 25,794 | 47,679 | 98,983 |
| 88,682 | 110,790 | 199,472 | 422,841 |
| 229,002 | 252,669 | 481,671 | 1,091,651 |
| 6,694 | 8,200 | 14,894 | 32,385 |
| 4,821 | 3,101 | 7,922 | 36,031 |
| 5,934 | 7,915 | 13,849 | 36,597 |
| 128,194 | 161,716 | 289,910 | 606,825 |
| 70,063 | 128,578 | 198,641 | 383,062 |
| 42,800 | 29,418 | 72,218 | 172,052 |
| 1,885,762 | 942,496 | 2,828,258 | 9,040,197 |
| \$ 3,972,521 | \$ 2,124,764 | \$ 6,097,285 | \$ 25,810,348 |

See accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Statements of Cash Flows

| <i>For the Years Ended June 30,</i> | 2020 | 2019 |
|--|----------------------|---------------------|
| Cash Provided by (Used for) Operating Activities | | |
| Increase (decrease) in net assets | \$ 3,842,644 | \$ (961,500) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 458,600 | 606,825 |
| Net depreciation (appreciation) in fair value of investments | 325,442 | (769,136) |
| Net depreciation in fair value of charitable trusts | 50,053 | 3,694 |
| Contributions restricted for long-term purposes | (389,996) | (367,739) |
| Changes in | | |
| Pledges receivable | 1,665,472 | 589,147 |
| Other assets | (980,949) | (147,692) |
| Distributions payable to agencies | (760,464) | (429,327) |
| Donor designations payable | 1,111,317 | 557,001 |
| Accounts payable and other liabilities | 466,859 | 971,949 |
| Net Cash Provided by Operating Activities | 5,788,978 | 53,222 |
| Cash Provided by (Used for) Investing Activities | | |
| Proceeds from sale of investments | 7,978,284 | 52,996,751 |
| Purchase of investments | (9,153,466) | (54,019,398) |
| Purchase of furniture, equipment and software | (3,316) | (74,116) |
| Net Cash Used for Investing Activities | (1,178,498) | (1,096,763) |
| Cash Provided by (Used for) Financing Activities | | |
| Proceeds from contributions to endowment | 389,996 | 367,739 |
| Proceeds from paycheck protection program loan | 1,369,000 | - |
| Payment on line of credit | - | (68,000) |
| Net Cash Provided by Financing Activities | 1,758,996 | 299,739 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 6,369,476 | (743,802) |
| Cash and Cash Equivalents - beginning of year | 5,345,934 | 6,089,736 |
| Cash and Cash Equivalents - end of year | \$ 11,715,410 | \$ 5,345,934 |

See accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

1. Description of Organization

For over 100 years, people have turned to United Way—to problem solve, to learn, for help, to give back. People turn to United Way because no one is better at bringing entire communities together to create long-lasting change that improves lives for our family, friends and neighbors.

Our organization brings together the region’s best and brightest thought leaders across corporations, foundations, labor unions, government, academia, religious groups, human services and ordinary people to solve the most pressing problems. And together, we innovate, we pilot, we scale—but most important, we help people. With so much growth and prosperity in the region, there is no need for so many to struggle through unexpected financial hardships, suffer loneliness and isolation, experience hunger, lose all hope of employment, or feel exhausted by the demands of caring for elderly loved ones or those with disabilities. We are united for each other.

We improve lives in three ways. We deliver preventative strategies that help people before problems escalate, we provide immediate short-term assistance for people in need, and we drive advocacy and push for system change that will have a lasting, long-term impact on the entire region. This approach is keeping more people working, more people safe and healthy, living in their own homes, and provides major economic value back to the entire region.

Our Vision

United Way is a force for good—helping to improve lives and build brighter futures for individuals and families by creating long-lasting change for the betterment of our community.

Our Mission

The United Way of Southwestern Pennsylvania, serving Allegheny, Butler, Westmoreland, Fayette and Armstrong counties, leads and mobilizes the caring power of individuals, the business community and organizations to help local people in need improve their lives. United Way helps hundreds of thousands of local people each year by addressing hunger and homelessness, financial instability, education, basic needs and employment.

Our Principles

United Way operates on eight core principles proven to demonstrably improve lives:

1. Engage and sustain a **LARGE, DIVERSE DONOR BASE**
2. **CONVENE COMMUNITY PARTNERSHIPS** to coalesce around and tackle tough issues
3. Invest in **PREVENTATIVE STRATEGIES** that help people before problems escalate
4. **PILOT** innovative ideas that can provide large, scalable solutions
5. Build programs with **CORPORATE LEADERSHIP** at the helm
6. **ADVOCATE** and bring about systemic, sustainable change through public policy
7. **MOBILIZE VOLUNTEERS** who implement solutions and touch people first hand
8. Advance the effectiveness of vital human services by requiring **ACCOUNTABILITY**

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

1. Description of Organization (Continued)

Our Principles (Continued)

Collaboration is at our core. We continuously reach out into the community for new corporate leaders, donors, and volunteers. We work hard with our corporate partners to sustain our most important programs. We engage with foundations, agency partners and other human services organizations to envision the future as we test, build and implement new ideas. We work to keep our **donors committed**, our **volunteers engaged**, and our **corporate leaders passionate** about creating real change to achieve the greatest impact.

CURRENT PROGRAMS / STRATEGIC FOCUS

In just the past 5 years, United Way has touched the lives of hundreds of thousands of people through the Impact Fund. This fund is comprised of grants and donations, directed by our team, and is targeted to the community's most pressing problems. Our work supports programming and large-scale community initiatives in four key areas:

1. Children & Youth

We believe that with the right resources and support, children can grow into whoever they want to be. Every child deserves a bright future. That's why our programs **prepare children and youth for success in school and beyond**.

2. Financially Struggling Families

Sometimes hard-working families face the unexpected—and an early helping hand can be the difference between a short-term set-back and a major life crisis. United Way helps **bridge the gap for financially struggling families**, whether that's keeping the lights on, preventing hunger or homelessness, providing transportation, helping to secure employment, or providing access to other community resources.

3. People Living with Disabilities

People living with disabilities are our neighbors, our friends, our sons and daughters. We believe they deserve the right to live with respect, dignity and independence. United Way is working hard through programs, advocacy and systems change to ensure that they have the same opportunities to work and live independently as everyone else. United Way **helps people living with disabilities live fuller lives in the community, find employment and access housing**. We also support the families who care for them.

4. Seniors

So many seniors suffer from loneliness and isolation which makes them more susceptible to hunger, unsafe conditions and even homelessness. We believe seniors have the right to live with dignity and independence for as long as they choose. That's why United Way **offers assistance to seniors for basic needs** with things like food, rides, and friendship. The simplest things we take for granted everyday have the power to transform a senior's life. We also know that the best support comes from loved ones. That's why United Way is also working to support caregivers. Our programs build safer, stronger, happier lives for those who came before us.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

1. Description of Organization (Continued)

CURRENT PROGRAMS / STRATEGIC FOCUS (Continued)

The programs, problem-solving and leadership that United Way provides in these four impact areas make an incredible difference in people's lives, but in turn this work impacts the whole community. Millions of dollars are saved by preventing escalating health care issues, keeping seniors and people living with disabilities out of nursing homes and residential care, and by keeping children and low-income hard-working families on track for sustainable, self-sufficient futures. The United Way impact fund is the collaboration and work of our entire community, for the betterment of our entire community.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time obligations are incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions 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 during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The United Way of Southwestern Pennsylvania considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The majority of cash and cash equivalents are maintained at three national financial institutions. Account balances at June 30, 2020 and 2019 exceeded the Federal Deposit Insurance Corporation (FDIC) limit. The United Way of Southwestern Pennsylvania believes it has placed its cash and cash equivalents with high credit quality financial institutions and does not believe it is exposed to any significant credit risk on its cash and cash equivalents.

Pledges and Contributions

Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Pledges and Contributions (Continued)

Public 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. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for estimated probable uncollectible amounts through a charge to public support and a credit to a valuation allowance based on its analyses of historical collection rates and the condition of the general economy as a whole. The provision for uncollectible accounts is applied to gross campaign pledges including donor designations. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable.

The United Way of Southwestern Pennsylvania recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Consequently, at June 30, 2020 and 2019, conditional contributions of approximately \$0 and \$55,000, respectively, have not been recognized in the accompanying statements of activities and changes in net assets because the condition(s) on which they depend has not yet been met. During 2018, The United Way of Southwestern Pennsylvania received a \$250,000 conditional promise to give of which all conditions have been met to receive full payment as of June 30, 2020.

A portion of the United Way of Southwestern Pennsylvania's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. See Note 3 for discussion of the cost-reimbursable grant received under the CARES Act.

Investments and Investment Risk

The United Way of Southwestern Pennsylvania has investments that consist of assets with and without donor restriction that are not immediately needed for operations. These investments consist of fixed income and equity mutual funds, which are reported at fair value based on direct market-based prices (Note 5). Those investments received as gifts or donations are recorded at their fair value on the date received.

Gains and losses on investments, including unrealized gains and losses, are reported as increases or decreases in investment income with and without donor restrictions.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Investments and Investment Risk (Continued)

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that these changes could affect the amounts reported in the balance sheet. There is no concentration of the investments in any particular security or industry segment.

Funds Held by Others - Community Foundation

Funds held by others consist of assets with or without donor restriction transferred by The United Way of Southwestern Pennsylvania to a community foundation for the creation of various endowment funds which benefit The United Way of Southwestern Pennsylvania but are managed by the community foundation. The United Way of Southwestern Pennsylvania is to be the sole beneficiary of any distributions from these endowment funds. Funds held by the community foundation are pooled with other organizations' funds and invested in diversified portfolios of marketable equity and fixed income securities, as well as limited marketability investments, including private equities and absolute return investments. These amounts are reported at fair value.

Gains and losses on funds held by others, including unrealized gains and losses, are reported as increases or decreases in investment income without donor restrictions unless the use of the investment income is limited by donor-imposed restrictions or law (Notes 10 and 12).

Funds Held by Others - Perpetual and Remainder Trusts

Included in the funds held by others on the balance sheets is a receivable for the fair market value of the assets held in perpetual trusts and the net present value of estimated income from remainder trusts for several arrangements in which donors established and funded trusts administered by organizations other than The United Way of Southwestern Pennsylvania, for the benefit of The United Way of Southwestern Pennsylvania. Under the terms of the perpetual trusts, The United Way of Southwestern Pennsylvania has the irrevocable right to receive the income earned on the trust assets in perpetuity. Under the remainder trusts, The United Way of Southwestern Pennsylvania has an irrevocable right to receive assets at the death of the donor or expiration of the trust term. Under the lead trusts, The United Way of Southwestern Pennsylvania has the irrevocable right to receive monies from the trust during the trust term. Investment income is classified as an increase or decrease in net assets based upon the terms of the trust agreement (Notes 10 and 12).

Fair Value Measurements

The United Way of Southwestern Pennsylvania defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, The United Way of Southwestern Pennsylvania considers the principal or most advantageous market in which they would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

The United Way of Southwestern Pennsylvania applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 - Observable inputs such as quoted prices in active markets for identical investments that The United Way of Southwestern Pennsylvania has the ability to access.

Level 2 - Inputs include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets or liabilities in inactive markets;
- c. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly;
- d. Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 - Unobservable inputs in which there is little or no market activity for the asset or liability, which require the reporting entity to develop its own estimates and assumptions relating to the pricing of the asset or liability including assumptions regarding risk.

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. The valuation techniques are used to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2020 and 2019.

The fair value measurements of The United Way of Southwestern Pennsylvania's investments and funds held by others are disclosed in Notes 5 and 6. The United Way of Southwestern Pennsylvania's other financial instruments consist primarily of cash and cash equivalents and pledges receivable, all of which are stated at cost, which approximates fair value.

Furniture, Equipment and Software

Furniture, equipment and software are recorded at cost. The United Way of Southwestern Pennsylvania's policy is to capitalize property and equipment purchases greater than \$1,000 with a useful life greater than one year. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. One-half year of depreciation is recorded in the year of acquisition and one-half year in the year of disposal or the final year of useful life.

Maintenance and repairs which are not considered to extend the useful lives of assets are charged to operations as incurred. Expenditures for additions and improvements are capitalized. Upon sale or retirement, the cost of assets and related allowances are removed from the accounts and any resulting gains or losses are included in income (expense) for the period.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Distributions Payable to Agencies

The United Way of Southwestern Pennsylvania records distributions payable to agencies upon approval by its Board of Directors and notification to the agencies. Distributions payable to agencies represent amounts that are due to these agencies during the course of the ensuing fiscal year.

Donor Designations Payable

Donor designations payable represent amounts payable to other United Ways and agencies as stipulated by the individual donors. The amounts are recorded as a pledge receivable and liability in the balance sheet. Such amounts are included in gross campaign results and gross funds designated to agencies on the statements of activities and changes in net assets. These donor designated amounts are subtracted from the gross amounts to arrive at the net public support and net expenses.

Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans

The United Way of Southwestern Pennsylvania recognizes the funded status of its defined benefit pension plans as assets or liabilities on its balance sheets. Changes in the funded status are recognized through the statement of activities and changes in net assets in the year in which the changes occur. Plan assets and benefit obligations are measured as of June 30, 2020 and 2019.

Endowment Funds

The United Way of Southwestern Pennsylvania follows the accounting pronouncement that provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). See Note 10.

Donated Services

Donated materials and services meeting the requirements of accounting principles generally accepted in the United States of America are reflected as contributions at their estimated values at the date of receipt. The United Way of Southwestern Pennsylvania receives certain donated professional services. Values are assigned to such services based on rates commensurate with the type of services performed. The fair value of these donations, which mainly consist of advertising for its annual campaign, is included in the accompanying financial statements. This activity principally occurs in the fall of the calendar year. Donated services revenue totaled approximately \$698,000 for the year ended June 30, 2020 and \$557,000 for 2019.

The United Way of Southwestern Pennsylvania indirectly benefits from donated services for media provided to United Way Worldwide. United Way Worldwide maintains relationships with the National Football League, the Ad Council, and other organizations who furnish media space to United Way Worldwide at no cost. Since the value of these services cannot be reasonably calculated or lead an end user to understand the valuation process, The United Way of Southwestern Pennsylvania has determined it will not record a donation related to the airtime provided by United Way Worldwide.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of providing the various programs and other activities of The United Way of Southwestern Pennsylvania are presented on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and support services benefited. Salary and benefit expenses and marketing department expenses have been allocated based on time studies. Outside professional service expenses are allocated based on the nature of the service provided. The annual membership fee paid to United Way Worldwide is allocated based on total expenses. All other expense allocations to program and support services are based on the number of full-time employees.

United Way Worldwide Cost Deduction Standards

The expenses associated with processing donor designated pledges are recovered by an assessment for both fundraising and management and general fees based on actual historical costs in accordance with the United Way Worldwide Membership Standards as outlined in their publication titled *United Way Worldwide Cost Deduction Requirements for Membership Standard M*.

Federal Income Taxes

The United Way of Southwestern Pennsylvania, under Code Section 501(c)(3), is exempt from federal income taxes under the Internal Revenue Code of 1986 (the Code) and has been classified as a non-private foundation under Section 509(a)(1) of the Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require The United Way of Southwestern Pennsylvania's management to evaluate tax positions taken by The United Way of Southwestern Pennsylvania and recognize a tax liability (asset) if The United Way of Southwestern Pennsylvania has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by The United Way of Southwestern Pennsylvania and has concluded that, as of June 30, 2020, there are no uncertain tax positions taken or expected to be taken. The United Way of Southwestern Pennsylvania is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The guidance was implemented to: remove inconsistencies and weaknesses in revenue recognition requirements, provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, provide more useful information to users of financial statements through improved disclosure requirements, and simplify the preparation of financial statements.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: 1) identify the contracts with the customer; 2) identify the performance obligations in the contract; 3) determine the contract price; 4) allocate the transaction price to the performance obligations in the contract; and 5) recognize revenue when (or as) the entity satisfies a performance obligation. The amendments in this update are effective for nonpublic entities for annual reporting periods beginning after December 15, 2019, as amended during 2020. Earlier adoption is permitted for nonpublic entities, subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management has deferred the adoption of this standard and is currently evaluating the impact on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for fiscal years beginning after December 15, 2021 with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to Disclosure for Fair Value Measurement*, which modifies the disclosure requirements on fair value measurements. Among other requirements, nonpublic entities, in lieu of a rollforward for Level 3 fair value measurements, are required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issuances of Level 3 assets and liabilities. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019. Management is currently evaluating the effects of this ASU on its financial statements.

Accounting Pronouncements Adopted in 2020

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution, the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. The adoption of the standard for the year ended June 30, 2020 did not result in a material impact to the Organization's financial reporting.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Accounting Pronouncements Adopted in 2020 (Continued)

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires the service cost component of net periodic pension and the post-retirement benefit cost to be presented in the same line item as other employee compensation costs, while the other components are presented separately as non-operating income (expense). The prior year effects of adoption are disclosed in Note 9 as permitted by the practical expedient. The adoption of the standard for the year ended June 30, 2020 did not result in a material impact to the Organization's financial reporting.

Subsequent Events

Management and the audit committee of the Board of Directors evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 28, 2020, the day the financial statements were approved and authorized for issue.

3. Impacts of COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on The United Way of Southwestern Pennsylvania's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, donors, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits and deferment of employer side social security payments.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

3. Impacts of COVID-19 (Continued)

It also appropriated funds for the SBA Paycheck Protection Program loans (PPP loan) that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The United Way of Southwestern Pennsylvania applied for and received funds under the Paycheck Protection Program during fiscal year 2020 in the amount of \$1,369,000. The application for these funds requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further requires the Organization to consider its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds and the forgiveness of the loan is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. To the extent the loan is not forgiven, the Organization is required to make equal monthly payments of principal of \$57,042 plus interest beginning six months from the date of the note. Interest accrues at 1% and the note matures after two years, or April 16, 2022. Recent legislation signed on June 5, 2020 permits the payments to be deferred beyond the initial six months and for a longer payback period. The United Way of Southwestern Pennsylvania intends to meet the requirements for and apply for forgiveness of the PPP loan.

In July 2020, The United Way of Southwestern Pennsylvania was granted CARES Act Funding through the County of Allegheny approximating \$4,000,000 that would cover allowable expenditures incurred between March 1, 2020 and December 31, 2020. The funding is being utilized to provide and transport meals and other necessities to individuals and families in Allegheny County that are in need due to COVID-19 and the resulting economic downturn. The funding also is covering a portion of the cost of the increased demand for services through The United Way of Southwestern Pennsylvania's 2-1-1 call center. For the year ended June 30, 2020, the Organization incurred approximately \$1,100,000 of qualifying expenditures and was able to recognize the corresponding revenue as compliance with specific grant provisions were met. The remaining \$2,900,000 of revenue will be recognized when the conditions of the grant are met.

Management continues to examine the impact that the CARES Act may have on the Organization. Currently, The United Way of Southwestern Pennsylvania is unable to determine the ultimate impact that the CARES Act will have on its financial condition, results of operation, or liquidity.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

4. Pledges Receivable

Pledges receivable consist of the following as of June 30:

| | 2020 | 2019 |
|--|----------------------|----------------------|
| 2020 Campaign | \$ 1,327,546 | \$ - |
| 2019 Campaign | 12,571,937 | 197,498 |
| 2018 Campaign | 41,032 | 14,828,601 |
| 2017 Campaign | 32,500 | 530,330 |
| Campaign pledges - gross | 13,973,015 | 15,556,429 |
| Less: Allowance for uncollectible accounts | (1,130,960) | (1,048,902) |
| Campaign Pledges - Net | \$ 12,842,055 | \$ 14,507,527 |

The above pledges receivable are due to annual campaigns and, accordingly, are all anticipated to be collected within the next year.

5. Investments

Investments consisted of the following at June 30:

| | 2020 | 2019 |
|--------------------|----------------------|----------------------|
| Total fixed income | \$ 10,564,328 | \$ 10,264,025 |
| Total equities | 18,132,995 | 17,333,513 |
| | \$ 28,697,323 | \$ 27,597,538 |

At June 30, 2020 and 2019, The United Way of Southwestern Pennsylvania's investments are measured at fair value as determined by quoted prices in active markets (Level 1 - significant observable inputs).

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

6. Funds Held by Others

Funds held by others are recorded at fair value and consist of the following as of June 30:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Funds held by others | | |
| Perpetual and remainder trusts - all with donor restriction - Note 12 | \$ 1,233,147 | \$ 1,283,199 |
| Community foundation | | |
| With donor restriction | 2,426,513 | 2,564,723 |
| Without donor restriction - Note 10 | 1,694,958 | 1,806,794 |
| | \$ 5,354,618 | \$ 5,654,716 |

The fair value of the perpetual and remainder trusts is based on The United Way of Southwestern Pennsylvania's pro-rata share of the fair value of the assets held in each trust. As a result, the investments are reported as Level 3 measurements.

Investments held at the community foundation, as noted in the summary of significant accounting policies (Note 2), are pooled with other organizations' funds and invested in diversified portfolios of marketable equity and fixed income securities, as well as limited marketability investments, including private equities and absolute return investments. A substantial portion of the underlying assets at the community foundation is measured at fair value using Level 1 and 2 inputs. The United Way of Southwestern Pennsylvania's ownership in such investments is represented by an undivided interest in investment portfolios managed by the community foundation, not in the underlying assets themselves. The United Way of Southwestern Pennsylvania has a unitized ownership interest in these pools and does not have direct ownership of the underlying investments. The fair value of the pooled investments held by the community foundation is based on the number of units held at year end. The undivided interests in these portfolios are not themselves publicly traded.

The United Way of Southwestern Pennsylvania follows the redemption requirements stipulated by the donor and by the spending policy of the foundation. The United Way of Southwestern Pennsylvania cannot transfer the funds to another foundation at any time. As a result of the withdrawal limitations, the investments are reported as Level 3 measurements.

The following table sets forth by level, within the fair value hierarchy, The United Way of Southwestern Pennsylvania's funds held by others as of June 30, 2020:

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|-------------|-------------|---------------------|---------------------|
| Funds held by others | | | | |
| Perpetual and remainder trusts | \$ - | \$ - | \$ 1,233,147 | \$ 1,233,147 |
| Community foundation | - | - | 4,121,471 | 4,121,471 |
| Total | \$ - | \$ - | \$ 5,354,618 | \$ 5,354,618 |

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

6. Funds Held by Others (Continued)

The following table sets forth by level, within the fair value hierarchy, The United Way of Southwestern Pennsylvania's funds held by others as of June 30, 2019:

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|-------------|-------------|---------------------|---------------------|
| Funds held by others | | | | |
| Perpetual and remainder trusts | \$ - | \$ - | \$ 1,283,199 | \$ 1,283,199 |
| Community foundation | - | - | 4,371,517 | 4,371,517 |
| Total | \$ - | \$ - | \$ 5,654,716 | \$ 5,654,716 |

The changes in Level 3 investments measured at fair value on a recurring basis are summarized as follows:

| | Perpetual and Remainder Trusts | Community Foundation |
|--|--------------------------------------|-------------------------|
| Beginning balance at July 1, 2018 | \$ 1,286,893 | \$ 4,459,081 |
| Earnings and net appreciation (depreciation) | (3,694) | 143,732 |
| Contributions | - | 148 |
| Commissions and fees | - | (60,191) |
| Distributions | - | (171,253) |
| Ending balance at June 30, 2019 | 1,283,199 | 4,371,517 |
| Earnings and net appreciation (depreciation) | (50,052) | (6,978) |
| Contributions | - | 102 |
| Commissions and fees | - | (64,198) |
| Distributions | - | (178,972) |
| Ending Balance at June 30, 2020 | \$ 1,233,147 | \$ 4,121,471 |

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

7. Furniture, Equipment and Software

Furniture, equipment and software consist of the following as of June 30:

| | 2020 | 2019 |
|--------------------------------|-------------|-------------|
| Leasehold improvements | \$ 77,155 | \$ 77,155 |
| Furniture and equipment | 524,106 | 520,790 |
| Software | 3,485,504 | 3,485,504 |
| | 4,086,765 | 4,083,449 |
| Less: Accumulated depreciation | (3,736,478) | (3,277,878) |
| | \$ 350,287 | \$ 805,571 |

8. Lines of Credit

The United Way of Southwestern Pennsylvania has a \$750,000 annually renewable revolving credit line with PNC Bank at an interest rate of prime (3.25% at June 30, 2020) that expires in July 2021. At June 30, 2020 and 2019, there were no outstanding borrowings.

The United Way of Southwestern Pennsylvania had a \$200,000 demand revolving credit line with NexTier bank which included a variable interest rate (5.50% at June 30, 2020). The revolving credit line was closed in June 2020. There were no outstanding borrowings at June 30, 2019.

9. Retirement Plans

The United Way of Southwestern Pennsylvania sponsors a defined contribution 403(b) plan for the former United Way of Allegheny County employees, a defined contribution 403(b) plan for the former United Way of Westmoreland County employees, a defined contribution 403(b) plan for the former United Way of Butler County employees, and a qualified noncontributory defined benefit pension plan (Pension Plan) covering substantially all of the former United Way of Allegheny County employees.

The former United Way of Allegheny County employees may elect to defer pre-tax contributions up to specified limits into their 403(b) plan. The United Way of Southwestern Pennsylvania makes a 100% matching contribution up to 4% of a participating employee's salary. The former United Way of Westmoreland County employees may elect to defer pre-tax contributions up to specified limits into their 403(b) plan. The United Way of Southwestern Pennsylvania makes a contribution equal to 6.5% of each participating employee's salary. The former United Way of Butler County employees may elect to defer pre-tax contributions up to specified limits into their 403(b) plan. The United Way of Southwestern Pennsylvania makes a contribution equal to 3% of each participating employee's salary and up to an additional 3% matching contribution. Employer contributions into the three plans approximated \$173,000 for the year ended June 30, 2020 and \$168,000 for the year ended June 30, 2019.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

9. Retirement Plans (Continued)

The Pension Plan provides for benefits to be paid to eligible employees at retirement based upon years of service and the employee's compensation levels during the last five years of employment prior to the normal retirement date. The United Way of Southwestern Pennsylvania's funding policy is to contribute annually an amount based on actuarially determined deposit amounts in accordance with the minimum funding requirements prescribed by the Employee Retirement Income Security Act of 1974, as amended. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

Pension plan assets are invested in insurance company pooled separate accounts, bank common and collective trust funds and U.S. Government obligations.

The following table sets forth the funded status as of June 30:

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| Projected benefit obligation | \$ (12,059,200) | \$ (11,525,400) |
| Fair value of pension plan assets | 7,011,548 | 6,921,835 |
| Underfunded Status at June 30 | \$ (5,047,652) | \$ (4,603,565) |
| Accrued Pension Obligation Recognized in the Balance Sheets | \$ (5,047,652) | \$ (4,603,565) |

The following table sets forth the reconciliation of items not yet reflected in net periodic pension cost and recognized in the statements of activities and changes in net assets:

| | June 30, 2019 | Reclassified as Net Periodic Pension Cost | Amounts Arising During Fiscal Year | Effects of Curtailment | June 30, 2020 |
|----------|------------------|--|---|---------------------------|------------------|
| Net Loss | \$ 3,183,795 | \$ (369,319) | \$ 1,997,787 | \$ (1,353,714) | \$ 3,458,549 |

Effective September 30, 2020, the Pension Plan was curtailed by management. The curtailment resulted in the cessation of all participant benefit accruals in the plan. The former deferred benefit plan participants are eligible to participate in the 403(b) Thrift Plan of The United Way of Southwestern Pennsylvania and will receive an employer base contribution determined by a formula that takes age and years of service into account. The curtailment resulted in a reduction of the plan's projected benefit obligation of approximately \$1,354,000 for the year ended June 30, 2020.

Net assets without donor restrictions have been decreased by a net actuarial loss of \$274,754 and \$1,093,797 for the years ended June 30, 2020 and 2019, respectively. The unrecognized net gain that is expected to be recognized as a component of the 2021 net periodic pension cost is \$363,327.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

9. Retirement Plans (Continued)

Other information concerning the Pension Plan for the years ended June 30 is as follows:

| | 2020 | 2019 |
|---|---------------------|--------------------|
| Net Periodic Pension Cost - Service Cost | \$ 583,214 | \$ 415,423 |
| Net Periodic Pension Cost - Other Components | \$ 301,555 | \$ 141,747 |
| Benefits and Expenses Paid | \$ 1,022,631 | \$1,347,865 |

As a result of the adoption of ASU 2017-07 (Note 2), \$301,555 of net periodic pension costs were excluded from employee benefits in the 2020 statement of functional expenses. The amount is presented in the 2020 statement of activities and changes in net assets under Pension changes - other net periodic pension costs. Upon adoption of ASU 2017-07, management elected the practical expedient which permits the prior period reclassification amounts to be presented in footnote disclosure. The amount to be reclassified out of employee costs and into Pension changes - other net periodic pension costs at June 30, 2019 is \$141,747. The reclassification had no effect on the decrease in net assets at June 30, 2019.

Elective contributions made to the Pension Plan were \$715,000 in 2020 and \$636,000 in 2019. The United Way of Southwestern Pennsylvania intends to make contributions in amounts which equal or exceed the minimum funding requirements of ERISA. The actual minimum funding requirement for future periods will be determined at each anniversary date.

The assumptions used to determine the value of the projected benefit obligation, actuarial present value of accumulated plan benefits, fair value of pension plan assets and pension expense for the years ended June 30 are as follows:

| | 2020 | 2019 |
|---|-------|-------|
| Assumption (expressed in terms of an annual percentage) | | |
| Discount rate | 2.50% | 3.10% |
| Expected long-term rate of return on plan assets | 7.00% | 7.00% |
| Rate of increase in compensation levels | 4.00% | 4.00% |

The United Way of Southwestern Pennsylvania's expected rate of return on pension plan assets is determined by the pension plan assets' historical long-term investment performance, current asset allocation and estimates of future long-term returns by asset class.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

9. Retirement Plans (Continued)

The United Way of Southwestern Pennsylvania's asset allocations by asset category as of June 30 are as follows:

| | 2020 | 2019 |
|-----------------|-------|-------|
| Equity | 43.4% | 50.6% |
| Fixed income | 44.5% | 49.4% |
| General account | 12.1% | 0.0% |

Subject to the operating policies of the Pension Plan, The United Way of Southwestern Pennsylvania's investment strategy with respect to the funds held by the insurance company is to allocate approximately 50% of contributions to equity investments and 50% to fixed investments.

The fair value of the plan investments by asset class consists of the following as of June 30:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Mutual funds - fixed income | \$ 1,676,503 | \$ 1,546,948 |
| Pooled separate account - fixed income | 1,443,605 | 1,871,794 |
| Pooled separate account - equities | 3,042,090 | 3,502,808 |
| Unallocated insurance contracts - general account | 849,350 | 285 |
| | \$ 7,011,548 | \$ 6,921,835 |

Mutual funds are traded in active markets and valued based on their quoted fair value by independent pricing vendors and are classified within Level 1 of the fair value hierarchy.

Mutual of America (MOA) is the Pension Plan's actuary and insurance carrier. Investments in pooled separate accounts are valued by MOA at the NAV of the underlying investment assets.

The separate account invested assets are subject to market value on a daily basis. The Pension Plan's proportionate share of each pooled separate account's investment income is credited in accordance with the revaluation of the units of participation and is included in the allocation of fund investment activity. The pooled separate accounts are excluded from the fair value hierarchy in accordance with ASU 2015-07.

Investment in an unallocated insurance contract is valued at contract value as determined in accordance with the contract with MOA, who guarantees a fixed interest rate. Contract value represents contributions made under the contract, plus investment income earned less withdrawals. Contract value approximates fair value. The insurance contract is classified within Level 2 of the fair value hierarchy.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

9. Retirement Plans (Continued)

The approximate benefit payments expected to be paid are as follows:

| <i>Year Ending June 30,</i> | <i>Amount</i> |
|-----------------------------|---------------|
| 2021 | \$ 1,822,000 |
| 2022 | \$ 783,000 |
| 2023 | \$ 509,000 |
| 2024 | \$ 485,000 |
| 2025 | \$ 576,000 |
| 2026-2030 | \$ 3,151,000 |

10. Endowment Funds

The United Way of Southwestern Pennsylvania's endowment funds consist of twelve individual funds established for a variety of purposes. Nine of the twelve individual funds are investments with the community foundation (Note 6). The endowment funds include both donor-restricted funds and funds designated by The United Way of Southwestern Pennsylvania's Board of Directors to function as endowments (board designated endowment funds). Net assets associated with endowment funds are classified based on the existence or absence of donor-imposed restrictions as required by generally accepted accounting principles.

The composition of net assets by type of endowment fund at June 30, 2020 was as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|---|------------------------------|---------------------------|---------------------|
| Donor-restricted endowment funds - Note 12 | \$ - | \$ 5,360,296 | \$ 5,360,296 |
| Board designated endowment funds - Note 11 | 1,694,958 | - | 1,694,958 |
| Total Endowment Fund | \$ 1,694,958 | \$ 5,360,296 | \$ 7,055,254 |

The composition of net assets by type of endowment fund at June 30, 2019 was as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|---|------------------------------|---------------------------|---------------------|
| Donor-restricted endowment funds - Note 12 | \$ - | \$ 5,154,803 | \$ 5,154,803 |
| Board designated endowment funds - Note 11 | 1,806,794 | - | 1,806,794 |
| Total Endowment Fund | \$ 1,806,794 | \$ 5,154,803 | \$ 6,961,597 |

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

10. Endowment Funds (Continued)

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|-------------------------------------|------------------------------|---------------------------|---------------------|
| Balance - July 1, 2018 | \$ 1,848,706 | \$ 4,694,114 | \$ 6,542,820 |
| Contributions | 148 | 446,794 | 446,942 |
| Fees | (26,289) | (37,936) | (64,225) |
| Net investment income | 59,154 | 214,566 | 273,720 |
| Appropriation of endowment funds | (74,925) | (162,735) | (237,660) |
| Balance - June 30, 2019 | 1,806,794 | 5,154,803 | 6,961,597 |
| Contributions | 102 | 389,894 | 389,996 |
| Fees | (26,895) | (45,321) | (72,216) |
| Net investment income | (9,614) | 51,023 | 41,409 |
| Appropriation of endowment funds | (75,429) | (190,103) | (265,532) |
| Balance - June 30, 2020 | \$ 1,694,958 | \$ 5,360,296 | \$ 7,055,254 |

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level The United Way of Southwestern Pennsylvania is required to retain by donor stipulation or by law. The aggregate of original gift amounts for underwater endowments is \$293,027. This number is a sum of Agnew and Stackhouse funds, with balances of \$265,951 and \$27,076, respectively. The fair value of the original gift as of June 30, 2020 and 2019 was \$248,761 and \$237,611, respectively. The amount of the deficiency as of June 30, 2020 and 2019 was \$44,266 and \$28,340, respectively.

The United Way of Southwestern Pennsylvania follows the investment and spending policies for endowment assets that have been adopted by the community foundation which manages the majority of its endowment funds.

The community foundation adopted the total investment return policy of Pennsylvania Act 141 which requires a spending policy of between 2% and 7% of the three-year average value of the funds. The spending policy for both 2020 and 2019, as approved by the Board of Directors, was 5%. Under this policy, the endowment assets are invested in a manner that is intended to produce results that provide long-term growth which exceeds inflation plus the annual payout requirement of 5% while maintaining a prudent investment risk policy. The funds held by the community foundation also include certain permanently restricted endowment funds where the income is restricted by the donor for future capital needs of The United Way of Southwestern Pennsylvania or its affiliated agencies (Note 12).

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

10. Endowment Funds (Continued)

To satisfy its long-term rate-of-return objectives, The United Way of Southwestern Pennsylvania 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 asset allocation policy adopted by the community foundation is outlined below:

| Asset Class | Target | Range |
|-----------------------------|--------|---------|
| Domestic public equity | 20% | 15%-25% |
| International public equity | 23% | 15%-25% |
| Global private equity | 10% | 5%-15% |
| Marketable alternatives | 25% | 20%-30% |
| Inflation hedging | 10% | 5%-15% |
| Fixed income | 12% | 7%-20% |
| Cash | 0% | 0%-10% |

The United Way of Southwestern Pennsylvania's governing body has interpreted the current state statute as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. Based on this interpretation, The United Way of Southwestern Pennsylvania classifies as net assets with donor restriction the original value of the gift, the original value of any subsequent and accumulations made in accordance with the direction of the donor gift instrument. The remaining portion of the donor-restricted endowment funds is classified as net assets with or without donor restriction as required by the donor.

11. Net Assets Without Donor Restrictions

The United Way of Southwestern Pennsylvania's net assets without donor restrictions are comprised of undesignated and Board designated amounts for the following purposes as of June 30:

| | 2020 | 2019 |
|--|----------------------|----------------------|
| Undesignated | \$ 10,924,692 | \$ 10,809,545 |
| Board designated | | |
| Endowment fund - Note 10 | 1,694,958 | 1,806,794 |
| Community impact targeted investments | 316,281 | 254,506 |
| United Way Forward | 5,342,896 | 5,237,925 |
| Agency support | 24,735 | 24,735 |
| Total board designated | 7,378,870 | 7,323,960 |
| Total Net Assets Without Donor Restrictions | \$ 18,303,562 | \$ 18,133,505 |

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

11. Net Assets Without Donor Restrictions (Continued)

Board Designated Endowment Funds

As discussed in Note 10, The United Way of Southwestern Pennsylvania has 12 funds that are held at community foundations, of which 3 are board designated funds. The purpose of the funds is to provide long-term general operating support for The United Way of Southwestern Pennsylvania. For the years ended June 30, 2020 and 2019, the amount of board designated endowment funds was \$1,694,958 and \$1,806,794, respectively.

Board Designated United Way Forward Fund

The United Way Forward fund is a research and development fund for future success through enhanced effectiveness and efficiency. The Board's desire for the United Way Forward fund was to create a permanent source of funding for innovation to reach wider to inspire greater philanthropy; expand impactful volunteerism; become increasingly more efficient; expand true collaborations toward community impact; and demonstrate measurable results in lives improved and funds raised. For the years ended June 30, 2020 and 2019, the board designated amounts for the fund were \$5,342,896 and \$5,237,925, respectively. Also, see Note 12 for net assets with donor restrictions for the United Way Forward fund.

Community Impact Targeted Investments and Agency Support

The Board will occasionally designate undesignated dollars to be used for specific initiatives, programs or to support the funding of agencies. For the years ended June 30, 2020 and 2019, there was \$316,281 and \$254,506, respectively, designated to community impact targeted investments, and \$24,735 at June 30, 2020 and 2019 designated to agency support.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

12. Net Assets With Donor Restrictions

Net assets with donor restrictions are broken up into 2 different pools, purpose or period restrictions or restrictions due to spending policy or appropriation. Net assets include donor-restricted endowment funds requiring that the original gifts be invested in perpetuity and The United Way of Southwestern Pennsylvania's beneficial interest in certain charitable trusts. The value of these funds as well as net assets with donor restrictions as of June 30 are available below:

| | 2020 | 2019 |
|--|----------------------|----------------------|
| Programs of specific nature as designated by donors | | |
| Helping Families Thrive | \$ 3,349,533 | \$ 1,054,094 |
| Seniors | 367,240 | 272,013 |
| Persons with disabilities | 228,465 | 475,731 |
| Children and youth | 1,704,738 | 1,848,340 |
| Facility & Technology Fund/Falk Endowment | 1,370,536 | 1,579,781 |
| United Way Forward | 3,333,620 | 3,253,851 |
| United Way Legacy Impact Fund | 473,134 | - |
| Veterans assistance/local disaster relief | 309,322 | 411,593 |
| Volunteer programs | 1,000,000 | - |
| Other | 211,254 | 139,639 |
| Time restricted - charitable remainder trust - Note 6 | 340,756 | 354,704 |
| Net assets with purpose or period restrictions | 12,688,598 | 9,389,746 |
| Endowment Funds - Note 10 | | |
| Maurice and Laura Falk Foundation | 530,500 | 530,500 |
| F. E. Agnew Family Fund | 222,943 | 237,611 |
| George Hahn Endowment | 21,554 | 21,554 |
| Paul A. Stackhouse, Sr. Memorial Fund | 25,818 | 27,076 |
| Other | 367,796 | 370,581 |
| Dietrich Foundation | 2,826,150 | 2,397,600 |
| | 3,994,761 | 3,584,922 |
| Beneficial interests in perpetual and remainder trusts held in perpetuity - Note 6 | 892,391 | 928,495 |
| Net assets subject to spending policy or appropriation and trusts held in perpetuity | 4,887,152 | 4,513,417 |
| Total Net Assets With Donor Restrictions | \$ 17,575,750 | \$ 13,903,163 |

Income from the Maurice and Laura Falk Foundation fund is restricted for use in financing capital requirements of partner agencies and The United Way of Southwestern Pennsylvania. This income is reported as with donor restrictions in the accompanying financial statements. Such income and accumulated appreciation is reported as net assets with donor restrictions and is classified as available for capital expenditures (Note 10).

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

12. Net Assets With Donor Restrictions (Continued)

Income from the Dietrich Foundation is restricted for use for the United Way program “Preparing Children and Youth to Succeed in School and Life”. This income is reported as net assets with donor restrictions.

Income from the other funds is available to support all activities of The United Way of Southwestern Pennsylvania and is reported as without donor restrictions in the accompanying financial statements.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of passage of time or other events specified by the donors. The net assets released from restrictions are as follows:

| | 2020 | 2019 |
|---|----------------------|---------------------|
| Programs of specific nature as designated by donors | | |
| Helping Families Thrive | \$ 6,883,459 | \$ 4,093,385 |
| Seniors | 570,220 | 628,600 |
| Persons with disabilities | 631,285 | 633,525 |
| Children and youth | 3,225,626 | 3,358,268 |
| Facility & Technology Fund/Falk Endowment | 10,800 | 11,101 |
| United Way Forward | 674 | - |
| Veterans assistance/local disaster relief | 685,074 | 583,788 |
| Volunteer programs | 207,415 | - |
| Other | 152,329 | 77,624 |
| Time restricted - perpetual and remainder trusts - Note 6 | 11,451 | 7,405 |
| Total Net Assets Released From Restrictions | \$ 12,378,333 | \$ 9,393,696 |

13. Contractual and Lease Commitments

On July 7, 2005, The United Way of Southwestern Pennsylvania entered into a lease agreement, as amended in April 2013, for new office space for a 15-year period beginning September 1, 2005. During 2020, the lease was renewed for an additional 10 years beginning September 1, 2020.

On August 1, 2017, The United Way of Southwestern Pennsylvania entered into a three-year lease for office space in Greensburg. This lease was renewed for an additional 5 years beginning July 1, 2020.

On March 1, 2016, The United Way of Southwestern Pennsylvania entered into a five-year lease for copiers in the Greensburg office.

On April 19, 2017, The United Way of Southwestern Pennsylvania entered into a five-year lease for copiers in the Pittsburgh office.

On January 1, 2018, The United Way of Southwestern Pennsylvania entered into a three-year lease for 211 call center office space.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

13. Contractual and Lease Commitments (Continued)

On April 1, 2018, The United Way of Southwestern Pennsylvania assumed responsibility for a lease that had previously been entered into by The United Way of Butler County for office space. The lease had a remaining term of approximately 3 years at the time of the merger.

On December 1, 2018, The United Way of Southwestern Pennsylvania entered into a three-year lease for information technology equipment.

The future minimum lease payments for these lease agreements as of June 30, 2020 are as follows:

| <i>For the Year Ending June 30,</i> | <i>Amount</i> |
|-------------------------------------|---------------|
| 2021 | \$ 566,000 |
| 2022 | 411,000 |
| 2023 | 385,000 |
| 2024 | 387,000 |
| 2025 | 388,000 |
| Thereafter | 1,774,000 |
| | <hr/> |
| | \$ 3,911,000 |

The United Way of Southwestern Pennsylvania has entered into long-term service contracts with vendors for which the future minimum payments for contractual obligations as of June 30, 2020 are as follows:

| <i>For the Year Ending June 30,</i> | <i>Amount</i> |
|-------------------------------------|---------------|
| 2021 | \$ 331,000 |
| 2022 | 135,000 |
| 2023 | 13,000 |
| | <hr/> |
| | \$ 479,000 |

14. Related Parties

The United Way of Southwestern Pennsylvania's Board of Directors includes volunteers from the local business community who provide valuable assistance in the development of policies and programs. The United Way of Southwestern Pennsylvania's Board of Directors has adopted a policy that defines how members of the Board of Directors may participate in decisions regarding allocations and grants to agencies with which they are affiliated.

Nonprofit organizations with Board of Directors or management relationships receive a portion of the funding distributed by The United Way of Southwestern Pennsylvania each year. There were no amounts allocated and payable to these agencies at June 30, 2020. The amounts allocated and payable to these agencies totaled approximately \$155,000 at June 30, 2019.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

14. Related Parties (Continued)

During 2020 and 2019, certain legal, advertising, initiative expenses, consulting and processing services were provided to The United Way of Southwestern Pennsylvania by companies managed by members of The United Way of Southwestern Pennsylvania's Board of Directors. Charges paid to these companies totaled approximately \$1,264,000 in 2020 and \$415,000 in 2019.

15. Liquidity and Availability of Resources

The United Way of Southwestern Pennsylvania's financial assets available within one year of the balance sheet date for general expenditure are as follows:

| <i>June 30,</i> | 2020 | 2019 |
|---|----------------------|----------------------|
| Cash and cash equivalents | \$ 11,715,410 | \$ 5,345,934 |
| Pledges receivable - net | 12,842,055 | 14,507,527 |
| Other receivables | 1,254,756 | 273,251 |
| Investments | 28,697,323 | 27,597,538 |
| Total financial assets available within one year | 54,509,544 | 47,724,250 |
| Less: | | |
| Amounts unavailable for general expenditures within one year, due to | | |
| Purpose or period restrictions | 11,062,137 | 7,629,837 |
| Spending policy or appropriation | 2,905,979 | 2,562,276 |
| Donor designation restrictions | 8,549,619 | 7,438,302 |
| Total amounts unavailable for general expenditure within one year | 22,517,735 | 17,630,415 |
| Amounts unavailable to management without Board's approval | | |
| Board designated for United Way Forward | 5,342,896 | 5,237,925 |
| Board designated program restrictions | 341,016 | 279,241 |
| Distributions payable to agencies | 8,090,313 | 8,850,777 |
| Total amounts unavailable to management without Board's approval | 13,774,225 | 14,367,943 |
| Total Financial Assets Available to Management for General Expenditure Within One Year | \$ 18,217,584 | \$ 15,725,892 |

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

15. Liquidity and Availability of Resources (Continued)

Liquidity Management

The United Way of Southwestern Pennsylvania maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, The United Way of Southwestern Pennsylvania has a committed line of credit of \$750,000, which it could draw upon. Additionally, The United Way of Southwestern Pennsylvania has board designated assets without donor restrictions, that, while The United Way of Southwestern Pennsylvania does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.