



The United Way of Southwestern Pennsylvania

Financial Statements and Independent
Auditor's Reports Required by *Government
Auditing Standards* and the *Uniform
Administrative Guidance, Cost Principles,
and Audit Requirements for Federal Awards*

Years Ended June 30, 2021 and 2020

The United Way of Southwestern Pennsylvania

Financial Statements and Independent Auditor's Reports Required by
Government Auditing Standards and the *Uniform Administrative
Guidance, Cost Principles, and Audit Requirements for Federal Awards*
Years Ended June 30, 2021 and 2020

The United Way of Southwestern Pennsylvania

Contents

Independent Auditor's Report	3-5
Financial Statements	
Statements of Financial Position	7
Statements of Activities and Changes in Net Assets	8-9
Statements of Functional Expenses	10-13
Statements of Cash Flows	14
Notes to the Financial Statements	15-39
Uniform Guidance Requirements	
Schedule of Expenditures of Federal Awards	41
Notes to the Schedule of Expenditures of Federal Awards	42
Reporting Required Under the Uniform Guidance	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	44-45
Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	46-48
Schedule of Findings and Questioned Costs	49-50



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The United Way of Southwestern Pennsylvania (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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



Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021 on our consideration of The United Way of Southwestern Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The United Way of Southwestern Pennsylvania's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The United Way of Southwestern Pennsylvania's internal control over financial reporting and compliance.

BDO USA, LLP

Pittsburgh, Pennsylvania

November 8, 2021

Financial Statements

The United Way of Southwestern Pennsylvania

Statements of Financial Position

<i>June 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 12,045,769	\$ 11,715,410
Pledges receivable - net - Note 4	11,506,840	12,842,055
Other receivables	9,204,509	1,254,756
Investments - Note 5	37,182,613	28,697,323
Funds held by others - Note 6	6,757,021	5,354,618
Prepaid expenses and other assets	46,500	54,931
Furniture, equipment and software - net - Note 7	193,100	350,287
Total Assets	\$ 76,936,352	\$ 60,269,380
Liabilities and Net Assets		
Liabilities		
Distributions payable to agencies	\$ 7,815,989	\$ 8,090,313
Donor designations payable	8,068,413	8,549,619
Accounts payable and accrued liabilities	1,627,005	1,333,484
Accrued pension obligation - Note 9	3,345,647	5,047,652
Paycheck protection program loan	-	1,369,000
Total Liabilities	20,857,054	24,390,068
Net Assets		
Without donor restrictions - Note 11	32,206,522	18,303,562
With donor restrictions - Note 12	23,872,776	17,575,750
Total Net Assets	56,079,298	35,879,312
Total Liabilities and Net Assets	\$ 76,936,352	\$ 60,269,380

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, 2021</i>	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Public Support and Revenue				
Public Support				
Gross campaigns results	\$ 21,001,143	\$ 12,103,464	\$ 33,104,607	\$ 38,257,114
Less: Donor designations	10,972,859	-	10,972,859	13,164,428
Less: Allowance for uncollectible accounts	1,206,353	-	1,206,353	1,112,800
Net campaigns receipts	8,821,931	12,103,464	20,925,395	23,979,886
Gifts and other contributions	432,561	471,547	904,108	981,970
Total Public Support	9,254,492	12,575,011	21,829,503	24,961,856
Revenue				
Service fee revenue	1,245,609	-	1,245,609	1,423,284
Interest and investment income	579,776	182,810	762,586	692,731
Sponsorship and event revenue	174,024	-	174,024	771,152
Net realized and unrealized gain (loss) on investments	6,010,458	2,344,646	8,355,104	(325,442)
Donated services income	753,500	-	753,500	697,842
Other services revenue	2,517,567	-	2,517,567	1,585,791
Government grants - Note 3	3,426,988	10,091,502	13,518,490	1,189,207
Change in beneficial interest	-	261,238	261,238	(50,053)
Net assets released from restrictions	19,158,181	(19,158,181)	-	-
Total Revenue	33,866,103	(6,277,985)	27,588,118	5,984,512
Total Public Support and Revenue	43,120,595	6,297,026	49,417,621	30,946,368
Expenses				
Program services				
Gross funds awarded or designated to agencies	20,090,332	-	20,090,332	22,439,695
Less: Donor designations	10,972,859	-	10,972,859	13,164,428
Net funds awarded or designated to agencies	9,117,473	-	9,117,473	9,275,267
Other program services	17,047,594	-	17,047,594	11,124,433
Total Program Services	26,165,067	-	26,165,067	20,399,700
Total support services	5,613,139	-	5,613,139	6,127,715
Total Expenses	31,778,206	-	31,778,206	26,527,415
Increase in Net Assets Before Adjustment				
	11,342,389	6,297,026	17,639,415	4,418,953
Forgiveness of paycheck protection program loan	1,379,420	-	1,379,420	-
Pension changes - other net periodic pension costs	(154,800)	-	(154,800)	(301,555)
Pension changes - actuarial net gain (loss)	1,335,951	-	1,335,951	(274,754)
Increase in Net Assets	13,902,960	6,297,026	20,199,986	3,842,644
Net Assets - beginning of year	18,303,562	17,575,750	35,879,312	32,036,668
Net Assets - end of year	\$ 32,206,522	\$ 23,872,776	\$ 56,079,298	\$ 35,879,312

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
Public Support and Revenue			
Public Support			
Gross campaigns results	\$ 22,617,584	\$ 15,639,530	\$ 38,257,114
Less: Donor designations	13,164,428	-	13,164,428
Less: Allowance for uncollectible accounts	1,112,800	-	1,112,800
Net campaigns receipts	8,340,356	15,639,530	23,979,886
Gifts and other contributions	549,674	432,296	981,970
Total Public Support	8,890,030	16,071,826	24,961,856
Revenue			
Service fee revenue	1,423,284	-	1,423,284
Interest and investment income	545,285	147,446	692,731
Sponsorship and event revenue	771,152	-	771,152
Net realized and unrealized loss on investments	(207,143)	(118,299)	(325,442)
Donated services income	697,842	-	697,842
Other services revenue	1,585,791	-	1,585,791
Government grants - Note 3	1,189,207	-	1,189,207
Change in beneficial interest	-	(50,053)	(50,053)
Net assets released from restrictions	12,378,333	(12,378,333)	-
Total Revenue	18,383,751	(12,399,239)	5,984,512
Total Public Support and Revenue	27,273,781	3,672,587	30,946,368
Expenses			
Program services			
Gross funds awarded or designated to agencies	22,439,695	-	22,439,695
Less: Donor designations	13,164,428	-	13,164,428
Net funds awarded or designated to agencies	9,275,267	-	9,275,267
Other program services	11,124,433	-	11,124,433
Total Program Services	20,399,700	-	20,399,700
Total support services	6,127,715	-	6,127,715
Total Expenses	26,527,415	-	26,527,415
Increase in Net Assets Before Pension Adjustments			
Adjustments	746,366	3,672,587	4,418,953
Pension changes - other net periodic pension costs	(301,555)	-	(301,555)
Pension changes - actuarial net loss	(274,754)	-	(274,754)
Increase in Net Assets	170,057	3,672,587	3,842,644
Net Assets - beginning of year	18,133,505	13,903,163	32,036,668
Net Assets - end of year	\$ 18,303,562	\$ 17,575,750	\$ 35,879,312

See accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Statement of Functional Expenses

<i>For the Year Ended June 30, 2021</i>	Program Services			Total Program Services
	Volunteer Referrals	Labor Services	Community Capacity Building	
Funds awarded	\$ -	\$ -	\$ 20,090,332	\$ 20,090,332
Less donor designations	-	-	(10,972,859)	(10,972,859)
Net Funds Awarded	-	-	9,117,473	9,117,473
Salaries	250,507	70,628	2,352,431	2,673,566
Employee benefits	76,292	30,593	675,725	782,610
Payroll taxes	18,472	4,398	166,505	189,375
Total Salaries and Benefits	345,271	105,619	3,194,661	3,645,551
Professional services	128,789	9,713	340,496	478,998
In-kind services	-	-	-	-
Community initiatives	-	-	11,442,418	11,442,418
Campaign and other literature	53	13	409	475
Meeting and event expense	235,130	84	143,590	378,804
Office supplies	989	349	10,022	11,360
Postage	1,063	281	7,979	9,323
Travel	2,066	7	2,505	4,578
Staff training	4	1	5,634	5,639
Insurance	5,227	1,168	35,794	42,189
Occupancy	27,502	6,525	144,359	178,386
Information technology	34,297	8,244	349,326	391,867
Equipment rental and repair	1,640	368	8,882	10,890
Subscriptions and memberships	959	103	35,523	36,585
Telephone	1,400	238	12,351	13,989
Depreciation expense	13,462	3,366	104,288	121,116
United Way Worldwide dues	8,295	2,119	227,450	237,864
Miscellaneous expense	192	31,510	5,860	37,562
Total Other Operating Expenses	461,068	64,089	12,876,886	13,402,043
Total Functional Expenses	\$ 806,339	\$ 169,708	\$ 25,189,020	\$ 26,165,067

The United Way of Southwestern Pennsylvania

Statement of Functional Expenses

Support Services			
Fundraising	Organizational Administration	Total Support Services	Total Expenses
\$ -	\$ -	\$ -	\$ 20,090,332
-	-	-	(10,972,859)
-	-	-	9,117,473
1,603,478	931,577	2,535,055	5,208,621
383,957	286,398	670,355	1,452,965
115,402	59,066	174,468	363,843
2,102,837	1,277,041	3,379,878	7,025,429
378,645	161,682	540,327	1,019,325
752,500	-	752,500	752,500
-	-	-	11,442,418
2,116	276	2,392	2,867
14,991	1,932	16,923	395,727
4,957	5,818	10,775	22,135
4,438	5,533	9,971	19,294
903	213	1,116	5,694
10,636	1,350	11,986	17,625
17,874	22,656	40,530	82,719
115,958	155,386	271,344	449,730
138,416	173,911	312,327	704,194
7,337	9,265	16,602	27,492
5,060	3,458	8,518	45,103
6,896	7,626	14,522	28,511
50,437	70,689	121,126	242,242
41,485	69,104	110,589	348,453
(8,546)	259	(8,287)	29,275
1,544,103	689,158	2,233,261	15,635,304
\$ 3,646,940	\$ 1,966,199	\$ 5,613,139	\$ 31,778,206

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

Statements of Cash Flows

<i>For the Years Ended June 30,</i>	2021	2020
Cash Provided by (Used for) Operating Activities		
Increase in net assets	\$ 20,199,986	\$ 3,842,644
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	242,242	458,600
Net depreciation (appreciation) in fair value of investments	(8,355,104)	325,442
Net depreciation (appreciation) in fair value of charitable trusts	(261,238)	50,053
Contributions restricted for long-term purposes	(443,397)	(389,996)
Gain on forgiveness of paycheck protection program loan	(1,369,000)	-
Changes in		
Pledges receivable	1,335,215	1,665,472
Other assets	(7,941,322)	(980,949)
Distributions payable to agencies	(274,324)	(760,464)
Donor designations payable	(481,206)	1,111,317
Accounts payable and other liabilities	(1,408,484)	466,859
Net Cash Provided by Operating Activities	1,243,368	5,788,978
Cash Provided by (Used for) Investing Activities		
Proceeds from sale of investments	12,648,444	7,978,284
Purchase of investments	(13,919,795)	(9,153,466)
Purchase of furniture, equipment and software	(85,055)	(3,316)
Net Cash Used for Investing Activities	(1,356,406)	(1,178,498)
Cash Provided by Financing Activities		
Proceeds from contributions to endowment	443,397	389,996
Proceeds from paycheck protection program loan	-	1,369,000
Net Cash Provided by Financing Activities	443,397	1,758,996
Net Increase in Cash and Cash Equivalents	330,359	6,369,476
Cash and Cash Equivalents - beginning of year	11,715,410	5,345,934
Cash and Cash Equivalents - end of year	\$ 12,045,769	\$ 11,715,410

See accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

1. Description of Organization

For nearly 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 importantly, we help people.

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, Armstrong, Butler, Fayette and Westmoreland 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 helping people meet basic needs, move to financial stability and build for success in school and life.

Our Principles

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

1. Convene community leaders and create partnerships to tackle tough issues
2. Promote accountability and transparency from ourselves and our partners
3. Innovate and challenge assumptions.
4. Pilot programs that can provide large, scalable solutions
5. Collaborate by bringing together business leaders, community leaders and local government
6. Advocate and bring about systemic, sustainable change through public policy
7. Mobilize volunteers who implement solutions and touch people first hand
8. Engage a diverse community-spanning base of donors and advocates to help create systemic change

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

Throughout our United Way service region, decisions are made at the local level to significantly impact the lives of our vulnerable neighbors. The most effective vehicle to lead, partner and deliver critical assistance is United Way's Impact Fund which drives three key objectives: meeting basic human needs, moving individuals and families to financial stability and building for success in school and life. By promoting equitable opportunity across race, gender and ability and fostering innovative solutions to age-old problems, United Way's Impact Fund helps create positive change for those in need and supports United Way's PA 211 Southwest. Operating 24 hours a day, 211 connects thousands of our most vulnerable neighbors with essential human services every day of the year.

1. Meeting Basic Needs

When you can't put food on the table or be certain where your family will live tomorrow, United Way of Southwestern Pennsylvania is there. We help people access basic human needs such as shelter, safety and nutritious food. These are the critical issues that disproportionately affect people of color and widen our community's racial divide. For many families, all it takes is a sudden job loss or an unexpected medical expense to spiral into long-term financial instability and despair. Across our region, United Way responds to people's critical needs when they don't know where else to turn. We work every day to prevent personal suffering and preserve human dignity.

2. Moving to Financial Stability

For many families, just making ends meet every month can feel overwhelming. Like the single mother who lives in fear of a major auto repair bill. Or the family who can't overcome a sudden reduction of work hours. United Way of Southwestern Pennsylvania helps create a path to a more financially secure future with practical tools such as access to childcare and budget planning so they can better provide for themselves and their family long term. Along with our community partners, we work to remove barriers for people of all abilities to secure meaningful employment. We help young mothers adjust to life as a parent and older adults with support they need to live alone. In addition, we assist veterans as they navigate their unique challenges assimilating back to society.

3. Building for Success in School and Life

Every child should have the opportunity to learn and achieve to the best of their ability. But while many children grow up with the support and structure needed to succeed, not every child is as fortunate. United Way of Southwestern Pennsylvania works to address disparities in educational and social opportunities that often fall along racial lines. We are there to help the daughter of a working single mother be school-ready going into kindergarten, as well as the teen who needs a safe space after school and a positive role model to help him reach his potential, earn a diploma and plan a career.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

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, 2021 and 2020 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.

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

Notes to the Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Pledges and Contributions (Continued)

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.

At June 30, 2021 and 2020, there were no conditional promises to give noted.

A portion of UWSWPA'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 UWSWPA has incurred expenditures in compliance with specific contract or grant provisions. See Note 3 for discussion of the cost-reimbursable government grants received.

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.

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 statement of financial position. 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 6 and 12).

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Funds Held by Others - Perpetual and Remainder Trusts

Included in the funds held by others on the statements of financial position 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 6 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 it 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 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 United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

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, 2021 and 2020.

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.

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 statement of financial position. 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 statements of financial position. 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, 2021 and 2020.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

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 \$754,000 for the year ended June 30, 2021 and \$698,000 for 2020.

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.

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.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Service Fee Revenue

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* and are reflected in the statement of activities and changes in net assets as service fee revenue.

Management recognizes service fee revenue when performance obligations are satisfied. Performance obligations are substantially met at the time of the pledge.

Other Services Revenue

A portion of The United Way of Southwestern Pennsylvania's revenues are generated from fee-for-service arrangements. The United Way of Southwestern Pennsylvania enters into contracts to provide 2-1-1 call center services and other community impact services in Southwestern Pennsylvania and in other regions in Pennsylvania. Management recognizes revenue from fee-for-service arrangements over time, as performance obligations are satisfied. Revenue is recorded at the transaction price, which does not include any price concessions. Fee-for-service contracts are typically annually renewing, and billing arrangements range from monthly to annual billings. Any outstanding fee-for-service billings are recorded as other receivables on the statement of financial position.

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, 2021, 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.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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.

Accounting Pronouncements Adopted in 2021

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. The UWSWPA adopted ASU 2018-13 effective July 1, 2020. There were no significant changes to the presentation of these financial statements as a result of adopting the ASU.

Effective July 1, 2020, the UWSWPA adopted the new accounting standard FASB Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers (Topic 606)*, and all the related amendments using the modified retrospective method for all contracts. The comparative information has not been adjusted and continues to be reported under Topic 605. The UWSWPA's accounting policy regarding revenue recognition and deferred revenue has been updated to align with Topic 606, and no significant changes to revenue recognition have occurred as a result of the change. The adoption of Topic 606 did not result in an impact to the way the UWSWPA records revenue and, as such, did not result in prior period reclassifications.

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 November 8, 2021, the day the financial statements were approved and authorized for issue.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

3. Government Grants

For the years ended June 30, 2021 and 2020, The United Way of Southwestern Pennsylvania received federal, state, and county grants to assist with the urgent needs brought about by the COVID-19 pandemic as well as funding for ordinary programs. During fiscal years ended June 30, 2021 and 2020, The United Way of Southwestern Pennsylvania was granted Coronavirus Aid, Relief, and Economic Security Act (CARES) funding through the County of Allegheny. The funding was utilized to provide and transport meals and other necessities to individuals and families in Allegheny County that were in need due to the COVID-19 pandemic and resulting economic downturn. In addition to the CARES grant funding, United Way of Southwestern Pennsylvania received additional grants from the County of Allegheny to continue to provide for food, transportation, and other emergency basic needs, perform 2-1-1 call center services around COVID-19 vaccine scheduling and information, and to fund other eligible United Way programs. The following are grant revenues for the years ended June 30:

	2021	2020
Allegheny County - CARES Grants	\$ 4,075,622	\$ 1,089,207
Allegheny County - Other Grants	9,247,868	-
Westmoreland County - CARES Grant	25,000	-
Butler County - CARES Grant	10,000	-
VITA Grant	160,000	100,000
Government Grants	\$ 13,518,490	\$ 1,189,207

4. Pledges Receivable

Pledges receivable consist of the following as of June 30:

	2021	2020
2021 Campaign	\$ 83,170	\$ -
2020 Campaign	12,551,689	1,327,546
2019 Campaign	163,357	12,571,937
2018 Campaign	-	41,032
2017 Campaign	12,000	32,500
Campaign pledges - gross	12,810,216	13,973,015
Less: Allowance for uncollectible accounts	(1,303,376)	(1,130,960)
Campaign Pledges - Net	\$ 11,506,840	\$ 12,842,055

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

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

5. Investments

Investments consisted of the following at June 30:

	2021	2020
Total fixed income	\$ 12,038,229	\$ 10,564,328
Total equities	25,144,384	18,132,995
	\$ 37,182,613	\$ 28,697,323

At June 30, 2021 and 2020, 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).

6. Funds Held by Others

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

	2021	2020
Funds held by others		
Perpetual and remainder trusts - all with donor restriction - Note 12	\$ 1,494,384	\$ 1,233,147
Community foundation		
With donor restriction	3,065,701	2,426,513
Without donor restriction - Note 10	2,196,936	1,694,958
	\$ 6,757,021	\$ 5,354,618

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

Notes to the Financial Statements (Continued)

6. Funds Held by Others (Continued)

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, 2021:

	Level 1	Level 2	Level 3	Total
Funds held by others				
Perpetual and remainder trusts	\$ -	\$ -	\$ 1,494,384	\$ 1,494,384
Community foundation	-	-	5,262,637	5,262,637
Total	\$ -	\$ -	\$ 6,757,021	\$ 6,757,021

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 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, 2019	\$ 1,283,199	\$ 4,371,517
Earnings and net 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
Earnings and net appreciation	261,237	1,378,952
Contributions	-	-
Commissions and fees	-	(56,319)
Distributions	-	(181,467)
Ending Balance at June 30, 2021	\$ 1,494,384	\$ 5,262,637

7. Furniture, Equipment and Software

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

	2021	2020
Leasehold improvements	\$ 109,551	\$ 77,155
Furniture and equipment	524,106	524,106
Software	3,538,163	3,485,504
	4,171,820	4,086,765
Less: Accumulated depreciation	(3,978,720)	(3,736,478)
	\$ 193,100	\$ 350,287

8. Debt

The United Way of Southwestern Pennsylvania has a \$2,000,000 annually renewable revolving credit line with PNC Bank at an interest rate of LIBOR plus 1.75% that expires in July 2022. At June 30, 2021 and 2020, there were no outstanding borrowings.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

8. Debt (Continued)

The United Way of Southwestern Pennsylvania applied for and received funds under the Paycheck Protection Program (PPP) during fiscal year 2020 in the amount of \$1,369,000. The application for these funds required UWSWPA to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of UWSWPA. This certification further required UWSWPA 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 UWSWPA having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. During fiscal year 2021, the Small Business Administration (SBA) forgave the PPP loan including \$1,369,000 of principal and \$10,420 of accrued interest. The forgiveness is presented in the 2021 statement of activities and changes in net assets under forgiveness of paycheck protection program loan. At June 30, 2021, there was no remaining balance on the PPP loan.

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.

Effective September 30, 2020, The United Way of Southwestern Pennsylvania curtailed its Pension Plan. 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 new 403(b) Thrift Plan took the place of the previous 403(b) plans that were sponsored by The United Way of Southwestern Pennsylvania. 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.

Employer contributions into the 403(b) Thrift Plan approximated \$431,000 for the year ended June 30, 2021 and \$173,000 for the year ended June 30, 2020.

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 United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

9. Retirement Plans (Continued)

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

	2021	2020
Projected benefit obligation	\$ (12,005,091)	\$ (12,059,200)
Fair value of pension plan assets	8,659,444	7,011,548
Underfunded Status at June 30	\$ (3,345,647)	\$ (5,047,652)
Accrued Pension Obligation Recognized in the Statements of Financial Position	\$ (3,345,647)	\$ (5,047,652)

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, 2020	Reclassified as Net Periodic Pension Cost	Amounts Arising During Fiscal Year	June 30, 2021
Net Loss	\$ 3,458,549	\$ (321,483)	\$ (1,014,468)	\$ 2,122,598

Net assets without donor restrictions have been increased by a net actuarial gain of \$1,335,951 for the year ended June 30, 2021 and decreased by a net actuarial loss of \$274,754 for the year ended June 30, 2020. The unrecognized net gain that is expected to be recognized as a component of the 2021 net periodic pension cost is \$147,771.

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

	2021	2020
Net Periodic Pension Cost - Service Cost	\$ 218,582	\$ 583,214
Net Periodic Pension Cost - Other Components	\$ 154,800	\$ 301,555
Benefits and Expenses Paid	\$ 535,545	\$ 1,022,631

Net periodic pension costs of \$154,800 and \$301,555 were excluded from employee benefits in the 2021 and 2020 statements of functional expenses, respectively. The amount is presented in the 2021 and 2020 statements of activities and changes in net assets under Pension changes - other net periodic pension costs.

Elective contributions made to the Pension Plan were approximately \$739,000 in 2021 and \$715,000 in 2020. 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 United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

9. Retirement Plans (Continued)

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:

	2021	2020
Assumption (expressed in terms of an annual percentage)		
Discount rate	2.50%	2.50%
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's asset allocations by asset category as of June 30 are as follows:

	2021	2020
Equity	49.2%	43.4%
Fixed income	38.5%	44.5%
General account	12.3%	12.1%

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:

	2021	2020
Mutual funds - fixed income	\$ 1,687,174	\$ 1,676,503
Pooled separate account - fixed income	1,643,626	1,443,605
Pooled separate account - equities	4,260,289	3,042,090
Unallocated insurance contracts - general account	1,068,355	849,350
	\$ 8,659,444	\$ 7,011,548

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 United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

9. Retirement Plans (Continued)

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.

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 approximate benefit payments expected to be paid are as follows:

<i>Year Ending June 30,</i>	<i>Amount</i>
2022	\$ 2,437,000
2023	\$ 433,000
2024	\$ 551,000
2025	\$ 642,000
2026	\$ 563,000
2027-2031	\$ 3,873,000

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, 2021 was as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds - Note 12	\$ -	\$ 7,178,545	\$ 7,178,545
Board designated endowment funds - Note 11	2,196,936	-	2,196,936
Total Endowment Fund	\$ 2,196,936	\$ 7,178,545	\$ 9,375,481

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

10. Endowment Funds (Continued)

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

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Balance - July 1, 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 (loss)	(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
Contributions	-	443,397	443,397
Fees	(25,438)	(41,695)	(67,133)
Net investment income	613,460	1,511,970	2,125,430
Appropriation of endowment funds	(86,044)	(95,423)	(181,467)
Balance - June 30, 2021	\$ 2,196,936	\$ 7,178,545	\$ 9,375,481

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 amount of the deficiency as of June 30, 2021 and 2020 was \$0 and \$44,266, respectively. 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, 2021 and 2020 was \$293,027 and \$248,761, 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 United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

10. Endowment Funds (Continued)

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 2021 and 2020, 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).

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.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

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:

	2021	2020
Undesignated	\$ 22,797,830	\$ 10,924,692
Board designated		
Endowment fund - Note 10	2,196,936	1,694,958
Community impact targeted investments	425,584	316,281
United Way Forward	6,761,437	5,342,896
Agency support	24,735	24,735
Total board designated	9,408,692	7,378,870
Total Net Assets Without Donor Restrictions	\$ 32,206,522	\$ 18,303,562

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, 2021 and 2020, the amount of board designated endowment funds was \$2,196,936 and \$1,694,958, 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, 2021 and 2020, the board designated amounts for the fund were \$6,761,437 and \$5,342,896, 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, 2021 and 2020, there was \$425,583 and \$316,281, respectively, designated to community impact targeted investments, and \$24,735 at June 30, 2021 and 2020 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:

	2021	2020
Programs of specific nature as designated by donors		
Helping Families Thrive	\$ 5,429,249	\$ 3,349,533
Seniors	230,992	367,240
Persons with disabilities	217,920	228,465
Children and youth	2,898,728	1,704,738
Facility & Technology Fund/Falk Endowment	1,966,081	1,370,536
United Way Forward	4,284,929	3,333,620
United Way Legacy Impact Fund	600,156	473,134
Veterans assistance/local disaster relief	425,535	309,322
Volunteer programs	925,439	1,000,000
Other	100,678	211,254
Time restricted - charitable remainder trust - Note 6	406,484	340,756
	17,486,191	12,688,598
Endowment Funds - Note 10		
Maurice and Laura Falk Foundation	530,500	530,500
F. E. Agnew Family Fund	265,951	222,943
George Hahn Endowment	21,554	21,554
Paul A. Stackhouse, Sr. Memorial Fund	27,076	25,818
Other	452,318	367,796
Dietrich Foundation	4,001,286	2,826,150
	5,298,685	3,994,761
Beneficial interests in perpetual and remainder trusts held in perpetuity - Note 6	1,087,900	892,391
Net assets subject to spending policy or appropriation and trusts held in perpetuity	6,386,585	4,887,152
Total Net Assets With Donor Restrictions	\$ 23,872,776	\$ 17,575,750

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:

	2021	2020
Programs of specific nature as designated by donors		
Helping Families Thrive	\$ 14,036,011	\$ 6,883,459
Seniors	941,635	570,220
Persons with disabilities	569,392	631,285
Children and youth	2,822,379	3,225,626
Facility & Technology Fund/Falk Endowment	5,000	10,800
United Way Forward	4,224	674
Veterans assistance/local disaster relief	343,672	685,074
Volunteer programs	190,728	207,415
Other	230,339	152,329
Time restricted - perpetual and remainder trusts - Note 6	14,801	11,451
Total Net Assets Released From Restrictions	\$ 19,158,181	\$ 12,378,333

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. This lease was renewed for an additional 5 years beginning October 1, 2020.

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

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. This lease was renewed for an additional 2.5 years beginning August 1, 2021.

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, 2021 are as follows:

<i>For the Year Ending June 30,</i>	<i>Amount</i>
2022	\$ 434,000
2023	415,000
2024	404,000
2025	392,000
2026	343,000
Thereafter	1,432,000
	<hr/>
	\$ 3,420,000

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, 2021 are as follows:

<i>For the Year Ending June 30,</i>	<i>Amount</i>
2022	\$ 327,000
2023	172,000
2024	79,000
	<hr/>
	\$ 578,000

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, 2021 or 2020.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements (Continued)

14. Related Parties (Continued)

During 2021 and 2020, 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 \$4,323,000 in 2021 and \$1,264,000 in 2020.

15. Liquidity and Availability of Resources

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

<i>June 30,</i>	2021	2020
Cash and cash equivalents	\$ 12,045,769	\$ 11,715,410
Pledges receivable - net	11,506,840	12,842,055
Other receivables	9,204,508	1,254,756
Investments	37,182,613	28,697,323
Total financial assets available within one year	69,939,730	54,509,544
Less:		
Amounts unavailable for general expenditures within one year, due to		
Purpose or period restrictions	15,283,602	11,062,137
Spending policy or appropriation	4,085,040	2,905,979
Donor designation restrictions	8,068,413	8,549,619
Total amounts unavailable for general expenditure within one year	27,437,055	22,517,735
Amounts unavailable to management without Board's approval		
Board designated for United Way Forward	6,761,437	5,342,896
Board designated program restrictions	450,318	341,016
Distributions payable to agencies	7,815,989	8,090,313
Total amounts unavailable to management without Board's approval	15,027,744	13,774,225
Total Financial Assets Available to Management for General Expenditure Within One Year	\$ 27,474,931	\$ 18,217,584

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 \$2,000,000, 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.

Uniform Guidance Requirements

The United Way of Southwestern Pennsylvania

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
COVID-19 Pass-through from Allegheny County Department of Human Services, Coronavirus Relief Fund	21.019	246677 / 246677a	\$ -	\$ 4,550,673
COVID-19 Pass-through from Butler County Department of Human Services, Coronavirus Relief Fund	21.019	C000073971	-	10,000
COVID-19 Pass-through from Westmoreland County Department of Human Services, Coronavirus Relief Fund	21.019	63	-	25,000
COVID-19 Pass-through from Allegheny County Department of Human Services, Coronavirus Relief Fund	21.019	246677D	-	500,000
COVID-19 Pass-through from Allegheny County Health Department, Coronavirus Relief Fund	21.019	249617	-	114,156
Total Coronavirus Relief Fund			-	5,199,829
COVID-19 Pass-through from Allegheny County Health Department, Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	249617	-	327,621
Pass-through from Pennsylvania Department of Human Services, Developmental Disabilities Basic Support and Advocacy Grants	93.630	4100081518	-	80,989
Pass-through from Allegheny County Department of Human Services, Child Abuse and Neglect Discretionary Activities	93.670	246956 / 244670	-	48,935
Total U.S. Department of Health and Human Services			-	5,657,374
U.S. Internal Revenue Service				
Pass-through from U.S. Treasury Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	21VITA0239	-	160,000
Total U.S. Internal Revenue Service			-	160,000
Total Expenditures of Federal Awards			\$ -	\$ 5,817,374

See accompanying notes to the schedule of expenditures of federal awards.

The United Way of Southwestern Pennsylvania
Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The United Way of Southwestern Pennsylvania under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The United Way of Southwestern Pennsylvania, it is not intended to and does not present the statement of financial position, changes in net assets or cash flows of The United Way of Southwestern Pennsylvania.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The United Way of Southwestern Pennsylvania has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Reconciliation of Federal Expenditures to the Schedule

The United Way of Southwestern Pennsylvania has included expenditures from 2020 on the Schedule for the Coronavirus Relief Fund (CFDA 21.019). See reconciliation below:

FY 2020 COVID-19 Coronavirus Relief Fund expenditures	\$ 1,089,207
FY 2021 COVID-19 Coronavirus Relief Fund expenditures	4,110,622
Total COVID-19 Coronavirus Relief Fund Expenditures Reported on the Schedule	\$ 5,199,829

Required Reporting Under the Uniform Guidance



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The United Way of Southwestern Pennsylvania, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The United Way of Southwestern Pennsylvania's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The United Way of Southwestern Pennsylvania's internal control. Accordingly, we do not express an opinion on the effectiveness of The United Way of Southwestern Pennsylvania's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether The United Way of Southwestern Pennsylvania's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Pittsburgh, Pennsylvania

November 8, 2021



Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance

Opinion on Compliance for Each Major Federal Program

We have audited The United Way of Southwestern Pennsylvania's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on The United Way of Southwestern Pennsylvania's major federal program for the year ended June 30, 2021. The United Way of Southwestern Pennsylvania's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The United Way of Southwestern Pennsylvania complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of The United Way of Southwestern Pennsylvania and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of The United Way of Southwestern Pennsylvania's compliance with the types of compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The United Way of Southwestern Pennsylvania's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The United Way of Southwestern Pennsylvania's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the types of compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The United Way of Southwestern Pennsylvania's compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The United Way of Southwestern Pennsylvania's compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The United Way of Southwestern Pennsylvania's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The United Way of Southwestern Pennsylvania's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Pittsburgh, Pennsylvania

November 8, 2021

The United Way of Southwestern Pennsylvania

Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major federal programs:

CFDA Number

21.019

Name of Federal Program or Cluster

Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

Section II - Financial Statement Findings

There were no identified findings during the year ended June 30, 2021 that were required to be reported.

The United Way of Southwestern Pennsylvania
Schedule of Findings and Questioned Costs (Continued)

Section III - Federal Award Findings and Questioned Costs

There were no identified findings during the year ended June 30, 2021 that were required to be reported.