

# **The United Way of Southwestern Pennsylvania**

Financial Statements

June 30, 2023 and 2022

# The United Way of Southwestern Pennsylvania

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June 30, 2023 and 2022

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## Independent Auditors' Report

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

### Opinion

We have audited the financial statements of The United Way of Southwestern Pennsylvania (UWSWPA), which comprise the statement of financial position as of June 30, 2023, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UWSWPA as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### Other Matter - 2022 Financial Statements

The financial statements as of and for the year ended June 30, 2022, were audited by another auditor who expressed an unmodified opinion on those financial statements dated November 11, 2022.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UWSWPA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Change in Accounting Principle

As described in Note 2 to the financial statements, on July 1, 2022, UWSWPA adopted Accounting Standards Codification Topic 842 as required by Accounting Standards Update 2016-02, *Leases (Topic 842)* and its related amendments. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 UWSWPA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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 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, 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 UWSWPA'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 UWSWPA'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.

*Baker Tilly US, LLP*

Pittsburgh, Pennsylvania  
November 14, 2023

# The United Way of Southwestern Pennsylvania

## Statements of Financial Position

June 30, 2023 and 2022

|   | <u>2023</u>          | <u>2022</u>          |
|---|----------------------|----------------------|
| <b>Assets</b>                                 |                      |                      |
| Cash and cash equivalents                     | \$ 19,568,932        | \$ 18,585,860        |
| Certificate of deposit                        | 475,000              | -                    |
| Pledges receivable, net (Note 4)              | 11,698,691           | 14,017,055           |
| Other receivables                             | 1,615,715            | 1,561,587            |
| Investments (Note 5)                          | 36,160,852           | 31,453,632           |
| Funds held by others (Note 6)                 | 6,153,819            | 6,044,670            |
| Prepaid expenses and other assets             | 111,406              | 59,479               |
| Property and equipment, net (Note 7)          | 105,216              | 99,230               |
| Operating lease right-of-use assets (Note 13) | 2,339,288            | -                    |
|   | <u>78,228,919</u>    | <u>71,821,513</u>    |
| Total assets                                  | <u>\$ 78,228,919</u> | <u>\$ 71,821,513</u> |
| <b>Liabilities and Net Assets</b>             |                      |                      |
| <b>Liabilities</b>                            |                      |                      |
| Distributions payable to agencies             | \$ 6,933,298         | \$ 7,601,600         |
| Donor designations payable                    | 7,524,589            | 7,919,630            |
| Accounts payable and accrued liabilities      | 1,902,643            | 1,495,094            |
| Accrued pension obligation (Note 9)           | (294,171)            | 1,721,306            |
| Operating lease liability (Note 13)           | 2,346,135            | -                    |
|   | <u>18,412,494</u>    | <u>18,737,630</u>    |
| Total liabilities                             | <u>18,412,494</u>    | <u>18,737,630</u>    |
| <b>Net Assets</b>                             |                      |                      |
| Without donor restrictions (Note 11)          | 40,346,803           | 33,476,071           |
| With donor restrictions (Note 12)             | 19,469,622           | 19,607,812           |
|   | <u>59,816,425</u>    | <u>53,083,883</u>    |
| Total net assets                              | <u>59,816,425</u>    | <u>53,083,883</u>    |
| Total liabilities and net assets              | <u>\$ 78,228,919</u> | <u>\$ 71,821,513</u> |

See notes to financial statements

## The United Way of Southwestern Pennsylvania

### Statements of Activities and Changes in Net Assets

Year Ended June 30, 2023 (With Summarized Totals for June 30, 2022)

|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | 2023          | 2022          |
|---|----------------------------------|-------------------------------|---------------|---------------|
| <b>Public Support and Revenue</b>                   |                                  |                               |               |               |
| Public support:                                     |                                  |                               |               |               |
| Gross campaigns results                             | \$ 19,871,818                    | \$ 8,464,898                  | \$ 28,336,716 | \$ 33,971,897 |
| Less:   |                                  |                               |               |               |
| Donor designations                                  | 11,042,185                       | -                             | 11,042,185    | 12,976,918    |
| Allowance for uncollectible accounts                | 789,904                          | -                             | 789,904       | 919,667       |
| Net campaigns results                               | 8,039,729                        | 8,464,898                     | 16,504,627    | 20,075,312    |
| Gifts and other contributions                       | 496,773                          | 711,993                       | 1,208,766     | 965,730       |
| Total public support                                | 8,536,502                        | 9,176,891                     | 17,713,393    | 21,041,042    |
| Revenue   |                                  |                               |               |               |
| Service fee revenue                                 | 1,365,413                        | -                             | 1,365,413     | 1,429,324     |
| Interest and investment income, net of fees         | 1,083,709                        | 220,965                       | 1,304,674     | 905,203       |
| Sponsorship and event revenue                       | 527,357                          | -                             | 527,357       | 401,164       |
| Net realized, unrealized gain (loss) on investments | 2,124,987                        | 774,307                       | 2,899,294     | (7,173,903)   |
| Donated services and materials income               | 750,478                          | -                             | 750,478       | 389,828       |
| Other services revenue                              | 3,676,359                        | -                             | 3,676,359     | 3,105,102     |
| Government grants revenue                           | -                                | 1,091,880                     | 1,091,880     | 1,513,400     |
| Change in beneficial interest                       | -                                | 36,781                        | 36,781        | (269,258)     |
| Net assets released from restrictions               | 11,439,014                       | (11,439,014)                  | -             | -             |
| Total revenue                                       | 20,967,317                       | (9,315,081)                   | 11,652,236    | 300,860       |
| Total public support and revenue                    | 29,503,819                       | (138,190)                     | 29,365,629    | 21,341,902    |
| <b>Expenses</b>                                     |                                  |                               |               |               |
| Program services:                                   |                                  |                               |               |               |
| Gross funds awarded or designated to agencies       | 19,805,955                       | -                             | 19,805,955    | 22,413,655    |
| Less donor designations                             | 11,042,185                       | -                             | 11,042,185    | 12,976,918    |
| Net funds awarded or designated to agencies         | 8,763,770                        | -                             | 8,763,770     | 9,436,737     |
| Other program services                              | 9,273,154                        | -                             | 9,273,154     | 10,567,852    |
| Total program services                              | 18,036,924                       | -                             | 18,036,924    | 20,004,589    |
| Total support services                              | 6,351,845                        | -                             | 6,351,845     | 5,448,153     |
| Total expenses                                      | 24,388,769                       | -                             | 24,388,769    | 25,452,742    |
| Change in net assets before adjustment              | 5,115,050                        | (138,190)                     | 4,976,860     | (4,110,840)   |
| <b>Pension Changes, Actuarial Net Gain</b>          | 1,755,682                        | -                             | 1,755,682     | 1,115,425     |
| Change in net assets                                | 6,870,732                        | (138,190)                     | 6,732,542     | (2,995,415)   |
| <b>Net Assets, Beginning</b>                        | 33,476,071                       | 19,607,812                    | 53,083,883    | 56,079,298    |
| <b>Net Assets, Ending</b>                           | \$ 40,346,803                    | \$ 19,469,622                 | \$ 59,816,425 | \$ 53,083,883 |

See notes to financial statements

# The United Way of Southwestern Pennsylvania

Statements of Activities and Changes in Net Assets  
Year Ended June 30, 2022

|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | 2022          |
|---|----------------------------------|-------------------------------|---------------|
| <b>Public Support and Revenue</b>             |                                  |                               |               |
| Public support                                |                                  |                               |               |
| Gross campaigns results                       | \$ 23,725,318                    | \$ 10,246,579                 | \$ 33,971,897 |
| Less donor designations                       | 12,976,918                       | -                             | 12,976,918    |
| Less allowance for uncollectible accounts     | 919,667                          | -                             | 919,667       |
| Net campaigns results                         | 9,828,733                        | 10,246,579                    | 20,075,312    |
| Gifts and other contributions                 | 350,374                          | 615,356                       | 965,730       |
| Total public support                          | 10,179,107                       | 10,861,935                    | 21,041,042    |
| Revenue                                       |                                  |                               |               |
| Service fee revenue                           | 1,429,324                        | -                             | 1,429,324     |
| Interest and investment income, net of fees   | 685,671                          | 219,532                       | 905,203       |
| Sponsorship and event revenue                 | 401,164                          | -                             | 401,164       |
| Net realized, unrealized loss on investments  | (5,391,206)                      | (1,782,697)                   | (7,173,903)   |
| Donated services income                       | 389,828                          | -                             | 389,828       |
| Other services revenue                        | 3,105,102                        | -                             | 3,105,102     |
| Government grants revenue                     | -                                | 1,513,400                     | 1,513,400     |
| Change in beneficial interest                 | -                                | (269,258)                     | (269,258)     |
| Net assets released from restrictions         | 14,807,876                       | (14,807,876)                  | -             |
| Total revenue                                 | 15,427,759                       | (15,126,899)                  | 300,860       |
| Total public support and revenue              | 25,606,866                       | (4,264,964)                   | 21,341,902    |
| <b>Expenses</b>                               |                                  |                               |               |
| Program services                              |                                  |                               |               |
| Gross funds awarded or designated to agencies | 22,413,655                       | -                             | 22,413,655    |
| Less donor designations                       | 12,976,918                       | -                             | 12,976,918    |
| Net funds awarded or designated to agencies   | 9,436,737                        | -                             | 9,436,737     |
| Other program services                        | 10,567,852                       | -                             | 10,567,852    |
| Total program services                        | 20,004,589                       | -                             | 20,004,589    |
| Total support services                        | 5,448,153                        | -                             | 5,448,153     |
| Total expenses                                | 25,452,742                       | -                             | 25,452,742    |
| Change in net assets before adjustment        | 154,124                          | (4,264,964)                   | (4,110,840)   |
| <b>Pension Changes, Actuarial Net Gain</b>    | 1,115,425                        | -                             | 1,115,425     |
| Change in net assets                          | 1,269,549                        | (4,264,964)                   | (2,995,415)   |
| <b>Net Assets, Beginning</b>                  | 32,206,522                       | 23,872,776                    | 56,079,298    |
| <b>Net Assets, Ending</b>                     | \$ 33,476,071                    | \$ 19,607,812                 | \$ 53,083,883 |

See notes to financial statements

## The United Way of Southwestern Pennsylvania

Statements of Functional Expenses

Year Ended June 30, 2023

|                                | Program Services    |                |                             |                        | Supporting Services |                               |                        |                |
|--------------------------------|---------------------|----------------|-----------------------------|------------------------|---------------------|-------------------------------|------------------------|----------------|
|                                | Volunteer Referrals | Labor Services | Community Capacity Building | Total Program Services | Fundraising         | Organizational Administration | Total Support Services | Total Expenses |
| Funds awarded                  | \$ -                | \$ -           | \$ 19,805,955               | \$ 19,805,955          | \$ -                | \$ -                          | \$ -                   | \$ 19,805,955  |
| Less donor designations        | -                   | -              | 11,042,185                  | 11,042,185             | -                   | -                             | -                      | 11,042,185     |
| Net funds awarded              | -                   | -              | 8,763,770                   | 8,763,770              | -                   | -                             | -                      | 8,763,770      |
| Salaries                       | 288,775             | 77,421         | 2,695,800                   | 3,061,996              | 1,849,667           | 1,005,432                     | 2,855,099              | 5,917,095      |
| Employee benefits              | 68,794              | 34,243         | 715,447                     | 818,484                | 434,005             | 300,059                       | 734,064                | 1,552,548      |
| Payroll taxes                  | 21,770              | 4,905          | 202,457                     | 229,132                | 135,321             | 70,604                        | 205,925                | 435,057        |
| Total salaries and benefits    | 379,339             | 116,569        | 3,613,704                   | 4,109,612              | 2,418,993           | 1,376,095                     | 3,795,088              | 7,904,700      |
| Professional services          | 112,044             | 7,025          | 279,626                     | 398,695                | 603,446             | 263,914                       | 867,360                | 1,266,055      |
| In-kind services               | -                   | -              | -                           | -                      | 750,478             | -                             | 750,478                | 750,478        |
| Community initiatives          | -                   | -              | 3,438,668                   | 3,438,668              | -                   | -                             | -                      | 3,438,668      |
| Campaign and other literature  | 58                  | 14             | 635                         | 707                    | 1,752               | 274                           | 2,026                  | 2,733          |
| Meeting and event expense      | 382,316             | 254            | 128,335                     | 510,905                | 178,633             | 5,906                         | 184,539                | 695,444        |
| Office supplies                | 1,391               | 233            | 17,686                      | 19,310                 | 6,594               | 3,848                         | 10,442                 | 29,752         |
| Postage                        | 1,127               | 253            | 15,556                      | 16,936                 | 7,997               | 6,895                         | 14,892                 | 31,828         |
| Travel                         | 6,787               | 72             | 24,943                      | 31,802                 | 14,907              | 2,263                         | 17,170                 | 48,972         |
| Staff training                 | -                   | 151            | 2,021                       | 2,172                  | 2,833               | 1,067                         | 3,900                  | 6,072          |
| Insurance                      | 4,446               | 889            | 33,802                      | 39,137                 | 42,082              | 23,137                        | 65,219                 | 104,356        |
| Occupancy                      | 23,137              | 5,260          | 168,795                     | 197,192                | 147,601             | 119,878                       | 267,479                | 464,671        |
| Information technology         | 14,642              | 3,648          | 214,255                     | 232,545                | 81,027              | 69,534                        | 150,561                | 383,106        |
| Equipment rental and repair    | 612                 | 116            | 7,718                       | 8,446                  | 5,132               | 4,113                         | 9,245                  | 17,691         |
| Subscriptions and memberships  | 513                 | 99             | 36,779                      | 37,391                 | 7,490               | 4,235                         | 11,725                 | 49,116         |
| Telephone                      | 703                 | 140            | 10,373                      | 11,216                 | 7,021               | 12,643                        | 19,664                 | 30,880         |
| Depreciation expense           | 2,009               | 502            | 22,131                      | 24,642                 | 11,061              | 9,554                         | 20,615                 | 45,257         |
| United Way Worldwide dues      | 15,694              | 2,650          | 133,800                     | 152,144                | 71,370              | 82,664                        | 154,034                | 306,178        |
| Miscellaneous expense          | 700                 | 31,549         | 9,385                       | 41,634                 | 5,988               | 1,420                         | 7,408                  | 49,042         |
| Total other operating expenses | 566,179             | 52,855         | 4,544,508                   | 5,163,542              | 1,945,412           | 611,345                       | 2,556,757              | 7,720,299      |
| Total functional expenses      | \$ 945,518          | \$ 169,424     | \$ 16,921,982               | \$ 18,036,924          | \$ 4,364,405        | \$ 1,987,440                  | \$ 6,351,845           | \$ 24,388,769  |

See notes to financial statements



## The United Way of Southwestern Pennsylvania

Statements of Functional Expenses

Year Ended June 30, 2022

|                                | Program Services    |                |                             |                        | Supporting Services |                               |                        |                |
|--------------------------------|---------------------|----------------|-----------------------------|------------------------|---------------------|-------------------------------|------------------------|----------------|
|                                | Volunteer Referrals | Labor Services | Community Capacity Building | Total Program Services | Fundraising         | Organizational Administration | Total Support Services | Total Expenses |
| Funds awarded                  | \$ -                | \$ -           | \$ 22,413,655               | \$ 22,413,655          | \$ -                | \$ -                          | \$ -                   | \$ 22,413,655  |
| Less donor designations        | -                   | -              | 12,976,918                  | 12,976,918             | -                   | -                             | -                      | 12,976,918     |
| Net funds awarded              | -                   | -              | 9,436,737                   | 9,436,737              | -                   | -                             | -                      | 9,436,737      |
| Salaries                       | 262,298             | 74,426         | 2,447,166                   | 2,783,890              | 1,490,728           | 1,057,494                     | 2,548,222              | 5,332,112      |
| Employee benefits              | 65,332              | 29,299         | 687,695                     | 782,326                | 396,372             | 281,007                       | 677,379                | 1,459,705      |
| Payroll taxes                  | 19,615              | 4,851          | 179,344                     | 203,810                | 109,056             | 73,998                        | 183,054                | 386,864        |
| Total salaries and benefits    | 347,245             | 108,576        | 3,314,205                   | 3,770,026              | 1,996,156           | 1,412,499                     | 3,408,655              | 7,178,681      |
| Professional services          | 112,777             | 11,154         | 337,836                     | 461,767                | 350,669             | 175,017                       | 525,686                | 987,453        |
| In-kind services               | -                   | -              | -                           | -                      | 388,700             | -                             | 388,700                | 388,700        |
| Community initiatives          | -                   | -              | 4,730,474                   | 4,730,474              | -                   | -                             | -                      | 4,730,474      |
| Campaign and other literature  | 139                 | 35             | 1,149                       | 1,323                  | 3,312               | 801                           | 4,113                  | 5,436          |
| Meeting and event expense      | 358,230             | 113            | 164,504                     | 522,847                | 231,783             | 3,784                         | 235,567                | 758,414        |
| Office supplies                | 1,160               | 283            | 12,363                      | 13,806                 | 6,241               | 5,591                         | 11,832                 | 25,638         |
| Postage                        | 1,391               | 318            | 12,939                      | 14,648                 | 6,688               | 8,674                         | 15,362                 | 30,010         |
| Travel                         | 9,576               | 20             | 8,337                       | 17,933                 | 3,993               | 1,977                         | 5,970                  | 23,903         |
| Staff training                 | 1,585               | 7              | 15,334                      | 16,926                 | 10,632              | 752                           | 11,384                 | 28,310         |
| Insurance                      | 4,735               | 945            | 35,941                      | 41,621                 | 18,925              | 24,625                        | 43,550                 | 85,171         |
| Occupancy                      | 22,403              | 5,270          | 172,149                     | 199,822                | 101,514             | 138,116                       | 239,630                | 439,452        |
| Information technology         | 22,523              | 5,648          | 294,732                     | 322,903                | 89,864              | 130,864                       | 220,728                | 543,631        |
| Equipment rental and repair    | 1,137               | 245            | 9,329                       | 10,711                 | 5,554               | 8,389                         | 13,943                 | 24,654         |
| Subscriptions and memberships  | 482                 | 121            | 33,173                      | 33,776                 | 6,083               | 5,709                         | 11,792                 | 45,568         |
| Telephone                      | 970                 | 209            | 10,564                      | 11,743                 | 7,213               | 7,468                         | 14,681                 | 26,424         |
| Depreciation expense           | 4,938               | 1,239          | 40,768                      | 46,945                 | 18,530              | 28,395                        | 46,925                 | 93,870         |
| United Way Worldwide dues      | 24,529              | 4,766          | 273,978                     | 303,273                | 82,418              | 167,800                       | 250,218                | 553,491        |
| Miscellaneous expense          | 569                 | 31,574         | 15,165                      | 47,308                 | (2,282)             | 1,699                         | (583)                  | 46,725         |
| Total other operating expenses | 567,144             | 61,947         | 6,168,735                   | 6,797,826              | 1,329,837           | 709,661                       | 2,039,498              | 8,837,324      |
| Total functional expenses      | \$ 914,389          | \$ 170,523     | \$ 18,919,677               | \$ 20,004,589          | \$ 3,325,993        | \$ 2,122,160                  | \$ 5,448,153           | \$ 25,452,742  |

See notes to financial statements

# The United Way of Southwestern Pennsylvania

## Statements of Financial Position

June 30, 2023 and 2022

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| <b>Cash Flows From Operating Activities</b>  |                      |                      |
| Change in net assets   | \$ 6,732,542         | \$ (2,995,415)       |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |                      |                      |
| Depreciation   | 45,257               | 93,870               |
| Net (appreciation) depreciation in:  |                      |                      |
| Fair value of investments  | (2,899,294)          | 7,173,903            |
| Fair value of charitable trusts  | (36,781)             | 269,258              |
| Contributions restricted for long-term purposes  | (711,993)            | (585,528)            |
| Changes in:  |                      |                      |
| Pledges receivable   | 2,318,364            | (2,510,215)          |
| Other assets   | (106,055)            | 7,629,943            |
| Distributions payable to agencies  | (668,302)            | (214,389)            |
| Donor designations payable   | (395,041)            | (148,783)            |
| Accounts payable and other liabilities   | (1,607,928)          | (1,756,252)          |
| Operating lease liability, net   | 6,847                | -                    |
| Net cash provided by operating activities  | <u>2,677,616</u>     | <u>6,956,392</u>     |
| <b>Cash Flows From Investing Activities</b>  |                      |                      |
| Proceeds from sale of investments  | 18,546,675           | 10,643,445           |
| Purchase of investments  | (20,901,969)         | (11,645,274)         |
| Purchase of property and equipment   | (51,243)             | -                    |
| Net cash used in investing activities  | <u>(2,406,537)</u>   | <u>(1,001,829)</u>   |
| <b>Cash Flows From Financing Activities</b>  |                      |                      |
| Proceeds from contributions to endowment   | <u>711,993</u>       | <u>585,528</u>       |
| Net change in cash and cash equivalents  | 983,072              | 6,540,091            |
| <b>Cash and Cash Equivalents, Beginning</b>  | <u>18,585,860</u>    | <u>12,045,769</u>    |
| <b>Cash and Cash Equivalents, Ending</b>   | <u>\$ 19,568,932</u> | <u>\$ 18,585,860</u> |
| <b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>               |                      |                      |
| Operating lease assets and liabilities recognized  | <u>\$ 2,691,925</u>  | <u>\$ -</u>          |

See notes to financial statements

# The United Way of Southwestern Pennsylvania

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Notes to Financial Statements  
June 30, 2023 and 2022

## 1. Description of the Organization

For nearly 100 years, people have turned to The United Way of Southwestern Pennsylvania (UWSWPA) to problem solve, to learn, for help and to give back. People turn to UWSWPA because no organization is better at bringing entire communities together to create long-lasting change that improves lives for our family, friends and neighbors. We connect the region's best and brightest thought-leaders from corporations, foundations, labor unions, government, academia, religious groups, human services and the people who live in our region. Together our stakeholders work to solve the most pressing problems. We innovate, we pilot, we scale-up our impact and, most importantly, we help people meet basic needs, move to financial security and build the skills they need for success in school and in life.

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 to push for systems-change to create a lasting, long-term impact on the entire region. This approach keeps 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

UWSWPA 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

UWSWPA leads and mobilizes the caring power of individuals, the business community and organizations to help people in need measurably improve their lives, creating long lasting change for the betterment of residents in Allegheny, Armstrong, Butler, Fayette and Westmoreland counties.

### Our Principles

UWSWPA operates on these 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. Collaborate by bringing together business leaders, community leaders and local government.
5. Invest in preventative strategies that help people before a short-term situation becomes a devastating crisis.
6. Engage and sustain a diverse community-spanning base of donors and advocates who support our work and create systemic change.
7. Mobilize a growing number of passionate volunteers throughout our entire region who implement solutions and provide an essential human touch to our efforts.

# The United Way of Southwestern Pennsylvania

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Collaboration is at our core. We continuously reach out into the community to find 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 and Strategic Focus**

Throughout our 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 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 contact center. Operating 24 hours a day, PA 211 Southwest connects thousands of our most vulnerable neighbors with essential human services every day of the year.

### **Meeting Basic Needs**

Basic needs - such as food and safe affordable housing - are the foundation of well-being and make it possible for individuals and families regardless of race, age or ability to have happiness and success. The ability to get to school and work, pay for utilities and rent and fund necessary home repairs keeps families on track and out of financial crisis. A strong network of community support positively impacts physical, mental and emotional health and helps people live meaningful lives. When families are strong and all members are safe, they can then fulfill their dreams of education, good jobs and healthy relationships. UWSWPA invests in partners committed to: addressing food insecurity and providing access to nutritious food; providing individuals and families access to safe and secure housing through programs that provide shelter, address eviction prevention, support home repairs and offer utility assistance; providing access to reliable transportation; offering safety and support to survivors of intimate partner violence; and combatting social isolation by providing interventions that promote connection and community.

### **Moving to Financial Stability**

To fulfill their potential, it is essential that people earn a living wage and have the tools they need to build wealth. Equitable practices, where success is not dependent on race, gender and ability, are vital to helping people achieve financial freedom. Access to and awareness of services and benefits, including financial education and asset building opportunities, transforms the lives of working families. Meaningful work helps people, regardless of age, disability, gender and previous convictions, have pride and confidence that they can support themselves and their families. Affordable child care and transportation help people find and sustain good jobs that advance their goals and help them become vital contributors to their community. UWSWPA invests in partners committed to connecting people to employment through skill-building and career development programs and working with employers to ensure that all workers are positioned to achieve job success; providing access to safe and reliable child care and transportation so that finding and maintaining meaningful employment is possible; offering equitable opportunities across race, gender and ability so that all people can access programs and services that increase their income and financial security; helping working families to move from surviving to thriving and promoting two-generation approaches that simultaneously meet the needs of children and their adults to foster academic success and break the cycle of poverty; and providing opportunities for individuals and families to increase their knowledge, skills and assets through financial education and empowerment.

# The United Way of Southwestern Pennsylvania

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## Building for Success in School and Life

All young people deserve the chance to have a positive start toward adulthood, to learn and succeed to the level of their educational ability and reach their full potential. Children entering kindergarten need the preparation and foundational skill sets to succeed in school and life. Students, regardless of race or ability, thrive when educational programs help them achieve college and career readiness and take a trauma-informed approach that helps children and youth overcome challenges. Access to safe, affordable and educational out-of-school time programming builds on skills learned at school and instills a lifelong love of learning. UWSWPA invests in partners committed to providing affordable, high-quality early childhood educational opportunities, preparing children for kindergarten and supporting the entire family so they can grow and learn together; working collaboratively with school districts and community partners to provide positive out-of-school time opportunities that keep young people safe and engaged and help them retain what they have learned; supporting social and emotional learning so that students in all grade levels can succeed both in and beyond school; and providing a wide variety of career, trade school and college-readiness support, including programming, tools and resources to students who live in communities that have historically experienced underinvestment.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The financial statements report net assets, revenues, gains, expenses and losses as with or without donor restriction based on the existence or absence of donor-imposed restrictions as follows:

**Net Assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

**Net Assets With Donor Restrictions** - Net assets whose use by UWSWPA is subject to donor-imposed stipulations that can be fulfilled by actions of UWSWPA pursuant to those stipulations or that expire by the passage of time are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from donor restrictions. Additionally, funds received as gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity are reported as net assets with donor restrictions.

### 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

UWSWPA 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. At times, bank deposits may be in excess of federally insured limits. UWSWPA 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.

# The United Way of Southwestern Pennsylvania

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Notes to Financial Statements

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## **Pledges Receivable**

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 (Note 4).

## **Investments and Investment Risk**

UWSWPA 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 (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 depending on the existence and nature of any donor restriction.

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.

## **Funds Held by Others, Community Foundation**

Funds held by others consist of assets with or without donor restriction transferred by UWSWPA to a community foundation for the creation of various endowment funds which benefit UWSWPA but are managed by the community foundation. UWSWPA is 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).

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 UWSWPA, for the benefit of UWSWPA. Under the terms of the perpetual trusts, UWSWPA has the irrevocable right to receive the income earned on the trust assets in perpetuity. Under the remainder trusts, UWSWPA has an irrevocable right to receive assets at the death of the donor or expiration of the trust term. Under the lead trusts, UWSWPA 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).

# The United Way of Southwestern Pennsylvania

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Notes to Financial Statements  
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## Fair Value Measurements

Fair value is defined 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, UWSWPA 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.

UWSWPA 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 UWSWPA has the ability to access.

Level 2 - Inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices in active markets, that are observable either directly or indirectly;
- 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 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, 2023 and 2022.

The fair value measurements of UWSWPA's investments and funds held by others are disclosed in Notes 5 and 6. UWSWPA'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.

## Property and Equipment

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

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

# The United Way of Southwestern Pennsylvania

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Notes to Financial Statements  
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## **Distributions Payable to Agencies**

UWSWPA 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 following 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 donor designations payable in the statements of financial position. Such amounts are included in gross campaign results and donor designations 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.

## **Defined Benefit Pension Plan**

UWSWPA recognizes the funded status of its defined benefit pension plan as an asset or liability 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, 2023 and 2022.

## **Endowment Funds**

UWSWPA follows the accounting pronouncement that provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization (Note 10).

## **Donated Services and Materials**

Donated materials and services are reflected as contributions at their estimated fair values at the date of receipt. UWSWPA receives certain donated professional services and materials. Fair value is assigned to such services and materials based on market rates commensurate with the type of services performed or materials received. The fair value of these donations, which mainly consist of advertising for its annual campaign and materials, is included in the accompanying financial statements. Donated services and materials revenue totaled \$750,478 and \$389,828 for the years ended June 30, 2023 and 2022, respectively.

UWSWPA 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, UWSWPA 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 UWSWPA 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

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Notes to Financial Statements  
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## Revenue Recognition

### Public Support

UWSWPA recognizes public support consisting of contributions and donor's unconditional promises to give in the period the promise is made. Contribution receivables are stated at the amount management expects to collect from outstanding balances. Donors' promises to give which are conditional are not recognized until the condition on which they depend are substantially met or barriers to recognition have been achieved. UWSWPA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets or if they are designated as support in future periods. When a donor 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 statements of activities and changes in net assets as net assets released from restriction.

### Government Grant Revenue

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.

### 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 UWSWPA's revenues are generated from fee-for-service arrangements. UWSWPA 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 statements of financial position.

### Federal Income Taxes

UWSWPA, 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 nonprivate foundation under Section 509(a)(1) of the Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

# The United Way of Southwestern Pennsylvania

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Notes to Financial Statements  
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Management is required to evaluate tax positions taken by UWSWPA and recognize a tax liability if UWSWPA 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 UWSWPA and has concluded that, as of June 30, 2023, there are no uncertain tax positions taken or expected to be taken. UWSWPA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

## **New Accounting Standards Adopted**

On July 1, 2022, UWSWPA adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. Topic 842 requires lessees to recognize a right-of-use asset and lease liability on the statements of financial position for leases classified as operating leases. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize a right-of-use asset and lease liability. Additionally, when measuring assets and liabilities arising from a lease, optional payments should be included only if the lessee is reasonably certain to exercise an option to extend the lease, exercise a purchase option, or not exercise an option to terminate the lease. A right-of-use asset represents an entity's right to use the underlying asset for the lease term and a lease liability represents an entity's obligation to make lease payments.

Upon adoption of the new lease guidance, management recorded a right-of-use asset of \$2,691,925 and lease liability of \$2,696,840, on July 1, 2022. The liability is equivalent to the aggregate future minimum lease payments on a discounted basis. UWSWPA has also elected to apply the package of transitional practical expedients of the new lease guidance by allowing UWSWPA to not: (1) reassess if expired or existing contracts are or contain, leases; (2) reassess lease classification for any expired or existing leases; and (3) reassess initial direct costs for existing leases. Additionally, UWSWPA elected to not reflect the impact of the new lease guidance in the prior periods included in its financial statements. UWSWPA has included the enhanced disclosures required by this guidance in its financial statements for the year ended June 30, 2023 (Note 13).

## **New Accounting Standard Not Yet Adopted**

During June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. Since 2016, the FASB issued several amendments to ASU No. 2016-13 providing clarification of the requirements and effective date. The guidance is effective for UWSWPA in fiscal 2024. UWSWPA is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its financial statements.

## **Subsequent Events**

Management evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 14, 2023, the date the financial statements were approved and authorized for issue.

# The United Way of Southwestern Pennsylvania

Notes to Financial Statements  
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### 3. Government Grants

For the years ended June 30, 2023 and 2022, UWSWPA received federal, state and county grants to assist in its meeting basic needs work including food security, transportation and other emergency basic needs, perform 2-1-1 call center services including COVID-19 vaccine scheduling and information and to fund other eligible UWSWPA programs.

Grant revenues consist of the following for the years ended June 30:

|                              | <u>2023</u>         | <u>2022</u>         |
|------------------------------|---------------------|---------------------|
| Allegheny County             | \$ 681,880          | \$ 1,110,244        |
| Westmoreland County          | 200,000             | 118,046             |
| Butler County                | -                   | 110                 |
| Commonwealth of Pennsylvania | -                   | 75,000              |
| VITA Grant                   | 210,000             | 210,000             |
|                              | <u>\$ 1,091,880</u> | <u>\$ 1,513,400</u> |

### 4. Pledges Receivable

Pledges receivable consist of the following as of June 30:

|   | <u>2023</u>          | <u>2022</u>          |
|---|----------------------|----------------------|
| Campaign year:                            |                      |                      |
| 2023                                      | \$ 869,010           | \$ 500,000           |
| 2022                                      | 11,141,110           | 601,782              |
| 2021                                      | 24,502               | 13,176,462           |
| 2020                                      | 504,342              | 694,547              |
| 2017                                      | -                    | 10,000               |
|   | <u>12,538,964</u>    | <u>14,982,791</u>    |
| Campaign pledges receivable, gross        |                      |                      |
|   | 12,538,964           | 14,982,791           |
| Less allowance for uncollectible accounts | <u>(840,273)</u>     | <u>(965,736)</u>     |
| Campaign pledges receivable, net          | <u>\$ 11,698,691</u> | <u>\$ 14,017,055</u> |

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

### 5. Investments

Investments consist of the following at June 30:

|                           | <u>2023</u>          | <u>2022</u>          |
|---------------------------|----------------------|----------------------|
| Fixed income mutual funds | \$ 11,187,743        | \$ 11,946,968        |
| Equity mutual funds       | 24,973,109           | 19,506,664           |
|                           | <u>\$ 36,160,852</u> | <u>\$ 31,453,632</u> |

# The United Way of Southwestern Pennsylvania

Notes to Financial Statements  
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At June 30, 2023 and 2022, UWSWPA'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:

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
| Funds held by others:  |                     |                     |
| Perpetual and remainder trusts, all with donor restriction,<br>Note 12 | \$ 1,261,907        | \$ 1,225,126        |
| Community foundation:  |                     |                     |
| With donor restriction   | 2,850,567           | 2,808,304           |
| Without donor restriction, Note 10                                     | <u>2,041,345</u>    | <u>2,011,240</u>    |
| Total  | <u>\$ 6,153,819</u> | <u>\$ 6,044,670</u> |

The fair value of the perpetual and remainder trusts is based on UWSWPA'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. UWSWPA'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. UWSWPA 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 unitized interests in these portfolios are not themselves publicly traded.

UWSWPA follows the redemption requirements stipulated by the donor and by the spending policy of the foundation. UWSWPA 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, UWSWPA's funds held by others as of June 30, 2023:

|                                | <u>2023</u>    |                |                     |                     |
|--------------------------------|----------------|----------------|---------------------|---------------------|
|                                | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u>      | <u>Total</u>        |
| Funds held by others           |                |                |                     |                     |
| Perpetual and remainder trusts | \$ -           | \$ -           | \$ 1,261,907        | \$ 1,261,907        |
| Community foundation           | -              | -              | <u>4,891,912</u>    | <u>4,891,912</u>    |
| Total                          | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 6,153,819</u> | <u>\$ 6,153,819</u> |

# The United Way of Southwestern Pennsylvania

Notes to Financial Statements  
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The following table sets forth by level, within the fair value hierarchy, UWSWPA's funds held by others as of June 30, 2022:

|                                | 2022    |         |              | Total        |
|--------------------------------|---------|---------|--------------|--------------|
|                                | Level 1 | Level 2 | Level 3      |              |
| Funds held by others           |         |         |              |              |
| Perpetual and remainder trusts | \$ -    | \$ -    | \$ 1,225,126 | \$ 1,225,126 |
| Community foundation           | -       | -       | 4,819,544    | 4,819,544    |
| Total                          | \$ -    | \$ -    | \$ 6,044,670 | \$ 6,044,670 |

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

|  | Perpetual and<br>Reminder Trusts | Community<br>Foundation |
|--|----------------------------------|-------------------------|
| <b>Beginning Balance, July 1, 2021</b> | \$ 1,494,384                     | \$ 5,262,637            |
| Earnings and net depreciation          | (269,258)                        | (196,483)               |
| Contributions                          | -                                | 122                     |
| Commissions and fees                   | -                                | (60,483)                |
| Distributions                          | -                                | (186,249)               |
| <b>Ending Balance, June 30, 2022</b>   | 1,225,126                        | 4,819,544               |
| Earnings and net appreciation          | 36,781                           | 338,280                 |
| Commissions and fees                   | -                                | (69,387)                |
| Distributions                          | -                                | (196,525)               |
| <b>Ending Balance, June 30, 2023</b>   | \$ 1,261,907                     | \$ 4,891,912            |

## 7. Property and Equipment

Property and equipment consist of the following as of June 30:

|                               | 2023        | 2022        |
|-------------------------------|-------------|-------------|
| Leasehold improvements        | \$ 143,766  | \$ 109,551  |
| Furniture and equipment       | 541,134     | 524,106     |
| Technology                    | 3,538,163   | 3,538,163   |
|                               | 4,223,063   | 4,171,820   |
| Less accumulated depreciation | (4,117,847) | (4,072,590) |
| Total                         | \$ 105,216  | \$ 99,230   |

# The United Way of Southwestern Pennsylvania

Notes to Financial Statements

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## 8. Line of Credit

UWSWPA has a \$2,000,000 annually renewable revolving credit line with PNC Bank at an interest rate of the Bloomberg Short-Term Yield Index (BSBY) plus 1.75% that expires in July 2024. At June 30, 2023 and 2022, there were no outstanding borrowings.

## 9. Retirement Plans/Subsequent Event

Effective September 30, 2020, UWSWPA curtailed its Pension Plan. The curtailment resulted in the cessation of all participant benefit accruals in the plan. In March 2023, the Board of Directors approved that this plan be terminated as soon as administratively feasible after the date that benefits cease to accrue under the Plan. In September 2023, the plan was formally terminated. The former defined benefit plan participants are eligible to participate in the 403(b) Thrift Plan of UWSWPA and will receive an employer base contribution determined by a formula that takes age and years of service into account. Employer contributions into the 403(b) Thrift Plan totaled \$565,313 and \$564,316 for the years ended June 30, 2023 and 2022, respectively.

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. UWSWPA'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 (ERISA), as amended. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

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

The following table sets forth the funded status as of June 30, 2023 and 2022:

|   | <u>2023</u>       | <u>2022</u>           |
|---|-------------------|-----------------------|
| Projected and accumulated benefit obligation  | \$ (7,138,448)    | \$ (8,693,890)        |
| Fair value of pension plan assets   | <u>7,432,619</u>  | <u>6,972,584</u>      |
| Funded status at June 30,   | <u>\$ 294,171</u> | <u>\$ (1,721,306)</u> |
| Accrued pension asset (obligation) recognized in the statements of financial position | <u>\$ 294,171</u> | <u>\$ (1,721,306)</u> |

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:

|                 | <u>June 30, 2022</u> | <u>Reclassified as Net Periodic Pension Cost</u> | <u>Amounts Arising During Fiscal Year</u> | <u>Effects of Settlement</u> | <u>June 30, 2023</u> |
|-----------------|----------------------|--|---|------------------------------|----------------------|
| Net (gain) loss | \$ 896,384           | \$ -   | \$ (1,755,682)                            | \$ -                         | \$ (859,298)         |
|                 | <u>June 30, 2021</u> | <u>Reclassified as Net Periodic Pension Cost</u> | <u>Amounts Arising During Fiscal Year</u> | <u>Effects of Settlement</u> | <u>June 30, 2022</u> |
| Net loss        | \$ 2,122,598         | \$ (150,890)                                     | \$ (964,535)                              | \$ (110,789)                 | \$ 896,384           |

## The United Way of Southwestern Pennsylvania

### Notes to Financial Statements

June 30, 2023 and 2022

Net assets without donor restrictions have been increased by a net actuarial gain of \$1,755,682 and \$1,115,425 for the years ended June 30, 2023 and 2022, respectively. The unrecognized net gain that is expected to be recognized as a component of the 2024 net periodic pension cost is \$19,339.

Other information concerning the Pension Plan for the years ended June 30, 2023 and 2022 is as follows:

|   | <u>2023</u> | <u>2022</u>  |
|---|-------------|--------------|
| Net periodic pension cost, service cost | \$ 102,116  | \$ 102,116   |
| Benefits and expenses paid              | \$ 280,952  | \$ 1,196,111 |

Elective contributions made to the Pension Plan totaled \$242,540 and \$540,912 for the years ended June 30, 2023 and 2022, respectively. UWSWPA intends to make contributions in amounts which equal or exceed the minimum funding requirements of ERISA. The actual minimum funding requirement for future periods will be determined at each anniversary date.

The assumptions used to determine the value of the projected benefit obligation, actuarial present value of accumulated plan benefits, fair value of pension plan assets and pension expense for the years ended June 30, 2023 and 2022 are as follows:

|  | <u>2023</u> | <u>2022</u> |
|--|-------------|-------------|
| Assumption (expressed in terms of an annual percentage): |             |             |
| Discount rate  | 4.80 %      | 4.25 %      |
| Expected long-term rate of return on plan assets         | 6.50        | 6.50        |
| Rate of increase in compensation levels                  | 0.00        | 0.00        |

UWSWPA'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.

UWSWPA's asset allocations by asset category as of June 30, 2023 and 2022 are as follows:

|                 | <u>2023</u> | <u>2022</u> |
|-----------------|-------------|-------------|
| Equity          | 51.7 %      | 48.0 %      |
| Fixed income    | 48.1        | 43.0        |
| General account | 0.2         | 9.0         |

Subject to the operating policies of the Pension Plan, UWSWPA'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 United Way of Southwestern Pennsylvania

## Notes to Financial Statements

June 30, 2023 and 2022

The fair value of the plan investments by asset class consists of the following as of June 30, 2023 and 2022:

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
| Mutual funds, fixed income                       | \$ 1,482,231        | \$ 1,490,855        |
| Pooled separate account, fixed income            | 2,091,929           | 1,351,591           |
| Pooled separate account, equities                | 3,844,178           | 3,498,085           |
| Unallocated insurance contracts, general account | <u>14,281</u>       | <u>632,053</u>      |
| Total  | <u>\$ 7,432,619</u> | <u>\$ 6,972,584</u> |

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

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:

|                       |                     |
|-----------------------|---------------------|
| Years ending June 30: |                     |
| 2024                  | \$ 1,496,000        |
| 2025                  | 484,000             |
| 2026                  | 440,000             |
| 2027                  | 269,000             |
| 2028                  | 338,000             |
| 2029 through 2033     | <u>3,101,000</u>    |
| Total                 | <u>\$ 6,128,000</u> |

## 10. Endowment Funds

UWSWPA'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 UWSWPA'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.



# The United Way of Southwestern Pennsylvania

Notes to Financial Statements

June 30, 2023 and 2022

The composition of net assets by type of endowment fund at June 30, 2023 was as follows:

|  | <b>2023</b>                          |                                   |                     |
|--|--------------------------------------|-----------------------------------|---------------------|
|  | <b>Without Donor<br/>Restriction</b> | <b>With Donor<br/>Restriction</b> | <b>Total</b>        |
| Donor-restricted endowment funds,<br>Note 12 | \$ -                                 | \$ 7,885,575                      | \$ 7,885,575        |
| Board designated endowment funds,<br>Note 11 | 2,041,345                            | -                                 | 2,041,345           |
| Total endowment fund                         | <u>\$ 2,041,345</u>                  | <u>\$ 7,885,575</u>               | <u>\$ 9,926,920</u> |

The composition of net assets by type of endowment fund at June 30, 2022 was as follows:

|  | <b>2022</b>                          |                                   |                     |
|--|--------------------------------------|-----------------------------------|---------------------|
|  | <b>Without Donor<br/>Restriction</b> | <b>With Donor<br/>Restriction</b> | <b>Total</b>        |
| Donor-restricted endowment funds,<br>Note 12 | \$ -                                 | \$ 6,865,091                      | \$ 6,865,091        |
| Board designated endowment funds,<br>Note 11 | 2,011,240                            | -                                 | 2,011,240           |
| Total endowment fund                         | <u>\$ 2,011,240</u>                  | <u>\$ 6,865,091</u>               | <u>\$ 8,876,331</u> |

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

|                                  | <b>Without Donor<br/>Restriction</b> | <b>With Donor<br/>Restriction</b> | <b>Total</b>        |
|----------------------------------|--------------------------------------|-----------------------------------|---------------------|
| <b>Balance, June 30, 2021</b>    | \$ 2,196,936                         | \$ 7,178,545                      | \$ 9,375,481        |
| Contributions                    | -                                    | 585,650                           | 585,650             |
| Fees                             | (27,202)                             | (46,988)                          | (74,190)            |
| Net investment income            | (70,445)                             | (757,097)                         | (827,542)           |
| Appropriation of endowment funds | (88,049)                             | (95,019)                          | (183,068)           |
| <b>Balance, June 30, 2022</b>    | 2,011,240                            | 6,865,091                         | 8,876,331           |
| Contributions                    | -                                    | 711,993                           | 711,993             |
| Fees                             | (32,075)                             | (51,315)                          | (83,390)            |
| Net investment income            | 155,241                              | 613,461                           | 768,702             |
| Appropriation of endowment funds | (93,061)                             | (253,655)                         | (346,716)           |
| <b>Balance, June 30, 2023</b>    | <u>\$ 2,041,345</u>                  | <u>\$ 7,885,575</u>               | <u>\$ 9,926,920</u> |

# The United Way of Southwestern Pennsylvania

## Notes to Financial Statements

June 30, 2023 and 2022

Board-designated endowment funds are balances functioning as an endowment that are established by UWSWPA from either donor or internal monies and are usually to be retained and invested rather than expended. Since Board-designated endowment funds are established by UWSWPA rather than an external source, the principal may be expended, as directed by the Board of Directors.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level UWSWPA is required to retain by donor stipulation or by law. The amount of the deficiency as of June 30, 2023 and 2022 was \$0 and \$1,655, respectively. The aggregate of original gift amounts for underwater endowments is \$265,951. The fair value of the gift as of June 30, 2023 and 2022 was \$267,749 and \$264,296, respectively.

UWSWPA follows the investment and spending policies for endowment assets that have been adopted by the community foundation which manages the majority of its endowment funds.

The community foundation adopted the total investment return policy of Pennsylvania Act 141 which requires a spending policy of between 2% and 7% of the three-year average value of the funds. The spending policy for both 2023 and 2022, 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 UWSWPA or its affiliated agencies (Note 12).

To satisfy its long-term rate-of-return objectives, UWSWPA 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:

|                         | <u>Target</u> | <u>Range</u> |
|-------------------------|---------------|--------------|
| Asset class:            |               |              |
| Equities                | 58 %          | 40-70 %      |
| Diversifying strategies | 15            | 0-20         |
| Inflation hedging       | 10            | 0-15         |
| Fixed income            | 17            | 10-25        |
| Cash                    | 0             | 0-10         |

UWSWPA's Board of Directors 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, UWSWPA classifies as net assets with donor restriction the original value of the gift, the original value of any subsequent gifts 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 Financial Statements  
June 30, 2023 and 2022

## 11. Net Assets Without Donor Restrictions

UWSWPA's net assets without donor restrictions are comprised of undesignated and Board designated amounts for the following purposes as of June 30, 2023 and 2022:

|   | <u>2023</u>          | <u>2022</u>          |
|---|----------------------|----------------------|
| Undesignated                                | \$ 32,031,762        | \$ 25,338,178        |
| Board designated:                           |                      |                      |
| Endowment fund, Note 10                     | 2,041,345            | 2,011,240            |
| Community impact targeted investments       | 96,186               | 376,509              |
| United Way Forward                          | 6,152,775            | 5,725,409            |
| Agency support                              | 24,735               | 24,735               |
| Total board designated                      | <u>8,315,041</u>     | <u>8,137,893</u>     |
| Total net assets without donor restrictions | <u>\$ 40,346,803</u> | <u>\$ 33,476,071</u> |

### Board Designated Endowment Funds

As discussed in Note 10, UWSWPA has 12 funds that are held at community foundations, of which three are board designated funds. The purpose of the funds is to provide long-term general operating support for UWSWPA. For the years ended June 30, 2023 and 2022, the amount of board designated endowment funds was \$2,041,345 and \$2,011,240, 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, 2023 and 2022, the board designated amounts for the fund were \$6,152,775 and \$5,725,409, 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, 2023 and 2022, there was \$96,186 and \$376,509, respectively, designated to community impact targeted investments and \$24,735 at June 30, 2023 and 2022 designated to agency support.

## The United Way of Southwestern Pennsylvania

Notes to Financial Statements

June 30, 2023 and 2022

### 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 UWSWPA's beneficial interest in certain charitable trusts. The value of these funds as well as net assets with donor restrictions as of June 30, 2023 and 2022 are available below:

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| Programs of specific nature as designated by donors:                                 |                      |                      |
| Moving toward financial stability  | \$ 656,710           | \$ 715,896           |
| Meeting basic needs  | 1,627,668            | 1,446,281            |
| Building for success in school and life  | 759,319              | 2,527,914            |
| 2-1-1  | 2,506,175            | 2,062,534            |
| Facility and Technology Fund/Falk Endowment  | 1,824,479            | 1,767,231            |
| United Way Forward   | 3,729,681            | 3,440,097            |
| United Way Legacy Impact Fund  | 562,175              | 508,931              |
| Veterans assistance/local disaster relief  | -                    | 76,966               |
| Volunteer programs   | 398,012              | 654,999              |
| Other  | -                    | 952                  |
| Time restricted, charitable remainder trust, Note 6                                  | 332,334              | 318,918              |
|  | <u>12,396,553</u>    | <u>13,520,719</u>    |
| Net assets with purpose or period restrictions                                       |                      |                      |
| Endowment Funds, Note 10:  |                      |                      |
| Maurice and Laura Falk Foundation  | 530,500              | 530,500              |
| F. E. Agnew Family Fund  | 265,951              | 265,951              |
| George Hahn Endowment  | 21,554               | 21,554               |
| Paul A. Stackhouse, Sr. Memorial Fund  | 27,198               | 27,198               |
| Other  | 382,450              | 368,311              |
| Dietrich Foundation  | 4,915,843            | 3,967,371            |
|  | <u>6,143,496</u>     | <u>5,180,885</u>     |
| Beneficial interests in perpetual and remainder trusts held in perpetuity, Note 6    | <u>929,573</u>       | <u>906,208</u>       |
| Net assets subject to spending policy or appropriation and trusts held in perpetuity | <u>7,073,069</u>     | <u>6,087,093</u>     |
| Total net assets with donor restrictions   | <u>\$ 19,469,622</u> | <u>\$ 19,607,812</u> |

Income from the Maurice and Laura Falk Foundation fund is restricted for use in financing capital requirements of partner agencies and UWSWPA. 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).

Income from the Dietrich Foundation is restricted for use for the UWSWPA 'Building For Success in School and Life.' This income is reported as net assets with donor restrictions.

# The United Way of Southwestern Pennsylvania

Notes to Financial Statements

June 30, 2023 and 2022

Income from the other funds is available to support all activities of UWSWPA and is reported as with or without donor restrictions in the accompanying financial statements based on donor intent.

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:

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| Programs of specific nature as designated by donors:   |                      |                      |
| Moving toward financial stability                      | \$ 1,277,420         | \$ 3,125,567         |
| Meeting basic needs                                    | 1,264,101            | 2,508,725            |
| Building for success in school and life                | 3,833,089            | 5,284,313            |
| 2-1-1  | 4,145,236            | 2,719,681            |
| Facility and Technology Fund/Falk Endowment            | 67,335               | 82,505               |
| United Way Forward                                     | 91,822               | 175,870              |
| Veterans assistance /local disaster relief             | 77,788               | 361,227              |
| Volunteer programs                                     | 487,436              | 421,479              |
| Other  | 12,496               | 112,709              |
| Time restricted perpetual and remainder trusts, Note 6 | <u>182,291</u>       | <u>15,800</u>        |
|  | <u>\$ 11,439,014</u> | <u>\$ 14,807,876</u> |

### 13. Contractual and Lease Commitments

UWSWPA leases space and copiers under noncancelable operating leases expiring through August 2030. For all operating lease arrangements, UWSWPA presents at the commencement date: a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. UWSWPA has elected to utilize the risk-free rate for leases where the implicit rate is not readily determinable.

UWSWPA has elected, as a practical expedient, not to separate nonlease components from lease components, and instead account for each separate component as a single lease component for all lease arrangements, as lessee. In addition, UWSWPA has elected, as a practical expedient, not to apply lease recognition requirements to short-term lease arrangements, generally those with an initial lease term of less than 12 months, for all classes of underlying assets. In determination of the lease term, UWSWPA considers the likelihood of lease renewal options and lease termination provisions.

The lease asset also reflects any prepaid rent, initial direct costs incurred and lease incentives received.

For operating leases with step rent provisions whereby the rental payments increase over the life of the lease and for leases with rent-free periods, UWSWPA recognizes expense and income on a straight-line basis over the expected lease term, based on the total minimum lease payments to be made or lease receipts expected to be received.

# The United Way of Southwestern Pennsylvania

## Notes to Financial Statements

June 30, 2023 and 2022

For the year ended June 30, 2023, cash paid for amounts included in the measurement of operating lease obligations totaled approximately \$423,000.

Operating lease expense totaled approximately \$425,000 and \$430,000 for the years ended June 30, 2023 and 2022, respectively, and is included within costs and expenses in the accompanying statements of activities and changes in net assets. At June 30, 2023, the weighted-average remaining lease term and discount rate for operating leases were 6.9 years and 2.90%. The short-term lease expense for the year ended June 30, 2023 was not significant.

The future minimum lease payments for these lease agreements as of June 30, 2023 are as follows:

|                             |                     |
|-----------------------------|---------------------|
| Years ending June 30:       |                     |
| 2024                        | \$ 412,207          |
| 2025                        | 398,144             |
| 2026                        | 343,494             |
| 2027                        | 342,159             |
| 2028                        | 343,638             |
| Thereafter                  | <u>745,620</u>      |
| Total                       | 2,585,262           |
| Less present value discount | <u>(239,127)</u>    |
| Lease liability             | <u>\$ 2,346,135</u> |

UWSWPA has entered into long-term service contracts for information technology related services with vendors for which the future minimum payments for contractual obligations as of June 30, 2023 are as follows:

|                       |                     |
|-----------------------|---------------------|
| Years ending June 30: |                     |
| 2024                  | \$ 445,082          |
| 2025                  | 393,235             |
| 2026                  | 387,605             |
| 2027                  | <u>304,872</u>      |
| Total                 | <u>\$ 1,530,794</u> |

### 14. Related Parties

UWSWPA's Board of Directors includes volunteers from the local business community who provide valuable assistance in the development of policies and programs. UWSWPA'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.

During 2023 and 2022, certain legal, initiative expenses, consulting and other services were provided to UWSWPA by companies managed by members of UWSWPA's Board of Directors. Charges paid to these companies totaled \$1,008,266 and \$910,710 for the years ended June 30, 2023 and 2022, respectively.

# The United Way of Southwestern Pennsylvania

Notes to Financial Statements  
June 30, 2023 and 2022

## 15. Liquidity and Availability of Resources

UWSWPA's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| Cash and cash equivalents  | \$ 19,568,932        | \$ 18,585,860        |
| Certificate of deposit   | 475,000              | -                    |
| Pledges receivable, net  | 11,698,691           | 14,017,055           |
| Other receivables  | 1,615,714            | 1,561,587            |
| Investments  | <u>36,160,852</u>    | <u>31,453,632</u>    |
| <br>   |                      |                      |
| Total financial assets available within one year                                       | <u>69,519,189</u>    | <u>65,618,134</u>    |
| <br>   |                      |                      |
| Less amounts unavailable for general expenditures within one year, due to:             |                      |                      |
| Purpose or period restrictions   | 10,413,502           | 11,579,208           |
| Spending policy or appropriation   | 5,007,204            | 4,028,983            |
| Donor designation restrictions   | <u>7,524,589</u>     | <u>7,919,630</u>     |
| <br>   |                      |                      |
| Total amounts unavailable for general expenditure within one year                      | <u>22,945,295</u>    | <u>23,527,821</u>    |
| <br>   |                      |                      |
| Amounts unavailable to management without Board's approval:                            |                      |                      |
| Board designated for United Way Forward  | 6,152,775            | 5,725,409            |
| Board designated program restrictions  | 120,921              | 401,244              |
| Distributions payable to agencies  | <u>6,933,298</u>     | <u>7,601,600</u>     |
| <br>   |                      |                      |
| Total amounts unavailable to management without Board's approval                       | <u>13,206,994</u>    | <u>13,728,253</u>    |
| <br>   |                      |                      |
| Total financial assets available to management for general expenditure within one year | <u>\$ 33,366,900</u> | <u>\$ 28,362,060</u> |

### Liquidity Management

UWSWPA 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, UWSWPA has a committed line of credit of \$2,000,000, which it could draw upon. Additionally, UWSWPA has board designated assets without donor restrictions, that, while UWSWPA does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.