

The United Way of Southwestern Pennsylvania

Financial Statements
Years Ended June 30, 2022 and 2021

The United Way of Southwestern Pennsylvania

Financial Statements
Years Ended June 30, 2022 and 2021

The United Way of Southwestern Pennsylvania

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statements of Financial Position	6
Statements of Activities and Changes in Net Assets	7-8
Statements of Functional Expenses	9-10
Statements of Cash Flows	11
Notes to the Financial Statements	12-34



Tel: 216-325-1700
Fax: 216-325-1701
www.bdo.com

1300 East Ninth Street, Suite 1301
Cleveland, OH 44114

Independent Auditor's Report

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

Opinion

We have audited the financial statements of The United Way of Southwestern Pennsylvania (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

BDO USA, LLP

November 11, 2022

Financial Statements

The United Way of Southwestern Pennsylvania

Statements of Financial Position

<i>June 30,</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 18,585,860	\$ 12,045,769
Pledges receivable - net - Note 4	14,017,055	11,506,840
Other receivables	1,561,587	9,204,509
Investments - Note 5	31,453,632	37,182,613
Funds held by others - Note 6	6,044,670	6,757,021
Prepaid expenses and other assets	59,479	46,500
Property and equipment - net - Note 7	99,230	193,100
Total Assets	\$ 71,821,513	\$ 76,936,352
Liabilities and Net Assets		
Liabilities		
Distributions payable to agencies	\$ 7,601,600	\$ 7,815,989
Donor designations payable	7,919,630	8,068,413
Accounts payable and accrued liabilities	1,495,094	1,627,005
Accrued pension obligation - Note 9	1,721,306	3,345,647
Total Liabilities	18,737,630	20,857,054
Net Assets		
Without donor restrictions - Note 11	33,476,071	32,206,522
With donor restrictions - Note 12	19,607,812	23,872,776
Total Net Assets	53,083,883	56,079,298
Total Liabilities and Net Assets	\$ 71,821,513	\$ 76,936,352

See accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Statement of Activities and Changes in Net Assets

<i>For the Year Ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Public Support and Revenue				
Public Support				
Gross campaigns results	\$ 23,725,318	\$ 10,246,579	\$ 33,971,897	\$ 33,104,607
Less: Donor designations	12,976,918	-	12,976,918	10,972,859
Less: Allowance for uncollectible accounts	919,667	-	919,667	1,206,353
Net campaigns receipts	9,828,733	10,246,579	20,075,312	20,925,395
Gifts and other contributions	350,374	615,356	965,730	904,108
Total Public Support	10,179,107	10,861,935	21,041,042	21,829,503
Revenue				
Service fee revenue	1,429,324	-	1,429,324	1,245,609
Interest and investment income, net of fees	685,671	219,532	905,203	762,586
Sponsorship and event revenue	401,164	-	401,164	174,024
Net realized - unrealized (loss) gain on investments	(5,391,206)	(1,782,697)	(7,173,903)	8,355,104
Donated services income	389,828	-	389,828	753,500
Other services revenue	3,105,102	-	3,105,102	2,517,567
Government grants revenue	-	1,513,400	1,513,400	13,518,490
Change in beneficial interest	-	(269,258)	(269,258)	261,238
Net assets released from restrictions	14,807,876	(14,807,876)	-	-
Total Revenue	15,427,759	(15,126,899)	300,860	27,588,118
Total Public Support and Revenue	25,606,866	(4,264,964)	21,341,902	49,417,621
Expenses				
Program services				
Gross funds awarded or designated to agencies	22,413,655	-	22,413,655	20,090,332
Less: Donor designations	12,976,918	-	12,976,918	10,972,859
Net funds awarded or designated to agencies	9,436,737	-	9,436,737	9,117,473
Other program services	10,567,852	-	10,567,852	17,047,594
Total Program Services	20,004,589	-	20,004,589	26,165,067
Total support services	5,448,153	-	5,448,153	5,613,139
Total Expenses	25,452,742	-	25,452,742	31,778,206
Increase in Net Assets Before Adjustment				
	154,124	(4,264,964)	(4,110,840)	17,639,415
Forgiveness of paycheck protection program loan	-	-	-	1,379,420
Pension changes - other net periodic pension costs	-	-	-	(154,800)
Pension changes - actuarial net gain	1,115,425	-	1,115,425	1,335,951
(Decrease) Increase in Net Assets	1,269,549	(4,264,964)	(2,995,415)	20,199,986
Net Assets - beginning of year	32,206,522	23,872,776	56,079,298	35,879,312
Net Assets - end of year	\$ 33,476,071	\$ 19,607,812	\$ 53,083,883	\$ 56,079,298

See accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Statement of Activities and Changes in Net Assets

<i>For the Year Ended June 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	2021 Total
Public Support and Revenue			
Public Support			
Gross campaigns results	\$ 21,001,143	\$ 12,103,464	\$ 33,104,607
Less: Donor designations	10,972,859	-	10,972,859
Less: Allowance for uncollectible accounts	1,206,353	-	1,206,353
Net campaigns receipts	8,821,931	12,103,464	20,925,395
Gifts and other contributions	432,561	471,547	904,108
Total Public Support	9,254,492	12,575,011	21,829,503
Revenue			
Service fee revenue	1,245,609	-	1,245,609
Interest and investment income, net of fees	579,776	182,810	762,586
Sponsorship and event revenue	174,024	-	174,024
Net realized and unrealized gain (loss) on investment	6,010,458	2,344,646	8,355,104
Donated services income	753,500	-	753,500
Other services revenue	2,517,567	-	2,517,567
Government grants revenue	3,426,988	10,091,502	13,518,490
Change in beneficial interest	-	261,238	261,238
Net assets released from restrictions	19,158,181	(19,158,181)	-
Total Revenue	33,866,103	(6,277,985)	27,588,118
Total Public Support and Revenue	43,120,595	6,297,026	49,417,621
Expenses			
Program services			
Gross funds awarded or designated to agencies	20,090,332	-	20,090,332
Less: Donor designations	10,972,859	-	10,972,859
Net funds awarded or designated to agencies	9,117,473	-	9,117,473
Other program services	17,047,594	-	17,047,594
Total Program Services	26,165,067	-	26,165,067
Total support services	5,613,139	-	5,613,139
Total Expenses	31,778,206	-	31,778,206
Increase in Net Assets Before Adjustment			
	11,342,389	6,297,026	17,639,415
Forgiveness of paycheck protection program loan	1,379,420	-	1,379,420
Pension changes - other net periodic pension costs	(154,800)	-	(154,800)
Pension changes - actuarial net gain	1,335,951	-	1,335,951
Increase in Net Assets	13,902,960	6,297,026	20,199,986
Net Assets - beginning of year	18,303,562	17,575,750	35,879,312
Net Assets - end of year	\$ 32,206,522	\$ 23,872,776	\$ 56,079,298

See accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Statement of Functional Expenses

	Program Services				Support Services			
	Volunteer Referrals	Labor Services	Community Capacity Building	Total Program Services	Fundraising	Organizational Administration	Total Support Services	Total Expenses
<i>For the Year Ended June 30, 2022</i>								
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 accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Statement of Functional Expenses

<i>For the Year Ended June 30, 2021</i>	Program Services				Support Services			
	Volunteer Referrals	Labor Services	Community Capacity Building	Total Program Services	Fundraising	Organizational Administration	Total Support Services	Total Expenses
Funds awarded	\$ -	\$ -	\$ 20,090,332	\$ 20,090,332	\$ -	\$ -	\$ -	\$ 20,090,332
Less donor designations	-	-	(10,972,859)	(10,972,859)	-	-	-	(10,972,859)
Net Funds Awarded	-	-	9,117,473	9,117,473	-	-	-	9,117,473
Salaries	250,507	70,628	2,352,431	2,673,566	1,603,478	931,577	2,535,055	5,208,621
Employee benefits	76,292	30,593	675,725	782,610	383,957	286,398	670,355	1,452,965
Payroll taxes	18,472	4,398	166,505	189,375	115,402	59,066	174,468	363,843
Total Salaries and Benefits	345,271	105,619	3,194,661	3,645,551	2,102,837	1,277,041	3,379,878	7,025,429
Professional services	128,789	9,713	340,496	478,998	378,645	161,682	540,327	1,019,325
In-kind services	-	-	-	-	752,500	-	752,500	752,500
Community initiatives	-	-	11,442,418	11,442,418	-	-	-	11,442,418
Campaign and other literature	53	13	409	475	2,116	276	2,392	2,867
Meeting and event expense	235,130	84	143,590	378,804	14,991	1,932	16,923	395,727
Office supplies	989	349	10,022	11,360	4,957	5,818	10,775	22,135
Postage	1,063	281	7,979	9,323	4,438	5,533	9,971	19,294
Travel	2,066	7	2,505	4,578	903	213	1,116	5,694
Staff training	4	1	5,634	5,639	10,636	1,350	11,986	17,625
Insurance	5,227	1,168	35,794	42,189	17,874	22,656	40,530	82,719
Occupancy	27,502	6,525	144,359	178,386	115,958	155,386	271,344	449,730
Information technology	34,297	8,244	349,326	391,867	138,416	173,911	312,327	704,194
Equipment rental and repair	1,640	368	8,882	10,890	7,337	9,265	16,602	27,492
Subscriptions and memberships	959	103	35,523	36,585	5,060	3,458	8,518	45,103
Telephone	1,400	238	12,351	13,989	6,896	7,626	14,522	28,511
Depreciation expense	13,462	3,366	104,288	121,116	50,437	70,689	121,126	242,242
United Way Worldwide dues	8,295	2,119	227,450	237,864	41,485	69,104	110,589	348,453
Miscellaneous expense	192	31,510	5,860	37,562	(8,546)	259	(8,287)	29,275
Total Other Operating Expenses	461,068	64,089	12,876,886	13,402,043	1,544,103	689,158	2,233,261	15,635,304
Total Functional Expenses	\$ 806,339	\$ 169,708	\$ 25,189,020	\$ 26,165,067	\$ 3,646,940	\$ 1,966,199	\$ 5,613,139	31,778,206

See accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Statements of Cash Flows

<i>For the Years Ended June 30,</i>	2022	2021
Cash Provided by Operating Activities		
(Decrease) increase in net assets	\$ (2,995,415)	\$ 20,199,986
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	93,870	242,242
Net depreciation (appreciation) in fair value of investments	7,173,903	(8,355,104)
Net depreciation (appreciation) in fair value of charitable trusts	269,258	(261,238)
Contributions restricted for long-term purposes	(585,528)	(443,397)
Gain on forgiveness of paycheck protection program loan	-	(1,369,000)
Changes in		
Pledges receivable	(2,510,215)	1,335,215
Other assets	7,629,943	(7,941,322)
Distributions payable to agencies	(214,389)	(274,324)
Donor designations payable	(148,783)	(481,206)
Accounts payable and other liabilities	(1,756,252)	(1,408,484)
Net Cash Provided by Operating Activities	6,956,392	1,243,368
Cash Provided by (Used for) Investing Activities		
Proceeds from sale of investments	10,643,445	12,648,444
Purchase of investments	(11,645,274)	(13,919,795)
Purchase of property and equipment	-	(85,055)
Net Cash Used for Investing Activities	(1,001,829)	(1,356,406)
Cash Provided by Financing Activities		
Proceeds from contributions to endowment	585,528	443,397
Net Cash Provided by Financing Activities	585,528	443,397
Net Increase in Cash and Cash Equivalents	6,540,091	330,359
Cash and Cash Equivalents - beginning of year	12,045,769	11,715,410
Cash and Cash Equivalents - end of year	\$ 18,585,860	\$ 12,045,769

See accompanying notes to the financial statements.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

1. Description of Organization

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

The United Way of Southwestern Pennsylvania brings together the region's best and brightest thought leaders across corporations, foundations, labor unions, government, academia, religious groups, human services, and ordinary people to solve the most pressing problems. And together, we innovate, we pilot, we scale—but most importantly, we help people.

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

Our Vision

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

Our Mission

The United Way of Southwestern Pennsylvania, serving Allegheny, Armstrong, Butler, Fayette, and Westmoreland counties, leads and mobilizes the caring power of individuals, the business community, and organizations to help local people in need improve their lives. United Way helps hundreds of thousands of local people each year by helping people meet basic needs, move to financial stability, and build for success in school and life.

Our Principles

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

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

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

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

our donors committed, our volunteers engaged, and our corporate leaders passionate about creating real change to achieve the greatest impact.

CURRENT PROGRAMS / STRATEGIC FOCUS

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

1. Meeting Basic Needs

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

2. Moving to Financial Stability

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

3. Building for Success in School and Life

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

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and are presented on an accrual basis of accounting.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The United Way of Southwestern Pennsylvania considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The majority of cash and cash equivalents are maintained at three national financial institutions. At times, bank deposits may be in excess of federally insured limits. The United Way of Southwestern Pennsylvania believes it has placed its cash and cash equivalents with high credit quality financial institutions and does not believe it is exposed to any significant credit risk on its cash and cash equivalents.

Pledges 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

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

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

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

these changes could affect the amounts reported in the statement of financial position. There is no concentration of the investments in any particular security or industry segment.

Funds Held by Others - Community Foundation

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

Gains and losses on funds held by others, including unrealized gains and losses, are reported as increases or decreases in investment income without donor restrictions unless the use of the investment income is limited by donor-imposed restrictions or law (Notes 6 and 12).

Included in the funds held by others on the statements of financial position is a receivable for the fair market value of the assets held in perpetual trusts and the net present value of estimated income from remainder trusts for several arrangements in which donors established and funded trusts administered by organizations other than The United Way of Southwestern Pennsylvania, for the benefit of The United Way of Southwestern Pennsylvania. Under the terms of the perpetual trusts, The United Way of Southwestern Pennsylvania has the irrevocable right to receive the income earned on the trust assets in perpetuity. Under the remainder trusts, The United Way of Southwestern Pennsylvania has an irrevocable right to receive assets at the death of the donor or expiration of the trust term. Under the lead trusts, The United Way of Southwestern Pennsylvania has the irrevocable right to receive monies from the trust during the trust term. Investment income is classified as an increase or decrease in net assets based upon the terms of the trust agreement (Notes 6 and 12).

Fair Value Measurements

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

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

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

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

Level 2 - Inputs include:

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation techniques are used to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2022 and 2021.

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

Property and Equipment

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

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

Distributions Payable to Agencies

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

Donor Designations Payable

Donor designations payable represent amounts payable to other United Ways and agencies as stipulated by the individual donors. The amounts are recorded as a pledge receivable and 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.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

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

The United Way of Southwestern Pennsylvania recognizes the funded status of its defined benefit pension plans as assets or liabilities on its statements of financial position. Changes in the funded status are recognized through the statement of activities and changes in net assets in the year in which the changes occur. Plan assets and benefit obligations are measured as of June 30, 2022 and 2021.

Endowment Funds

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

Donated Services

Donated materials and services meeting the requirements of accounting principles generally accepted in the United States of America are reflected as contributions at their estimated fair values at the date of receipt. The United Way of Southwestern Pennsylvania receives certain donated professional services. Fair value is assigned to such services based on market rates commensurate with the type of services performed. The fair value of these donations, which mainly consist of advertising for its annual campaign, is included in the accompanying financial statements. This activity principally occurs in the fall of the calendar year. Donated services revenue totaled \$389,828 and \$753,500 for the years ended June 30, 2022 and 2021, respectively.

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

Expense Allocation

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

Revenue Recognition

Contributed Revenue

The Organization recognizes 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

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

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. The Organization 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 The United Way of Southwestern Pennsylvania's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when The United Way of Southwestern Pennsylvania 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 The United Way of Southwestern Pennsylvania's revenues are generated from fee-for-service arrangements. The United Way of Southwestern Pennsylvania enters into contracts to provide 2-1-1 call center services and other community impact services in Southwestern Pennsylvania and in other regions in Pennsylvania. Management recognizes revenue from fee-for-service arrangements over time, as performance obligations are satisfied. Revenue is recorded at the transaction price, which does not include any price concessions. Fee-for-service contracts are typically annually renewing, and billing arrangements range from monthly to annual billings. Any outstanding fee-for-service billings are recorded as other receivables on the statement of financial position.

Federal Income Taxes

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

Accounting principles generally accepted in the United States of America require The United Way of Southwestern Pennsylvania's management to evaluate tax positions taken by The United Way of

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

Southwestern Pennsylvania and recognize a tax liability if The United Way of Southwestern Pennsylvania has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by The United Way of Southwestern Pennsylvania and has concluded that, as of June 30, 2022, there are no uncertain tax positions taken or expected to be taken. The United Way of Southwestern Pennsylvania is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Recent Accounting Pronouncements

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

Presentation and Disclosures by Not-for-Profit Entities for Contributions Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This update addresses presentation and disclosure of contributed nonfinancial assets. This update requires a nonprofit to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, disclose contributed nonfinancial assets recognized within the statement of activities disaggregated by category that depicts the type of contributed nonfinancial assets, and for each category of contributed nonfinancial assets recognized include the following: qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period (if utilized, disclose a description of the programs or other activities in which those assets were used), the Organization's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, a descriptions of any donor-imposed restrictions associated with the contributed nonfinancial assets, a description of the valuation techniques and inputs used to arrive at a fair value measure at initial recognition, and the principal market used to arrive at a fair value measure if it is a market in which the recipient Organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The Organization adopted this pronouncement during the year ended June 30, 2022.

Subsequent Events

Management and the audit committee of the Board of Directors evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 11, 2022, the date the financial statements were approved and authorized for issue.

3. Government Grants

For the years ended June 30, 2022 and 2021, The United Way of Southwestern Pennsylvania received federal, state, and county grants to assist with the urgent needs brought about by the COVID-19

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

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

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

	2022	2021
Allegheny County	\$ 1,110,244	\$ 13,323,490
Westmoreland County	118,046	25,000
Butler County	110	10,000
Commonwealth of Pennsylvania	75,000	-
VITA Grant	210,000	160,000
Government Grants	\$ 1,513,400	\$ 13,518,490

4. Pledges Receivable

Pledges receivable consist of the following as of June 30:

	2022	2021
2023 Campaign	\$ 500,000	\$ -
2022 Campaign	601,782	-
2021 Campaign	13,176,462	83,170
2020 Campaign	694,547	12,551,689
2019 Campaign	-	163,357
2017 Campaign	10,000	12,000
Campaign pledges - gross	14,982,791	12,810,216
Less: Allowance for uncollectible accounts	(965,736)	(1,303,376)
Campaign Pledges - Net	\$ 14,017,055	\$ 11,506,840

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

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

5. Investments

Investments consist of the following at June 30:

	2022	2021
Total fixed income	\$ 11,946,968	\$ 12,038,229
Total equities	19,506,664	25,144,384
	\$ 31,453,632	\$ 37,182,613

At June 30, 2022 and 2021, The United Way of Southwestern Pennsylvania's investments are measured at fair value as determined by quoted prices in active markets (Level 1 - significant observable inputs).

6. Funds Held by Others

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

	2022	2021
Funds held by others		
Perpetual and remainder trusts - all with donor restriction - Note 12	\$ 1,225,126	\$ 1,494,384
Community foundation		
With donor restriction	2,808,304	3,065,701
Without donor restriction - Note 10	2,011,240	2,196,936
	\$ 6,044,670	\$ 6,757,021

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

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

The United Way of Southwestern Pennsylvania follows the redemption requirements stipulated by the donor and by the spending policy of the foundation. The United Way of Southwestern

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

Pennsylvania cannot transfer the funds to another foundation at any time. As a result of the withdrawal limitations, the investments are reported as Level 3 measurements.

The following table sets forth by level, within the fair value hierarchy, The United Way of Southwestern Pennsylvania's funds held by others as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
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 following table sets forth by level, within the fair value hierarchy, The United Way of Southwestern Pennsylvania's funds held by others as of June 30, 2021:

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

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

	Perpetual and Remainder Trusts	Community Foundation
Beginning balance at July 1, 2020	\$ 1,233,147	\$ 4,121,471
Earnings and net appreciation	261,237	1,378,952
Contributions	-	-
Commissions and fees	-	(56,319)
Distributions	-	(181,467)
Ending balance at June 30, 2021	1,494,384	5,262,637
Earnings and net depreciation	(269,258)	(196,483)
Contributions	-	122
Commissions and fees	-	(60,483)
Distributions	-	(186,249)
Ending Balance at June 30, 2022	\$ 1,225,126	\$ 4,819,544

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

7. Property and Equipment

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

	2022	2021
Leasehold improvements	\$ 109,551	\$ 109,551
Furniture and equipment	524,106	524,106
Technology	3,538,163	3,538,163
	4,171,820	4,171,820
Less: Accumulated depreciation	(4,072,590)	(3,978,720)
	\$ 99,230	\$ 193,100

8. Debt

The United Way of Southwestern Pennsylvania has a \$2,000,000 annually renewable revolving credit line with PNC Bank at an interest rate of the Bloomberg Short-Term Yield Index (“BSBY”) plus 1.75% that expires in July 2023. At June 30, 2022 and 2021, there were no outstanding borrowings.

The United Way of Southwestern Pennsylvania applied for and received funds under the Paycheck Protection Program (PPP) during fiscal year 2020 in the amount of \$1,369,000. The application for these funds required The United Way of Southwestern Pennsylvania to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of The United Way of Southwestern Pennsylvania. This certification further required The United Way of Southwestern Pennsylvania to consider its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds and the forgiveness of the loan is dependent on The United Way of Southwestern Pennsylvania having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. During fiscal year 2021, the Small Business Administration (SBA) forgave the PPP loan including \$1,369,000 of principal and \$10,420 of accrued interest. The forgiveness is presented in the 2021 statement of activities and changes in net assets under forgiveness of paycheck protection program loan. At June 30, 2022 and 2021, there was no remaining balance on the PPP loan.

9. Retirement Plans

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

Effective September 30, 2020, The United Way of Southwestern Pennsylvania curtailed its Pension Plan. The curtailment resulted in the cessation of all participant benefit accruals in the plan. The former deferred benefit plan participants are eligible to participate in the 403(b) Thrift Plan of The United Way of Southwestern Pennsylvania and will receive an employer base contribution

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

determined by a formula that takes age and years of service into account. The new 403(b) Thrift Plan took the place of the previous 403(b) plans that were sponsored by The United Way of Southwestern Pennsylvania.

Employer contributions into the 403(b) Thrift Plan totaled \$564,316 and \$431,306 for the years ended June 30, 2022 and 2021, 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. The United Way of Southwestern Pennsylvania's funding policy is to contribute annually an amount based on actuarially determined deposit amounts in accordance with the minimum funding requirements prescribed by the Employee Retirement Income Security Act of 1974, as amended. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

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

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

	2022	2021
Projected benefit obligation	\$ (8,693,890)	\$ (12,005,091)
Fair value of pension plan assets	6,972,584	8,659,444
Underfunded Status at June 30,	\$ (1,721,306)	\$ (3,345,647)
Accrued Pension Obligation Recognized in the Statements of Financial Position	\$ (1,721,306)	\$ (3,345,647)

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

	June 30, 2021	Reclassified as Net Periodic Pension Cost	Amounts Arising During Fiscal Year	Effects of Settlement	June 30, 2022
Net Loss	\$ 2,122,598	\$ (150,890)	\$ (964,535)	\$ (110,789)	\$ 896,384

Net assets without donor restrictions have been increased by a net actuarial gain of \$1,115,425 and \$1,335,951 for the years ended June 30, 2022 and 2021, respectively. The unrecognized net gain that is expected to be recognized as a component of the 2022 net periodic pension cost is \$4,425.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

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

	2022	2021
Net Periodic Pension Cost - Service Cost	\$ 102,116	\$ 218,582
Net Periodic Pension Cost - Other Components	\$ -	\$ 154,800
Benefits and Expenses Paid	\$ 1,196,111	\$ 535,545

Net periodic pension costs of \$0 and \$154,800 were excluded from employee benefits in the 2022 and 2021 statements of functional expenses, respectively. The amount is presented in the 2022 and 2021 statements of activities and changes in net assets under Pension changes - other net periodic pension costs.

Elective contributions made to the Pension Plan totaled \$540,912 and \$739,436 for the years ended June 30, 2022 and 2021, respectively. The United Way of Southwestern Pennsylvania intends to make contributions in amounts which equal or exceed the minimum funding requirements of ERISA. The actual minimum funding requirement for future periods will be determined at each anniversary date.

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

	2022	2021
Assumption (expressed in terms of an annual percentage)		
Discount rate	4.25%	2.50%
Expected long-term rate of return on plan assets	6.50%	7.00%
Rate of increase in compensation levels	0.00%	4.00%

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

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

	2022	2021
Equity	48.0%	49.2%
Fixed income	43.0%	38.5%
General account	9.0%	12.3%

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

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

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

	2022	2021
Mutual funds - fixed income	\$ 1,490,855	\$ 1,687,174
Pooled separate account - fixed income	1,351,591	1,643,626
Pooled separate account - equities	3,498,085	4,260,289
Unallocated insurance contracts - general account	632,053	1,068,355
	\$ 6,972,584	\$ 8,659,444

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

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

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

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

<i>Year Ending June 30,</i>	<i>Amount</i>
2023	\$ 1,383,000
2024	\$ 492,000
2025	\$ 574,000
2026	\$ 533,000
2027	\$ 366,000
2028-2032	\$ 3,530,000

10. Endowment Funds

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

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

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

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds - Note 12	\$ -	\$ 6,865,091	\$ 6,865,091
Board designated endowment funds - Note 11	2,011,240	-	2,011,240
Total Endowment Fund	\$ 2,011,240	\$ 6,865,091	\$ 8,876,331

The composition of net assets by type of endowment fund at June 30, 2021 was as follows:

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

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Balance - July 1, 2020	\$ 1,694,958	5,360,296	7,055,254
Contributions	-	443,397	443,397
Fees	(25,438)	(41,695)	(67,133)
Net investment income	613,460	1,511,970	2,125,430
Appropriation of endowment funds	(86,044)	(95,423)	(181,467)
Balance - June 30, 2021	2,196,936	7,178,545	9,375,481
Contributions	-	585,650	585,650
Fees	(27,202)	(46,988)	(74,190)
Net investment loss	(70,445)	(757,097)	(827,542)
Appropriation of endowment funds	(88,049)	(95,019)	(183,068)
Balance - June 30, 2022	\$ 2,011,240	\$ 6,865,091	\$ 8,876,331

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level The United Way of Southwestern Pennsylvania is required to retain by donor stipulation or by law. The amount of the deficiency as of June 30, 2022 and 2021 was \$1,655 and \$0, respectively. The aggregate of original gift amounts for underwater endowments is \$265,951. This number is the Agnew funds, with a balance of \$265,951. The fair value of the original gift as of June 30, 2022 and 2021 was \$264,296 and \$265,951, respectively.

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

The community foundation adopted the total investment return policy of Pennsylvania Act 141 which requires a spending policy of between 2% and 7% of the three-year average value of the funds. The spending policy for both 2022 and 2021, as approved by the Board of Directors, was 5%. Under this policy, the endowment assets are invested in a manner that is intended to produce results that provide long-term growth which exceeds inflation plus the annual payout requirement of 5% while maintaining a prudent investment risk policy. The funds held by the community foundation also include certain permanently restricted endowment funds where the income is restricted by the donor for future capital needs of The United Way of Southwestern Pennsylvania or its affiliated agencies (Note 12).

To satisfy its long-term rate-of-return objectives, The United Way of Southwestern Pennsylvania relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The asset allocation policy adopted by the community foundation is outlined below:

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

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

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

11. Net Assets Without Donor Restrictions

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

	2022	2021
Undesignated	\$ 25,338,178	\$ 22,797,830
Board designated		
Endowment fund - Note 10	2,011,240	2,196,936
Community impact targeted investments	376,509	425,584
United Way Forward	5,725,409	6,761,437
Agency support	24,735	24,735
Total board designated	8,137,893	9,408,692
Total Net Assets Without Donor Restrictions	\$ 33,476,071	\$ 32,206,522

Board Designated Endowment Funds

As discussed in Note 10, The United Way of Southwestern Pennsylvania has 12 funds that are held at community foundations, of which 3 are board designated funds. The purpose of the funds is to provide long-term general operating support for The United Way of Southwestern Pennsylvania. For the years ended June 30, 2022 and 2021, the amount of board designated endowment funds was \$2,011,240 and \$2,196,936, 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, 2022 and 2021, the board designated amounts for the fund were \$5,725,409 and \$6,761,437, 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, 2022 and 2021, there was \$376,509 and \$425,583, respectively, designated to community impact targeted investments, and \$24,735 at June 30, 2022 and 2021 designated to agency support.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

12. Net Assets With Donor Restrictions

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

	2022	2021
Programs of specific nature as designated by donors		
Moving toward financial stability	\$ 715,896	\$ 2,017,701
Meeting basic needs	1,446,281	1,975,554
Building for success in school and life	2,527,914	3,459,435
2-1-1	2,062,534	1,324,199
Facility & Technology Fund/Falk Endowment	1,767,231	1,966,081
United Way Forward	3,440,097	4,284,929
United Way Legacy Impact Fund	508,931	600,156
Veterans assistance/local disaster relief	76,966	425,535
Volunteer programs	654,999	925,439
Other	952	100,678
Time restricted - charitable remainder trust - Note 6	318,918	406,484
Net assets with purpose or period restrictions	13,520,719	17,486,191
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	27,076
Other	368,311	452,318
Dietrich Foundation	3,967,371	4,001,286
	5,180,885	5,298,685
Beneficial interests in perpetual and remainder trusts held in perpetuity - Note 6	906,208	1,087,900
Net assets subject to spending policy or appropriation and trusts held in perpetuity	6,087,093	6,386,585
Total Net Assets With Donor Restrictions	\$ 19,607,812	\$ 23,872,776

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

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

Income from the Dietrich Foundation is restricted for use for the United Way program “Building For Success in School and Life.” This income is reported as net assets with donor restrictions.

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

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

	2022	2021
Programs of specific nature as designated by donors		
Moving toward financial stability	\$ 3,125,567	\$ 8,845,737
Meeting basic needs	2,508,725	3,220,231
Building for success in school and life	5,284,313	3,516,119
2-1-1	2,719,681	2,787,330
Facility & Technology Fund/Falk Endowment	82,505	5,000
United Way Forward	175,870	4,224
Veterans assistance/local disaster relief	361,227	343,672
Volunteer programs	421,479	190,728
Other	112,709	230,339
Time restricted - perpetual and remainder trusts - Note 6	15,800	14,801
Total Net Assets Released From Restrictions	\$ 14,807,876	\$ 19,158,181

13. Contractual and Lease Commitments

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

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

On March 1, 2016, The United Way of Southwestern Pennsylvania entered into a five-year lease for copiers in the Greensburg office. This lease was renewed for an additional 5 years beginning October 1, 2020.

On April 19, 2017, The United Way of Southwestern Pennsylvania entered into a five-year lease for copiers in the Pittsburgh office. This lease was renewed for an additional 3 years beginning April 1, 2022.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

On April 1, 2018, The United Way of Southwestern Pennsylvania assumed responsibility for a lease that had previously been entered into by The United Way of Butler County for office space. The lease had a remaining term of approximately 3 years at the time of the merger. This lease was renewed for an additional 2.5 years beginning August 1, 2021.

The future minimum lease payments for these lease agreements as of June 30, 2022 are as follows:

<i>For the Year Ending June 30,</i>	<i>Amount</i>
2023	\$ 423,000
2024	412,000
2025	398,000
2026	343,000
2027	342,000
Thereafter	1,089,000
	<hr/>
	\$ 3,007,000

The United Way of Southwestern Pennsylvania has entered into long-term service contracts with vendors for which the future minimum payments for contractual obligations as of June 30, 2022 are as follows:

<i>For the Year Ending June 30,</i>	<i>Amount</i>
2023	\$ 467,000
2024	322,000
2025	235,000
2026	224,000
2027	224,000
	<hr/>
	\$ 1,472,000

14. Related Parties

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

Nonprofit organizations with Board of Directors or management relationships receive a portion of the funding distributed by The United Way of Southwestern Pennsylvania each year. There were no amounts allocated and payable to these agencies at June 30, 2022 or 2021.

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

During 2022 and 2021, certain legal, initiative expenses, consulting and other services were provided to The United Way of Southwestern Pennsylvania by companies managed by members of The United Way of Southwestern Pennsylvania's Board of Directors. Charges paid to these companies totaled \$910,710 and \$4,322,767 for the years ended June 30, 2022 and 2021, respectively.

15. Liquidity and Availability of Resources

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

<i>June 30,</i>	2022	2021
Cash and cash equivalents	\$ 18,585,860	\$ 12,045,769
Pledges receivable - net	14,017,055	11,506,840
Other receivables	1,561,587	9,204,508
Investments	31,453,632	37,182,613
Total financial assets available within one year	65,618,134	69,939,730
Less:		
Amounts unavailable for general expenditures within one year, due to		
Purpose or period restrictions	11,579,208	15,283,602
Spending policy or appropriation	4,028,983	4,085,040
Donor designation restrictions	7,919,630	8,068,413
Total amounts unavailable for general expenditure within one year	23,527,821	27,437,055
Amounts unavailable to management without Board's approval		
Board designated for United Way Forward	5,725,409	6,761,437
Board designated program restrictions	401,244	450,318
Distributions payable to agencies	7,601,600	7,815,989
Total amounts unavailable to management without Board's approval	13,728,253	15,027,744
Total Financial Assets Available to Management for General Expenditure Within One Year	\$ 28,362,060	\$ 27,474,931

The United Way of Southwestern Pennsylvania

Notes to the Financial Statements

Liquidity Management

The United Way of Southwestern Pennsylvania maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, The United Way of Southwestern Pennsylvania has a committed line of credit of \$2,000,000, which it could draw upon. Additionally, The United Way of Southwestern Pennsylvania has board designated assets without donor restrictions, that, while The United Way of Southwestern Pennsylvania does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.