

**UNITED WAY OF PENNSYLVANIA  
AND AFFILIATED ENTITY**

**FINANCIAL REPORT**

**DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
United Way of Pennsylvania  
Harrisburg, Pennsylvania

### **Opinion**

We have audited the accompanying consolidated financial statements of the United Way of Pennsylvania and Affiliated Entity (the Organization) which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above presents fairly, in all material respects, the financial position of the United Way of Pennsylvania and Affiliated Entity as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated **Month xx, 2022**, on our consideration of the United Way of Pennsylvania and Affiliated Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*; in considering the United Way of Pennsylvania and Affiliated Entity's internal control over financial reporting and compliance.

Camp Hill, Pennsylvania  
March xx, 2022

**UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,269,793	\$ 958,456
Certificate of deposit	104,515	103,951
Accounts receivable	427,355	180,432
Prepaid expenses	6,973	32,256
<b>Total current assets</b>	<b>1,808,636</b>	1,275,095
Property and Equipment - net of accumulated depreciation	7,514	5,472
<b>Total assets</b>	<b>\$ 1,816,150</b>	\$ 1,280,567
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Paycheck Protection Program loan	\$ -	\$ 86,500
Accounts payable	320,933	2,153
Accrued payroll and related taxes and withholdings	24,176	20,243
Compensated absences	7,308	6,675
Deferred income	57,315	1,750
Security deposits	1,750	1,750
<b>Total current liabilities</b>	<b>411,482</b>	119,071
Net Assets		
Without donor restriction	792,923	566,369
With donor restrictions	611,745	595,127
<b>Total net assets</b>	<b>1,404,668</b>	1,161,496
<b>Total liabilities and net assets</b>	<b>\$ 1,816,150</b>	\$ 1,280,567

See Notes to Consolidated Financial Statements.

## UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

### CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
<b>Revenues and Other Support</b>			
Grant revenues	\$ 692,410	\$ 1,178,740	\$ 1,871,150
Membership dues allocated by supporting United Ways	313,175	-	313,175
Contributions	29,279	485	29,764
Rental income	21,400	-	21,400
Investment income	3,682	-	3,682
Miscellaneous income	30,000	-	30,000
Conference and seminar income	22,397	-	22,397
Forgiveness of Paycheck Protection Program loan	86,500	-	86,500
Net assets released from restrictions	1,162,607	(1,162,607)	-
<b>Total revenues and other support</b>	<b>2,361,450</b>	<b>16,618</b>	<b>2,378,068</b>
<b>Expenses and Losses</b>			
Program service expenses	2,043,599	-	2,043,599
Management and general	44,406	-	44,406
Fundraising	46,891	-	46,891
<b>Total functional expenses</b>	<b>2,134,896</b>	<b>-</b>	<b>2,134,896</b>
<b>Changes in net assets</b>	<b>226,554</b>	<b>16,618</b>	<b>243,172</b>
<b>Net Assets:</b>			
January 1, 2021	566,369	595,127	1,161,496
December 31, 2021	<b>\$ 792,923</b>	<b>\$ 611,745</b>	<b>\$ 1,404,668</b>

See Notes to Consolidated Financial Statements.

## UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

### CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
<b>Revenues and Other Support</b>			
Grant revenues	\$ 502,281	\$ 1,707,382	\$ 2,209,663
Membership dues allocated by supporting United Ways	329,324	-	329,324
Contributions	38,794	-	38,794
Rental income	7,000	-	7,000
Investment income	6,024	-	6,024
Miscellaneous income	11,558	-	11,558
Conference and seminar income	3,500	-	3,500
Net assets released from restrictions	1,717,413	(1,717,413)	-
<b>Total revenues and other support</b>	<b>2,615,894</b>	<b>(10,031)</b>	<b>2,605,863</b>
<b>Expenses and Losses</b>			
Program service expenses	2,410,166	-	2,410,166
Management and general	39,031	-	39,031
Fundraising	43,097	-	43,097
<b>Total functional expenses</b>	<b>2,492,294</b>	<b>-</b>	<b>2,492,294</b>
<b>Changes in net assets</b>	<b>123,600</b>	<b>(10,031)</b>	<b>113,569</b>
<b>Net Assets:</b>			
January 1 - previously reported	334,857	605,158	940,015
Net assets of affiliated entity January 1 (Note 1)	107,912	-	107,912
January 1, 2020	442,769	605,158	1,047,927
December 31, 2020	\$ 566,369	\$ 595,127	\$ 1,161,496

See Notes to Consolidated Financial Statements.



**UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2021**

	Program Services			Total Program
	Member Training and Support	Public Policy	PA 2-1-1	
<b>Personnel Expenses</b>				
Salaries and temporary help	\$ 149,692	\$ 89,239	\$ 218,310	\$ 457,241
Payroll taxes	15,669	9,342	10,313	35,324
Employee benefits	22,526	13,430	19,865	55,821
<b>Total personnel expenses</b>	<b>187,887</b>	<b>112,011</b>	<b>248,488</b>	<b>548,386</b>
<b>Operating Expenses</b>				
Computer system upgrade/technical support	684	684	855	2,223
Equipment rental, repairs and maintenance	531	317	1,021	1,869
Grant expense	733,340	-	445,274	1,178,614
Insurance	2,693	1,606	2,592	6,891
Organization dues	966	966	100	2,032
Outside printing, artwork, etc.	16	9	15	40
Professional fees	50,932	30,363	111,873	193,168
Rent	20,264	20,264	-	40,528
Staff travel and training	2,216	2,215	14,181	18,612
Subscriptions and reference publications	7,123	7,122	7,347	21,592
Supplies	1,774	1,058	877	3,709
Meetings and conferences	22,174	-	2,322	24,496
<b>Total operating expenses</b>	<b>842,713</b>	<b>64,604</b>	<b>586,457</b>	<b>1,493,774</b>
Depreciation	719	720	-	1,439
<b>Total functional expenses</b>	<b>\$1,031,319</b>	<b>\$ 177,335</b>	<b>\$ 834,945</b>	<b>\$ 2,043,599</b>

See Notes to Consolidated Financial Statements.

Management and General	Fundraising	Total	2020
\$ 20,151	\$ 28,787	\$ 506,179	\$ 456,485
2,109	3,013	40,446	36,951
3,032	4,332	63,185	59,797
<u>25,292</u>	<u>36,132</u>	<u>609,810</u>	<u>553,233</u>
342	-	2,565	848
71	102	2,042	2,035
-	-	1,178,614	1,605,426
364	518	7,773	8,010
-	-	2,032	3,745
2	3	45	137
6,856	9,795	209,819	236,608
10,132	-	50,660	42,815
1,108	-	19,720	11,616
-	-	21,592	13,247
239	341	4,289	6,877
-	-	24,496	6,336
<u>19,114</u>	<u>10,759</u>	<u>1,523,647</u>	<u>1,937,700</u>
-	-	1,439	1,361
<u>\$ 44,406</u>	<u>\$ 46,891</u>	<u>\$ 2,134,896</u>	<u>\$ 2,492,294</u>

**UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2020**

	Program Services			Total Program
	Member Training and Support	Public Policy	PA 2-1-1	
<b>Personnel Expenses</b>				
Salaries and temporary help	\$ 134,216	\$ 80,013	\$ 198,378	\$ 412,607
Payroll taxes	13,514	8,057	10,962	32,533
Employee benefits	22,047	13,144	17,398	52,589
<b>Total personnel expenses</b>	<b>169,777</b>	<b>101,214</b>	<b>226,738</b>	<b>497,729</b>
<b>Operating Expenses</b>				
Computer system upgrade/technical support	339	339	-	678
Equipment rental, repairs and maintenance	528	314	1,021	1,863
Grant expense	1,168,092	-	437,334	1,605,426
Insurance	2,684	1,601	2,847	7,132
Organization dues	1,823	1,822	100	3,745
Outside printing, artwork, etc.	54	33	32	119
Professional fees	49,560	29,545	141,301	220,406
Rent	17,126	17,126	-	34,252
Staff travel and training	261	261	10,963	11,485
Subscriptions and reference publications	6,542	6,542	163	13,247
Supplies	1,500	894	3,993	6,387
Meetings and conferences	4,057	-	2,279	6,336
<b>Total operating expenses</b>	<b>1,252,566</b>	<b>58,477</b>	<b>600,033</b>	<b>1,911,076</b>
Depreciation	680	681	-	1,361
<b>Total functional expenses</b>	<b>\$1,423,023</b>	<b>\$ 160,372</b>	<b>\$ 826,771</b>	<b>\$ 2,410,166</b>

See Notes to Consolidated Financial Statements.

Management and General	Fundraising	Total
\$ 18,067	\$ 25,811	\$ 456,485
1,819	2,599	36,951
2,968	4,240	59,797
<u>22,854</u>	<u>32,650</u>	<u>553,233</u>
170	-	848
71	101	2,035
-	-	1,605,426
362	516	8,010
-	-	3,745
7	11	137
6,671	9,531	236,608
8,563	-	42,815
131	-	11,616
-	-	13,247
202	288	6,877
-	-	6,336
<u>16,177</u>	<u>10,447</u>	<u>1,937,700</u>
-	-	1,361
<u>\$ 39,031</u>	<u>\$ 43,097</u>	<u>\$ 2,492,294</u>

## UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

### CONSOLIDATED STATEMENTS OF CASH FLOWS Years Ended December 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<hr/>		
Cash Flows From Operating Activities		
Changes in net assets	\$ 243,172	\$ 113,569
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	1,439	1,361
Forgiveness of Paycheck Protection Program loan	(86,500)	-
Beginning net assets of affiliated entity	-	107,912
(Increase) decrease in:		
Accounts receivable	(246,923)	(76,318)
Prepaid expenses	25,283	3,282
(Decrease) increase in:		
Accounts payable	318,780	(12,532)
Accrued payroll and related taxes and withholdings	3,933	5,759
Compensated absences	633	858
Deferred income	55,565	(5,212)
Security deposit	-	(1,250)
Due to PA 2-1-1	-	(27,852)
<b>Net cash provided by operating activities</b>	<b>315,382</b>	<b>109,577</b>
Cash Flows From Investing Activities		
Reinvestment of interest on certificate of deposit	(564)	(1,951)
Purchase of property and equipment	(3,481)	(774)
<b>Net cash used in investing activities</b>	<b>(4,045)</b>	<b>(2,725)</b>
Cash Flows From Financing Activities		
<b>Proceeds from Paycheck Protection Program loan</b>	-	86,500
<b>Increase in cash and cash equivalents</b>	<b>311,337</b>	<b>193,352</b>
Cash and Cash Equivalents:		
Beginning	958,456	765,104
Ending	<b>\$ 1,269,793</b>	<b>\$ 958,456</b>
Supplemental Disclosure of Cash Flow Information		
Noncash Financing Activities		
Forgiveness of Paycheck Protection Program loan	<b>\$ 86,500</b>	<b>\$ -</b>

See Notes to Consolidated Financial Statements.

## UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities

United Way of Pennsylvania, a nonprofit organization, derives its support from membership dues from statewide local United Way organizations; government, state, and individual grants; reimbursements for programs; and individual donor contributions. The Organization's services to the local United Ways include development of the volunteer sector through various workshops and seminars tailored to accommodate local needs, campaign development, and consultation and technical assistance. The Organization strives to impact legislation through the analysis of government policies, the monitoring of legislation and the education of legislators, and United Ways and human service organizations regarding proposed and existing regulations and legislation. The Organization also works to promote programs and initiatives across the Commonwealth of Pennsylvania.

PA 211, Inc., a 501(c)(3) organization whose mission is providing services consisting of telephone and web-based answer to questions individuals have regarding health and human services available to meet needs. PA 211 services are provided in information and referral centers in Pennsylvania.

Effective January 1, 2020, United Way of Pennsylvania entered into an Affiliation Agreement with PA 211, Inc. As a result of the agreement, United Way of Pennsylvania is the sole member of PA 211, Inc., and PA 211, Inc. becomes a wholly owned subsidiary of the Organization.

#### Note 2. Summary of Significant Accounting Policies

Principles of Consolidation: The accompanying, consolidated financial statements include the accounts both organizations. All material, intercompany transactions have been eliminated in the consolidated financial statements.

Effective January 1, 2020, United Way of Pennsylvania began to consolidate into its Financial Statements the accounts of PA 211, Inc., formerly an unconsolidated affiliate. Financial data presented for previous years have not been restated to reflect the consolidation of PA 211, Inc. The consolidation is not material to financial position or results of operations for the periods presented and had no effect on previously reported net income.

Basis of Accounting: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under this basis, revenue and support are recognized when earned and expenses are recognized when incurred.

## UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation: The consolidated financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require reporting information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidated Statements of Activities.

Use of Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents consists of business and payroll checking accounts.

Accounts Receivable and Allowance for Doubtful Accounts: Accounts receivable are stated at outstanding balances, net of an allowance for doubtful accounts. The Organization estimates the allowance for doubtful accounts based on historical bad debt, factors related to the specific payer's ability to pay, and current economic trends. This evaluation is inherently subjective, as it requires estimates that may be susceptible to significant change. Accounts receivable are written off when a balance is determined to be uncollectible. At December 31, 2021 and 2020, no allowance deemed was necessary.

Property and Equipment: Property and equipment are stated at cost. The Organization follows the practice of capitalizing all expenditures for long lived equipment in excess of \$1,000. The cost of maintenance and repairs is charged to expense as incurred and significant renewals and betterments are capitalized and depreciated over the estimated useful lives of the assets using the straight-line method of accounting.

## UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### **Note 2. Summary of Significant Accounting Policies (Continued)**

Compensated Absences: Employees of the Organization earn a vested right to compensation for unused vacation time. Accordingly, the Organization has made an accrual for vacation compensation, which employees have earned, but not taken.

Deferred Revenue: Deferred revenue consists of money received in the current year but not earned prior to year-end. The revenue will be recognized as it is earned.

Revenue and Support Recognition: The Organization accounts for revenue and support in accordance with the recommendations of the Financial Accounting Standards Board's (FASB) Revenue Recognition Topic of the ASC the Organization reports grants, contributions, donations and other assets as restricted revenue if they are received with donor-imposed stipulations that limit the use of the donated assets. 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 on the Statements of Activities as net assets released from restriction. If restricted funds are received and released in the same year, they are recorded as net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Membership Dues: The Organization recognizes dues revenue received from members on a pro-rata basis over the twelve-month membership period. Members of the Organization are located throughout the Commonwealth of Pennsylvania. The Organization receives revenue from participating members through assessments based on the total amount of funding received annually by the member. The Organization recognizes the exchange portion of membership dues over the membership period, and the contribution portion if any, immediately.

Grant Revenue: The Organization records grant revenue over the period of the award. The provisions of the grant determine the timing of revenue recognition.

Advertising: Advertising costs are expensed as incurred.

Donated Materials and Services: The Organization records the value of the donated goods or services when there is an objective basis to measure their value. Donated services that create or enhance nonfinancial assets or require specialized skills, provided by individuals possessing those skills, and that would typically be purchased if not provided by donation, are recorded as contributions in the consolidated financial statements.

Income Taxes: United Way of Pennsylvania is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related activities pursuant to Section 509(a) of the Code. If income is generated from activities not related to its exempt purpose, the Organization becomes subject to unrelated business income tax. In addition, they were organized under the Pennsylvania Nonprofit Corporation Law and are exempt from state income taxes.



## UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### Note 2. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued): PA 211 Inc., is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related activities pursuant to Section 509(a) of the Code. If income is generated from activities not related to its exempt purpose, the Organization becomes subject to unrelated business income tax. In addition, they were organized under the Pennsylvania Nonprofit Corporation Law and are exempt from state income taxes.

The Organization follows the provisions of FASB's Income Tax Topic of the ASC which requires an assessment of the Organization's exposure to income taxes at the entity level as a result of uncertain tax positions taken in current and previously-filed tax returns. Examples of tax positions taken at the entity level include continued qualification as a tax-exempt organization and the existence of unrelated-business taxable income arising from the conduct of unrelated-business activities. Any tax benefits associated with uncertain tax positions that are in excess of a realization threshold must be recorded as a liability for unrecognized tax benefits in the consolidated financial statements, including any associated interest and penalties. Presently, management believes that it is more likely than not that its tax positions will be sustained upon examination, including any appeals and litigation, and therefore, management believes the Organization has no exposure to income taxes arising from uncertain tax positions.

Allocations of Functional Expenses: The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses subject to allocation between programs or supporting function are allocated on the basis of estimates and time and effort.

Recent Accounting Pronouncement: In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842). The most significant change in the new, lease guidance requires lessees to recognize right-of-use assets and lease liabilities for all leases other than those that meet the definition of short-term leases. For short-term leases, lessees may elect an accounting policy by class of underlying asset under which these assets and liabilities are not recorded, and lease payments are generally recognized over the lease term on a straight-line basis. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under legacy U.S. GAAP. For all entities other than public-business enterprises, this Standard is effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early adoption is permitted. Management is currently evaluating the effects that this Standard will have on the Organization's financial statements.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Also, this ASU will require disclosure of a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets as well as additional information around valuation and usage of the contributed nonfinancial assets. The amendments in this Standard should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. The Organization is currently evaluating the impact of this new Standard on its financial statements.

## UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### Note 2. Summary of Significant Accounting Policies (Continued)

Subsequent Events: Management of the Organization has evaluated subsequent events through **Month xx, 2022**, which is the date the consolidated financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements.

#### Note 3. Concentration of Credit Risk

The Organization's cash balances in financial institutions, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. Management regularly monitors the financial condition of the financial institution, along with their cash balances, and tries to keep risks to a minimum. The Organization has not experienced any losses and believes it is not exposed to significant credit risk.

#### Note 4. Availability and Liquidity

The following table reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the Consolidated Statement of Financial Position date because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,269,793	\$ 958,456
Certificate of deposit	104,515	103,951
Accounts receivable	427,355	180,432
Total financial assets	<u>1,801,663</u>	<u>1,242,839</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>611,745</u>	<u>595,127</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,189,918</u>	<u>\$ 647,712</u>

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the Consolidated Statement of Cash Flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for the years ended December 31, 2021 and 2020.

The Organization also has a line-of-credit available to meet short-term needs. See Note 7 for information about this arrangement.

## UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### Note 5. Accounts Receivable

Accounts receivables consist of the following at December 31:

	2021	2020
Grants	\$ 384,444	\$ 103,511
Membership dues	5,607	58,516
2-1-1 income	33,991	15,118
Employee	66	-
Interest	104	144
Security deposit	3,143	3,143
	<u>\$ 427,355</u>	<u>\$ 180,432</u>

#### Note 6. Property and Equipment

Property and equipment consist of the following at December 31:

	2021	2020
Furniture and equipment	\$ 67,679	\$ 64,198
Less accumulated depreciation	(60,165)	(58,726)
Net property and equipment	<u>\$ 7,514</u>	<u>\$ 5,472</u>

Depreciation for the years ended December 31, 2021 and 2020, was \$1,439 and \$1,361, respectively.

#### Note 7. Line-of-Credit

The Organization has a revolving line-of-credit with a local lending institution, up to a maximum amount of \$50,000. Interest is charged at the bank's prime lending rate, which was 2.75% and 2.75% at December 31, 2021 and 2020, respectively. There were no outstanding borrowings on the line-of-credit as of December 31, 2021 and 2020.

## UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### Note 8. Paycheck Protection Program Loan

On April 10, 2020, the Organization received loan proceeds in the amount of \$86,500 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provided for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintained its payroll levels and used the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount would have been reduced if the borrower terminated employees or reduced salaries during the covered period. Any unforgiven portion of a PPP loan would have been payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Organization intended to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.

To the extent that the Organization would not have been granted forgiveness, the Organization would have been required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness was not made within 10 months of the end of the covered period, payments of principal and interest would be required through the maturity date of April 10, 2022. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan could have been accelerated upon the occurrence of a default event.

The Organization initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. The Organization recognized \$86,500 of loan forgiveness income for the year ended December 31, 2021.

#### Note 9. Deferred Income

Deferred income consists of the following at December 31:

	2021	2020
Rental income	\$ 1,850	\$ 1,750
Membership dues-United Way of Pennsylvania	17,325	-
Membership dues-PA 211	30,000	-
Membership-Council of States	7,000	-
Meetings	1,140	-
	<u>\$ 57,315</u>	<u>\$ 1,750</u>

## UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### **Note 10. Net Assets with Donor Restrictions**

The Organization's net assets with donor restrictions at December 31, 2021 and 2020, are comprised of the following:

	2021	2020
Subject to expenditure for specified purpose:		
Community Health Funding	\$ 28,195	\$ 75,875
PA 2-1-1	186,065	220,412
Early Learning Pa	198,559	166,386
Home for Good CoC	69,704	120,413
Pennsylvania Housing Affordability and Rehabilitation Enhancement	-	12,041
Pritzker Child Initiative-EITC	77,431	-
Pa AIRS Scholarship	26,791	-
Phone Upgrade	25,000	-
	\$ 611,745	\$ 595,127

2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by realization of events specified by donors as follows:

	2021	2020
Satisfaction of purpose restrictions		
Community Health Funding	\$ 47,680	\$ 72,233
Pennsylvania Housing Affordability and Rehabilitation Enhancement	12,041	212,098
PA 2-1-1	784,832	791,778
Early Learning Pa	244,776	195,928
Home for Good CoC	50,709	445,376
Pritzker Child Initiative-EITC	22,569	-
	\$ 1,162,607	\$ 1,717,413

#### **Note 11. Operating Leases**

On December 1, 2019, the Organization entered into a lease agreement for office space for an initial rent of \$6,000 per month. The lease expires February 28, 2025.

Rent expense for the years ended December 31, 2021 and 2020, was \$50,660 and \$42,815, respectively.

## UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### Note 11. Operating Leases (Continued)

Beginning in October 2019, the Organization began leasing office equipment, under a non- cancelable operating lease which expires in October of 2024. The lease requires monthly payments of \$170.

Lease expense charged to operations for the years ended December 31, 2021 and 2020, was \$2,042 and \$2,035, respectively.

Future minimum lease payments, over the remaining term of the lease agreement, are as follows for the years ending December 31:

Year	Amount
2022	\$ 61,820
2023	58,208
2024	59,144
2025	10,467
	<u>\$ 189,639</u>

#### Note 12. Retirement Plans

The Organization provides post-retirement life insurance coverage for eligible full-time employees and retirees. The Organization pays monthly premiums in the amount required to provide retirees with life insurance benefits equivalent to 50% of their final compensation. Mutual of America administers this plan.

A 401(k) plan, United Way of Pennsylvania Retirement Plan and Trust, was established on December 15, 2004. The Organization is the plan administrator. Employees become participants on the anniversary of their employment and attained the age of twenty-one. The employer will contribute up to 3% of the employee's compensation. The employer may make additional discretionary contributions, based on income and business conditions. Discretionary contributions are allocated in proportion to the employee's compensation. Accounts are 100% vested from the employee's first day of participation. Pension expense was \$7,944 and \$7,759 for the years ended December 31, 2021 and 2020, respectively.

#### Note 13. Uncertainties

Recent developments arising from the coronavirus pandemic and efforts to mitigate the disease's domestic and global impacts have disrupted operations of companies in many industries. Facility closings, labor and personnel layoffs, curtailments of supply lines and increased materials costs, contracted production, dislocations of product-delivery methods, and reduced markets enhance the Organization's risk factors as they have a significant reliance on revenue from third parties to fund their operations. These factors adversely impact revenue recognition, cash flows and liquidity, contingencies, and in some instances, the going-concern assumption. Presently, the ultimate, effects of this crisis on financial position, results of operations, and cash flows are indeterminable because the duration of the crisis is also indeterminable; however, management continues to monitor developments.

## **SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
United Way of Pennsylvania  
Harrisburg, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of the United Way of Pennsylvania and Affiliated Entity (the Organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated **Month xx, 2022**.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Camp Hill, Pennsylvania  
Month xx, 2022

**UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY**

**SCHEDULE OF CURRENT YEAR FINDINGS AND  
SCHEDULE OF PRIOR YEAR FINDINGS  
Year Ended December 31, 2021**

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**Schedule of Current Year Findings**

None

**Schedule of Prior Year Findings**

None