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**UNITED WAY OF PENNSYLVANIA
AND AFFILIATED ENTITY**

FINANCIAL REPORT

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of Pennsylvania and Affiliated Entity
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, 2023 and 2022, 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, 2023 and 2022, 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 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 Standard*, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **DATE**, 2024, 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
DATE, 2024

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 871,367	\$ 3,766,513
Certificates of deposit	505,301	104,933
Accounts receivable	820,701	361,177
Prepaid expenses	24,514	423,974
Total current assets	2,221,883	4,656,597
Property and Equipment - net of accumulated depreciation	15,781	13,855
Operating Lease right-of-use asset	358,495	415,202
Total assets	\$ 2,596,159	\$ 5,085,654
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 782,513	\$ 194,004
Accrued payroll and related taxes and withholdings	43,946	30,458
Compensated absences	19,918	8,544
Deferred income	-	19,782
Security deposits	-	1,750
Current portion of operating lease liability	53,796	52,022
Total current liabilities	900,173	306,560
Noncurrent portion of operating lease liability	310,459	364,255
Total liabilities	1,210,632	670,815
Net Assets		
Without donor restriction		
Undesignated	629,239	998,423
Board designated	505,301	104,933
With donor restrictions	250,987	3,311,483
Total net assets	1,385,527	4,414,839
Total liabilities and net assets	\$ 2,596,159	\$ 5,085,654

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	Without Donor Restriction	With Donor Restriction	Total
Revenues and Other Support			
Grant revenues	\$ 2,048,891	\$ 1,211,996	\$ 3,260,887
Membership dues allocated by supporting United Ways	312,975	-	312,975
Contributions	30,182	48	30,230
Rental income	4,310	-	4,310
Investment income	277	45,595	45,872
Miscellaneous income	14,958	-	14,958
Conference and seminar income	40,824	-	40,824
Net assets released from restrictions	4,318,135	(4,318,135)	-
Total revenues and other support	6,770,552	(3,060,496)	3,710,056
Expenses and Losses			
Program service expenses	6,159,883	-	6,159,883
Management and general	530,706	-	530,706
Fundraising	48,779	-	48,779
Total functional expenses	6,739,368	-	6,739,368
Changes in net assets	31,184	(3,060,496)	(3,029,312)
Net Assets:			
January 1, 2023	1,103,356	3,311,483	4,414,839
December 31, 2023	\$ 1,134,540	\$ 250,987	\$ 1,385,527

See Notes to Consolidated Financial Statements.

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	Without Donor Restriction	With Donor Restriction	Total
Revenues and Other Support			
Grant revenues	\$ 1,190,245	\$ 4,970,292	\$ 6,160,537
Membership dues allocated by supporting United Ways	331,775	-	331,775
Contributions	26,663	300	26,963
Rental income	22,449	-	22,449
Investment income	10,705	-	10,705
Miscellaneous income	59,511	-	59,511
Conference and seminar income	18,455	-	18,455
Net assets released from restrictions	2,270,854	(2,270,854)	-
Total revenues and other support	3,930,657	2,699,738	6,630,395
Expenses and Losses			
Program service expenses	3,504,018	-	3,504,018
Management and general	56,751	-	56,751
Fundraising	59,455	-	59,455
Total functional expenses	3,620,224	-	3,620,224
Changes in net assets	310,433	2,699,738	3,010,171
Net Assets:			
January 1, 2022	792,923	611,745	1,404,668
December 31, 2022	\$ 1,103,356	\$ 3,311,483	\$ 4,414,839

See Notes to Consolidated Financial Statements.

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	Program Services			Total Program
	Member Training and Support	Public Policy	PA 2-1-1	
Personnel Expenses				
Salaries and temporary help	\$ 141,345	\$ 131,345	\$ 363,481	\$ 636,171
Payroll taxes	11,877	11,037	30,542	53,456
Employee benefits	17,627	16,380	45,330	79,337
Total personnel expenses	170,849	158,762	439,353	768,964
Operating Expenses				
Computer system upgrade/technical support	1,205	1,120	3,099	5,424
Equipment rental, repairs and maintenance	898	834	2,309	4,041
Program expenses	2,365,412	-	1,404,499	3,769,911
Insurance	1,926	1,790	4,953	8,669
Organization dues	725	674	1,864	3,263
Professional fees	320,097	297,451	823,157	1,440,705
Rent	11,210	10,417	28,827	50,454
Staff travel and training	5,105	4,743	13,127	22,975
Subscriptions and reference publications	4,485	4,167	11,532	20,184
Supplies	2,862	2,660	7,360	12,882
Meetings and conferences	48,661	-	-	48,661
Total operating expenses	2,762,586	323,856	2,300,727	5,387,169
Depreciation	833	774	2,143	3,750
Total functional expenses	\$ 2,934,268	\$ 483,392	\$ 2,742,223	\$ 6,159,883

See Notes to Consolidated Financial Statements.

Management and General	Fundraising	Total	2022
\$ 144,201	\$ 13,254	\$ 793,626	\$ 609,154
12,116	1,114	66,686	49,261
17,984	1,653	98,974	75,014
174,301	16,021	959,286	733,429
1,230	113	6,767	7,513
916	84	5,041	2,250
-	-	3,769,911	2,302,430
1,965	181	10,815	10,747
739	68	4,070	4,658
326,567	30,015	1,797,287	420,048
11,435	1,051	62,940	63,328
5,207	479	28,661	20,175
4,575	421	25,180	24,367
2,920	268	16,070	6,068
-	-	48,661	22,134
355,554	32,680	5,775,403	2,883,718
851	78	4,679	3,077
<u>\$ 530,706</u>	<u>\$ 48,779</u>	<u>\$ 6,739,368</u>	<u>\$ 3,620,224</u>

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program Services			Total Program
	Member Training and Support	Public Policy	PA 2-1-1	
Personnel Expenses				
Salaries and temporary help	\$ 221,496	\$ 132,045	\$ 183,201	\$ 536,742
Payroll taxes	19,243	11,472	12,255	42,970
Employee benefits	26,557	15,832	23,943	66,332
Total personnel expenses	267,296	159,349	219,399	646,044
Operating Expenses				
Computer system upgrade/technical support	1,470	1,470	3,838	6,778
Equipment rental, repairs and maintenance	635	379	1,029	2,043
Program expenses	1,241,750	-	1,060,680	2,302,430
Insurance	3,854	2,298	3,335	9,487
Organization dues	597	598	3,463	4,658
Professional fees	35,807	21,347	351,188	408,342
Rent	25,331	25,331	-	50,662
Staff travel and training	3,464	3,464	11,515	18,443
Subscriptions and reference publications	7,940	7,939	8,488	24,367
Supplies	1,576	940	3,037	5,553
Meetings and conferences	20,132	-	2,002	22,134
Total operating expenses	1,342,556	63,766	1,448,575	2,854,897
Depreciation	1,272	1,272	533	3,077
Total functional expenses	\$ 1,611,124	\$ 224,387	\$ 1,668,507	\$ 3,504,018

See Notes to Consolidated Financial Statements.

Management and General	Fundraising	Total
\$ 29,817	\$ 42,595	\$ 609,154
2,590	3,701	49,261
3,575	5,107	75,014
35,982	51,403	733,429
735	-	7,513
85	122	2,250
-	-	2,302,430
519	741	10,747
-	-	4,658
4,820	6,886	420,048
12,666	-	63,328
1,732	-	20,175
-	-	24,367
212	303	6,068
-	-	22,134
20,769	8,052	2,883,718
-	-	3,077
\$ 56,751	\$ 59,455	\$ 3,620,224

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Changes in net assets	\$ (3,029,312)	\$ 3,010,171
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	4,679	3,077
Non-cash lease expense	4,685	1,075
(Increase) decrease in:		
Accounts receivable	(459,524)	66,178
Prepaid expenses	399,460	(382,001)
(Decrease) increase in:		
Accounts payable	588,509	(126,929)
Accrued payroll and related taxes and withholdings	13,488	6,282
Compensated absences	11,374	1,236
Security deposits	(1,750)	-
Deferred income	(19,782)	(37,533)
Net cash provided by (used in) operating activities	(2,488,173)	2,541,556
Cash Flows From Investing Activities		
Purchase of certificate of deposit	(400,000)	-
Reinvestment of interest on certificates of deposit	(368)	(418)
Purchase of property and equipment	(6,605)	(44,418)
Net cash used in investing activities	(406,973)	(44,836)
Increase (decrease) in cash and cash equivalents	(2,895,146)	2,496,720
Cash and Cash Equivalents:		
Beginning	3,766,513	1,269,793
Ending	\$ 871,367	\$ 3,766,513

See Notes to Consolidated Financial Statements.

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation: The accompanying, consolidated financial statements include the accounts of 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

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 ("U.S. 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 carried at original invoice amounts less an estimate for potential credit losses. Management determines the allowance for credit losses by evaluating individual accounts and considering the customer's financial condition, credit history, and current and expected future economic conditions.

Based on the Organization's collection history and management's expectation of consistency of that trend in the future, an allowance for credit losses has not been provided at December 31, 2023.

Receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written-off are recognized as income when received or as an offset to credit loss expense.

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

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 Accounting Standards Codification (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 Consolidated 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.

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Leases: The Organization leases buildings and equipment under long-term lease agreements. At the lease commencement date, the Organization classifies its leases as either finance or operating based on the lease agreement terms. A lease is classified as a finance lease if certain criteria are met. If none of the lease classification criteria are met, the lease is classified as an operating lease. Leases with initial terms of 12 months or more are accounted for on the Organization's balance sheet as a financial liability with a corresponding right-of-use asset (ROU). Improvements to leased property are capitalized as assets and are amortized over the shorter of (1) the economic useful life of the asset or (2) the lease term including reasonably assured renewal periods. Leasehold improvements to property under related party arrangements are amortized over the economic useful life of the leasehold improvement.

The initial measurement of the lease liability, regardless of the lease's classification, is comprised of the discounted lease payments over the lease term, using the discount rate at the lease commencement date. The initial measurement of the ROU asset, regardless of the lease's classification, is comprised of the lease liability adjusted for prepayments, initial direct costs incurred by the lessee, and any lease incentive received from the lessor before commencement of the lease. Subsequently, the lease liability, regardless of the lease's classification, is amortized over the lease term using the discount rate used to initially measure the lease liability. For finance leases, the ROU asset is amortized on the straight-line basis over the lease term. For operating leases, amortization of the ROU asset is equal to the amortization of the lease liability. Periodic lease expense for financing leases is comprised of the amortization of the ROU asset and the accretion of the lease liability. Periodic lease expense for operating leases is based on amortizing the remaining lease costs over the remaining lease term on a straight-line basis. Executory costs, such as insurance, taxes, maintenance, and repairs, are charged to expense as incurred.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

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

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.

Reclassifications: Certain amounts in the 2022 financial statements have been reclassified with no effects on the 2022 financial position, changes in net assets and cash flows to be consistent with the classifications utilized in the 2023 financial statements.

Adoption of New FASB Accounting Standards: In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade accounts receivable. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Subsequent Events: Management of the Organization has evaluated subsequent events through **DATE**, 2024, 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.

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Credit and Business Concentrations

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.

Revenue from two customers totaled approximately 65% of total revenue in 2023 and 84% of total revenue was received from one customer 2022. Accounts receivable from these customers amounted to approximately 86% and 49%, as of December 31, 2023 and 2022, respectively.

Note 4. Availability and Liquidity

The following table reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the Consolidated Statements 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.

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 871,367	\$ 3,766,513
Certificate of deposit	505,301	104,933
Accounts receivable	820,701	361,177
Total financial assets	2,197,369	4,232,623
Less amounts not available to be used within one year:		
Net assets with board designations	505,301	104,933
Net assets with donor restrictions	250,987	3,311,483
	756,288	3,416,416
Financial assets available to meet general expenditures over the next twelve months	\$ 1,441,081	\$ 816,207

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 Statements of Cash Flows which identifies the sources and uses of the Organization's cash s for the years ended December 31, 2023 and 2022.

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

Note 5. Accounts Receivable

Accounts receivables consist of the following at December 31:

	2023	2022
Grants	\$ 778,148	\$ 342,200
Membership dues	11,513	7,638
2-1-1 income	27,897	4,938
Due from Cumberland County	-	3,165
Security deposit	3,143	3,143
Interest	-	93
	<u>\$ 820,701</u>	<u>\$ 361,177</u>

Note 6. Property and Equipment

Property and equipment consist of the following at December 31:

	2023	2022
Furniture and equipment	\$ 83,701	\$ 77,096
Less accumulated depreciation	(67,920)	(63,241)
Net property and equipment	<u>\$ 15,781</u>	<u>\$ 13,855</u>

Depreciation for the years ended December 31, 2023 and 2022, was \$4,679 and \$3,077, 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 8.0% and 7.0% at December 31, 2023 and 2022, respectively. There were no outstanding borrowings on the line-of-credit as of December 31, 2023 and 2022.

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Deferred Income

Deferred income consists of the following at December 31:

	2023	2022
Rental income	\$ -	\$ 2,155
Membership dues - United Way of Pennsylvania	-	1,050
Program fees	-	16,577
	\$ -	\$ 19,782
	\$ -	\$ 19,782

Note 9. Net Assets with Donor Restrictions

The Organization's net assets with donor restrictions at December 31, 2023 and 2022, are comprised of the following:

	2023	2022
Subject to expenditure for specified purpose:		
PA 2-1-1	\$ 44,245	\$ 3,105,368
Digital Equity	48,504	-
Paid Family Leave	1,910	-
Pa AIRS Scholarship	6,692	18,252
Early Learning PA	81,070	85,541
Home for Good CoC	68,566	61,286
Pritzker Child Initiative - EITC	-	13,947
Community Health Funding	-	27,089
	\$ 250,987	\$ 3,311,483
	\$ 250,987	\$ 3,311,483

2023 and 2022 net assets were released from donor restrictions by incurring expenses satisfying restricted purposes or by realization of events specified by donors as follows:

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Net Assets with Donor Restrictions (Continued)

	2023	2022
Satisfaction of purpose restrictions		
PA 2-1-1	\$ 3,856,766	\$ 1,912,127
Community Health Funding	27,089	1,106
Early Learning Pa	176,467	229,780
Home for Good CoC	196,720	30,818
Pritzker Child Initiative - EITC	13,947	63,484
Pa AIRS Scholarship	11,560	8,539
Paid Family Leave	9,090	-
Digital Equity	26,496	-
Phone upgrade	-	25,000
	<u>\$ 4,318,135</u>	<u>\$ 2,270,854</u>

Note 10. 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.

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.

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Leases (Continued)

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended December 31, 2023:

Components of lease cost	2023	2022
Operating lease cost	\$ 62,894	\$ 62,894
Sublease income	(4,310)	(22,429)
Total lease costs	\$ 58,584	\$ 40,465

Supplemental cash flow information related to leases is as follows:

Other Information	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 58,208	\$ 61,820
ROU assets obtained in exchange for new operating lease liabilities	\$ -	\$ 471,111
Weighted-average remaining lease term in years for operating leases	6.14	7.12
Weighted-average discount rate for operating leases	1.59%	1.59%

The future maturities of the Organization's operating leases as of December 31, 2023, are as follows:

Year	Amount
2023	\$ 59,144
2024	58,984
2025	60,591
2026	62,243
2027	63,938
Thereafter	77,814
Total lease payments	382,714
Less: imputed interest	(18,459)
Total present value of lease liabilities	\$ 364,255

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. 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 \$8,073 and \$10,050 for the years ended December 31, 2023 and 2022, respectively.

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SUPPLEMENTARY INFORMATION

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

Board of Directors
United Way of Pennsylvania and Affiliated Entity
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 statements of financial position as of December 31, 2023, 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 **DATE**, 2024.

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
DATE, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE
THE UNIFORM GUIDANCE**

Board of Directors
United Way of Pennsylvania and Affiliated Entity
Harrisburg, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of Pennsylvania's compliance with the types of compliance requirements identified as subject in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended December 31, 2023. United Way of Pennsylvania's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion United Way of Pennsylvania., complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Camp Hill, Pennsylvania
DATE, 2024

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified: _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over the major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section I - Summary of Auditor's Results (Continued)

Identification of the major programs:

C.F.D.A.

Number	Name of Federal Programs
93.268	Immunization Cooperative Agreements

Dollar threshold used to distinguish between
type A and type B programs \$750,000

Auditee qualified as low-risk auditee? Yes X No

Section II - Financial Statement Findings

A. Internal Control over Financial Report Findings

There were no material weaknesses relating to the financial statement audit required to be reported under *Government Auditing Standards*.

B. Compliance Findings

There were no compliance findings relating to the financial statement audit required to be reported under *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

A. Internal Control over Compliance Findings

There were no findings relating to Federal awards which were required to be reported in accordance with section 2 CFR 200.516(a).

B. Compliance Findings

There were no findings relating to Federal awards which were required to be reported in accordance with section 2 CFR 200.516(a).

UNITED WAY OF PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Contract Number	Federal C.F.D.A. Number	Federal Expenditures	Amounts paid to Subrecipients
U.S. Department of Health and Human Services				
Passed through Pennsylvania Department of Health Immunization Cooperative Agreements	4100089639	93.268	\$ 1,250,619	\$ -
Total U.S. Department of Health and Human Services			<u>1,250,619</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
Direct Funding				
Continuum of Care Program	PA0736L3T092207	14.267	27,560	-
Continuum of Care Program	PA1084L3T092200	14.267	25,460	-
Passed through Housing Alliance of Pennsylvania Continuum of Care Program	N/A	14.267	291,798	-
Total U.S. Department of Housing and Urban Development			<u>344,818</u>	<u>-</u>
Total expenditures of Federal awards			<u>\$ 1,595,437</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures
of Federal Awards.

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the Federal-grant activity of United Way of Pennsylvania under programs of the Federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of United Way of Pennsylvania.

Note 2. Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity, identifying numbers are presented where available.

Note 3. Indirect Cost Rate

United Way of Pennsylvania has elected to use the 10-percent, de-minimis, indirect-cost rate allowed under the Uniform Guidance.

UNITED WAY OF PENNSYLVANIA AND AFFILIATED ENTITY

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

There were no prior year audit findings