



United Way of Greater Philadelphia and Southern New Jersey and Affiliate

**Consolidated Financial Statements
June 30, 2022 and 2021**

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

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Independent Auditor's Report

To the Board of Directors of
United Way of Greater Philadelphia and Southern New Jersey
Philadelphia, Pennsylvania

Opinion

We have audited the consolidated financial statements of United Way of Greater Philadelphia and Southern New Jersey and Affiliate ("UWGPSNJ"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated 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 UWGPSNJ's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 UWGPSNJ'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UWGPSNJ's ability to continue as a going concern for a reasonable period of time.

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

BDO USA, LLP

Philadelphia, Pennsylvania
December 14, 2022

Consolidated Financial Statements

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidated Statements of Financial Position

June 30,	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 23,692,753	\$ 27,638,805
Short term investments, at fair value (Note 3)	7,318,309	8,696,537
Pledges receivable, net (Note 4)	6,031,735	7,828,006
Grants receivable (Note 5)	-	1,490,417
Other current assets	411,827	347,372
Total Current Assets	37,454,624	46,001,137
Long-term investments, at fair value (Note 3)	70,805,139	82,334,277
Long-term pledges receivable, net (Note 4)	-	238,466
Funds held for others (Note 2)	-	10,220,000
Land and equipment, net (Note 6)	403,979	563,196
Operating lease right-of-use asset, net (Note 7)	2,734,412	-
Cash surrender value of life insurance policies	-	53,542
Total Assets	\$ 111,398,154	\$ 139,410,618
Liabilities and Net Assets		
Current Liabilities		
Distributions payable to agencies, including donor designations of \$2,380,154 and \$2,939,039 in 2022 and 2021, respectively	\$ 8,323,567	\$ 9,066,442
Accounts payable and accrued expenses (Note 8)	1,555,946	3,020,143
Operating lease liability (Note 7)	306,876	-
Deferred revenue	536,337	-
Payroll Protection Program Loan (Note 9)	-	1,090,272
Total Current Liabilities	10,722,726	13,176,857
Funds held for others (Note 2)	-	10,220,000
Long-term distributions payable to agencies	-	2,945
Operating lease liability (Note 7)	2,496,833	-
Total Liabilities	13,219,559	23,399,802
Net Assets		
Without donor restrictions	68,822,941	81,218,111
With donor restrictions (Note 11)	29,355,654	34,792,705
Total Net Assets	98,178,595	116,010,816
Total Liabilities and Net Assets	\$ 111,398,154	\$ 139,410,618

See accompanying notes to consolidated financial statements.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

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

	Without Donor Restrictions	With Donor Restrictions	Total 2022
Public Support			
Annual campaign	\$ 13,313,578	\$ 4,874,478	\$ 18,188,056
Gross campaign results in prior year - released from restriction	674,251	(674,251)	-
Program restricted campaign gifts raised in prior year released from restriction	861,643	(861,643)	-
Less - amounts raised on behalf of others	(4,338,279)	41,111	(4,297,168)
<hr/>			
Gross undesignated annual campaign	10,511,193	3,379,695	13,890,888
Provision for uncollectable pledges	(694,914)	-	(694,914)
<hr/>			
Net annual campaign	9,816,279	3,379,695	13,195,974
Grants and other contributions	1,104,772	-	1,104,772
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Total Public Support	10,921,051	3,379,695	14,300,746
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Revenue			
Earned revenue	1,460,749	-	1,460,749
Amounts received from other United Ways	141,819	-	141,819
Administrative fees on amounts raised on behalf of othe	644,843	-	644,843
Legacies and bequests	178,876	-	178,876
Rental and miscellaneous income	87,327	-	87,327
Application of spending policy	3,341,597	-	3,341,597
Investment income	157,413	-	157,413
Donated materials and services	237,597	-	237,597
Net assets released from restrictions	6,386,273	(6,386,273)	-
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Total Revenue	12,636,494	(6,386,273)	6,250,221
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Total Public Support and Revenue	23,557,545	(3,006,578)	20,550,967

See accompanying notes to consolidated financial statements.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

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

	Without Donor Restrictions	With Donor Restrictions	Total 2022
Distributions and Expenses			
Distributions and related items -			
distributions to agencies	10,420,243	-	10,420,243
Less - donor designated distributions to agencies	(3,649,490)	-	(3,649,490)
Net distributions to agencies	6,770,753	-	6,770,753
Special distributions and projects	8,040,721	-	8,040,721
Total Distributions and Related Items	14,811,474	-	14,811,474
Expenses			
Fundraising	2,493,586	-	2,493,586
General and administrative	3,439,451	-	3,439,451
Donated general and administrative materials and services	118,298	-	118,298
Total Cost of Campaign	6,051,335	-	6,051,335
Program Services			
Community impact	5,005,729	-	5,005,729
Other program services	250,846	-	250,846
Grant expenditures	503,346	-	503,346
Total Program Services	5,759,921	-	5,759,921
Total Expenses and Program Services	11,811,256	-	11,811,256
Total Distributions and Expenses	26,622,730	-	26,622,730
Change in net assets from operating activities	(3,065,185)	(3,006,578)	(6,071,763)
Non-Operating Activities			
Investment income, net of spending policy	(9,329,985)	(2,430,473)	(11,760,458)
Change in Net Assets from Non-Operating Activities	(9,329,985)	(2,430,473)	(11,760,458)
Change in Net Assets	(12,395,170)	(5,437,051)	(17,832,221)
Net Assets, July 1, 2021	81,218,111	34,792,705	116,010,816
Net Assets, June 30, 2022	\$ 68,822,941	\$ 29,355,654	\$ 98,178,595

See accompanying notes to consolidated financial statements.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidated Statement of Activities and Changes in Net Assets Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total 2021
Public Support			
Annual campaign	\$ 21,178,874	\$ 3,393,735	\$ 24,572,609
Gross campaign results in prior year - released from restriction	1,098,151	(1,098,151)	-
Program restricted campaign gifts raised in prior year released from restriction	1,187,774	(1,187,774)	-
Less - amounts raised on behalf of others	(10,092,493)	38,103	(10,054,390)
Gross undesignated annual campaign	13,372,306	1,145,913	14,518,219
Provision for uncollectable pledges	(553,986)	-	(553,986)
Net annual campaign	12,818,320	1,145,913	13,964,233
Grants and other contributions	20,765,366	-	20,765,366
Total Public Support	33,583,686	1,145,913	34,729,599
Revenue			
Earned revenue	2,496,519	-	2,496,519
Amounts received from other United Ways	116,168	-	116,168
Administrative fees on amounts raised on behalf of others	708,494	-	708,494
Legacies and bequests	298,401	-	298,401
Rental and miscellaneous income	1,621	-	1,621
Application of spending policy	3,220,916	-	3,220,916
Investment income	190,884	-	190,884
Donated materials and services	510,232	-	510,232
Net assets released from restrictions	2,908,220	(2,908,220)	-
Total Revenue	10,451,455	(2,908,220)	7,543,235
Total Public Support and Revenue	44,035,141	(1,762,307)	42,272,834

See accompanying notes to consolidated financial statements.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidated Statement of Activities and Changes in Net Assets Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total 2021
Distributions and Expenses			
Distributions and related items -			
distributions to agencies	15,412,077	-	15,412,077
Less - donor designated distributions to agencies	(9,383,999)	-	(9,383,999)
Net distributions to agencies	6,028,078	-	6,028,078
Special distributions and projects	6,320,447	-	6,320,447
Total Distributions and Related Items	12,348,525	-	12,348,525
Expenses			
Fundraising	2,640,913	-	2,640,913
General and administrative	4,567,107	-	4,567,107
Donated general and administrative materials and services	62,396	-	62,396
Total Cost of Campaign	7,270,416	-	7,270,416
Program Services			
Community impact	4,291,710	-	4,291,710
Other program services	223,912	-	223,912
Grant expenditures	812,913	-	812,913
Total Program Services	5,328,535	-	5,328,535
Total Expenses and Program Services	12,598,951	-	12,598,951
Total Distributions and Expenses	24,947,476	-	24,947,476
Change in net assets from operating activities	19,087,665	(1,762,307)	17,325,358
Non-Operating Activities			
Investment income, net of spending policy	9,847,077	4,802,583	14,649,660
Change in Net Assets from Non-Operating Activities	9,847,077	4,802,583	14,649,660
Change in Net Assets	28,934,742	3,040,276	31,975,018
Net Assets, July 1, 2020	52,283,369	31,752,429	84,035,798
Net Assets, June 30, 2021	\$ 81,218,111	\$ 34,792,705	\$ 116,010,816

See accompanying notes to consolidated financial statements.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidated Statements of Cash Flows

Year ended June 30,	2022	2021
Cash Flows from Operating Activities		
Changes in net assets	\$ (17,832,221)	\$ 31,975,018
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	159,217	193,264
Net realized and unrealized losses (gains) on investments	9,734,725	(17,170,188)
Recovery of uncollectible pledges, net of provision	(1,271,904)	(1,300,171)
Forgiveness of Payroll Protection Loan	(1,090,272)	(736,705)
Operating lease liability adjustment	69,296	-
Changes in assets and liabilities:		
Decrease in pledges receivable	3,306,641	3,789,984
Decrease (increase) in grants receivable	1,490,417	(1,486,139)
Decrease in cash surrender value of life insurance policies	53,542	-
Increase in other assets	(64,455)	(129,361)
(Decrease) increase in funds held on behalf of others	(10,220,000)	10,220,000
Decrease in distributions payable to agencies	(745,820)	(4,154,097)
Increase in deferred revenue	536,337	-
Decrease in accounts payable and accrued expenses	(1,464,197)	(146,746)
Net cash (used in) provided by operating activities	(17,338,694)	21,054,859
Cash flows from investing activities		
Purchases of land, building, and equipment	-	(48,750)
Purchase of/proceeds from sales of investments, net	3,172,642	505,786
Net cash provided by investing activities	3,172,642	457,036
Cash flows from financing activities		
Proceeds from Payroll Protection Program Loan	-	1,090,272
Net cash provided by financing activities	-	1,090,272
Net (Decrease) Increase in Cash and Cash Equivalents	(14,166,052)	22,602,167
Cash and Cash Equivalents, beginning of year	37,858,805	15,256,638
Cash and Cash Equivalents, end of year	\$ 23,692,753	\$ 37,858,805

See accompanying notes to consolidated financial statements.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidated Statement of Functional Expenses Year Ended June 30, 2022

	Program Services				Support Services			2022 Total
	Community Impact	Other Program Services	Grants	Total	General and Administrative	Fundraising	Total	
Distributions to agencies	\$ 10,420,243	\$ -	\$ -	\$ 10,420,243	\$ -	\$ -	\$ -	\$ 10,420,243
Less - donor designated distributions	(3,649,490)	-	-	(3,649,490)	-	-	-	(3,649,490)
Special distributions and projects	8,040,721	-	-	8,040,721	-	-	-	8,040,721
Total Distributions	14,811,474	-	-	14,811,474	-	-	-	14,811,474
Salaries	2,088,594	49,216	112,735	2,250,545	1,388,849	1,448,701	2,837,550	5,088,095
Employee health & retirement benefits	263,635	987	4,114	268,736	347,863	164,814	512,677	781,413
Payroll taxes	144,673	1,951	8,127	154,751	114,138	102,714	216,852	371,603
Total Salaries and Related Benefits	2,496,902	52,154	124,976	2,674,032	1,850,850	1,716,229	3,567,079	6,241,111
Other Operating Expenses								
Professional services and contract payments	1,575,971	125,202	180,973	1,882,146	968,850	344,625	1,313,475	3,195,621
Donated professional services and contract payments	118,298	-	-	118,298	118,298	-	118,298	236,596
Office services	1,539	48	200	1,787	2,998	980	3,978	5,765
Supplies	19,333	720	3,001	23,054	9,467	6,424	15,891	38,945
Telephone	3,816	113	472	4,401	5,151	2,987	8,138	12,539
Postage and shipping	2,481	97	404	2,982	4,859	5,487	10,346	13,328
Occupancy	162,426	3,380	14,085	179,891	301,753	98,650	400,403	580,294
Outside printing, artwork and advertising	59,448	456	1,901	61,805	17,766	103,635	121,401	183,206
Travel, training and meetings	232,159	891	3,711	236,761	36,294	129,678	165,972	402,733
Membership dues	78,694	-	-	78,694	5,502	86	5,588	84,282
Equipment rental and repairs	21,357	2,498	10,407	34,262	57,413	19,462	76,875	111,137
Miscellaneous	4,802	-	-	4,802	47,974	56	48,030	52,832
United Way Worldwide dues	172,777	49,365	123,412	345,554	98,731	49,365	148,096	493,650
Depreciation of building and equipment	55,726	15,922	39,804	111,452	31,843	15,922	47,765	159,217
Total Other Operating Expenses	2,508,827	198,692	378,370	3,085,889	1,706,899	777,357	2,484,256	5,570,145
Total Operating Expenses	5,005,729	250,846	503,346	5,759,921	3,557,749	2,493,586	6,051,335	11,811,256
Total Expenses	\$ 19,817,203	\$ 250,846	\$ 503,346	\$ 20,571,395	\$ 3,557,749	\$ 2,493,586	\$ 6,051,335	\$ 26,622,730

See accompanying notes to consolidated financial statements.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Consolidated Statement of Functional Expenses Year Ended June 30, 2021

	Program Services				Support Services			2021 Total
	Community Impact	Other Program Services	Grants	Total	General and Administrative	Fundraising	Total	
Distributions to agencies	\$ 15,412,077	\$ -	\$ -	\$ 15,412,077	\$ -	\$ -	\$ -	\$ 15,412,077
Less - donor designated distributions	(9,383,999)	-	-	(9,383,999)	-	-	-	(9,383,999)
Special distributions and projects	6,320,447	-	-	6,320,447	-	-	-	6,320,447
Total Distributions	12,348,525	-	-	12,348,525	-	-	-	12,348,525
Salaries	1,859,401	37,391	96,018	1,992,810	1,750,184	1,621,237	3,371,421	5,364,231
Employee health & retirement benefits	78,360	3,497	10,519	92,376	861,369	89,000	950,369	1,042,745
Payroll taxes	131,848	2,668	7,146	141,662	124,258	116,290	240,548	382,210
Total Salaries and Related Benefits	2,069,609	43,556	113,683	2,226,848	2,735,811	1,826,527	4,562,338	6,789,186
Other Operating Expenses								
Professional services and contract payments	1,120,202	56,226	313,511	1,489,939	1,240,942	163,402	1,404,344	2,894,283
Donated professional services and contract payments	447,836	-	-	447,836	62,396	-	62,396	510,232
Office services	189	44	64	297	3,121	205	3,326	3,623
Supplies	75,976	523	157	76,656	16,463	7,255	23,718	100,374
Telephone	9,503	2,048	835	12,386	6,532	9,293	15,825	28,211
Postage and shipping	3,268	180	818	4,266	8,278	3,490	11,768	16,034
Occupancy	112,125	17,716	75,709	205,550	253,614	27,106	280,720	486,270
Outside printing, artwork and advertising	93,471	53,976	67,416	214,863	18,053	169,349	187,402	402,265
Travel, training and meetings	29,013	976	888	30,877	46,347	148,786	195,133	226,010
Grant overhead reimbursement	(2,000)	-	90,731	88,731	-	1	1	88,732
Membership dues	66,655	-	-	66,655	305	8,433	8,738	75,393
Equipment rental and repairs	54,020	15,832	1,810	71,662	74,429	63,600	138,029	209,691
Miscellaneous	7,282	1,146	5,208	13,636	24,729	1,936	26,665	40,301
United Way Worldwide dues	163,975	25,891	120,824	310,690	86,303	138,089	224,392	535,082
Depreciation of building and equipment	40,586	5,798	21,259	67,643	52,180	73,441	125,621	193,264
Total Other Operating Expenses	2,222,101	180,356	699,230	3,101,687	1,893,692	814,386	2,708,078	5,809,765
Total Operating Expenses	4,291,710	223,912	812,913	5,328,535	4,629,503	2,640,913	7,270,416	12,598,951
Total Expenses	\$ 16,640,235	\$ 223,912	\$ 812,913	\$ 17,677,060	\$ 4,629,503	\$ 2,640,913	\$ 7,270,416	\$ 24,947,476

See accompanying notes to consolidated financial statements.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2022 and 2021

1. Organization

The United Way of Greater Philadelphia and Southern New Jersey (UWGPSNJ) is a voluntary organization whose mission is to improve people's lives by mobilizing the caring power of donors, volunteers, and communities. UWGPSNJ is a tax-exempt organization under the Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly-supported organization. UWGPSNJ is governed by a volunteer Board of Directors.

UWGPSNJ conducts an annual campaign that raises funds to address the most pressing needs in the community through its Community Impact Fund. Donors to the campaign who contribute to the Community Impact Fund allow their funds to be allocated in accordance with UWGPSNJ's Community Solutions Agenda developed by UWGPSNJ's Community Impact Committee, which reports to the Board of Directors. Donors may also designate their funds to one or more tax-exempt organizations.

The accompanying consolidated financial statements include the accounts of United Way of Greater Philadelphia and Southern New Jersey ("UWGPSNJ"), and Strategic Community Solutions ("SCS"), collectively the "United Way" or the "Organization". SCS is an entity controlled by UWGPSNJ.

SCS is a not-for-profit organization incorporated as a separate but supporting organization of UWGPSNJ. SCS was formed to accept non-traditional gifts, such as real estate, art, etc. in support of UWGPSNJ's Community Impact Plan. SCS is a tax-exempt organization under the Internal Revenue Code Section 501(c)(3). UWGPSNJ initiated the process to dissolve the SCS entity during fiscal year 2022.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The consolidated financial statements of UWGPSNJ have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

All intercompany accounts and transactions are eliminated for consolidation.

Not-for-profit accounting standards require reporting of total assets, liabilities, and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; and reporting sources and uses of cash and cash equivalents in a statement of cash flows. Net assets, revenues and gains, and expenses and losses are classified as with or without donor restrictions based on the existence or absence of donor-imposed restrictions.

Accounting Pronouncements Adopted

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). ASU 2016-02 improves transparency and comparability among companies by recognizing lease assets and lease liabilities on the consolidated statement of financial position and by disclosing key information about leasing arrangements. ASU 2016-02 was effective for annual periods, beginning after December 15, 2019, with early application permitted. ASU 2020-05 deferred the effective date of ASU 2016-02 one year making it effective for annual

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2022 and 2021

reporting periods beginning after December 15, 2019. An entity is required to apply the amendments in ASU 2016-02 under the modified retrospective transition approach. This approach includes several optional practical expedients, which are described in the final standard. Under these practical expedients, an organization will continue to account for leases that commence before the effective date in accordance with current U.S. GAAP, unless the lease is modified. However, lessees are required to recognize on the statement of financial position leased assets and liabilities for operating leases at each reporting date. Refer to Note 7 for information regarding the Organization's adoption of ASU 2016-02.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents and Funds Held for Others

UWGPSNJ considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

In 2021, UWGPSNJ entered into a public-private partnership with the City of Philadelphia to fight poverty. The Philadelphia Poverty Action Fund ("PPAF"), also known as "The Promise", was established to provide direct programs and services that demonstrably reduce poverty. PPAF is funded by the City as well as donations from private donors. UWGPSNJ does not control PPAF. As fiscal agent, UWGPSNJ collected funds on behalf of PPAF which is included in funds held for other on the consolidated statement of financial position. No activity related to PPAF has been recorded on the accompanying consolidated statements of activities and changes in net assets in accordance with US GAAP.

<i>June 30,</i>	2022	2021
Cash and cash equivalents	\$ 23,692,753	\$ 27,638,805
Funds held for others	-	10,220,000
Cash and cash equivalents and funds held for others	\$ 23,692,753	\$ 37,858,805

Investments

Investments are stated at fair value in the consolidated statements of financial position (see Note 3). Realized and unrealized gains and losses on investments are reported as increases or decreases in the consolidated statements of activities and changes in net assets. The gains and losses are recorded in the net asset category where the related investment income is reported, in accordance with donor stipulations.

Investment income is shown net of related expenses of \$249,551 and \$234,489 for the years ended June 30, 2022 and 2021, respectively, on the consolidated statements of activities and changes in net assets. Related expenses consist of bank fees, custodian fees, and investment advisory fees.

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

Fair Value of Financial Instruments

Financial instruments consist of cash and cash equivalents, pledges receivable, grants receivable, legacies and bequests receivable, investments, distributions payable, and accounts payable and accrued expenses. The carrying amounts reported in the consolidated statements of financial position for cash and cash equivalents, pledges receivable, grants receivable, investments, distributions payable, and accounts payable and accrued expenses approximate fair value.

Concentration of Credit Risk

UWGPSNJ is required to disclose significant concentrations of credit risk regardless of the degree of such risk. From time to time, UWGPSNJ maintains bank deposits at financial institutions that exceed the limit of insurability under the Federal Deposit Insurance Corporation. In addition, UWGPSNJ's investments consist of a variety of financial instruments. The related values, as presented in the consolidated financial statements, are subject to various market fluctuations that include changes in equity markets, the interest rate environment, and general economic conditions.

Pledges Receivable/Promises to Give

Contributions are recognized as revenue when they are received or unconditionally pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using the effective interest rate applicable to the donor in the year in which the promise is received. Amortization of the discount is included in public support revenue. Conditional promises to give are not included in public support revenue until such time as the conditions are substantially met. An allowance for uncollectible pledges/promises to give is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Land and Equipment

Land and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets which is 3 to 10 years for equipment, furniture, and fixtures. UWGPSNJ follows the practice of capitalizing all expenditures for equipment, furniture, and fixtures in excess of \$1,000. Repairs and maintenance are charged to expense when incurred.

Donated property and equipment are recorded at fair value on the date of receipt as an increase in net assets without donor restrictions unless the donor stipulates otherwise. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, UWGPSNJ reports expiration of donor restrictions when the asset is placed into service. The cost and accumulated depreciation of property, sold or retired, is removed from the related asset and accumulated depreciation accounts, and the resulting gain or loss is recorded in the period of disposal.

Impairment of Long-Lived Assets

In accordance with the accounting standard related to the accounting for the impairment or disposal of long-lived assets, management assesses whether there are indicators that the value of UWGPSNJ's

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

long-lived assets may be impaired whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The value of a long-lived asset may be impaired if management's estimate of the aggregate, undiscounted future cash flows to be generated from the use or disposition of a long-lived asset are less than the carrying value of the asset. If impairment has occurred, the loss shall be measured as the excess of the carrying amount of the asset over its fair value.

Distributions Payable

Distributions payable represent amounts that are due periodically to UWGPSNJ's network of agencies and others. UWGPSNJ records distributions payable to agencies upon approval by the Board of Directors. Also included in this balance is the amount payable related to donor designations. This amount represents the liability relating to funds to be distributed according to the designations stipulated by individual donors pursuant to UWGPSNJ's Donor Choice Program.

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the UWGPSNJ's long-term financial viability. See Note 10 for more information on the composition of net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. UWGPSNJ reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting UWGPSNJ to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy. See Notes 11 and 12 for more information on the composition of net assets with donor restrictions and the release of restrictions, respectively.

Annual Campaign

Contributions to the annual campaign (conducted in the fall of the preceding calendar year) are recorded in the consolidated statements of activities and changes in net assets as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. These contributions to the annual campaign, which are in the form of cash and pledges, are recorded as support when the cash or pledges are received and are available for unrestricted use unless

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

specifically restricted by the donor. Allowances for uncollectible contributions receivable are provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

Contributions with donor stipulations that limit the use of the donated assets are reported as with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restricted net assets are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities and changes in net assets as "gross campaign results in prior year-released from restrictions", or "program restricted campaign gifts raised in prior year released from restrictions". UWGPSNJ classifies all contributions with donor-imposed restrictions as net assets without donor restrictions support if those restrictions are satisfied in the same reporting period in which the contribution is made.

Amounts Raised on Behalf of Others

Amounts raised on behalf of others represent designated pledges and are deducted from gross annual campaign revenues on the accompanying consolidated statements of activities and changes in net assets in accordance with US GAAP.

Grants and Other Contributions

Grants and other contributions include all grants and non-campaign contributions (other than legacies and bequests) that have been committed to UWGPSNJ during the fiscal year. Multi-year grants representing non-exchange transactions and non-campaign contributions committed during the fiscal year to be used for specific purposes at some point in the future are reported as net assets with donor restriction until used for the intended purpose as stated above.

Earned Revenue and Administrative fees

Earned revenue and administrative fees are exchange transactions in which UWGPSNJ earns a fee for administrative services provided to other companies.

Donated Materials and Services

A substantial number of volunteers have donated significant amounts of time to UWGPSNJ's fundraising campaign and other program services. No amounts have been reflected in the accompanying consolidated financial statements since the cost of these services does not meet the criteria for recognition under US GAAP. UWGPSNJ does include the fair value of definitive donations such as professional services, printed materials, and advertising related to its annual campaign. For the years ended June 30, 2022 and 2021, UWGPSNJ recorded donated professional services of \$237,597 and \$510,232, respectively. The value of these professional services were determined based on standard industry pricing for similar services.

Program Services

Program services expenses include costs incurred to provide training and technical assistance to local youth, to provide low-cost training to local human service agencies, to provide resources for union members, families, and leaders, and to promote volunteer and civic engagement.

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

Functional Allocation of Expenses

The costs of providing the various programs and other activities of UWGPSNJ are presented on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs that are deemed allocable to programs and services are allocated based on distribution of staff time. These allocations are presented in the consolidated statements of functional expenses.

Operating Indicator

UWGPSNJ utilizes changes in net assets without donor restrictions from operating activities as its performance indicator. This amount is composed of revenue and expenses resulting from the annual campaign, rental and miscellaneous income, and investment income used for operations through the annual spending policy on endowment funds. It excludes such activity as realized and unrealized gains or losses not used for operations through the spending policy and gains and losses resulting from the disposal of fixed assets. In general, changes in net assets without donor restrictions from operating activities should be at or near zero, as funds raised through the annual campaign, net of expenses, are distributed to the community.

3. Investments - Fair Value Measurements

Generally accepted accounting principles defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish a classification of fair value measurements for disclosure purposes. The hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.
- Level 3: Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

The following table presents information about UWGPSNJ's investment securities that were measured at fair value on a recurring basis as of June 30, 2022 and 2021 by level within the fair value hierarchy:

<i>June 30, 2022</i>	Total Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 535,584	\$ 535,584	\$ -	\$ -
Mutual funds	19,841,889	19,841,889	-	-
Exchange traded funds	34,343,890	34,343,890	-	-
U.S. Treasury securities	4,387,926	4,387,926	-	-
Corporate debt securities	2,890,283	-	2,890,283	-
Pooled income fund	11,612	-	11,612	-
Limited partnership/LLC interest	14,002,549	-	-	14,002,549
Beneficial interests in trusts	2,109,715	-	-	2,109,715
Total investments at fair value	78,123,448	59,109,289	2,901,895	16,112,264
Less: short-term investments	(7,318,309)	(7,318,309)	-	-
Long-Term Investments	\$ 70,805,139	\$ 51,790,980	\$ 2,901,895	\$ 16,112,264

<i>June 30, 2021</i>	Total Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 2,472,603	\$ 2,472,603	\$ -	\$ -
Mutual funds	21,858,637	21,858,637	-	-
Exchange traded funds	42,964,905	42,964,905	-	-
U.S. Treasury securities	3,852,462	3,852,462	-	-
Corporate debt securities	3,323,345	-	3,323,345	-
Pooled income fund	13,376	-	13,376	-
Limited partnership/LLC interest	13,858,109	-	-	13,858,109
Beneficial interests in trusts	2,687,377	-	-	2,687,377
Total investments at fair value	91,030,814	71,148,607	3,336,721	16,545,486
Less: short-term investments	(8,696,537)	(5,373,192)	(3,323,345)	-
Long-Term Investments	\$ 82,334,277	\$ 65,775,415	\$ 13,376	\$ 16,545,486

The following table outlines purchases and transfers of Level 3 assets for both the years ended June 30, 2022 and 2021:

	Fair value using Level 3 Inputs			Total
	Limited Partnership/LLC Interest	Beneficial Interests in Trusts		
Purchases, included interest accrued	\$ -	\$ -	\$ -	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-

The level within which the fair value measurement falls is determined based on the lowest level that is significant to the fair value measurement.

Cash and Cash Equivalents represent short-term securities purchased with an original maturity of three months or less and money market mutual funds. They are classified within Level 1 as fair values and are based on quoted market prices.

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Mutual Funds and Exchange Traded Funds represent an actively managed portfolio of registered securities. These securities trade in active markets. They are classified within Level 1 as fair values are based on quoted market prices.

U.S. Treasury Securities represent an actively managed portfolio of registered securities. The individual issues within the portfolio are actively traded bonds among broker dealers. These securities are classified within Level 1 as fair values are based upon quoted market prices.

Corporate Debt Securities represent bonds that are sold in a dealer market. These bonds trade based upon a bid-ask spread. The dealers use matrix pricing in determining their value. As such, these securities are classified as Level 2 as inputs are obtained from other valuation methodologies.

Limited Partnership/LLC Interest - The underlying partnership includes investments organized by type (cash and investments in other funds) with an indication of whether they were valued with Level 1, Level 2, or Level 3 inputs. The interest in the partnership is valued from a macro perspective due to the nature of the investment type. These financial instruments are valued as level 3 as they are not freely transferable and require approval before withdraw.

Beneficial Interests in Trusts - The underlying trusts include: money markets, equity securities, and mutual funds. The interests in the trusts are valued using a market approach. These financial instruments are Level 3 in the fair value hierarchy.

The following provides a description of the types of non-recurring financial instruments UWGPSNJ holds, the methodology for estimating fair value, and the level within the hierarchy of the estimate:

Pledges receivable and grants receivable - All multi-year pledges, grants, and legacies and bequests received in fiscal years 2022 and 2021 are recorded at the present value of future cash flows with a discount rate adjusted for any market conditions to arrive at fair value. These are considered Level 2 inputs.

Distributions payable - All multi-year distributions committed in fiscal years 2022 and 2021 are recorded at the present value of future cash flows with a discount rate adjusted for any market conditions to arrive at fair value. These are considered Level 2 inputs.

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

4. Pledges Receivable

Pledges receivable represent unconditional promises to give. Pledges receivable consist of the following as of June 30, 2022 and 2021:

<i>June 30,</i>	2022	2021
Pledges receivable related to current campaign	\$ 5,316,472	\$ 6,535,886
Pledges receivable related to dollars processed on behalf of other United Ways	985,098	1,160,971
Allowance for uncollectible pledges	(914,212)	(1,010,450)
Net pledges receivable related to current campaign, current	5,387,358	6,686,407
Pledges receivable related to prior campaigns	2,206,864	3,391,004
Allowance for uncollectible pledges	(2,206,864)	(3,367,738)
Net pledges receivable related to prior campaigns, current	-	23,266
Pledges receivable related to future campaigns due in less than one year	644,377	1,118,333
Pledges receivable related to future campaigns due in two to four years	-	253,259
Discount on pledges	-	(14,793)
Net pledges receivable related to future campaigns	644,377	1,356,799
Total pledges receivable, net	\$ 6,031,735	\$ 8,066,472

Long-term pledges receivable at June 30, 2022 represent the balance of multi-year campaign pledges received for the Fall 2022 Campaign. The gross amount of these pledges for the year ended June 30, 2022 was \$644,377.

An analysis of changes in the allowance for uncollectible pledges is as follows:

<i>June 30,</i>	2022	2021
Balance, beginning of year	\$ 4,378,188	\$ 5,647,552
Allowance for uncollectible pledges:		
Designated	249,546	356,997
Undesignated	664,666	653,453
Pledges written off	(101,309)	(322,998)
Reversal of prior years' designated reserve	(1,068,832)	(869,864)
Reversal of prior years' undesignated reserve	(1,001,183)	(1,086,952)
Balance, end of year	\$ 3,121,076	\$ 4,378,188

The allowance for uncollectible pledges is computed based upon a five-year historical average, applied to gross campaign pledges. Reversal of prior years' reserves represents a change in the estimated allowance for uncollectible pledges for prior years' campaigns.

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

5. Grants Receivable

Grants receivable represents amounts receivable for various grants awarded to UWGPSNJ. Based on historical collections, no provision for uncollectible accounts has been reserved for grants receivable as of June 30, 2022 and 2021.

6. Land and Equipment

Land and equipment consisted of the following as of June 30, 2022 and 2021:

<i>June 30,</i>	2022	2021
Equipment, furniture, and fixtures	\$ 4,015,847	\$ 4,015,847
Less: accumulated depreciation	(3,611,868)	(3,452,651)
Land, building, and equipment, net	\$ 403,979	\$ 563,196

Depreciation expense was \$159,217 and \$193,264 for the years ended June 30, 2022 and 2021, respectively.

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

7. Leases

The Organization leases certain office space and equipment under operating leases with various expiration dates through April 2030. As specified in Note 3, ASU 2016-02, *Leases*, requires the Organization to record Right-of-Use assets, representing the right to utilize and receive the economic benefit from a leased asset over the specified lease term, and Lease Liabilities, representing the obligation to make lease payments measured at the present value of future lease payments over the remaining lease term. The standard requires the Organization to classify leases as either finance or operating based on whether the arrangement is effectively a purchase of the underlying asset.

In conjunction with the adoption of ASU 2016-02, the Organization has made the following elections: (i) to adopt the package of practical expedients to not reassess certain factors for leases that commenced prior to the implementation date of ASU 2016-02, (ii) to not apply the lease standard to existing land easements that were not previously recorded as leases, (iii) to exclude short-term leases, defined as those with an initial term of one year or less, from the lease standard, (iv) to not separate non-lease components from lease components and instead to account for all components as a single lease component, and (v) to use the Organization's risk free rate.

The Organization recorded a right-of-use asset of approximately \$3,027,595 and a related lease liability of approximately \$3,071,930 as of July 1, 2021, due to the adoption of ASU 2016-02. The adoption of this guidance did not have an impact on the net assets of the Organization.

Lease costs for the year ended June 30, 2022:

Operating lease cost	\$	351,055
Short-term lease cost		-
Variable lease cost		-

Right-of-use assets and liabilities as of June 30, 2022:

Right-of-use assets - Operating	\$	2,734,412
Lease liability - Operating		2,803,709

Cash paid for amounts included in the measurement of lease liabilities
for fiscal year ending June 30, 2022:

Operating cash flows from operating leases	\$	750,605
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Right-of-use assets obtained in exchange for new operating lease liabilities for
the fiscal year ending June 30, 2022:

	\$	274,412
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Weighted-average remaining lease term - Operating Lease:	94 months
Weighted-average discount rate - Operating lease	2.01%

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2022 and 2021

For operating leases, right-of-use assets are included in operating lease assets, net and lease liabilities are included in either the operating lease liability or operating lease liability, net of current in the consolidated statements of financial position.

<i>Year Ending June 30,</i>	<i>Amount</i>
2023	\$ 359,692
2024	368,561
2025	376,525
2026	380,527
2027	390,049
Thereafter	1,158,203
Total lease payments	3,033,557
Less: imputed interest	(229,848)
Total lease liability	2,803,709
Less: current portion of lease liability	(306,876)
Long-term portion of lease liability	\$ 2,496,833

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30:

	2022	2021
Accounts payable	\$ 566,464	\$ 992,447
Accrued salaries and vacation	271,145	542,957
Fundraising fee reimbursements due to other United Ways	173,834	92,256
Other accrued expenses	544,503	1,392,483
	\$ 1,555,946	\$ 3,020,143

9. Loan Payable

UWGPSNJ applied for and received two Paycheck Protection Program loans under the provisions of the CARES (“Coronavirus Aid, Relief, and Economic Security”) Act, which was signed into law on March 27, 2020. The first loan in the amount of \$736,705 was received on April 27, 2020. The loan included terms that allowed for all or partial forgiveness of loan proceeds. On December 21, 2020, the Small Business Administration notified the bank that the loan had been forgiven and fully repaid. The second loan in the amount of \$1,090,272 was received on April 17, 2021. The loan also included terms that allowed for all or partial forgiveness of loan proceeds. UWGPSNJ was notified by the loan servicer that the loan was forgiven by the Small Business Administration in January 2022.

For the years ended June 30, 2022 and 2021, UWGPSNJ recorded forgiveness income of \$1,090,272 and \$736,505, respectively, which is included in grants and contributions in the consolidated statements of activities.

10. Board Designated Net Assets

A portion of net assets without donor restrictions has been designated by the Board of Directors for the following purposes as of June 30:

	2022	2021
Memorial/Endowment funds	\$ 43,681,871	\$ 51,050,034
Land, Building and Equipment	276,287	276,287
Education	285,010	441,939
Basic Needs	335,301	1,418,527
Financial Stability	633,956	1,111,934
Health	-	6,000
Stabilization Reserve	975,195	975,195
Capacity Building	-	291,893
Strategic Long-Range Initiatives	657,304	657,304
Office Relocation	1,222,057	1,222,057
Engagement	26,500	65,000
Other	-	53,279
	\$ 48,093,481	\$ 57,569,449

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To honor the bequests of significant donors and the amounts received in relationship to the distribution of the net assets, the Board has established several memorial funds. The Board has also established a General Fund for various bequests, memorial, and donor gifts. These funds had the following values as of June 30:

Name of Memorial Fund	2022	2021
General Fund	\$ 27,247,944	\$ 32,150,209
Gladys L. Lit Fund	4,919,513	5,720,917
Parkway Sale Fund	5,293,306	6,049,071
1956 Otto Haas Charitable Fund	1,359,483	1,580,482
Lon Greenberg Fund	1,140,968	1,327,299
James Stewart Fund	1,081,377	1,196,896
North Penn United Way	688,388	756,425
Western Home Fund	553,918	644,138
Rebecca C. Daly Fund	435,742	506,619
Linda and Tony Conti Fund	278,653	323,629
Jacob Gimbel Fund	266,025	309,729
Peritz S. Berman Fund	208,978	243,312
Mrs. Gerald F. Rorer Fund	207,576	241,308
	\$ 43,681,871	\$ 51,050,034

11. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	2022	2021
Perpetual (Note 12):		
Endowment funds	\$ 11,750,893	\$ 11,750,893
Donor-restricted for purpose or time:		
Time restrictions	7,804,229	11,109,092
Program restrictions	9,800,532	11,932,720
	\$ 29,355,654	\$ 34,792,705

Net Assets Released from Donor Restrictions

Net assets are released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrences of other events specified by donors were as follows:

	2022	2021
Fulfillment of program restrictions	\$ 7,247,916	\$ 4,095,994
Gross campaign results received in prior year released from restrictions (time)	674,251	1,098,151
	\$ 7,922,167	\$ 5,194,145

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

12. Net Assets With Donor Restriction Held in Perpetuity

Net asset with donor restriction held in perpetuity as of June 30 are as follows:

	2022	2021
John Haas Fund	\$ 9,547,144	\$ 10,911,714
United Way of Camden County Irrevocable Trusts	2,329,896	2,799,214
Mr. & Mrs. Robert E. Cawthorn Fund	1,391,688	1,618,643
Solomon Allinger Fund	909,747	1,057,393
United Way of Western Montgomery County Endowment Fund	715,972	799,949
Frederick McOwen Fund	559,167	650,233
United Way of Camden County Poverty Fund	135,680	158,168
Alma and Sylvan Cohen Fund	90,583	105,575
Samuel Fels Fund	23,708	27,456
Hannah Merzbacher Fund	16,214	19,025
Gustav Soulas Fund	15,818	18,629
Total, at fair value	15,735,617	18,165,999
Less: cumulative appreciation reported in net assets with donor restrictions	(3,984,724)	(6,415,106)
Total	\$ 11,750,893	\$ 11,750,893

13. Endowments

UWGPSNJ's endowments consist of approximately 30 individual funds established for a variety of purposes. The endowments consist of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Board of Directors of UWGPSNJ has interpreted Pennsylvania Act 141 as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, to the extent that there are no donor stipulations to the contrary. UWGPSNJ classifies the original value of gifts donated to the permanent endowment and the original value of subsequent gifts made to the permanent endowment as net assets with donor restrictions until those amounts are appropriated for expenditure by UWGPSNJ in a manner consistent with the standard of prudence described by Pennsylvania Act 141.

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

The following tables provide endowment composition by fund and endowment activity as of and for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net composition by type of fund as of June 30, 2022:			
Undesignated endowment funds	\$ 4,526,312	\$ -	\$ 4,526,312
Donor restricted endowment funds	16,844	23,230,399	23,247,243
Board designated endowment funds	43,681,871	-	43,681,871
Total funds	\$ 48,225,027	\$ 23,230,399	\$ 71,455,426
Changes in endowment net assets for the year ended June 30, 2022:			
Endowment net assets, July 1, 2021	\$ 55,596,001	\$ 26,791,326	\$ 82,387,327
Investment return:			
Investment income	840,058	471,278	1,311,336
Net appreciation (realized and unrealized)	(5,780,615)	(3,134,986)	(8,915,601)
Total investment return	(4,940,557)	(2,663,708)	(7,604,265)
Contributions	13,627	-	13,627
Appropriation of assets for expenditure in accordance with the spending policy	(2,444,044)	(897,219)	(3,341,263)
Endowment net assets, June 30, 2022	\$ 48,225,027	\$ 23,230,399	\$ 71,455,426

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

The following tables provide endowment composition by fund and endowment activity as of and for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net composition by type of fund as of June 30, 2021:			
Undesignated endowment funds	\$ 4,526,312	\$ -	\$ 4,526,312
Donor restricted endowment funds	19,655	26,791,326	26,810,981
Board designated endowment funds	51,050,034	-	51,050,034
Total funds	\$ 55,596,001	\$ 26,791,326	\$ 82,387,327

Changes in endowment net assets for the year ended June 30, 2021:

Endowment net assets, July 1, 2020	\$ 45,296,302	\$ 22,201,884	\$ 67,498,186
Investment return:			
Investment income	437,795	262,592	700,387
Net appreciation (realized and unrealized)	11,734,317	5,223,553	16,957,870
Total investment return	12,172,112	5,486,145	17,658,257
Contributions	451,800	-	451,800
Appropriation of assets for expenditure in accordance with the spending policy	(2,324,213)	(896,703)	(3,220,916)
Endowment net assets, June 30, 2021	\$ 55,596,001	\$ 26,791,326	\$ 82,387,327

Endowment balances classified as net assets with donor restrictions consisted of the following at June 30:

June 30, 2022

Net assets with donor restrictions:	
The portion of perpetual endowment funds that is required to be retained	\$ 11,750,893
Total endowment funds classified as net assets with donor restrictions	11,750,893
Net assets with donor restrictions:	
Term endowment funds	7,486,416
Accumulated gains on endowment fund	3,993,090
Total endowment funds classified as net assets with donor restrictions	\$ 23,230,399

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2022 and 2021

June 30, 2021

Net assets with donor restrictions:	
The portion of perpetual endowment funds that is required to be retained	\$ 11,750,893
<hr/>	
Total endowment funds classified as net assets with donor restrictions	11,750,893
<hr/>	
Net assets with donor restrictions:	
Term endowment funds	8,625,238
Accumulated gains on endowment fund	6,415,195
<hr/>	
Total endowment funds classified as net assets with donor restrictions	\$ 26,791,326

UWGPSNJ has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to partially offset annual campaign and administrative overhead costs while maintaining the purchasing power of the endowment. Endowment assets include those assets of donor-restricted funds that must be held in perpetuity or for a donor-specified period, as well as Board designated funds. Under this policy, endowment assets are invested in a manner that is intended to yield a long-term average annual rate of return of 5% above inflation over a rolling ten-year period on a net of fees basis while assuming a moderate level of investment risk. Actual results in any given year may vary from this amount.

To satisfy long-term rate of return objectives, UWGPSNJ relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UWGPSNJ targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve long-term strategies.

UWGPSNJ utilizes a spending policy on its Board designated, donor restricted endowment funds to calculate the portion of net appreciation that is appropriated to partially fund operating expenses. This amount is generally calculated as 5% of the five-year average market value of the Board designated, endowment funds as of September 30th of each year, except where donor restrictions specify otherwise.

The spending policy is a total return policy, such that investment income and realized and unrealized gains are reinvested and included in the investment balances on which the spending policy is calculated. Any cumulative realized and unrealized gains and losses and investment income remaining after the 5% draw remains in the respective endowment fund. This is consistent with UWGPSNJ's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return. These funds are recorded as a transfer to unrestricted net assets (application of spending policy) on the accompanying consolidated statements of activities and changes in net assets.

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

14. Liquidity and Availability of Resources

UWGPSNJ's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows:

<i>June 30,</i>	2022	2021
Cash and cash equivalents	\$ 23,692,753	\$ 27,638,805
Investments	78,123,448	91,030,815
Pledge receivables, net	6,031,735	7,828,006
Grants receivable	-	1,490,417
Other current assets	411,827	347,372
 Total financial assets available within one year	 108,259,763	 128,335,415
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donor in perpetuity	11,750,893	11,750,893
Restricted by donor with purpose restrictions	9,800,532	11,932,720
 Total amounts unavailable for general expenditures within one year	 21,551,425	 23,683,613
 Amounts unavailable to management without Board's approval:		
Board designated for Basic Needs	335,301	1,418,527
Board designated for Education	285,010	441,939
Board designated for Financial Stability	633,956	1,111,934
Board designated for Health	-	6,000
Board designated for Capacity Building and Engagement	26,500	65,000
Board designated for Strategic Mission of the Organization	46,812,714	54,526,049
 Total amounts unavailable to management without Board's approval	 48,093,481	 57,569,449
 Total financial assets available to management for general expenditure within one year	 \$ 38,614,857	 \$ 47,082,353

Liquidity Management

UWGPSNJ maintains a policy of structuring its financial assets including 100% of its investment portfolio to be available as its general expenditures, liabilities and other obligations become due. Furthermore, in response to the timing difference between the annual receipt and payment of cash, UWGPSNJ has a committed line of credit, which it could draw upon to satisfy its financial obligations in a timely manner without prematurely selling its investments. Additionally, UWGPSNJ has Board Designated net assets without donor restrictions, that while UWGPSNJ does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2022 and 2021

15. Annual Campaign

UWGPSNJ reports to the local community the amount raised in its annual campaign. This amount differs from the amount as reported in the accompanying consolidated statements of activities and changes in net assets. The reconciliation of the annual campaign as reported to the community consisted of the following for the years ended June 30:

	2022	2021
Annual campaign per consolidated financial statements	\$ 18,188,056	\$ 24,572,609
Amounts raised in prior years for current campaign	674,251	1,098,151
Amounts raised for future campaigns	(490,673)	(578,210)
Amounts recorded for prior campaigns	(405,971)	(899,231)
Endowed campaign gifts in investment income	1,422,117	1,323,809
Amounts raised for The Philadelphia Poverty Action Fund	11,069,272	12,495,004
Adjustment from resource table projection to final results	(3,417,550)	807,923
Annual campaign reported to the local community	\$ 27,039,502	\$ 38,820,055

Revenue recognition related to amounts reported in the gross annual campaign is mandated by United Way Worldwide reporting guidelines and is in accordance with accounting principles generally accepted in the United States of America. In accordance with these guidelines, Local United Way organizations (“LUWs”), such as UWGPSNJ, report gross annual campaign revenues in accordance with their respective geographic areas to avoid duplicative reporting of campaign results. As such, UWGPSNJ only reports amounts that it raises within its service area as gross annual campaign in the consolidated statements of activities and changes in net assets. Amounts raised outside its service area are not reported as public support by UWGPSNJ, but rather, by the LUW in the region in which it was raised. Although some level of effort is expended in raising such funds, the effort is generally shared with the LUW, and UWGPSNJ recuperates most of its costs through processing fees on the dollars distributed for those campaigns. Amounts raised outside UWGPSNJ service area by the UWGPSNJ or other LUWs that are available for distribution by UWGPSNJ are reported as a separate line item in public support, since the related funds are reported as a distribution to agencies by UWGPSNJ. The net impact on net assets of not reporting the effect of these transactions is zero, since these are all effectively agency transactions under US GAAP, and the amounts raised on behalf of others is offset by the amount reported as donor designated distributions to agencies. All designated funding is reported as amounts raised on behalf of others, thus not reported in the net annual campaign.

The annual campaign amount includes all amounts raised by UWGPSNJ, including some amounts that are paid directly to agencies either by the donating company or by third-party processors. These are considered to be “paydirects” by UWGPSNJ and are recorded as gross annual campaign only by the party who raises the funds. All designated funding is reported as amounts raised on behalf of others, thus not reported in the net annual campaign. The revenue recorded by the third-party processor is limited to the processing fee, thus campaign results are not duplicated by multiple parties within or outside of the UWGPSNJ system. For the Fall 2021 and 2020 Campaigns, the paydirects totaled \$0 and \$4,919,303, respectively.

United Way of Greater Philadelphia and Southern New Jersey and Affiliate

Notes to Consolidated Financial Statements June 30, 2022 and 2021

16. Related Parties

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

During the year, UWGPSNJ contracted to receive services from various companies in which Board members are employed. There have been no excess benefits to Board members as a result of these relationships.

17. Pension Plans

UWGPSNJ sponsors a defined contribution 403(b) plan for all eligible employees. Employees may elect to defer up to \$18,500 in pretax contributions to the 403(b) plan. Employees over 50 years of age may contribute \$24,000 in pretax contributions to the 403(b) plan. UWGPSNJ matches 50% of pretax employee contributions not to exceed the lesser of (i) 6% of salary or \$3,000 for full-time employees or (ii) 6% of compensation or \$1,500 for part-time employees.

UWGPSNJ may also make a discretionary contribution to the 403(b) plan on behalf of all eligible employees, based upon a percentage of their compensation for the calendar year. In addition, all eligible employees who, as of June 30, 2003, (i) had completed 15 years of service or (ii) were age 50 and completed 10 years of service received an additional amount equal to 10% of their compensation for the year. UWGPSNJ contributions to the 403(b) plan was \$223,897 and \$256,935 for the years ended June 30, 2022 and 2021, respectively.

18. Beneficial Interests in Trusts

UWGPSNJ has a beneficial interest in two trusts.

UWGPSNJ has a one-third beneficial interest in a certain trust fund established by a donor. The fund provides the irrevocable right for UWGPSNJ to receive one-third of the income earned on the trust asset in perpetuity. UWGPSNJ's portion of the trust, which is held and administered by a trustee, was approximately \$265,036 and \$329,875 at June 30, 2022 and 2021, respectively.

UWGPSNJ has a beneficial interest in a trust which provides the irrevocable right to receive income earned on the trust asset in perpetuity. The value of the trust was \$1,844,679 and \$2,357,502 at June 30, 2022 and 2021, respectively.

The value of each trust is included in long-term investments on the consolidated statements of financial position at June 30, 2022 and 2021.

19. Cost Deduction Standards

The United Way Worldwide Membership Standard M - Cost Deduction Requirements ("Standard") sets forth uniform standards for local United Ways to calculate the amount of fundraising and management and general expenses to deduct from donor pledges. The UWGPSNJ complies with the guidelines outlined in the Standard.

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Notes to Consolidated Financial Statements June 30, 2022 and 2021

20. Income Taxes

For the years ended June 30, 2022 and 2021, UWGPSNJ, LLC, and SSC did not identify any uncertain tax positions taken or expected to be taken, which would require adjustment or disclosure in the consolidated financial statements. UWGPSNJ, LLC, and SSC's information returns for the past three years are generally open for examination by U.S. federal, state, and local taxing authorities.

21. Subsequent Events

UWGPSNJ has evaluated the impact of subsequent events through December 14, 2022, the date the consolidated financial statements herein were issued. UWGPSNJ has determined that there are no material events that would require disclosure.