



Report of Independent Auditors and
Financial Statements



June 30, 2022 and 2021



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Report of Independent Auditors

The Board of Directors
United Way of the Bay Area

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Way of the Bay Area DBA United Way Bay Area (“UWBA,” or the “Organization”), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UWBA 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 UWBA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UWBA'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 UWBA'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.



San Francisco, California
April 19, 2023

Financial Statements

United Way of the Bay Area DBA United Way Bay Area
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 2,115,523	\$ 2,092,551
Pledges receivable, net	4,228,805	4,515,398
Grants and contracts receivable, net	2,093,191	3,271,771
United Way Digital Holdings LLC receivable	80,000	120,000
Investments	30,618,349	37,809,511
Prepays and other assets	138,189	259,169
Furniture, equipment, and leasehold improvements, net	104,792	141,943
Total assets	\$ 39,378,849	\$ 48,210,343
LIABILITIES AND NET ASSETS		
LIABILITIES		
Operating payables and accruals	\$ 776,260	\$ 2,855,437
Donor designations and allocations payable	3,031,504	1,945,095
Line of credit	2,022,818	2,003,022
Accrued vacation and related costs	344,215	313,775
Deferred rent	117,973	258,005
Liabilities to beneficiaries from split interest agreements	15,227	15,227
Accrued pension costs	2,408,227	2,727,733
Total liabilities	8,716,224	10,118,294
NET ASSETS		
Without donor restrictions:		
Undesignated	25,009,290	26,717,847
Board-designated	2,692,772	8,596,904
Pension liability in excess of intangible pension assets	(5,366,137)	(5,654,554)
Total net assets without donor restrictions	22,335,925	29,660,197
With donor restrictions	8,326,700	8,431,852
Total net assets	30,662,625	38,092,049
Total liabilities and net assets	\$ 39,378,849	\$ 48,210,343

See accompanying notes.

United Way of the Bay Area DBA United Way Bay Area
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public support:			
Gross campaign results	\$ 7,607,291	\$ 358,509	\$ 7,965,800
Less donor designations	(2,816,133)	-	(2,816,133)
Campaign revenue	4,791,158	358,509	5,149,667
Less provision for uncollectible pledges	(315,493)	-	(315,493)
Net campaign revenue	4,475,665	358,509	4,834,174
Grants	1,834,384	7,025,580	8,859,964
Other contributions	2,647,065	242,952	2,890,017
Donated goods and services	18,835	-	18,835
Planned giving	50,996	15,873	66,869
Net assets released from restrictions	7,418,985	(7,418,985)	-
Total public support	16,445,930	223,929	16,669,859
Service fees and earned income	609,561	-	609,561
Investment income, net	476,043	-	476,043
Net realized and unrealized loss on investments	(5,334,617)	(329,081)	(5,663,698)
Total public support and revenue	12,196,917	(105,152)	12,091,765
ALLOCATIONS AND EXPENSES			
Program services:			
Gross funds awarded/allocated to agencies	6,004,062	-	6,004,062
2-1-1 initiative	1,663,440	-	1,663,440
Housing	1,231,523	-	1,231,523
Economic success	5,621,636	-	5,621,636
Other community services	6,448,025	-	6,448,025
Donor designations	(6,004,062)	-	(6,004,062)
Total program services	14,964,624	-	14,964,624
Support services:			
Management and general	1,984,974	-	1,984,974
Fundraising	2,900,671	-	2,900,671
Total support services	4,885,645	-	4,885,645
Total allocations and expenses	19,850,269	-	19,850,269
CHANGE IN NET ASSETS BEFORE PENSION-RELATED CHANGES	(7,653,352)	(105,152)	(7,758,504)
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	329,080	-	329,080
CHANGE IN NET ASSETS	(7,324,272)	(105,152)	(7,429,424)
NET ASSETS, beginning of year	29,660,197	8,431,852	38,092,049
NET ASSETS, end of year	\$ 22,335,925	\$ 8,326,700	\$ 30,662,625

See accompanying notes.

United Way of the Bay Area DBA United Way Bay Area
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public support:			
Gross campaign results	\$ 8,720,993	\$ 536,485	\$ 9,257,478
Less donor designations	(3,369,058)	-	(3,369,058)
Campaign revenue	5,351,935	536,485	5,888,420
Less provision for uncollectible pledges	(506,427)	-	(506,427)
Net campaign revenue	4,845,508	536,485	5,381,993
Grants	994,711	8,633,727	9,628,438
Other contributions	20,112,356	13,182	20,125,538
Donated goods and services	80,004	-	80,004
Planned giving	807,729	-	807,729
Net assets released from restrictions	12,811,564	(12,811,564)	-
Total public support	39,651,872	(3,628,170)	36,023,702
Service fees and earned income	246,752	-	246,752
Investment income, net	434,766	153,305	588,071
Net realized and unrealized gain on investments	1,964,509	1,552,184	3,516,693
Total public support and revenue	42,297,899	(1,922,681)	40,375,218
ALLOCATIONS AND EXPENSES			
Program services:			
Gross funds awarded/allocated to agencies	3,369,058	-	3,369,058
2-1-1 initiative	1,614,969	-	1,614,969
Economic success	7,634,090	-	7,634,090
Other community services	6,893,710	-	6,893,710
Donor designations	(3,369,058)	-	(3,369,058)
Total program services	16,142,769	-	16,142,769
Support services:			
Management and general	2,386,696	-	2,386,696
Fundraising	2,294,968	-	2,294,968
Total support services	4,681,664	-	4,681,664
Total allocations and expenses	20,824,433	-	20,824,433
NONOPERATING INCOME			
Gain on extinguishment of loan payable	1,211,509	-	1,211,509
CHANGE IN NET ASSETS BEFORE PENSION-RELATED CHANGES	22,684,975	(1,922,681)	20,762,294
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	3,180,471	-	3,180,471
CHANGE IN NET ASSETS	25,865,446	(1,922,681)	23,942,765
NET ASSETS, beginning of year	3,794,751	10,354,533	14,149,284
NET ASSETS, end of year	\$ 29,660,197	\$ 8,431,852	\$ 38,092,049

See accompanying notes.

United Way of the Bay Area DBA United Way Bay Area
Statements of Functional Expenses
For the Year Ended June 30, 2022

	Program Services						Support Services			Total	
	Funds Awarded/ Allocated to Agencies	2-1-1 Initiative	Housing	Economic Success	Other Community Services	Donor Designations	Total Program Services	Management and General	Fundraising		Total Support Services
ALLOCATIONS AND EXPENSES											
Salaries	\$ -	\$ 199,599	\$ 285,412	\$ 1,793,220	\$ 1,241,542	\$ -	\$ 3,519,773	\$ 858,260	\$ 1,344,572	2,202,832	\$ 5,722,605
Payroll taxes and employee benefits	-	42,077	60,166	378,021	261,724	-	741,988	213,974	283,444	497,418	1,239,406
Subtotal	-	241,676	345,578	2,171,241	1,503,266	-	4,261,761	1,072,234	1,628,016	2,700,250	6,962,011
Professional services	-	1,093,761	220,804	1,021,304	634,684	-	2,970,553	414,291	687,354	1,101,645	4,072,198
Supplies	-	81	96	15,198	6,724	-	22,099	-	-	-	22,099
Telephone	-	6,934	7,257	66,762	45,798	-	126,751	45,314	43,863	89,177	215,928
Postage, warehouse, and delivery	-	12	22	38,281	22,691	-	61,006	-	-	-	61,006
Occupancy	-	36,831	36,240	333,403	228,712	-	635,186	186,304	219,048	405,352	1,040,538
Insurance	-	3,417	3,576	32,902	22,571	-	62,466	18,343	21,617	39,960	102,426
Furniture, equipment, and leasehold improvements	-	981	1,026	9,443	6,478	-	17,928	5,276	6,204	11,480	29,408
Media and printing	-	5,802	6,072	55,862	38,321	-	106,057	10,529	36,702	47,231	153,288
Travel	-	1,833	2,621	16,467	11,401	-	32,322	9,321	12,347	21,668	53,990
Conference, training, and meetings	-	9,975	6,861	43,104	29,843	-	89,783	51,785	32,320	84,105	173,888
Bank, interest, merchant, and other fees	-	2,405	3,439	21,609	14,961	-	42,414	6,997	17,884	24,881	67,295
Miscellaneous	-	5,077	47,129	10,084	19,275	-	81,565	3,403	39,359	42,762	124,327
United Way Worldwide dues	-	22,146	23,176	213,216	146,264	-	404,802	144,719	140,084	284,803	689,605
Depreciation and amortization	-	2,509	2,626	24,160	16,574	-	45,869	16,458	15,873	32,331	78,200
Total	-	1,433,440	706,523	4,073,036	2,747,563	-	8,960,562	1,984,974	2,900,671	4,885,645	13,846,207
Allocations/awards/designations	6,004,062	230,000	525,000	1,548,600	3,700,462	(6,004,062)	6,004,062	-	-	-	6,004,062
TOTAL ALLOCATIONS AND EXPENSES	\$ 6,004,062	\$ 1,663,440	\$ 1,231,523	\$ 5,621,636	\$ 6,448,025	\$ (6,004,062)	14,964,624	\$ 1,984,974	\$ 2,900,671	4,885,645	\$ 19,850,269

See accompanying notes.

United Way of the Bay Area DBA United Way Bay Area
Statements of Functional Expenses
For the Year Ended June 30, 2021

	Program Services					Support Services				Total
	Funds Awarded/ Allocated to Agencies	2-1-1 Initiative	Economic Success	Other Community Services	Donor Designations	Total Program Services	Management and General	Fundraising	Total Support Services	
ALLOCATIONS AND EXPENSES										
Salaries	\$ -	\$ 88,732	\$ 1,352,016	\$ 1,097,480	\$ -	\$ 2,538,228	\$ 814,881	\$ 1,044,449	\$ 1,859,330	\$ 4,397,558
Payroll taxes and employee benefits	-	28,351	431,979	350,653	-	810,983	260,361	333,709	594,070	1,405,053
Subtotal	-	117,083	1,783,995	1,448,133	-	3,349,211	1,075,242	1,378,158	2,453,400	5,802,611
Professional services	-	1,314,627	683,506	145,006	-	2,143,139	577,580	273,434	851,014	2,994,153
Supplies	-	75	10,076	5,567	-	15,718	11,637	37,871	49,508	65,226
Telephone	-	1,959	2,926	21,087	-	25,972	63,559	12,720	76,279	102,251
Postage, warehouse, and delivery	-	8	2,396	23,549	-	25,953	6,721	4,942	11,663	37,616
Occupancy	-	11,446	309,910	272,932	-	594,288	179,607	265,008	444,615	1,038,903
Insurance	-	-	-	-	-	-	61,667	-	61,667	61,667
Furniture, equipment, and leasehold improvements	-	3,376	91,448	80,537	-	175,361	52,998	78,200	131,198	306,559
Media and printing	-	14,404	296,343	291,560	-	602,307	63,879	117,333	181,212	783,519
Travel	-	120	252	1,024	-	1,396	11,063	2,264	13,327	14,723
Conference, training, and meetings	-	-	3,613	4,879	-	8,492	10,422	4,681	15,103	23,595
Bank, interest, merchant, and other fees	-	-	-	-	-	-	129,228	-	129,228	129,228
Miscellaneous	-	97,939	24,445	17,872	-	140,256	23,331	1,285	24,616	164,872
United Way Worldwide dues	-	52,351	238,740	212,305	-	503,396	94,957	82,473	177,430	680,826
Depreciation and amortization	-	1,581	42,800	37,693	-	82,074	24,805	36,599	61,404	143,478
Total	-	1,614,969	3,490,450	2,562,144	-	7,667,563	2,386,696	2,294,968	4,681,664	12,349,227
Allocations/awards/designations	3,369,058	-	4,143,640	4,331,566	(3,369,058)	8,475,206	-	-	-	8,475,206
TOTAL ALLOCATIONS AND EXPENSES	\$ 3,369,058	\$ 1,614,969	\$ 7,634,090	\$ 6,893,710	\$ (3,369,058)	\$ 16,142,769	\$ 2,386,696	\$ 2,294,968	\$ 4,681,664	\$ 20,824,433

See accompanying notes.

United Way of the Bay Area DBA United Way Bay Area
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (7,429,424)	\$ 23,942,765
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in provision for uncollectible pledges	(154,316)	(75,143)
Change in discount on grants receivable	(4,434)	(10,144)
Change in discount on pledges receivable	(4,597)	(27,965)
Uncollectible pledge write-offs	161,376	345,052
Depreciation and amortization	78,200	143,478
Net realized and unrealized loss (gain) on investments	5,663,698	(3,516,693)
Pension-related changes other than net periodic pension costs	(288,417)	(3,180,471)
Gain on extinguishment of loan payable	-	(1,199,124)
Changes in assets and liabilities:		
Pledges receivable	284,130	1,497,648
Grants and contracts receivable	1,183,014	74,735
United Way Digital Holdings LLC receivable	40,000	42,266
Prepays and other assets	120,980	178,720
Operating payables and accruals	(2,079,177)	1,200,180
Donor designations and allocations payable	1,086,409	(52,790)
Accrued vacation and related costs	30,440	75,131
Deferred rent	(140,032)	(117,013)
Liabilities to beneficiaries from split interest agreements	-	(883)
Accrued pension costs	(31,089)	(200,528)
Net cash (used in) provided by operating activities	(1,483,239)	19,119,221
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(4,266,393)	(24,639,314)
Proceeds from sale of investments	5,793,857	4,758,929
Purchases of furniture, equipment, and leasehold improvements	(41,049)	(33,896)
Net cash provided by (used in) investing activities	1,486,415	(19,914,281)
CASH FLOWS FROM FINANCING ACTIVITIES		
Draw on (repayment of) the line of credit	19,796	(396,978)
Net cash provided by (used in) financing activities	19,796	(396,978)
CHANGE IN CASH AND CASH EQUIVALENTS	22,972	(1,192,038)
CASH AND CASH EQUIVALENTS, beginning of year	2,092,551	3,284,589
CASH AND CASH EQUIVALENTS, end of year	\$ 2,115,523	\$ 2,092,551
SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR		
Interest	\$ 40,530	\$ 40,932

See accompanying notes.

United Way of the Bay Area DBA United Way Bay Area

Notes to Financial Statements

Note 1 – Organization and Purpose

United Way of the Bay Area DBA United Way Bay Area (“UWBA,” or the “Organization”), incorporated in California in 1922, is an independent, locally managed nonprofit organization. It has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and Section 23701d of the California Revenue and Taxation Code. UWBA has also made the 501(h) election under the IRC.

In fiscal year 2020, UWBA entered into an affiliation agreement with the United Way Worldwide (“UWW”), a separate 501(c)(3) headquartered in Alexandria, Virginia, for which UWW is the sole voting member. This affiliation agreement ended on June 30, 2021.

As UWBA approaches its centennial, it is proud to be continuing a long tradition of leadership in the local nonprofit community by encouraging philanthropy and investing those dollars in programs to serve the health and human services needs of Bay Area residents. UWBA currently serves Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, and Solano counties.

UWBA is committed to creating community change by positioning itself as an inclusive community leader in the eight Bay Area counties served, while honoring donors’ philanthropic interests.

UWBA pursues a selected, targeted set of programs that help people survive the struggles of poverty and move toward economic success. Each of these programs also has a role in helping to evolve the public and private systems around them to better serve people in poverty. UWBA’s programs take the form of providing direct service to clients, issuing grants to organizations to provide services, and/or engaging in collaborative partnerships. Grant proposals are evaluated on the basis of their alignment with UWBA’s strategic plan as well as the agency’s ability to demonstrate high standards in fiscal and programmatic operations, and overall organizational strength. Grants and the focus of grant-making activities are reported to and approved by UWBA’s Board of Directors. In response to the needs of the community, UWBA focuses its goals and its use of resources. In doing so, it may, from time to time, discontinue the management of specific programs. Discontinuance may include closing, merging, or establishing the independence of programs. When such transitions take place, the purpose has been and will continue to be enhancing the ability of UWBA to concentrate its efforts on helping to cut the number of families living in poverty.

Following is a summary of UWBA work across its core program areas of basic needs, financial stability, career and employment opportunities, and housing justice in addition to its public policy advocacy strategies.

Financial Stability

SparkPoint – SparkPoint centers work with families to meet basic needs, increase income, build credit, increase savings, and reduce debt through offering basic needs, career and educational, and financial services. SparkPoint provides free financial coaching to work one-on-one with clients both virtually and in person to recognize behavioral outcomes, set goals, brainstorm strategies, and set realistic action plans to move people toward financial prosperity. SparkPoint centers also provide rent relief and connect clients to housing resources.

United Way of the Bay Area DBA United Way Bay Area Notes to Financial Statements

Throughout the pandemic, SparkPoint centers moved toward a hybrid model of services to meet clients both virtually and in-person to better support access to public benefits and financial coaching services. SparkPoint provided services to approximately 13,000 individuals throughout the San Francisco Bay Area region through 11 SparkPoint Centers and 20 service locations. Most community members sought out SparkPoint to access supportive services related to rental relief and getting help meeting their basic needs. A total of over 2,000 participated in free one-on-one financial coaching services to reach their financial goals, among whom 78% were able to make progress toward their financial goals after enrolling in SparkPoint and approximately 350 obtained job placements.

Free Tax Help (formerly known as Earn It! Keep It! Save It!) – UWBA Free Tax Help program provides high-quality free tax preparation in our eight counties. UWBA work closely with IRS and local VITA (Volunteer Income Tax Assistance) sites. UWBA typically have more than 100 tax sites managed by our coalition locally. In 2022, many of UWBA sites were able to operate with an in-person component as well as virtual through UWBA partnership with GetYourRefund.org. This year, UWBA served approximately 30,000 households and helped them claim over \$52 million in refunds. UWBA aim to serve a similar or higher number for next tax season. UWBA assist EITC (Earned Income Tax Credit)-eligible families in claiming life-changing tax credits because the EITC and the CTC (Child Tax Credit) are critical poverty-fighting tools – the credits are well-researched and proven to be the most effective anti-poverty program in the country. UWBA have also been able to keep nearly all UWBA sites open, engaging approximately 1,000 volunteers.

Meeting Basic Needs

211 – 211 connects users with health and human services in their community through calls, texts, and web search. UWBA 211 serves San Francisco, Santa Clara, San Mateo, Marin, Napa and Solano counties. In fiscal year 2022, 211 answered approximately 42,000 calls and texts providing Bay Area residents with information and a total of approximately 110,000 referrals to a variety of resources to address their needs. 211 is available 24 hours a day, seven days a week in over 150 languages. During the past year, UWBA also expanded UWBA partnerships with county Offices of Emergency Services as well as Public Health departments to ensure callers received the most up-to-date information in a natural disaster such as a wildfire, or a public health emergency such as a pandemic. The number one need of callers is housing-related, and 211 is screening callers for housing stability to ensure Bay Area residents can access everything from shelter information and tenants' rights resources to rental assistance and supportive housing.

Emergency Food & Shelter Program (“EFSP”) – EFSP is critical to UWBA’s poverty-fighting agenda. This year, EFSP entered its 39th year of funding safety net programs. This federal funding is allocated to FEMA, which works with United Way Worldwide as the fiscal agent for the program. EFSP is a unique public-private partnership between the federal government and the United Way system. Since its inception, UWBA and local boards (local boards are mandated local committees that have oversight of the federal funding) have allocated federal funding to hundreds of food and shelter programs. For this most recent round of funding, EFSP allocated approximately \$7,692,000 to agencies in eight counties. Approximately 500,000 unduplicated individuals were served by one of the 131 EFSP-funded agencies in the Bay Area during the current grant period. While this is not funding raised by UWBA, it is vital that UWBA expertise and relationships are leveraged to support our local food and shelter programs.

United Way of the Bay Area DBA United Way Bay Area

Notes to Financial Statements

Emergency Assistance Network (“EAN”) – EAN is a collaboration with seven local Santa Clara County partner agencies that offers assistance to families and individuals experiencing emergency situations. This collaborative provides food assistance, rent and mortgage aid, utility assistance, medical and transportation aid, often alongside case management and financial education. UWBA provided the EAN agencies a total of \$600,000 in grants to support that work. This year the EAN served approximately 63,000 individuals at food pantries and distributed \$7,848,822 in direct assistance. EAN agencies assisted approximately 2,600 households (approximately 7,400 individuals) in the community specifically with housing and utility assistance.

Employment and Career Opportunities

Labor Community Services – The Labor Community Services program is a comprehensive resource for working families. UWBA Labor Liaisons, placed with three local Central Labor Councils, provide information and referral, direct hardship assistance, high-impact workforce programs, community organizing, immigration legal services, and civic engagement opportunities. In fiscal year 2022, UWBA continued to feel the impact of COVID as some members returned to work, others were still out of work, and more workers were fighting through contract negotiations and in some cases strikes for protections. UWBA three Labor Community Services staff served approximately 1,800 households (approximately 5,000 individuals) with direct financial assistance for hardships, or provided case management and connection to other local social services agencies.

Youth Workforce – Through UWBA Youth Workforce initiative, UWBA are providing career exploration and readiness opportunities for youth aged 14-24. This year, UWBA not only expanded UWBA programming region-wide; UWBA also expanded to include a focus on post-secondary educational opportunities by including representation from the Trades Introduction Program and Career Technical Education programs.

UWBA continued to host virtual youth workforce opportunities across the Bay Area and partnered with community agencies in Santa Clara, Solano, and Alameda Counties as well as corporate partners including Target, Exact Sciences, Deloitte, and others, to provide career readiness workshops, career panels, and resources. UWBA *On Track Career Expo*, which exposes youth to professional pathways and industries, returned to an in-person format at San Jose City College. The event was held for the first time at a post-secondary space, marking a shift in UWBA Youth Workforce programming. *On Track* featured 10 different industries and engaged over 100 youth and 50 volunteers from across the Bay Area.

Housing Justice – With a worsening housing crisis in the Bay Area that severely impacts low-income people, and people of color, UWBA has amplified UWBA work and is operating on multiple fronts to find solutions to the lack of affordable housing. UWBA allocated \$640,000 across 16 organizations, working to redress racial wealth through homeownership; advance innovative housing solutions; and support local community-led policy advocacy that advances housing justice. In addition, our UWBA Ambassadors, a group of community members adding client voice to shape programmatic and advocacy strategies, granted \$250,000 to 10 housing organizations. Over the past year, UWBA expanded partnerships with regional housing coalitions and partnered with organizations that are working to advance housing justice. UWBA also supported four Affordable Housing Organizations across the region with grants totaling \$110,000.

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Public Policy Advocacy – UWBA recognizes that in order to achieve UWBA’s goal of ending poverty in the community, we must advance public policies that support UWBA mission. UWBA’s Public Policy team influences policy and engages in advocacy at all levels of government. UWBA’s primary policy focus is targeted at the local level in the eight-county service area (Alameda, Contra Costa, Marin, Napa, San Francisco, Santa Clara, San Mateo, and Solano). In addition, UWBA provides advocacy support to state and federal issues important to the United Way network. In March 2022, UWBA met with every member of the state legislature representing the Bay Area, where the main topics of discussion were creating a statewide funding request for 211 improvements, continuing to ensure residents were able to sustain themselves after the pandemic, and ensuring the extension of the expiring Child Tax Credit and Earned Income Tax Credit. UWBA advocated for a federal one-time Child Tax Credit payment increase, creating a federal source for 211 improvements, and ensuring the federal budget does not cut essential funding for the Emergency Food and Shelter Program.

A Wildfire Fund – In August 2020, the first of a series of wildfires decimated more than 800,000 acres and caused the evacuation of more than 100,000 households throughout Northern California. By fall, this would be the worst fire season in California’s history. The areas affected were enormous, including Alameda, Contra Costa, Humboldt, Lake, Marin, Mendocino, Monterey, Napa, Santa Clara, Santa Cruz, San Mateo, Solano, and Sonoma counties. The Greater Bay Area Central Coast Wildfire Relief Fund was created to provide immediate and long-term recovery assistance to Bay Area and Central Coast residents and consisted of United Way of the Wine Country (“UWWC”), United Way of Santa Cruz County (“UWSC”), United Way of Monterey County (“UWMC”), and UWBA.

Each local United Way has deep relationships with community-based organizations and local governments, and operates a 211 for their counties. They were able to use 211 caller needs data and their relationship with local Offices of Emergency Services to understand relief efforts and local needs. UWBA is also engaged in the local VOADs (Voluntary Organizations Active in Disaster). When the fund was developed, all four local United Ways promised to share resources based on mutual assessment of local needs and the opportunity to fill gaps in services and leverage other philanthropic resources. UWBA also made decisions on fund distribution with equity as a frame.

UWBA allocated \$315,000 to seven community-based organizations in Napa and San Mateo counties that provided food, rental assistance, motel stays, case management, and mental health services to families affected by the wildfires.

Note 2 – Significant Accounting Policies

Basis of accounting – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and with the financial statement standards of United Way Worldwide. United Way Worldwide standards are required for membership and comply with Financial Accounting Standards Board (“FASB”) accounting standards codification for not-for-profit organizations.

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Use of estimates – Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's estimates. Significant estimates include the provision for uncollectible pledges, useful lives of furniture, equipment, leasehold improvements, fair value of investments, allocation of functional expenses, and the unfunded pension liabilities. The fair value of investments and pension assets are subject to material volatility based on market conditions. This could have a significant effect on these financial statements.

Classes of net assets – The accompanying financial statements are presented on the basis of net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Net assets without donor restrictions include resources available to support UWBA operations and donor-restricted resources for which the restrictions have been met by nature of the passage of time or fulfillment of the restricted purpose. A portion of net assets without donor restrictions have been designated by UWBA's Board of Directors ("Board") for specific mission-related purposes (see Note 9).

Net assets with donor restrictions – Net assets with donor restrictions include resources with donor-imposed time and/or purpose restrictions. Purpose restrictions, once fulfilled by actions of UWBA, and time restrictions, once fulfilled by the passage of time, are reclassified as net assets without donor restrictions and are reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions. Net assets with donor restrictions also includes those with a time restriction in perpetuity. Such a restriction arises when a donor restriction specifies that the donated assets be maintained in perpetuity and that only the income generated from these assets is made available for use by the Organization (see Note 10 and Note 11).

Cash and cash equivalents – All highly liquid investments with an original maturity of three months or less when purchased and not held through the investment account are considered to be cash equivalents. Substantially all of the cash equivalent balances held in financial institutions at June 30, 2022 and 2021, exceeded federal depository insurance coverage. UWBA has not experienced any losses in such accounts. Cash and cash equivalents held in money market funds that are considered nonoperating cash are intended for investment purposes and are classified separately under investments.

Pledges receivable – Pledges receivable consist of unconditional promises to give by donors and are recorded at net-realizable value. Pledges receivable are net of provisions for uncollectible pledges of \$315,483 and \$161,167 as of June 30, 2022 and 2021, respectively. Unconditional promises to give that are expected to be collected in future years are recorded at the fair value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable in the years in which those promises are received. The discount rates range from 0.45% to 2.43%. Pledges receivable are net of discounts of \$10,433 and \$15,030 at June 30, 2022 and 2021, respectively.

Provisions for uncollectible pledges – The provision for uncollectible pledges is computed based upon historical averages and management's consideration of current economic factors that could affect pledge collections. For the year ended June 30, 2022, there were uncollectible pledge write-offs of \$161,376. For the year ended June 30, 2021, there were uncollectible pledge write-offs of \$345,052.

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Grants and contracts receivable – Grants and contracts receivable consist of unconditional promises to give by granting organizations. Unconditional promises to give that are expected to be collected during the following fiscal year are recorded at the amount contributed. Unconditional promises to give that are expected to be collected in future years are recorded at the fair value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable in the years in which those promises are received. The discount rates range from 1.24% to 1.50%. Grants receivable are net of discounts of \$0 and \$4,434 at June 30, 2022 and 2021, respectively. Based on prior write-off history, overall economic conditions, and the current receivable aging status, UWBA establishes a provision for grants receivable, if any, at a level considered adequate to cover anticipated credit losses on grants receivable. There were no provisions for grants receivable as of June 30, 2022 and 2021.

Investments – UWBA's investments are stated at fair value using quoted market prices at fiscal year-end. Investments include money market funds and marketable securities held principally for investment purposes. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur in the accompanying statements of activities and changes in net assets. Realized gains and losses that result from sales or maturities of securities during the year are calculated on an adjusted cost basis and are reflected in the accompanying statements of activities and changes in net assets. Marketable securities received as donations are recorded at fair value at the date of the donation and are generally sold as soon as practical after receipt.

Fair value of assets and liabilities – UWBA determines 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. Fair value reporting standards establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of input that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents, equity, fixed income securities, and exchange-traded equities. Level 2 securities include investments held in pooled income funds, which are valued using maturity and interest rates as observable inputs.

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Furniture, equipment, and leasehold improvements – Furniture, equipment, and leasehold improvements are stated at cost, if purchased, or if donated, at fair value at the date of the donation for items exceeding \$5,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, ranging from three to ten years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease. Total depreciation expense and amortization expense amounted to \$78,200 and \$143,478 for the years ended June 30, 2022 and 2021, respectively.

Deferred rent – Certain leases of UWBA contain lease incentives and fixed escalations. UWBA recognizes the related rent expense on a straight-line basis over the life of the lease and records the difference between the expense included in the accompanying statements of activities and changes in net assets and the amount paid as deferred rent. As of June 30, 2022 and 2021, deferred rent related to 550 Kearny Street, San Francisco.

Gross campaign results – Gross campaign results consist of cash and unconditional promises to give to UWBA during the annual fundraising campaigns and include contributions processed by third-party processors. Donor designations and the provision for uncollectible pledges are deducted from gross campaign results to arrive at campaign revenue.

Donor designations and service fee revenue – Donor designations (or “agency transactions”) consist of contributions that are designated by the donor to nonprofit organizations other than UWBA that include contributions processed by third-party processors and are deducted from gross campaign results to arrive at net campaign revenue. External donor designations are paid to the designated organizations on a monthly basis, by electronic funds transfer (“EFT”) as information allows, and on a quarterly basis by check for all others, as pledges are collected. Proportionate shares of the receipts are distributed out to the agencies net of service fees. Service fee revenue is reported in the accompanying statements of activities and changes in net assets. Additionally, there are donor designations that are contributions designated by the donor to provide general support to UWBA’s internal programs, which represent purpose recommendations but do not rise to the level of agency transactions or donor restrictions.

Planned gifts – Planned gifts that are irrevocable are recognized as a receivable when amounts due to UWBA can be reasonably estimated. As of June 30, 2022 and 2021, UWBA has only one type of planned gift – pooled income funds. Assets associated with these gifts totaled \$146,814 and \$166,283 as of June 30, 2022 and 2021, respectively, at fair value and are included in investments in the accompanying statements of financial position. Liabilities associated with these gifts totaled \$15,227 as of June 30, 2022 and 2021, at fair value and are included in the accompanying statements of financial position.

Contributions – Contributions and grants are recognized at fair value, as revenue, when received or unconditionally promised and collection is deemed to be reasonably certain.

UWBA reports contributions and grants as with donor restrictions if such gifts are received with donor stipulations that limit the use of the donated assets, unless there are written agreements that supersede those stipulations. When the restriction expires—that is, when a stipulated time restriction ends or a purpose restriction is accomplished—net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same year they are received are reported as contributions without donor restrictions.

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Notes to Financial Statements

Donated goods and services – UWBA recognizes the value of donated equipment, supplies, and advertising services at the fair value for similar items. UWBA recognizes the fair value of donated services if the services meet the recognition criteria, which include: a) requiring specialized skills; b) provided by someone with those skills; and c) would have to be purchased if they were not donated. Although UWBA receives a significant amount of contributed time from volunteers, this time does not meet the recognition criteria. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

Conditional promises to give – Conditional promises to give are defined as donor’s promises to give with stipulation that represents a barrier that must be overcome before the donor is entitled to the assets promised or transferred and a right of return to the donor of assets promised or transferred. Conditional contributions are recognized in the financial statements when the conditions on which they depend are met. There were no conditional promises to give as of June 30, 2022 and 2021.

Gross funds awarded/allocated to agencies – The amount shown on the accompanying statements of activities and changes in net assets includes grants to UWBA initiatives and programs. These grants are made to partner agencies that advance the work of UWBA programs and the impact of UWBA’s work to alleviate poverty. They are largely funded by programmatically restricted grants awarded to UWBA to achieve specific outcomes in specific locales. Grant-making activities are reported to the Board of Directors. Each grant made is included in the appropriate supporting schedule of the annual IRS Form 990. However, to comply with financial statement presentation requirements, these grants are shown net of an offset amount to prevent revenue duplication between without-donor restrictions and with-donor restrictions accounts.

Functional allocation of expenses – The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated among program and supporting services classifications based on the average number of full-time employees, the time study allocation method, or on a direct cost basis. This is consistent with the standards for allocation of functional expenses in accordance with GAAP and United Way Worldwide.

Concentrations of risk – UWBA received approximately 45% and 53% as of June 30, 2022 and 2021, respectively, of its gross campaign revenue from five employers. All of these employers are nationally aligned through United Way Worldwide; therefore, the risk of loss of these employers by UWBA is remote. As of June 30, 2022 and 2021, UWBA had receivables from these five sources totaling \$707,062 and \$640,752 representing approximately 16% and 14% of total pledges receivables, respectively.

No donors made up more than 10% of other contributions for the year ended June 30, 2022. UWBA received approximately 99% of other contributions from one donor for the year ended June 30, 2021.

Financial instruments potentially subjecting UWBA to concentrations of credit risk consist primarily of bank demand deposits in excess of Federal Deposit Insurance Corporation (“FDIC”) insurance thresholds and equity investments in excess of Securities Investor Protection Corporation (“SIPC”) insurance. UWBA has not experienced any losses in such accounts in the past.

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Income taxes – UWBA is exempt from federal income tax under Section 501(c)(3) of the IRC and Section 23701d of the California Revenue and Taxation Code except to the extent of unrelated business taxable income as defined under IRC sections 511 through 515. Since UWBA has immaterial unrelated business taxable income, no provision for income taxes has been provided in these financial statements. UWBA has no unrecognized tax benefits or uncertain tax positions as of June 30, 2022 and 2021.

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are issued. UWBA recognizes in the financial statements the effects of all significant subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements.

UWBA has evaluated subsequent events through April 19, 2023, the date the financial statements were available to be issued, and has determined that there are no other subsequent events that require additional recognition or disclosure.

Note 3 – Pledges and Grants and Contracts Receivable

UWBA expected to receive pledges receivable at June 30:

	<u>2022</u>	<u>2021</u>
Amount due:		
In the next year	\$ 3,554,721	\$ 3,591,595
Between two and five years	<u>1,000,000</u>	<u>1,100,000</u>
	4,554,721	4,691,595
Discount	(10,433)	(15,030)
Provision for uncollectible pledges	<u>(315,483)</u>	<u>(161,167)</u>
Pledges receivable, net	<u>\$ 4,228,805</u>	<u>\$ 4,515,398</u>

UWBA's donor grants and contracts receivable at June 30 were:

	<u>2022</u>	<u>2021</u>
Amount due:		
In the next year	\$ 2,093,191	\$ 2,976,205
Between two and five years	<u>-</u>	<u>300,000</u>
	2,093,191	3,276,205
Discount	<u>-</u>	<u>(4,434)</u>
Grants and contracts receivable, net	<u>\$ 2,093,191</u>	<u>\$ 3,271,771</u>

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Notes to Financial Statements

Note 4 – Investments and Fair Value Measurement

The following tables present the investments carried at fair value on the accompanying statements of financial position as of June 30, 2022 and 2021, by valuation hierarchy:

	2022		
	Level 1	Level 2	Total
Equity:			
Domestic	\$ 12,573,684	\$ -	\$ 12,573,684
International	2,313,271	-	2,313,271
Balanced fund	130,603	-	130,603
Small cap funds	516,125	-	516,125
Commodities/natural resources fund	196,658	-	196,658
Bonds:			
Low duration and intermediate	5,910,514	-	5,910,514
International global	8,224,473	-	8,224,473
Cash and cash equivalents (held for investment)	606,207	-	606,207
Pooled income funds	-	146,814	146,814
	<u>\$ 30,471,535</u>	<u>\$ 146,814</u>	<u>\$ 30,618,349</u>
	2021		
	Level 1	Level 2	Total
Equity:			
Domestic	\$ 16,067,834	\$ -	\$ 16,067,834
International	2,914,404	-	2,914,404
Balanced fund	110,008	-	110,008
Small cap funds	652,828	-	652,828
Commodities/natural resources fund	192,959	-	192,959
Bonds:			
Low duration and intermediate	7,236,770	-	7,236,770
International global	9,540,151	-	9,540,151
Cash and cash equivalents (held for investment)	928,274	-	928,274
Pooled income funds	-	166,283	166,283
	<u>\$ 37,643,228</u>	<u>\$ 166,283</u>	<u>\$ 37,809,511</u>

UWBA's long-term asset allocation policy was developed by staff and approved by the Board to manage market fluctuations over time. UWBA is aware there are challenges in the current financial markets and continues to monitor related volatility.

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Notes to Financial Statements

Note 5 – Furniture, Equipment, and Leasehold Improvements

Furniture, equipment, and leasehold improvements consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Computer software and equipment	\$ 1,197,966	\$ 1,156,917
Office furniture	512,402	512,402
Equipment	220,684	220,684
Leasehold improvements	377,040	377,040
Vehicles	<u>16,713</u>	<u>16,713</u>
 Total	 2,324,805	 2,283,756
 Less accumulated depreciation and amortization	 <u>(2,220,013)</u>	 <u>(2,141,813)</u>
 Total furniture, equipment, and leasehold improvements, net	 <u>\$ 104,792</u>	 <u>\$ 141,943</u>

Note 6 – Other Contributions

Other contributions were comprised of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Other contributions without donor restrictions:		
Donated goods and services	\$ 18,835	\$ 80,004
Noncampaign donations	2,608,645	20,031,270
Prior-year campaign revenue	33,362	26,891
Revenue - other United Ways	229,761	38,195
Sponsorship fees	<u>18,249</u>	<u>16,000</u>
	<u>2,908,852</u>	<u>20,192,360</u>
Other contributions with donor restrictions:		
Noncampaign donations and miscellaneous income	<u>-</u>	<u>13,182</u>
	<u>-</u>	<u>13,182</u>
 Total other contributions	 <u>\$ 2,908,852</u>	 <u>\$ 20,205,542</u>

Note 7 – Commitments

UWBA leases office space under a noncancelable operating leases which expired in March 2023. Lease agreements generally provide for both renewal options and escalation clauses for increased operating expenses and real estate taxes. Subsequent to June 30, 2022, the office lease was extended through December 31, 2023. UWBA is also committed under noncancelable operating leases for various office equipment.

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Future minimum commitments under noncancelable operating leases having lease terms in excess of one year as of June 30, 2022, are as follows:

<u>Years Ending June 30,</u>	
2023	<u>\$ 850,989</u>

Rent expense for the years ended June 30, 2022 and 2021, was \$1,040,538 and \$1,038,903, respectively.

Note 8 – Pension and Other Post-Retirement Benefit Plans

Defined benefit pension plan – The Pension Plan of United Way of the Bay Area (the “Plan”) is a single-employer defined benefit pension plan with UWBA as plan sponsor.

The Plan was amended to freeze participation and benefit accruals under the Plan effective December 31, 2006. Accordingly, no employees will become participants after the December 1, 2006, entry date, and participants’ Plan benefits will not increase after December 31, 2006. In no event will the accrued benefit of any participant be less than that calculated as of December 31, 2006.

Accrued pension costs consisted of the following at June 30:

	2022	2021
Defined benefit pension plan liabilities	\$ 2,377,727	\$ 2,697,233
Defined early retirement medical and long-term care benefit plans	30,500	30,500
Total accrued pension costs	\$ 2,408,227	\$ 2,727,733

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Notes to Financial Statements

The following information sets forth the Plan's projected benefit obligation, fair value of plan assets, unfunded status, and accumulated benefit obligation as of June 30:

	2022	2021
Projected benefit obligation		
Beginning of year	\$ 17,718,463	\$ 18,735,127
Service cost	55,674	176,001
Interest costs	422,671	413,154
Actuarial gain	(2,659,748)	(575,280)
Benefits paid	(1,699,614)	(975,723)
Administrative expenses paid	(244,845)	(54,816)
End of year	\$ 13,592,601	\$ 17,718,463
Fair value of plan assets		
Beginning of year	\$ 15,021,230	\$ 12,693,737
Actual (loss) return on plan assets	(2,211,871)	3,035,847
Employer contributions	349,974	322,185
Benefits paid	(1,699,614)	(975,723)
Administrative expenses paid	(244,845)	(54,816)
End of year	\$ 11,214,874	\$ 15,021,230
Funded status of the Plan at year end (underfunded)	\$ (2,377,727)	\$ (2,697,233)

Amounts recognized for the defined benefit pension plan only in the accompanying statements of financial position were as follows as of June 30:

	2022	2021
Prepaid benefit cost	\$ 2,988,410	\$ 2,957,321
Additional accrued pension liability for pension plans with a benefit obligation in excess of plan assets	(5,366,137)	(5,654,554)
Defined benefit pension liabilities	\$ (2,377,727)	\$ (2,697,233)
Net asset without donor restrictions, pension liability in excess of intangible pension assets	\$ 5,366,137	\$ 5,654,554

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Notes to Financial Statements

Amounts reflected in the accompanying statements of activities and changes in net assets were as follows for the years ended June 30:

	2022	2021
Service cost	\$ 55,674	\$ 176,001
Interest cost	422,671	413,154
Expected return on assets	(1,016,899)	(987,107)
Amortization loss	186,938	556,451
Net periodic pension (benefit) cost	\$ (351,616)	\$ 158,499

The projected unit credit cost method was utilized for measuring net periodic pension cost over the employee's estimated service life. The following table summarizes the assumptions used in computing the present value of projected benefit obligations and net periodic cost as of June 30:

	2022	2021
Assumptions used in computing benefit obligation:		
Discount rate	4.50%	2.45%
Rate of compensation increase	N/A	N/A
Assumptions used in computing the net periodic pension costs:		
Discount rate	2.45%	2.30%
Expected return on assets	7.00%	8.00%
Rate of compensation increase	N/A	N/A

The investment objective for the Plan is to maximize total return within reasonable and prudent levels of risk. The Plan's weighted-average asset allocations were as follows as of June 30:

	2022	2021
Asset category		
Common and collective trusts		
Equity	59.4%	61.3%
Debt	37.5%	37.9%
Cash and cash equivalents	3.1%	0.8%
Total	100.0%	100.0%

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The fair values of UWBA's defined benefit plan assets at June 30, 2022, by asset category were as follows:

	Level 1	Level 2	Total
Cash and cash equivalents	\$ 347,661	\$ -	\$ 347,661
Large cap equities fund	-	3,555,115	3,555,115
Small cap equities fund	-	527,099	527,099
Mid cap fund	-	919,620	919,620
International equities fund	-	1,659,802	1,659,802
Fixed income securities	-	4,205,577	4,205,577
Total	\$ 347,661	\$ 10,867,213	\$ 11,214,874

The fair values of UWBA's defined benefit plan assets at June 30, 2021, by asset category were as follows:

	Level 1	Level 2	Total
Cash and cash equivalents	\$ 126,172	\$ -	\$ 126,172
Large cap equities fund	-	4,937,569	4,937,569
Small cap equities fund	-	1,275,664	1,275,664
Mid cap fund	-	750,390	750,390
International equities fund	-	2,236,164	2,236,164
Fixed income securities	-	5,695,271	5,695,271
Total	\$ 126,172	\$ 14,895,058	\$ 15,021,230

The estimated minimum benefit payments that reflect expected future service, as appropriate, to be paid by UWBA are as follows:

Year Ending June 30,

2023	\$ 916,491
2024	926,140
2025	960,383
2026	948,994
2027	952,199
2028-2032	4,764,757
	\$ 9,468,964

UWBA contributed \$349,974 and \$322,185 to the Plan during the years ended June 30, 2022 and 2021, respectively.

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Defined contribution pension plan – UWBA established the UWBA defined contribution pension plan (“401(k) Plan”) on January 1, 2007. Employees that are eligible can participate in the 401(k) Plan on the first day of the calendar quarter following their date of hire. UWBA matches 100% of participants’ salary deferral contribution, up to a maximum of 2% of compensation. In addition, UWBA makes an employer “nonelective” contribution according to a formula that is based on a participant’s age plus service. For employees hired before January 1, 2010, matching and employer nonelective contributions will be 100% vested after two years of service (or age 65, if earlier). Effective January 1, 2014, employees hired after January 1, 2010, will be 25% vested after one year of service, 50% after two years of service, 75% vested after three years of service, and 100% vested after four years of service. UWBA contributed \$319,490 and \$219,634 to the 401(k) Plan for the years ended June 30, 2022 and 2021, respectively.

Defined benefit medical plan – UWBA had a defined benefit early retirement medical benefits plan that covered certain full-time employees who retired as of June 30, 1993. UWBA does not contribute to this plan except to reimburse certain medical and other costs submitted by the Plan’s retirees as defined within the agreement. The estimated cost of future medical and other payments as of June 30, 2022 and 2021, is \$30,484 and is included in accrued pension costs.

457(b) deferred compensation plan – In the fiscal year ended June 30, 2014, UWBA established an eligible deferred compensation plan (“457(b) Plan”) for a select group of highly compensated employees under Section 457(b) of the IRC. The plan allows pre-tax contributions of the maximum amount allowed by law per year through payroll deduction. At June 30, 2020, five employees were eligible for the 457(b) Plan and three employees had elected to participate in the 457(b) Plan. At June 30, 2022 and 2021, only one participant remained in the 457(b) Plan. The investments in this 457(b) Plan remain as assets of the Organization until the employees retire. The balance in the 457(b) Plan as of June 30, 2022 and 2021, was \$16 and is included in accrued pension costs.

Note 9 – Net Assets Without Donor Restrictions (Board-Designated)

A portion of net assets without donor restrictions have been designated by the Board for the following purposes:

	2022	2021
Future grants and programs	\$ 647,539	\$ 647,539
General use	2,045,233	7,949,365
	\$ 2,692,772	\$ 8,596,904

Future grants and programs – consists of a legacy quasi-endowment fund from the former United Way of Silicon Valley that is earmarked to fund the Emergency Assistance Network program in Santa Clara County until such time as the corpus and accumulated investment earnings are depleted. At the current rate of annual appropriations from the fund, it is expected to be depleted by June 30, 2023.

General use – consists of accumulated unrestricted bequests held as a board-designated quasi-endowment. The investment policy and spending policy for this fund mirrors that of the donor-restricted permanent endowment fund, and appropriated earnings are earmarked for support of the general operating expenses of the Organization.

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Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of June 30:

	2022	2021
UWBA community programs	\$ 2,046,168	\$ 1,907,416
Endowments - corpus	3,897,164	3,897,164
Endowment activity	2,383,368	2,627,272
Total	\$ 8,326,700	\$ 8,431,852

UWBA community programs – represents net assets for which the donor has established a specific time or purpose restriction. Upon the passage of appropriate time and/or the fulfillment by the Organization of the defined purpose, the restrictions are released, and the assets are reclassified as being without donor restrictions.

Endowments – corpus represents the original amount of time restricted in perpetuity contributions to the Organization. Per the donor(s) restriction, these funds are to be prudently invested in perpetuity with only the accumulated earnings available for appropriation by the Board for operations and mission-related purposes (see Note 11).

Endowment activity – represents the accumulated, but unappropriated earnings on the Endowments – Corpus (see Note 11).

Note 11 – Endowment

Interpretation of relevant law – The Board has interpreted the California-enacted version of the Uniform Prudent Management of Institutional Funds Act (“CUPMIFA”) as allowing UWBA to appropriate for expenditure or accumulate so much of an endowment fund as UWBA determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board. In accordance with CUPMIFA, the Board considers the following factors in making a determination to appropriate or accumulate endowment funds:

- i. the duration and preservation of the fund.
- ii. the purposes of UWBA and the endowment fund.
- iii. general economic conditions.
- iv. the possible effect of inflation and deflation.
- v. the expected total return from income and the appreciation of investments.

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- vi. other resources of UWBA.
- vii. the investment policies of UWBA.

Spending policy and how the investment objectives relate to spending policy – The endowment fund has a spending policy of appropriating 100% of the net income earned on the investment of these funds for distribution according to the instructions of the donor at the time the gift is made. The original value of the gifts donated to the endowment held in perpetuity is to be classified as with donor restrictions, and any earnings are also classified as with donor restrictions until appropriated for expenditure.

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CUPMIFA requires UWBA to retain as a fund of perpetual duration. As of June 30, 2022 and 2021, there were no funds with deficiencies.

The composition and changes in the endowment net assets as of June 30, 2022 and 2021, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Endowment net assets, June 30, 2020	\$ -	\$ 5,060,888	\$ 5,060,888
Investment income	-	179,370	179,370
Net appreciation	-	1,526,119	1,526,119
Amounts appropriated for expenditure	-	(241,941)	(241,941)
Endowment net assets, June 30, 2021	-	6,524,436	6,524,436
Investment income	-	85,177	85,177
Net depreciation	-	(329,081)	(329,081)
Endowment net assets, June 30, 2022	<u>\$ -</u>	<u>\$ 6,280,532</u>	<u>\$ 6,280,532</u>

Note 12 – Related-Party Transactions

UWBA's volunteer members of the Board participate in fundraising events, activities, and by making private contributions. UWBA may also have Board members that have other direct transactions with the Organization. All related parties of UWBA are annually required to read and sign a conflict-of-interest policy that covers any relationship with Board members, volunteers, and staff.

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Notes to Financial Statements

Note 13 – Liquidity and Availability of Financial Assets

UWBA's financial assets available within one year of the statement of financial position date for general expenditure were as follows at June 30:

	2022	2021
<u>Financial assets available within one year:</u>		
Cash and cash equivalents	\$ 2,115,523	\$ 2,092,551
Investments	30,618,349	37,809,511
UWW note receivable collectible within one year	40,000	42,720
Pledges receivable collectible within one year	3,554,721	3,591,595
Grants & contracts receivable collectible within one year	2,093,191	2,976,205
Financial assets, at June 30:	38,421,784	46,512,582
<u>Less those unavailable for general expenditure:</u>		
Designated pledges payable (agency transactions)	(3,031,504)	(1,945,095)
Restricted by donors with purpose restrictions	(2,046,168)	(1,907,416)
Restricted by donors in perpetuity	(6,280,532)	(6,524,436)
Total amounts available for general expenditures within one year	27,063,580	36,135,635
<u>Amounts unavailable to management without Board approval:</u>		
Board-designated for quasi-endowment	(2,692,772)	(8,596,904)
Pension liability in excess of intangible pension assets	(5,366,137)	(5,654,554)
Total financial assets available to management for general expenditure within one year	\$ 19,004,671	\$ 21,884,177

Liquidity management – UWBA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, UWBA invests cash in excess of weekly requirements in short-term investments.

To help manage unanticipated liquidity needs, UWBA has a committed line of credit of \$4,900,000, which it could draw upon (see Note 14). Additionally, UWBA has Board-designated net assets without donor restrictions that—while UWBA does not intend to spend these for purposes other than those identified—could be made available for current operations, if necessary.

Note 14 – Line of Credit

UWBA maintains a line of credit with a reputable and recognized financial institution. The terms of this agreement call for the pledging of securities and other investments maintained in the financial institution for any and all obligations taken on by UWBA under this agreement. The agreement provides for a total credit limit of up to \$4,900,000 based on the fair value of the pledged collateral.

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The availability of the total amount available to borrow at any given time is based on the fair value of the collateral, which may be more or less than the amount needed to permit borrowing the entire \$4,900,000. The amount remaining to borrow at any given time is the total amount of the approved borrowing limit minus the outstanding loan balances and letters of credit, subject to the current value of the collateral. Interest is charged at a rate determined by the lender on a periodic basis.

As of and for the year ended June 30, 2022, there was \$2,022,818 in outstanding debt on the line of credit and interest expense of \$40,529. As of and for the year ended June 30, 2021, there was \$2,003,022 in outstanding debt on the line of credit and interest expense of \$40,932. The line of credit is due on demand. UWBA issued a letter of credit in January 2021 for \$230,190 to its landlord. This letter of credit replaced the letter of credit issued in January 2016 for the same amount.

Note 15 – Paycheck Protection Program

In April 2020, UWBA applied for a Paycheck Protection Program (“PPP”) loan through the Small Business Administration (“SBA”) under the 2020 CARES Act. This loan is designed to help organizations keep their workforce in relation to the coronavirus pandemic; UWBA received \$1,199,124 in loan proceeds at 1% interest, and the loan was subject to partial or full forgiveness.

The proceeds from the PPP loan were used in full to cover eligible expenses in the year ended June 30, 2020. On May 20, 2021, UWBA received a Notice of Paycheck Protection Program Forgiveness Payment for the forgiveness amount of \$1,199,124 and \$12,385 in interest. As such, the proceeds from the PPP loan were recorded as nonoperating income for the year ended June 30, 2021, in the statements of activities and changes in net assets.

