

UNITED WAY OF ANCHORAGE  
Financial Statements, Supplementary Information,  
and Compliance Reports  
(With Independent Auditor's Report Thereon)  
Years Ended June 30, 2022 and 2021

UNITED WAY OF ANCHORAGE

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and Compliance Reports  
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# UNITED WAY OF ANCHORAGE

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## **Independent Auditor's Report**

Members of the Board of Directors  
United Way of Anchorage  
Anchorage, Alaska

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of United Way of Anchorage (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Anchorage 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Anchorage 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 opinions.

#### ***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.

Members of the Board of Directors  
United Way of Anchorage

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 United Way of Anchorage'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 generally accepted auditing standards, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* we:

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

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

**Supplementary Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023, on our consideration of United Way of Anchorage's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of Anchorage's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Anchorage's internal control over financial reporting and compliance.



Anchorage, Alaska  
February 24, 2023

**UNITED WAY OF ANCHORAGE**

Statement of Financial Position

June 30, 2022

<u>Assets</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 3,240,693	-	3,240,693
Campaign receivables, net (note 3)	680,149	-	680,149
Due from public campaigns	60,958	-	60,958
Grants, contributions and other receivables	131,621	2,687,518	2,819,139
Prepaid expenses and other assets	250,606	-	250,606
Total current assets	<u>4,364,027</u>	<u>2,687,518</u>	<u>7,051,545</u>
Investments (note 4)	4,019,177	1,173,925	5,193,102
Property and equipment, net (note 5)	<u>1,920,156</u>	<u>-</u>	<u>1,920,156</u>
Total assets	<u>\$ 10,303,360</u>	<u>3,861,443</u>	<u>14,164,803</u>
 <b><u>Liabilities and Net Assets</u></b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,778,620	-	1,778,620
Community investments and donor designations payable	1,697,524	-	1,697,524
Deferred grant and contributions revenue	1,971,239	-	1,971,239
PPP loan (note 7)	590,000	-	590,000
Tenant security deposits	17,776	-	17,776
Total current liabilities	<u>6,055,159</u>	<u>-</u>	<u>6,055,159</u>
Net assets:			
Without donor restrictions:			
Undesignated	2,116,757	-	2,116,757
Designated for current operations (note 2(b))	211,288	-	211,288
Designated for investment in property and equipment, net of debt	1,920,156	-	1,920,156
Total net assets without donor restriction	<u>4,248,201</u>	<u>-</u>	<u>4,248,201</u>
With donor restrictions (note 9)			
Perpetual in nature	-	1,157,467	1,157,467
Purpose restrictions	-	2,703,976	2,703,976
Total net assets with donor restriction	<u>-</u>	<u>3,861,443</u>	<u>3,861,443</u>
Total net assets	<u>4,248,201</u>	<u>3,861,443</u>	<u>8,109,644</u>
Total liabilities and net assets	<u>\$ 10,303,360</u>	<u>3,861,443</u>	<u>14,164,803</u>

See accompanying notes to financial statements.

**UNITED WAY OF ANCHORAGE**

Statement of Financial Position

June 30, 2021

<u>Assets</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 5,176,544	1,498,474	6,675,018
Campaign receivables, net (note 3)	1,383,472	-	1,383,472
Due from public campaigns	37,083	-	37,083
Grants, contributions and other receivables	13,120	1,402,022	1,415,142
Prepaid expenses and other assets	19,961	-	19,961
Total current assets	<u>6,630,180</u>	<u>2,900,496</u>	<u>9,530,676</u>
Investments (note 4)	4,552,696	1,357,597	5,910,293
Property and equipment, net (note 5)	<u>1,993,552</u>	<u>-</u>	<u>1,993,552</u>
Total assets	<u>\$ 13,176,428</u>	<u>4,258,093</u>	<u>17,434,521</u>
 <b><u>Liabilities and Net Assets</u></b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,626,398	-	1,626,398
Community investments and donor designations payable	1,856,559	-	1,856,559
Deferred grant and contributions revenue	2,355,064	-	2,355,064
Current portion of notes payable (note 6)	5,463	-	5,463
PPP loan (note 7)	590,000	-	590,000
Tenant security deposits	16,758	-	16,758
Total current liabilities	<u>6,450,242</u>	<u>-</u>	<u>6,450,242</u>
Net assets:			
Without donor restrictions:			
Undesignated	4,523,502	-	4,523,502
Designated for current operations (note 2(b))	214,595	-	214,595
Designated for investment in property and equipment, net of debt	<u>1,988,089</u>	<u>-</u>	<u>1,988,089</u>
Total net assets without donor restriction	<u>6,726,186</u>	<u>-</u>	<u>6,726,186</u>
With donor restrictions (note 9)			
Perpetual in nature	-	1,339,824	1,339,824
Purpose restrictions	<u>-</u>	<u>2,918,269</u>	<u>2,918,269</u>
Total net assets with donor restriction	<u>-</u>	<u>4,258,093</u>	<u>4,258,093</u>
Total net assets	<u>6,726,186</u>	<u>4,258,093</u>	<u>10,984,279</u>
Total liabilities and net assets	<u>\$ 13,176,428</u>	<u>4,258,093</u>	<u>17,434,521</u>

See accompanying notes to financial statements.



**UNITED WAY OF ANCHORAGE**

Statement of Activities

Year ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Campaign results:			
United Way of Anchorage	\$ 3,837,644	281,728	4,119,372
Shared campaigns:			
Share	6,185	-	6,185
Municipal Employees	622	-	622
Total campaign results	<u>3,844,451</u>	<u>281,728</u>	<u>4,126,179</u>
Less:			
Donor designations	(968,729)	-	(968,729)
Uncollectible campaign pledges expense	(639,621)	-	(639,621)
Net campaign results	<u>2,236,101</u>	<u>281,728</u>	<u>2,517,829</u>
Designations from other United Ways	5,297	-	5,297
Collections of prior year campaign contributions more than amount anticipated	1,500	-	1,500
Donor designation and contracted services fees	439,329	-	439,329
Grants and contributions	56,205	10,257,876	10,314,081
Rental income (note 8)	420,705	-	420,705
Contributed nonfinancial assets	324,947	-	324,947
Investment income (loss), net	(610,401)	(174,914)	(785,315)
Other	1,481	57,007	58,488
Net assets released from restrictions (note 10)	<u>10,818,347</u>	<u>(10,818,347)</u>	<u>-</u>
Total revenues, gains(loss), and other support	<u>13,693,511</u>	<u>(396,650)</u>	<u>13,296,861</u>
Expenses:			
Program services:			
Education	1,398,370	-	1,398,370
Income and health	3,225,537	-	3,225,537
Community	580,159	-	580,159
COVID-19 community support	6,445,217	-	6,445,217
Board-directed community investment	1,170,000	-	1,170,000
Grants, sponsorships, and other programs	1,209,661	-	1,209,661
Supporting services:			
Management and general	1,125,398	-	1,125,398
Fundraising	1,017,154	-	1,017,154
Total expenses	<u>16,171,496</u>	<u>-</u>	<u>16,171,496</u>
Change in net assets	(2,477,985)	(396,650)	(2,874,635)
Net assets at beginning of year	<u>6,726,186</u>	<u>4,258,093</u>	<u>10,984,279</u>
Net assets at end of year	\$ <u><u>4,248,201</u></u>	<u><u>3,861,443</u></u>	<u><u>8,109,644</u></u>

See accompanying notes to financial statements.

**UNITED WAY OF ANCHORAGE**

Statement of Activities

Year ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Campaign results:			
United Way of Anchorage	\$ 4,264,130	55,090	4,319,220
Shared campaigns:			
Share	6,112	-	6,112
Municipal Employees	697	-	697
Total campaign results	<u>4,270,939</u>	<u>55,090</u>	<u>4,326,029</u>
Less:			
Donor designations	(1,092,123)	-	(1,092,123)
Uncollectible campaign pledges expense	(383,608)	-	(383,608)
Net campaign results	<u>2,795,208</u>	<u>55,090</u>	<u>2,850,298</u>
Designations from other United Ways	25,905	-	25,905
Collections of prior year campaign contributions more than amount anticipated	2,284	-	2,284
Donor designation and contracted services fees	1,145,467	-	1,145,467
Grants and contributions	648,486	42,922,023	43,570,509
Rental income (note 8)	386,791	-	386,791
Contributed nonfinancial assets	363,375	-	363,375
Investment income, net	885,783	284,641	1,170,424
Other	3,936	61,131	65,067
PPP loan forgiveness	485,840	-	485,840
Net assets released from restrictions (note 10)	42,642,761	(42,642,761)	-
Total revenues, gains, and other support	<u>49,385,836</u>	<u>680,124</u>	<u>50,065,960</u>
Expenses:			
Program services:			
Education	779,994	-	779,994
Income and health	2,591,625	-	2,591,625
Community	780,527	-	780,527
COVID-19 community support	39,918,056	-	39,918,056
Board-directed community investment	1,170,001	-	1,170,001
Grants, sponsorships, and other programs	578,925	-	578,925
Supporting services:			
Management and general	420,056	-	420,056
Fundraising	1,562,528	-	1,562,528
Total expenses	<u>47,801,712</u>	<u>-</u>	<u>47,801,712</u>
Change in net assets	1,584,124	680,124	2,264,248
Net assets at beginning of year	<u>5,142,062</u>	<u>3,577,969</u>	<u>8,720,031</u>
Net assets at end of year	\$ <u><u>6,726,186</u></u>	<u><u>4,258,093</u></u>	<u><u>10,984,279</u></u>

See accompanying notes to financial statements.

**UNITED WAY OF ANCHORAGE**

Statement of Functional Expenses

Year ended June 30, 2022

	Program services				Supporting services			Total
	Education	Income and Health	Community	Total	Management and General	Fundraising	Total	
Employee compensation:								
Salaries	\$ 303,461	880,644	102,096	1,286,201	1,443,369	352,192	1,795,561	3,081,762
Payroll taxes and fringe benefits	69,736	257,156	24,474	351,366	251,348	97,062	348,410	699,776
Total employee compensation	373,197	1,137,800	126,570	1,637,567	1,694,717	449,254	2,143,971	3,781,538
Professional fees	284,940	1,145,988	66,183	1,497,111	402,141	27,509	429,650	1,926,761
Building operating expenses, including depreciation of \$87,996	-	-	366,356	366,356	(6,546)	-	(6,546)	359,810
Supplies	28,110	29,411	-	57,521	6,624	13,579	20,203	77,724
Occupancy expenses	32,563	102,541	18,178	153,282	86,157	35,117	121,274	274,556
Awards and publicity	-	372,597	1,670	374,267	75,041	5,594	80,635	454,902
Equipment rental and repairs	461	7,236	-	7,697	56,020	6,087	62,107	69,804
Membership dues	191	762	549	1,502	179,366	15,509	194,875	196,377
Conferences, conventions, meetings, and major trips	1,108	2,486	-	3,594	24,772	2,142	26,914	30,508
Gaming expenses	-	-	-	-	-	2,262	2,262	2,262
Local transportation and meals	3,072	2,846	-	5,918	3,337	3,013	6,350	12,268
Depreciation	-	-	-	-	9,424	-	9,424	9,424
Banking fees	-	-	100	100	25,392	20,748	46,140	46,240
Telephone	-	28,866	-	28,866	23,041	-	23,041	51,907
Insurance	-	-	-	-	36,646	-	36,646	36,646
Postage and shipping	485	7,649	98	8,232	5,078	2,594	7,672	15,904
Distribution of allocable expenses	674,243	385,282	455	1,059,980	(1,493,422)	433,442	(1,059,980)	-
Other	-	2,073	-	2,073	(2,390)	304	(2,086)	(13)
Expenses before board-directed community investment and grants, sponsorships, and other programs	1,398,370	3,225,537	580,159	5,204,066	1,125,398	1,017,154	2,142,552	7,346,618
COVID-19 community support	3,193,000	1,263,248	1,988,969	6,445,217	-	-	-	6,445,217
Board-directed community investment	605,304	564,696	-	1,170,000	-	-	-	1,170,000
Grants, sponsorships and other programs	6,759	1,202,902	-	1,209,661	-	-	-	1,209,661
Total program and supporting services	\$ 5,203,433	6,256,383	2,569,128	14,028,944	1,125,398	1,017,154	2,142,552	16,171,496

See accompanying notes to financial statements.

**UNITED WAY OF ANCHORAGE**

Statement of Functional Expenses

Year ended June 30, 2021

	Program services				Supporting services			Total
	Education	Income and Health	Community	Total	Management and General	Fundraising	Total	
Employee compensation:								
Salaries	\$ 277,959	584,666	128,794	991,419	928,440	585,280	1,513,720	2,505,139
Payroll taxes and fringe benefits	58,593	182,022	34,176	274,791	170,271	155,141	325,412	600,203
Total employee compensation	336,552	766,688	162,970	1,266,210	1,098,711	740,421	1,839,132	3,105,342
Professional fees	207,427	1,239,900	25,864	1,473,191	207,846	72,796	280,642	1,753,833
Building operating expenses, including depreciation of \$87,996	-	-	309,079	309,079	-	-	-	309,079
Supplies	17,478	4,852	-	22,330	29,532	35,762	65,294	87,624
Occupancy expenses	35,343	82,447	57,427	175,217	22,260	122,788	145,048	320,265
Awards and publicity	7,011	23,970	-	30,981	87,437	16,171	103,608	134,589
Equipment rental and repairs	1,811	19,090	-	20,901	33,299	5,803	39,102	60,003
Membership dues	55	3,453	156	3,664	146,375	7,355	153,730	157,394
Conferences, conventions, meetings, and major trips	1,214	313	-	1,527	7,334	4,927	12,261	13,788
Gaming expenses	-	-	-	-	-	8,658	8,658	8,658
Local transportation and meals	544	158	-	702	1,727	725	2,452	3,154
Depreciation	-	-	-	-	25,413	-	25,413	25,413
Banking fees	-	39	-	39	25,837	20,692	46,529	46,568
Telephone	-	55,688	-	55,688	17,265	-	17,265	72,953
Insurance	-	-	-	-	24,645	-	24,645	24,645
Postage and shipping	272	28	-	300	2,851	5,692	8,543	8,843
Distribution of allocable expenses	172,287	384,771	225,031	782,089	(1,302,649)	520,560	(782,089)	-
Other	-	10,228	-	10,228	(7,827)	178	(7,649)	2,579
Expenses before board-directed community investment and grants, sponsorships, and other programs	779,994	2,591,625	780,527	4,152,146	420,056	1,562,528	1,982,584	6,134,730
COVID-19 community support	11,742,000	1,690,923	26,324,577	39,757,500	160,556	-	160,556	39,918,056
Board-directed community investment	582,849	553,842	33,310	1,170,001	-	-	-	1,170,001
Grants, sponsorships and other programs	64,971	513,954	-	578,925	-	-	-	578,925
Total program and supporting services	\$ 13,169,814	5,350,344	27,138,414	45,658,572	580,612	1,562,528	2,143,140	47,801,712

See accompanying notes to financial statements.

**UNITED WAY OF ANCHORAGE**

Statements of Cash Flows

June 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Cash flows provided (used) by operating activities:		
Change in net assets	\$ (2,874,635)	2,264,248
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	97,420	113,409
Bad debt expense	639,621	383,608
Net realized and unrealized investment (gain) loss	842,626	(1,034,292)
Changes in assets and liabilities that provided (used) cash:		
Campaign receivables	63,702	(388,067)
Due from public campaigns	(23,875)	(17,508)
Grants and contributions receivable	(1,403,997)	(525,275)
Prepaid expenses and other assets	(230,645)	63,080
Accounts payable and accrued liabilities	152,222	1,060,559
Allocations payable and donor designation payable	(159,035)	(23,115)
Deferred grant and contribution revenue	(383,825)	1,798,733
Tenant security deposits	1,018	-
Net cash provided (used) by provided by operating activities	(3,279,403)	3,695,380
Cash flows provided (used) by investing activities:		
Purchase of capital assets	(24,024)	(11,760)
Sale of investments	735,182	7,527,340
Purchase of investments	(860,617)	(8,126,389)
Net cash provided (used) by investing activities	(149,459)	(610,809)
Cash flows provided (used) by financing activities:		
Principal payments on long-term debt	(5,463)	(77,410)
Forgiveness of debt from PPP loan	-	(485,840)
Proceeds from issuance of PPP loan	-	590,000
Net cash provided (used) by financing activities	(5,463)	26,750
Change in cash and cash equivalents	(3,434,325)	3,111,321
Cash and cash equivalents at beginning of year	6,675,018	3,563,697
Cash and cash equivalents at end of year	\$ 3,240,693	6,675,018
Supplemental disclosure of cash flow information:		
Contributed nonfinancial assets	\$ 324,947	363,375
Interest paid	\$ -	1,645

See accompanying notes to financial statements.

# UNITED WAY OF ANCHORAGE

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021

### (1) Nature of Operations

United Way of Anchorage (United Way) is a nonprofit fund-raising, fund distribution, and community service agency. United Way raises funds on an annual basis, primarily through employee payroll deductions at the workplace and through corporate contributions. United Way acts as an agent for funds restricted by donors for specific agencies or specific purposes and distributes undesignated contributions to agencies and for programs. United Way also provides community planning and development and volunteer opportunities and training.

### (2) Summary of Significant Accounting Policies

#### (a) Use of Estimates

The preparation of the financial statements 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 financial statements and the reported amounts of revenues, gains, support, and expenses during the reporting period. Actual results could differ from those estimates.

#### (b) Basis of Presentation

The accompanying financial statements of United Way are presented on the accrual basis of accounting. They include the financial activities of the United Way Campaign and United Way's share of the activities of the Fall 2020 and 2021 Campaigns: SHARE, Municipal Employee, and Anchorage School District Charitable Giving.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve of \$211,288 and \$214,595, respectively, as of June 30, 2022 and 2021.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

The board of directors designates a portion of United Way's cumulative investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The amount computed under the endowment spending policy of the investment pool and all investment income earned by investing cash in excess of daily requirements are used to support current operations.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits, money market mutual funds, and all short-term highly liquid debt instruments purchased with an original maturity of three months or less.

United Way maintains its cash in major financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insurance coverage at June 30, 2022 and 2021 was \$250,000 per financial institution. Uninsured and uncollateralized amounts were \$2,152,069 and \$3,384,201 at June 30, 2022 and 2021, respectively. Management believes that credit risk related to these deposits is minimal.

**(d) Investments**

Investments are recorded as purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**(e) Fair Value of Financial Instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

**(f) Property and Equipment**

Property and equipment are recorded at cost. United Way capitalizes all equipment and buildings with a cost or basis in excess of \$5,000. Building depreciation is computed using the straight-line method over an estimated useful life of approximately 40 years. Equipment is recorded at cost or fair value, if donated, net of depreciation computed using the straight-line method over an estimated useful life of five years.

**(g) Promises to Give, Donor Designations and Revenue Recognition**

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

## UNITED WAY OF ANCHORAGE

### Notes to Financial Statements, Continued

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants that have not been recognized as revenue at June 30, 2022 and 2021 because qualifying expenditures have not yet been incurred, with an advance payment of \$1,919,239 and \$2,343,064 recognized in the statement of financial position as deferred grant revenue as of June 30, 2022 and 2021, respectively. The Organization also receives advanced payment for corporate matches to future campaigns. As of June 30, 2022 and 2021 United Way of Anchorage had deferred contributions of \$52,000 and \$12,000.

Contributions from campaigns are recorded as revenue when United Way is notified in writing of an unconditional pledge. Donor designations are recognized as a receivable and a payable at the time the pledge is made to United Way and are not included in net campaign results.

Annual campaigns are predominantly conducted in the fall. The total results from the annual campaign are reduced by promises to give collected on behalf of others (donor designations) and by a provision for amounts promised but not paid (uncollectible promises to give).

Differences between amounts provided for uncollectible promises to give in each campaign and actual losses are an accounting adjustment in the year following the campaign.

**(h) *Distribution of Donor Designations to Non-Profit Agencies***

Distribution of donor designated pledge receipts to agencies of the United Way of Anchorage federation are made in accordance with the donor intent and in compliance with each campaign's regulations. At minimum, distributions are made to each member organization by distributing a proportionate share of receipts based on donor designations to each agency.

**(i) *Provision for Uncollectible Promises to Give***

Campaign pledges less the allowance for uncollectible pledges are expected to be received within one year. The provision for uncollectible promises to give is an estimate based on management's evaluation of the collectability of existing promises to give. The provision is based on the prior campaign collection experience. Pledges are charged off when all collection efforts have been exhausted.

**(j) *Contributions of Nonfinancial Assets***

A substantial number of unpaid volunteers have made significant contributions of their time to participate in fundraising activities. The value of these donated services is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.



UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

Contributions of professional services and other items are recognized as revenue at the time of the donation. If fair value is not readily available, an estimated fair value is used. These contributions of nonfinancial assets are reported as revenue and expense on the appropriate line item in the financial statements. United Way of Anchorage does not monetize contributed nonfinancial assets.

United Way's office rent is contributed by its lessor and was recorded at fair value as of the beginning of the lease term. Contributed rent amounted to \$272,857 in 2022 and \$320,264 in 2021.

In-kind contributions are allocated to programs based on program use:

June 30, 2022	Education	Income and Health	Community	Management and General	Fundraising	Total
Professional fees	\$ -	4,965	-	10,516	5,400	20,881
Supplies	41	3,045	-	687	1,810	5,583
Occupancy expenses	32,564	100,841	18,178	86,157	35,117	272,857
Awards and publicity	-	21,350	167	1,385	-	22,902
Equipment rental and repairs	-	447	-	27	-	474
Telephone	-	2,250	-	-	-	2,250
Total	\$ 32,605	132,898	18,345	98,772	42,327	324,947

June 30, 2021	Education	Income and Health	Community	Management and General	Fundraising	Total
Professional fees	\$ -	342	2,469	8,051	-	10,862
Supplies	-	309	-	89	6,946	7,344
Occupancy expenses	35,343	82,447	57,427	22,259	122,788	320,264
Awards and publicity	-	3,141	-	6,861	2,500	12,502
Postage and shipping	-	-	-	-	73	73
Equipment rental and repairs	-	9,330	-	-	-	9,330
Telephone	-	3,000	-	-	-	3,000
Total	\$ 35,343	98,569	59,896	37,260	132,307	363,375

**(k) Income Taxes**

United Way is a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements. United Way earns unrelated business income through rental of commercial space, which is debt financed. United Way's income tax liability related to the debt-financed income is not material to the financial statements. United Way's policy is to report interest and penalties associated with uncertain tax positions as income tax expense. As of June 30, 2022 and 2021 there were no uncertain tax positions, or unrecognized tax benefits for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase or decrease within 12 months of the reporting date. With few exceptions, United Way is no longer subject to examinations by the federal and state authorities for the years before June 30, 2019.

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

**(l) Functional Allocation of Expenses**

United Way allocates total costs to the various functional expense categories. This allocation is based on actual costs incurred by functional expense category except common costs. Common costs, such as office rent, utilities and office supplies, are allocated primarily on the number of employees in each respective functional expenses category. The Organization's expenses are allocated to the following functional programs:

Program services:

*Education* – United Way leads partnerships that strategically support the most at-risk students in the Anchorage community.

*Income and Health* – United Way is working with partners across all sectors of the Anchorage community developing and implementing programs with the goal being that all Anchorage residents are housed, financially stable and have the opportunity to increase their income and save for their future. When individuals or families are in financially precarious positions their health is impacted as well as their opportunities – being unable to afford healthcare or education options that could advance their career can keep them from achieving financial stability.

*Community* – United Way of Anchorage engages in a variety of activities aimed at fostering collaboration to achieve shared common goals and derive measurable improvements for the Anchorage community.

Support services:

*Management and General* – Includes United Way's functions necessary to maintain an adequate working environment; provide coordination of the programs; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

*Fundraising* – Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

**(m) Advertising Costs**

Advertising costs are expensed as incurred. Advertising expenses for the years ended June 30, 2022 and 2021 were \$451,551 and \$149,467, respectively.

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

**(3) Campaign Receivables**

A summary of campaign receivables at June 30 follows:

	<u>2022</u>	<u>2021</u>
Fall 2021 and 2020	\$ 1,009,434	1,582,209
SHARE	6,185	3,544
Municipal Employees	622	695
	<u>964,241</u>	<u>1,586,448</u>
Less allowance for uncollectible pledges	<u>(336,092)</u>	<u>(202,976)</u>
	<u>\$ 680,149</u>	<u>1,383,472</u>

**(4) Investments**

Fair market value summary of investments at June 30 follows:

	<u>2022</u>	<u>2021</u>
Equities:		
Large value	\$ 1,017,112	1,132,639
Large growth	321,117	527,618
Large blend	359,081	406,657
Mid cap blend	318,662	383,483
Small blend	255,409	314,816
Real estate	164,980	188,318
Multisector bond	17,394	-
Nontraditional bond	8,862	-
Diversified emerging markets	209,589	249,416
International equities:		
Large value	219,785	247,857
Large growth	255,341	299,873
Fixed income:		
Corporate bonds	2,004,112	2,135,958
Treasury bonds	19,384	-
Municipality bonds	5,816	5,885
Beneficial interest in Alaska		
Community Foundation	16,458	17,773
Total investments	<u>\$ 5,193,102</u>	<u>5,910,293</u>

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of all of United Way's investments are measured using Level 1 inputs with the exception of the beneficial interest in Alaska Community Foundation which is measured using Level 2 inputs.

**(5) Property and Equipment**

A summary of property and equipment at June 30 follows:

	2021	2021
Land	\$ 351,388	351,388
Buildings	3,140,780	3,140,780
Office equipment and furniture	323,532	615,458
	<u>3,815,700</u>	<u>4,107,626</u>
Accumulated depreciation	(1,895,544)	(2,114,074)
	<u>\$ 1,920,156</u>	<u>1,993,552</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$97,420 and \$113,409, respectively.

**(6) Notes Payable**

A summary of notes payable at June 30 follows:

	2022	2021
Note payable to a financial institution, principal and interest at 6.50%, due in monthly payments of \$6,710 through August 2021; secured by real estate	\$ -	5,463
Less current portion	-	5,463
Long-term notes payable	<u>\$ -</u>	<u>-</u>

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

**(7) Paycheck Protection Program (PPP) Loan**

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of the employer share of social security payments, and net operating loss carryback periods. It also appropriated funds for the SBA Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to nonprofits harmed by COVID-19. In 2021 the organization received a second PPP loan of \$590,000, which is recorded as debt on the Statement of Financial Position for the year ended June 30, 2022 and 2021. The loan can be forgiven once all conditions have been met, at which point a gain will be recognized once the application has been approved and the loan has formally been released. If the PPP loan is not forgiven it will have an interest rate of 1% and will mature in 2 years. Subsequent to year end the full balance of the loan was forgiven.

**(8) Operating Leases**

United Way leases office space to other not-for-profit organizations. The organizations lease the space for an annual rent below the estimated fair value of the rent at the inception of the lease. The difference between the estimated fair value and rent received for the remaining term of the lease agreement for each tenant is recorded as a contribution payable. The carrying value of the building held for lease was \$1,885,809 and \$1,973,805 at June 30, 2022 and 2021, respectively. Rent revenue is being recognized at the fair value over the term of the lease agreements. During the years ended June 30, 2022 and 2021, United Way recognized \$420,705 and \$386,791, respectively, in rental income, of which \$98,880 and \$63,845, respectively, represents the difference between the amount received and the estimated fair value.

Minimum annual rental payments due under non-cancelable operating leases for the period subsequent to June 30, 2022 are as follows:

Year ending June 30:	Amount
2023	\$ 133,602
2024	102,270
2025	26,542
	<u>\$ 262,414</u>

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

**(9) Net Assets with Donor Restrictions**

Net assets with donor restrictions at June 30 restricted as to use consisted of the following:

	<u>2022</u>	<u>2021</u>
Points of Light	\$ 8,178	8,178
Workplace Campaign	-	131
Walk for Warmth	7,220	-
Kickoff Event	21,355	29,389
Leadership Event	-	500
2-1-1 Call Center Operations	544,485	359,362
Donations to AK 211 Website	5,018	5,018
ACF - Homelessness	276	998
Nicole Laurel Cuddy Foundation - Homelessness	3,000	3,000
Education Initiatives	366,376	365,847
Donations - Fighting Homelessness	252,604	163,987
Cradle to Career	3,489	-
C2C ACF SJ Family Council	10,000	-
Reading Oasis	11,345	29,047
CP-90% by 2020 Plus Schools	58,024	80,000
ACF Prevent Homelessness	1,856	1,000
ACF UWA Education	799	1,525
Alaska Community Foundation	194	918
Providence - Landlord Liaison	60,956	60,956
Providence - Landlord Risk Pool	49,999	80,964
Providence - Homelessness - Financial Network	45,000	45,000
Stutzer Back on Track	66,507	61,332
FNBA Education	21,234	7,041
Rasmuson 90% by 2020	950	139,141
Janet Weiss Education Opportunity	21,244	16,452
Matson Corp. 90% by 2020	4,417	5,000
Alyeska and Russian Jack	7,338	7,338
BOA Back on Track	-	10,000
BP 90% by 2020	-	50,000
Anchorage CARES	1,949	-
AK Can Do	39,198	-
Rotary Back on Track	-	10,000
Rasmuson Pay for Success Supportive Housing Grant	775,735	855,853
PEW Charitable Trusts 211	5,882	5,882
Rasmuson COVID-19	-	410
Muni Outcome	303,000	489,000
ARPA Muni Restaurant	6,348	25,000
	<u>\$ 2,703,976</u>	<u>2,918,269</u>

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

Net assets with donor restrictions that are perpetual in nature at June 30, 2022 and 2021 consist of the Lucy Cuddy Endowment with a balance of \$1,157,467 and \$1,339,824, respectively. Earnings on the endowment are reported as “with donor restrictions” until the balance of the corpus reaches \$1,000,000; at which time the earnings can be considered without donor restrictions. The board approves earnings to be released from restrictions as part of the annual budgeting process.

Net assets of \$10,818,347 in 2022 and \$42,642,761 in 2021 were released from donor restriction by expiration of time or satisfying purposes designated by the donor.

**(10) Contingencies**

Amounts received or receivable from grantors are subject to audit and adjustment. Any disallowed claims, including amounts already collected, would become a liability of United Way. However, management believes that such claims, if any, would not be significant.

**(11) Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$	3,420,693
Campaign receivables, net		680,149
Due from public campaigns		60,958
Grants, contributions and other receivables		2,819,139
Operating investments		4,019,177
	\$	<u>11,000,116</u>

United Way’s endowment fund consists of a donor-restricted endowment. Income from the donor-restricted endowment is released from restrictions by the board as part of the annual budgeting process.

As part of United Way’s liquidity management plan, cash is invested in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$211,288 as of June 30, 2022.

**(12) Grants**

A summary of governmental and local grant revenue for the years ended June 30, 2022 and 2021 follows:

	2022	2021
Federal	\$ 9,286,396	32,463,917
State of Alaska	466,783	290,298
Local	560,902	10,816,294
Total grants and contributions	\$ <u>10,314,081</u>	<u>43,570,509</u>

**(13) Subsequent Events**

Management has evaluated subsequent events through February 24, 2023, the date which the financial statements were available for issue.

UNITED WAY OF ANCHORAGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

Grantor/Program Name	Grant Number or Pass-through Entity Identifying Number	Assistance Listing Number	Total Grant Amount	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services:					
Direct:					
Cooperative Agreement to Support Navigators in Federally-Facilitated Exchanges	NAVCA190366-02-01	93.332	\$ 25,000	-	22,386
Cooperative Agreement to Support Navigators in Federally-Facilitated Exchanges	CA-NAV-21-001	93.332	1,250,000	-	1,075,121
Total ALN 93.332			<u>1,275,000</u>	<u>-</u>	<u>1,097,507</u>
Passed through Municipality of Anchorage - COVID-19 Community Funding Program	None	93.323	3,682,417	1,993,105	2,555,355
Total U.S. Department of Health and Human Services			<u>4,957,417</u>	<u>1,993,105</u>	<u>3,652,862</u>
U.S. Department of Housing and Urban Development:					
Direct -					
Pay for Success Permanent Supportive Housing Demonstration	AK500PFS03	14.273	1,408,130	-	361,651
Passed through Municipality of Anchorage:					
Landlord Liaison Project	RRH-21-UW-013	14.231	175,000	-	120,945
United Way Home For Good Program	RRH-21-UW-014	14.231	450,000	-	325,942
Total ALN 14.231			<u>625,000</u>	<u>-</u>	<u>446,887</u>
Total U.S. Department of Housing and Urban Development			<u>2,033,130</u>	<u>-</u>	<u>808,538</u>
U.S. Department of the Treasury:					
Passed through Municipality of Anchorage:					
COVID-19 Childcare Relief Program	#2020003135	21.019	5,000,000	-	3,359,000
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (Municipality of Anchorage Restaurant Rescue Meals Program)	#2021000284	21.027	2,240,000	1,267,248	1,346,168
Passed through the Alaska Community Foundation -					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Nonprofit Recovery Fund	29994	21.027	289,375	-	119,828
Total ALN 21.027			<u>2,529,375</u>	<u>1,267,248</u>	<u>1,465,996</u>
Total U.S. Department of the Treasury			<u>7,529,375</u>	<u>1,267,248</u>	<u>4,824,996</u>
Total expenditures of federal awards			<u>\$ 14,519,922</u>	<u>3,260,353</u>	<u>9,286,396</u>

See accompanying notes to the Schedule.



UNITED WAY OF ANCHORAGE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2022

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of United Way of Anchorage under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of United Way of Anchorage, it is not intended to and does not present the financial statements of United Way of Anchorage.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. United Way of Anchorage has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform guidance.

**Note 3. Passed Through Awards**

The following amounts were passed through to subrecipients:

ALN#21.027:	
COVID-19 ARPA (Municipality of Anchorage Restaurant Rescue Meals Program)	\$ <u>1,267,248</u>
ALN#93,323:	
COVID-19 Community Funding Program	\$ <u>1,993,105</u>

**Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

**Independent Auditor's Report**

Members of the Board of Directors  
United Way of Anchorage  
Anchorage, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Anchorage (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 24, 2023.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered United Way of Anchorage's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the United Way of Anchorage's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Anchorage's internal control.

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

Members of the Board of Directors  
United Way of Anchorage

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

***Report on Compliance and Other Matters***

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

***Purpose of this Report***

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



Anchorage, Alaska  
February 24, 2023

**Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

**Independent Auditor's Report**

Members of the Board of Directors  
United Way of Anchorage  
Anchorage, Alaska

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited United Way of Anchorage's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way of Anchorage's major federal programs for the year ended June 30, 2022. United Way of Anchorage's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of Anchorage complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance which is described in the accompanying schedule of findings and questioned costs as Finding 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on United Way of Anchorage's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs and corrective action plan. United Way of Anchorage's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2022-001 to be a significant deficiency.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on United Way of Anchorage's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs and corrective action plan. United Way of Anchorage's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Anchorage, Alaska  
February 24, 2023

UNITED WAY OF ANCHORAGE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Is a going concern emphasis-of-matter paragraph included in the audit report?

\_\_\_ yes X no

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ yes X no

Significant deficiency(ies) identified?

\_\_\_ yes X none reported

Noncompliance material to financial statements noted?

\_\_\_ yes X no

Federal Awards

Internal control over major programs (2 CFR 200.516 (a)(1))?

Material weakness(es) identified:

\_\_\_ yes X no

Significant deficiency(ies) identified:

X yes \_\_\_ none reported

Any material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516 (a)(2))?

\_\_\_ yes X none reported

Type of auditor’s report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR 200.516 (a)(3) or (4)?

\_\_\_ yes X no

Identification of major programs:

Assistance Listing Number(s)

21.027

93.323

93.332

14.231

Name of Federal Program

Coronavirus State and Local Fiscal Recovery Funds

Epidemiology and Laboratory Capacity for Infectious Diseases

Cooperative Agreement to Support Navigators in Federally - Facilitated Exchanges

Emergency Solutions Grants Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

X yes \_\_\_ no

UNITED WAY OF ANCHORAGE

Schedule of Findings and Questioned Costs, Continued

**Section II – Financial Statement Findings**

United Way of Anchorage did not have any findings that related to the financial statements.

**Section III – Federal Award Findings and Questioned Costs**

**Finding 2022-001**

**Late Reporting and Noncompliance with Reporting Requirements**

**Federal Agency:**

U.S. Department of Health and Human Services passed through Municipality of Anchorage

**Federal Program:**

Epidemiology and Laboratory Capacity for Infectious Diseases

**Assistance Listing Number:**

93.323

**Award Number:**

No federal identifying number.

**Award Year:**

2022

**Type of Finding:**

Significant deficiency in internal control over compliance and noncompliance.

**Criteria:**

In accordance with the grant agreement, Section 7 - Reporting and Audits, the grantee will submit to the Municipality monthly program and monthly financial reports. The financial reports will include general ledger details for the costs charged. The reports shall be received by the Municipality within fifteen (15) days following the end of each reporting period.

**Condition and Context:**

The Organization was unable to provide documentation demonstrating compliance with any of the reporting requirements of the grant.

**Cause:**

Lack of internal controls over reporting requirements.

**Effect:**

The Organization was not in compliance with reporting requirements.

**Questioned Costs:**

None.

**Repeat Finding:**

Yes, repeated of Finding 2021-003.

**Recommendation:**

We recommend that the United Way of Anchorage comply with reporting requirements.

**Management's Response:**

Management concurs with this finding. See corrective action plan.





United Way of Anchorage

Status of Prior Year Audit Findings

June 30, 2022

**Financial Statement Findings**

**Finding 2021-001**

**Lack of Internal Controls Over Subledger Reconciliations**

**Type of Finding:**

Significant deficiency.

**Condition and Context:**

During our review of campaign pledge receivables and designations payable from the ANDAR subledger, it was noted that both general ledger balances did not agree to the subledger. These balances were misstated due to unidentified differences in adjusting journal entries recorded in the general ledger over the course of the year.

**Status:**

This finding has been resolved.

**Finding 2021-002**

**Lack of Internal Controls over Payroll**

**Type of Finding:**

Significant deficiency.

**Condition and Context:**

During our testing of internal controls over payroll transaction we noted two transactions, out of a sample of forty transactions, which lacked adequate supporting documentation. Management was unable to locate a personnel action form for each employee so we were unable to substantiate the correct rates of pay as well as the allocation of pay to different programs.

**Status:**

This finding has been resolved.

UNITED WAY OF ANCHORAGE

Status of Prior Year Audit Findings, Continued

**Federal Award Findings**

**Finding 2021-003**

**Late Reporting and Noncompliance with Reporting Requirements**

**Federal Agency:** U.S. Department of the Treasury passed through Municipality of Anchorage

**Federal Program:** Coronavirus Relief Fund - Rent Assistance Program

**Assistance Listing Number:** 21.019

**Award Number:** No federal identifying number. Pass through entity identifying number #2020003536 (Rent Assistance Program)

**Award Year:** 2020

**Type of Finding:** Significant deficiency in internal control over compliance and noncompliance.

**Condition and Context:** The Organization was unable to provide documentation demonstrating compliance with any of the reporting requirements of the grant.

**Status:** This finding has not been resolved and is repeated as Finding 2022-001.

**Finding 2021-004**

**Lack of Internal Control over Subrecipient Monitoring**

**Federal Agency:** U.S. Department of the Treasury passed through Municipality of Anchorage

**Federal Program:** Coronavirus Relief Fund - Rent Assistance Program

**Assistance Listing Number:** 21.019

**Award Number:** No federal identifying number. Pass through entity identifying number #2020003536 (Rent Assistance Program)

**Award Year:** 2020

**Type of Finding:** Significant deficiency in internal control over compliance and noncompliance.

**Condition and Context:** The Organization was unable to provide documentation demonstrating compliance with monitoring the pass-through entity to ensure funds awarded were being used in accordance with Federal statutes, regulations and terms of the conditions of the Federal award.

**Status:** This finding has been resolved.



United Way of Anchorage

Corrective Action Plan

June 30, 2022

**Federal Award Findings**

**Finding 2022-001**

**Late Reporting and Noncompliance with Reporting Requirements**

**Name of Contact Person:** Fred Miller

**Corrective Action Plan:** Management has hired additional staff to the finance department, in part, to aid in the grant management process as well as implemented a process to monitor compliance with reporting requirements of grants. This process allows for internal controls to be met with multiple oversights to ensure deadlines do not get missed and funds are not misused along with proper reporting.

**Proposed Completion Date:** December 31, 2022