

UNITED WAY OF ANCHORAGE  
Financial Statements, Additional Supplementary Information,  
and Compliance Reports  
(With Independent Auditor's Report Thereon)  
Years Ended June 30, 2020 and 2019

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 Financial Statements**

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Members of the Board of Directors  
United Way of Anchorage

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

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, 2020 and 2019, 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.

### **Other Matters**

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 additional 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 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 January 12, 2021, 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  
January 12, 2021

**UNITED WAY OF ANCHORAGE**

Statement of Financial Position

June 30, 2020

<u>Assets</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 1,964,529	1,599,168	3,563,697
Campaign receivables, net (note 3)	1,379,013	-	1,379,013
Due from public campaigns	19,575	-	19,575
Grants, contributions and other receivables	13,335	876,532	889,867
Prepaid expenses and other assets	83,041	-	83,041
Total current assets	<u>3,459,493</u>	<u>2,475,700</u>	<u>5,935,193</u>
Investments (note 4)	3,174,683	1,102,269	4,276,952
Property and equipment, net (note 5)	<u>2,095,201</u>	<u>-</u>	<u>2,095,201</u>
Total assets	<u>\$ 8,729,377</u>	<u>3,577,969</u>	<u>12,307,346</u>
 <b><u>Liabilities and Net Assets</u></b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 565,839	-	565,839
Community investments and donor designations payable	1,879,674	-	1,879,674
Deferred grant and contributions revenue	556,331	-	556,331
Current portion of notes payable (note 6)	78,877	-	78,877
PPP loan (note 7)	485,840	-	485,840
Total current liabilities	<u>3,566,561</u>	<u>-</u>	<u>3,566,561</u>
Notes payable, net of current portion (note 6)	3,996	-	3,996
Tenant security deposits	<u>16,758</u>	<u>-</u>	<u>16,758</u>
Total liabilities	<u>3,587,315</u>	<u>-</u>	<u>3,587,315</u>
Net assets:			
Without donor restrictions:			
Undesignated	2,911,915	-	2,911,915
Designated for current operations (note 2)	217,819	-	217,819
Designated for investment in property and equipment, net of debt	<u>2,012,328</u>	<u>-</u>	<u>2,012,328</u>
Total net assets without donor restriction	<u>5,142,062</u>	<u>-</u>	<u>5,142,062</u>
With donor restrictions (note 9)			
Perpetual in nature	-	1,102,269	1,102,269
Purpose restrictions	<u>-</u>	<u>2,475,700</u>	<u>2,475,700</u>
Total net assets with donor restriction	<u>-</u>	<u>3,577,969</u>	<u>3,577,969</u>
Total net assets	<u>5,142,062</u>	<u>3,577,969</u>	<u>8,720,031</u>
Total liabilities and net assets	<u>\$ 8,729,377</u>	<u>3,577,969</u>	<u>12,307,346</u>

See accompanying notes to financial statements.

**UNITED WAY OF ANCHORAGE**

Statement of Financial Position

June 30, 2019

<u>Assets</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 282,975	2,016,662	2,299,637
Campaign receivables, net (note 3)	1,578,968	-	1,578,968
Due from public campaigns	42,220	-	42,220
Grants, contributions and other receivables	26,543	266,194	292,737
Prepaid expenses and other assets	75,994	-	75,994
Total current assets	<u>2,006,700</u>	<u>2,282,856</u>	<u>4,289,556</u>
Investments (note 4)	3,160,005	1,283,945	4,443,950
Property and equipment, net (note 5)	<u>2,203,406</u>	<u>-</u>	<u>2,203,406</u>
Total assets	<u>\$ 7,370,111</u>	<u>3,566,801</u>	<u>10,936,912</u>
 <b><u>Liabilities and Net Assets</u></b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 392,706	-	392,706
Community investments and donor designations payable	2,079,132	-	2,079,132
Deferred grant and contributions revenue	36,517	-	36,517
Current portion of notes payable (note 6)	72,533	-	72,533
Total current liabilities	<u>2,580,888</u>	<u>-</u>	<u>2,580,888</u>
Notes payable, net of current portion (note 6)	82,873	-	82,873
Tenant security deposits	<u>33,604</u>	<u>-</u>	<u>33,604</u>
Total liabilities	<u>2,697,365</u>	<u>-</u>	<u>2,697,365</u>
Net assets:			
Without donor restrictions:			
Undesignated	2,450,965	-	2,450,965
Designated for current operations (note 2)	173,781	-	173,781
Designated for investment in property and equipment, net of debt	2,048,000	-	2,048,000
Total net assets without donor restriction	<u>4,672,746</u>	<u>-</u>	<u>4,672,746</u>
With donor restrictions (note 9)			
Perpetual in nature	-	1,283,945	1,283,945
Purpose restrictions	<u>-</u>	<u>2,282,856</u>	<u>2,282,856</u>
Total net assets with donor restriction	<u>-</u>	<u>3,566,801</u>	<u>3,566,801</u>
Total net assets	<u>4,672,746</u>	<u>3,566,801</u>	<u>8,239,547</u>
Total liabilities and net assets	<u>\$ 7,370,111</u>	<u>3,566,801</u>	<u>10,936,912</u>

See accompanying notes to financial statements.

**UNITED WAY OF ANCHORAGE**

Statement of Activities

Year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Campaign results:			
United Way of Anchorage	\$ 4,594,145	399,111	4,993,256
Shared campaigns:			
Anchorage School District Charitable Giving	1,620	-	1,620
Share	5,233	-	5,233
Municipal Employees	3,929	-	3,929
Total campaign results	<u>4,604,927</u>	<u>399,111</u>	<u>5,004,038</u>
Less:			
Donor designations	(1,009,818)	-	(1,009,818)
Uncollectible campaign pledges expense	<u>(277,397)</u>	<u>(6,131)</u>	<u>(283,528)</u>
Net campaign results	<u>3,317,712</u>	<u>392,980</u>	<u>3,710,692</u>
Designations from other United Ways	1,322	-	1,322
Collections of prior year campaign contributions more than amount anticipated	60,003	-	60,003
Donor designation and contracted services fees	171,904	-	171,904
Grants and contributions	15,876	3,829,427	3,845,303
Rental income (note 8)	396,795	-	396,795
In-kind contribution	476,397	-	476,397
Investment income (loss), net	(68,564)	(26,263)	(94,827)
Other	261,483	40,300	301,783
Net assets released from restrictions (note 10)	<u>4,225,276</u>	<u>(4,225,276)</u>	<u>-</u>
Total revenues, gains, and other support	<u>8,858,204</u>	<u>11,168</u>	<u>8,869,372</u>
Expenses:			
Program services:			
Education	693,942	-	693,942
Income and health	2,365,615	-	2,365,615
Community	679,993	-	679,993
Covid-19 community support	1,124,865	-	1,124,865
Board-directed community investment	1,375,600	-	1,375,600
Grants, sponsorships, and other programs	30,156	-	30,156
Supporting services:			
Management and general	478,781	-	478,781
Fundraising	1,639,936	-	1,639,936
Total expenses	<u>8,388,888</u>	<u>-</u>	<u>8,388,888</u>
Change in net assets	469,316	11,168	480,484
Net assets at beginning of year	<u>4,672,746</u>	<u>3,566,801</u>	<u>8,239,547</u>
Net assets at end of year	\$ <u><u>5,142,062</u></u>	<u><u>3,577,969</u></u>	<u><u>8,720,031</u></u>

See accompanying notes to financial statements.

**UNITED WAY OF ANCHORAGE**

Statement of Activities

Year ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Campaign results:			
United Way of Anchorage	\$ 4,711,470	500,352	5,211,822
Shared campaigns:			
Anchorage School District Charitable Giving	6,159	-	6,159
Share	6,063	-	6,063
Municipal Employees	8,452	-	8,452
Total campaign results	<u>4,732,144</u>	<u>500,352</u>	<u>5,232,496</u>
Less:			
Donor designations	(1,276,990)	-	(1,276,990)
Uncollectible campaign pledges expense	<u>(10,054)</u>	<u>-</u>	<u>(10,054)</u>
Net campaign results	3,445,100	500,352	3,945,452
Designations from other United Ways	10,641	-	10,641
Collections of prior year campaign contributions more than amount anticipated	53,200	-	53,200
Donor designation and contracted services fees	218,123		218,123
Grants and contributions	-	1,888,343	1,888,343
Rental income (note 8)	284,483	-	284,483
In-kind contribution	496,677	-	496,677
Investment income, net	178,625	63,311	241,936
Other	60,214	230,224	290,438
Net assets released from restrictions (note 10)	<u>1,369,954</u>	<u>(1,369,954)</u>	<u>-</u>
Total revenues, gains, and other support	<u>6,117,017</u>	<u>1,312,276</u>	<u>7,429,293</u>
Expenses:			
Program services:			
Education	1,003,151	-	1,003,151
Income and health	1,597,529	-	1,597,529
Community	799,275	-	799,275
Board-directed community investment	1,422,759	-	1,422,759
Supporting services:			
Management and general	541,002	-	541,002
Fundraising	1,577,584	-	1,577,584
Total expenses	<u>6,941,300</u>	<u>-</u>	<u>6,941,300</u>
Change in net assets	(824,283)	1,312,276	487,993
Net assets at beginning of year	<u>5,497,029</u>	<u>2,254,525</u>	<u>7,751,554</u>
Net assets at end of year	\$ <u>4,672,746</u>	<u>3,566,801</u>	<u>8,239,547</u>

See accompanying notes to financial statements.

**UNITED WAY OF ANCHORAGE**

Statement of Functional Expenses

Year ended June 30, 2020

	Program services				Supporting services			Total
	Education	Income and Health	Community	Total	Management and General	Fundraising	Total	
Employee compensation:								
Salaries	\$ 264,447	786,776	115,253	1,166,476	634,090	649,858	1,283,948	2,450,424
Payroll taxes and fringe benefits	55,730	216,075	31,432	303,237	207,570	165,841	373,411	676,648
Total employee compensation	320,177	1,002,851	146,685	1,469,713	841,660	815,699	1,657,359	3,127,072
Professional fees	172,521	819,376	7,206	999,103	199,206	40,302	239,508	1,238,611
Building operating expenses, including depreciation of \$87,996	-	-	309,736	309,736	-	-	-	309,736
Supplies	18,858	11,235	-	30,093	42,883	36,632	79,515	109,608
Occupancy expenses	39,643	89,196	53,955	182,794	54,508	124,436	178,944	361,738
Awards and publicity	607	3,142	-	3,749	126,938	7,497	134,435	138,184
Equipment rental and repairs	-	24,255	-	24,255	30,421	8,769	39,190	63,445
Membership dues	260	3,071	9	3,340	93,694	4,310	98,004	101,344
Conferences, conventions, meetings, and major trips	1,565	4,009	-	5,574	5,835	8,355	14,190	19,764
Gaming expenses	-	-	-	-	-	102,879	102,879	102,879
Local transportation and meals	3,227	-	-	3,227	40,016	2,849	42,865	46,092
Interest	-	-	7,989	7,989	-	-	-	7,989
Depreciation	-	-	-	-	27,288	-	27,288	27,288
Banking fees	-	-	-	-	36,768	23,233	60,001	60,001
Telephone	-	23,874	58	23,932	12,870	-	12,870	36,802
Insurance	191	635	254	1,080	23,669	826	24,495	25,575
Postage and shipping	14	182	-	196	2,122	3,187	5,309	5,505
Distribution of allocable expenses	136,879	307,307	154,101	598,287	(1,059,247)	460,960	(598,287)	-
Other	-	76,482	-	76,482	150	2	152	76,634
Expenses before board-directed community investment and grants, sponsorships, and other programs	693,942	2,365,615	679,993	3,739,550	478,781	1,639,936	2,118,717	5,858,267
Covid-19 community support	-	-	1,124,865	1,124,865	-	-	-	1,124,865
Board-directed community investment	-	-	1,375,600	1,375,600	-	-	-	1,375,600
Grants, sponsorships and other programs	-	30,156	-	30,156	-	-	-	30,156
Total program and supporting services	\$ 693,942	2,395,771	3,180,458	6,270,171	478,781	1,639,936	2,118,717	8,388,888

See accompanying notes to financial statements.

**UNITED WAY OF ANCHORAGE**

Statement of Functional Expenses

Year ended June 30, 2019

	Program services				Supporting services			Total
	Education	Income and Health	Community	Total	Management and General	Fundraising	Total	
Employee compensation:								
Salaries	\$ 292,532	709,736	198,724	1,200,992	444,022	662,949	1,106,971	2,307,963
Payroll taxes and fringe benefits	67,405	244,254	54,294	365,953	130,968	162,470	293,438	659,391
Total employee compensation	359,937	953,990	253,018	1,566,945	574,990	825,419	1,400,409	2,967,354
Professional fees	276,932	288,679	12,267	577,878	189,288	75,137	264,425	842,303
Building operating expenses, including depreciation of \$87,996	-	-	320,554	320,554	-	-	-	320,554
Supplies	8,719	9,487	-	18,206	51,883	12,709	64,592	82,798
Occupancy expenses	57,249	79,268	66,057	202,574	27,524	121,104	148,628	351,202
Awards and publicity	140,583	17,417	-	158,000	91,690	102,597	194,287	352,287
Equipment rental and repairs	-	12,492	-	12,492	31,821	7,418	39,239	51,731
Membership dues	139	1,690	-	1,829	71,889	2,763	74,652	76,481
Conferences, conventions, meetings, and major trips	2,822	12,577	1,999	17,398	24,065	9,562	33,627	51,025
Gaming expenses	-	-	1,184	1,184	-	120,702	120,702	121,886
Local transportation and meals	8,032	9,953	4	17,989	44,052	7,567	51,619	69,608
Interest	-	-	12,523	12,523	-	-	-	12,523
Depreciation	-	-	-	-	35,330	-	35,330	35,330
Banking fees	-	35	-	35	63,391	17,687	81,078	81,113
Telephone	-	13,808	1,552	15,360	11,557	-	11,557	26,917
Insurance	-	-	-	-	17,536	-	17,536	17,536
Postage and shipping	21	840	14	875	1,447	2,485	3,932	4,807
Distribution of allocable expenses	123,007	170,317	130,103	423,427	(695,461)	272,034	(423,427)	-
Other	25,710	26,976	-	52,686	-	400	400	53,086
Expenses before board-directed community investment and grants, sponsorships, and other programs	1,003,151	1,597,529	799,275	3,399,955	541,002	1,577,584	2,118,586	5,518,541
Board-directed community investment	-	-	1,422,759	1,422,759	-	-	-	1,422,759
Total program and supporting services	\$ 1,003,151	1,597,529	2,222,034	4,822,714	541,002	1,577,584	2,118,586	6,941,300

See accompanying notes to financial statements.

**UNITED WAY OF ANCHORAGE**

Statements of Cash Flows

June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
Cash flows from operating activities:		
Change in net assets	\$ 480,484	487,993
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	115,284	123,326
Bad debt expense	283,529	10,054
Net realized and unrealized investment (gains)	(87,797)	(249,626)
Donated investment securities	(125,732)	-
Changes in assets and liabilities that provided (used) cash:		
Campaign receivables	(83,574)	(15,931)
Due from public campaigns	22,645	(13,643)
Grants and contributions receivable	(597,130)	(75,025)
Prepaid expenses and other assets	(7,047)	(41,349)
Accounts payable and accrued liabilities	173,133	(4,065)
Allocations payable and donor designation payable	(199,458)	(29,619)
Rent contribution payable	-	(805)
Deferred grant and contribution revenue	519,814	(490,650)
Tenant security deposits	(16,846)	16,845
Net cash (used in) provided by operating activities	477,305	(282,495)
Cash flows from investing activities:		
Purchase of capital assets	(7,079)	-
Sale of investments	2,797,599	373,584
Purchase of investments	(2,417,072)	(214,850)
Net cash provided by investing activities	373,448	158,734
Cash flows from financing activities:		
Principal payments on long-term debt	(72,533)	(67,999)
Proceeds from issuance of PPP loan	485,840	-
Net cash (used in) financing activities	413,307	(67,999)
Change in cash and cash equivalents	1,264,060	(191,760)
Cash and cash equivalents at beginning of year	2,299,637	2,491,397
Cash and cash equivalents at end of year	\$ 3,563,697	2,299,637
Supplemental disclosure of cash flow information:		
In-kind contribution	\$ 476,397	496,677
Interest paid	\$ 7,989	12,523

See accompanying notes to financial statements.

# UNITED WAY OF ANCHORAGE

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### (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 2019 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 \$217,819 and \$173,781, respectively, as of June 30, 2020 and 2019.

*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, 2020 and 2019 was \$250,000 per financial institution. Uninsured and uncollateralized amounts were \$2,234,312 and \$468,646 at June 30, 2020 and 2019, 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.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable and (5) other current liabilities. The carrying amounts reported in the statements of financial position for the above financial instruments closely approximate their fair value due to the short-term nature of these assets and liabilities. The carrying amount of notes payable approximates fair value for those financial instruments since fixed interest rates approximate current market rates for notes with those similar maturities and credit quality.

**(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.

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, 2020 and 2019 because qualifying expenditures have not yet been incurred, with an advance payment of \$477,307 and \$20,517 recognized in the statement of financial position as deferred grant revenue as of June 30, 2020 and 2019, respectively. The Organization also receives advanced payment for corporate matches to future campaigns. As of June 30, 2020 and 2019 United Way of Anchorage had deferred contributions of \$79,688 and \$16,000.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

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.

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

**(j) Contributions of In-kind Goods and Services**

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'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 \$361,738 in 2020 and \$351,202 in 2019.

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

June 30, 2020	Education	Income and Health	Community	Management and General	Fundraising	Total
Professional fees	\$ 321	76	-	10,956	14,163	25,516
Supplies	9,436	526	-	392	4,226	14,580
Occupancy expenses	44,044	99,040	58,917	20,533	139,203	361,737
Awards and publicity	-	916	-	40,040	132	41,088
Postage and shipping	-	-	-	-	3	3
Equipment rental and repairs	-	8,052	-	-	-	8,052
Local transportation and meals	-	-	-	21,690	-	21,690
Telephone	-	3,481	-	250	-	3,731
Total	\$ 53,801	112,091	58,917	93,861	157,727	476,397

June 30, 2019	Education	Income and Health	Community	Management and General	Fundraising	Total
Professional fees	\$ 8,529	10,547	-	1,920	5,343	26,339
Supplies	1,309	14	-	156	439	1,918
Occupancy expenses	57,249	79,268	66,057	27,524	121,104	351,202
Awards and publicity	13,930	251	-	73	70,258	84,512
Postage and shipping	-	-	-	-	-	-
Equipment rental and repairs	-	8,811	-	-	-	8,811
Local transportation and meals	500	1,525	-	18,900	220	21,145
Telephone	-	-	-	2,750	-	2,750
Total	\$ 81,517	100,416	66,057	51,323	197,364	496,677

**(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, 2020 and 2019 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, 2017.

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, 2020 and 2019 were \$140,182 and \$356,522, respectively.

**(3) Campaign Receivables**

A summary of campaign receivables at June 30 follows:

	2020	2019
Fall 2019 and 2018	\$ 1,497,542	1,667,224
Anchorage School District Charitable Giving	755	1,480
SHARE	5,396	4,058
Municipal Employees	4,080	5,440
	<u>1,507,773</u>	<u>1,678,202</u>
Less allowance for uncollectible pledges	<u>(128,760)</u>	<u>(99,234)</u>
	<u>\$ 1,379,013</u>	<u>1,578,968</u>

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

**(4) Investments**

A summary of investments at June 30 follows:

	<u>2020</u>	<u>2019</u>
Mutual funds:		
Aggregate bond intermediate	\$ -	69,666
Mid cap	593,135	498,609
Bonds	104,963	-
International	123,981	-
Common stock	37,241	15,801
Exchange-traded funds:		
U.S. government obligations	-	3,128,853
Bonds	724,767	-
International	510,044	-
Large Cap	1,610,968	-
Mid Cap	263,963	-
Small Cap	293,572	-
Fixed income:		
Corporate obligations	-	716,021
Beneficial interest in		
Alaska Community Foundation	14,318	15,000
Total investments	<u>\$ 4,276,952</u>	<u>4,443,950</u>

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.

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

**(5) Property and Equipment**

A summary of property and equipment at June 30 follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 351,388	351,388
Buildings	3,140,780	3,140,780
Office equipment and furniture	<u>603,698</u>	<u>596,619</u>
	4,095,866	4,088,787
Accumulated depreciation	<u>(2,000,665)</u>	<u>(1,885,381)</u>
	<u>\$ 2,095,201</u>	<u>2,203,406</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$115,284 and \$123,326, respectively.

**(6) Notes Payable**

A summary of notes payable at June 30 follows:

	<u>2020</u>	<u>2019</u>
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	\$ 82,873	155,406
Less current portion	<u>78,877</u>	<u>72,533</u>
Long-term notes payable	<u>\$ 3,996</u>	<u>82,873</u>

Principal long-term debt maturities are as follows:

Years ending June 30:	<u>Amount</u>
2021	78,877
2022	<u>3,996</u>
	<u>\$ 82,873</u>

**(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. The organization received a PPP loan of \$485,840, which is recorded as debt on the Statement of Financial Position. 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. Loan payments will be deferred for six months.

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

**(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 \$2,061,801 and \$2,149,707 at June 30, 2020 and 2019, respectively. Rent revenue is being recognized at the fair value over the term of the lease agreements. During the years ended June 30, 2020 and 2019, United Way recognized \$396,795 and \$284,483, respectively, in rental income, of which \$60,785 and \$8,334, 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, 2020 are as follows:

Year ending June 30:	Amount
2021	\$ <u>322,946</u>

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

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

	2020	2019
Rasmuson - Education	\$ -	69,404
Points of Light	8,178	7,573
Workplace Campaign	131	1,804
Walk for Warmth	2,346	-
Kickoff Event	17,243	20,740
Leadership Event	500	500
2-1-1 Call Center Operations	65,738	-
Donations to AK 211 Website	5,018	6,263
Emergency Cold Weather Shelter	-	15,000
Providence - Community Investment	-	442,261
Providence - Homeless Plan Backbone Support	-	208,926
ACF -Homelessness	120	30,008
Nicole Laurel Cuddy Foundation - Homelessness	3,000	3,000
UWA Health Initiatives from Providence Alaska	-	65,496
Providence - 90% by 2020	-	99,832
Education Initiatives	245,724	213,112
Donations - Fighting Homelessness	76,182	140,209
90 by 2020 Back on Track	2,433	9,500
Reading Oasis	29,047	14,882
ACF UWA Education	8	-
Providence - Coordinated Entry	-	39,197
Alaska Community Foundation	8	-
Providence - Landlord Liaison	60,956	60,956
Providence - Landlord Risk Pool	84,750	90,000
Providence - Homelessness - Financial Network	50,000	50,000
Rasmuson PSH CSH	-	54,859
Stutzer Back on Track	61,332	29,334

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

FNBA Education	24,030	-
Rasmusson 90% by 2020	330,000	-
Matson Corp. 90 by 2020	5,000	-
Alyeska and Russian Jack	7,338	-
BOA Back on Track	5,000	-
BP 90% by 2020	50,000	-
Anchorage CARES	20,343	-
AK Can Do	194,174	-
Rotary Back on Track	10,000	-
AT&T Aspire 2020	120,441	-
Rasmuson Pay for Success Supportive Housing Grant	880,975	610,000
Rasmuson COVID-19	9,000	-
Home for Good	106,685	-
	\$ 2,475,700	2,282,856

Net assets with donor restrictions that are perpetual in nature at June 30, 2020 and 2019 consist of the Lucy Cuddy Endowment with a balance of \$1,102,269 and \$1,283,945, 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.

**(10) Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors or contractors.

During the years ended June 30, 2020 and 2019, United Way incurred expenses related to the following grants and contributions as required by the donor or grantor:

	2020	2019
Rasmuson - Education	\$ 99,032	-
Points of Light	4,415	4,709
Major Gifts Event	-	2,749
Workplace Campaign	1,673	1,818
Walk for Warmth	30,909	-
Kickoff Event	14,297	3,010
Leadership Event	-	4,578
Sponsorships – Loaned Account Managers	6,738	12,000
Marketing - Donations	-	4,624
Help Anchorage Initiative	1,028	-
2-1-1 Call Center Operations	320,675	-
Donations to AK 211 Website	1,245	3,738
Emergency Cold Weather Shelter	30,000	-
Providence - Community Investment	442,263	-
Providence - Homeless Plan Backbone Support	208,926	16,793
ACF - Homelessness	30,652	1,298
ACF - Anchorage Home Builder's	-	250
UWA Health Initiatives from Providence Alaska	65,496	17,987

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

Providence - 90% by 2020	99,941	1,111
Education Initiatives	80,155	1,235
Donations - Fighting Homelessness	298,000	-
90 by 2020 Back on Track	7,067	-
Reading Oasis	1,301	-
CP - 90% by 2020 Plus Schools	(109)	91,143
Wells Fargo - 90 by 2020 Plus Schools	77,183	33,500
ACF Prevent Homelessness	2,446	-
ACF UWA Education	755	-
ACF UWA Education Fund	562	-
Providence - Coordinated Entry	39,197	-
Alaska Community Foundation	755	-
Providence - Landlord Risk Pool	5,250	-
Rasmuson PSH CSH	54,859	-
Stutzer Fall 2018 Back on Track	2,000	-
FNBA Education	970	-
Alyeska and Russian Jack	2,662	-
Anchorage CARES	305,822	-
AK Can Do	285,873	-
RARC	-	70,023
AT&T Aspire 2020	79,559	219,270
Rasmuson Foundation Technical Grant	20,000	-
MatSu Health Foundation - AK 211	14,500	-
ACT -AK211	710	7,853
Rasmuson Pay for Success Supportive Housing Grant	229,025	98,437
PEW Charitable Trusts 211	14,660	-
Rasmuson COVID-19	41,000	-
MOA Rent Assistance	538,000	-
Home for Good	133,314	-
AHFC - Alaska 2-1-1	50,000	34,420
AMHTA Pay for Success	265,336	-
AMHTA -Alaska 211	-	56,137
MOA Plus AfterSchool Program	10,000	31,000
US DHHS Navigator -9/1/19	18,391	113,934
US DHHS Navigator -9/1/20	85,494	-
HUD Pay for Success	203,249	182,549
Gaming	-	122,028
United Way Worldwide – Casey Foundation	-	9,557
Donations - Alaska 2-1-1	-	218,880
APA Touchstone	-	2,270
Donations - Emerging Leaders	-	3,053
	\$ 4,225,276	1,369,954

UNITED WAY OF ANCHORAGE

Notes to Financial Statements, Continued

**(11) 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.

**(12) 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	\$	3,563,697
Campaign receivables, net		1,379,013
Due from public campaigns		19,575
Grants, contributions and other receivables		889,867
Operating investments		3,174,683
	\$	<u>9,026,835</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 \$217,819 as of June 30, 2020.

**(13) Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets. The reclassifications related to the implementation of FASB issued Accounting Standards Update (ASU) No. 2018-08 Not-for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605).

**(14) Grants**

A summary of governmental and local grant revenue for the years ended June 30, 2020 and 2019 follows:

	2020	2019
Federal	\$ 844,949	264,157
State of Alaska	315,336	153,882
Local	2,685,018	1,470,304
Total grants and contributions	\$ <u>3,845,303</u>	<u>1,888,343</u>

**(15) Subsequent Events**

Management has evaluated subsequent events through January 12, 2021, the date which the financial statements were available for issue.

## UNITED WAY OF ANCHORAGE

### Notes to Financial Statements, Continued

#### CARES Act Muni Childcare Provider Assistance:

United Way of Anchorage received a grant to administer CARES Act funding for the Municipality of Anchorage's childcare provider assistance program. The total grant is \$10,500,000, with \$10,185,000 to be paid directly to childcare providers and \$315,000 to be paid to United Way of Anchorage for administering the program.

#### CARES Act Muni Rent Assistance:

United Way of Anchorage has received an additional \$19,000,000 in grant money to administer CARES Act funding for the Municipality of Anchorage's rent assistance program. The total grant is \$20 million, with \$19,250,000 paid to pass through non-profit entities, \$250,000 to be used to contract for services to extend outreach to landlords, and \$500,000 paid to United Way of Anchorage for administering the program.

#### CARES Act ACF Food Insecurity Assistance:

United Way of Anchorage received a grant from Alaska Community Foundation (ACF) to administer CARES Act funding associated with the State's food insecurity assistance program. The total grant is \$650,000, with \$600,000 to be paid to program recipients and \$50,000 to be paid to United Way of Anchorage for administering the program.

**UNITED WAY OF ANCHORAGE**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2020

Grantor/Program Name	Grant Number or Pass-through Entity Identifying Number	Catalog of Federal Domestic Assistance 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	1NAVCA180316-01-00	93.332	\$ 100,000	-	18,391
Cooperative Agreement to Support Navigators in Federally-Facilitated Exchanges	3NAVCA190366-01-01	93.332	100,000	-	85,494
Total U.S. Department of Health and Human Services			<u>200,000</u>	<u>-</u>	<u>103,885</u>
U.S. Department of Housing and Urban Development -					
Direct:					
Pay for Success Permanent Supportive Housing Demonstration	AK500PFS03	14.273	<u>1,300,000</u>	<u>-</u>	<u>203,064</u>
U.S. Department of the Treasury -					
Passed through Municipality of Anchorage -					
COVID-19 Coronavirus Relief Fund (Municipality of Anchorage Rent Assistance Program)	2020 Grant Agreement with United Way of Anchorage	21.019	<u>1,000,000</u>	<u>513,000</u>	<u>538,000</u>
Total Federal Financial Assistance			<u>\$ 2,500,000</u>	<u>513,000</u>	<u>844,949</u>

See accompanying notes to the Schedule.

UNITED WAY OF ANCHORAGE

Notes to Schedule of Expenditures of Federal Awards

June 30, 2020

**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, 2020. 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:

	2020 Grant Agreement with United Way of Anchorage	\$ <u>513,000</u>
Passed through to Lutheran Social Services of Alaska		

**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, 2020, 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 January 12, 2021.

**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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2020-001, that we consider to be a significant deficiency.

### **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*.

### **United Way of Anchorage's Response to Finding**

United Way of Anchorage's response to the finding identified in our audit is 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 auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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  
January 12, 2021

**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**

We have audited United Way of Anchorage's compliance with the types of compliance requirements described 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, 2020. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of United Way of Anchorage's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way of Anchorage's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way of Anchorage's compliance.

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

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, 2020.

**Report on Internal Control over Compliance**

Management of United Way of Anchorage is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way of Anchorage's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way of Anchorage's internal control over compliance.

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

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

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.

*Altman, Rogers & Co.*

Anchorage, Alaska  
January 12, 2021

UNITED WAY OF ANCHORAGE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

**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?

X yes \_\_\_ 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:

\_\_\_ yes X 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 no

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:

CFDA Number(s)

21.019

Name of Federal Program

COVID-19 Coronavirus Relief Fund – Municipality of Anchorage Rent Assistance Program

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

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_ yes X no

UNITED WAY OF ANCHORAGE

Schedule of Findings and Questioned Costs, Continued

**Section II – Financial Statement Findings**

**Finding 2020-001**

**Lack of Internal Controls Over Subledger Reconciliations**

**Type of Finding:**

Significant deficiency.

**Criteria:**

Internal controls should be in place to ensure the subledger is regularly reconciled to the general ledger to ensure that the entity's financial statement amounts are properly stated.

**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.

**Cause:**

Lack of timely reconciliations of the subledger and general ledger resulted in differences going undetected for months at a time which created larger and more problematic variances as time passed.

**Effect:**

The campaign pledge receivables account was misstated prior to adjustment by \$131,260. The designations payable account was misstated prior to adjustment by \$36,947.

**Recommendation:**

United Way of Anchorage should increase the frequency of subledger to general ledger reconciliations and resolve any variances on a timelier basis.

**Management Response:**

Management concurs with this finding. See Corrective Action Plan.

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

United Way of Anchorage did not have any findings that related to the federal awards.



United Way of Anchorage

Corrective Action Plan

June 30, 2020

**Financial Statement Findings**

**Finding 2020-001**

**Lack of Internal Controls Over Subledger Reconciliations**

**Name of Contact:**

Angie Pinsonneault, CFO / VP of Finance & Administration

**Corrective Action Plan:**

Management has implemented periodic reviews of campaign-related accounts receivable balances in the subledger with the Resource Development department. Additionally, management is implementing a quarterly reconciliation process for campaign activity.

**Proposed Completion Date:**

June 30, 2021