

**FINANCIAL STATEMENTS AND REPORTS OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
UNITED WAY OF ERIE COUNTY
June 30, 2025 and 2024**

Root, Spitznas & Smiley, Inc.

Certified Public Accountants

5473 Village Common Drive, Suite 205
Erie, Pennsylvania 16506-4961

814-453-7731
FAX: 814-455-6799

J. Randolph Gehrlein, CPA

John W. Orlando, CPA

G. Robert Imboden, CPA

Transmittal Letter

Board of Directors
United Way of Erie County

We have performed the Single Audit of United Way of Erie County for the year ended June 30, 2025, and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of the Uniform Guidance and includes the following:

1. an audit of the financial statements and our opinion thereon, including our report on the schedule of expenditures of federal awards;
2. a 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*;
3. a report on compliance for each major program and on internal control over compliance required by the Uniform Guidance;

Root, Spitznas and Smiley, Inc.

ERIE, PENNSYLVANIA
December 9, 2025

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Independent Auditor's Report

Board of Directors
United Way of Erie County

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Erie County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 present fairly, in all material respects, the financial position of United Way of Erie County (Agency) as of June 30, 2025 and 2024, 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 The Agency 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.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements 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 schedule of expenditures of federal awards 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 December 9, 2025 on our consideration of The Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 The Agency'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 The Agency's internal control over financial reporting and compliance.

Root, Spitznos and Smiley, LLC

ERIE, PENNSYLVANIA
December 9, 2025

FINANCIAL STATEMENTS

United Way of Erie County

STATEMENTS OF FINANCIAL POSITION

As of June 30,

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 7,998,512	\$ 6,593,470
Pledges receivable		
Without donor restriction		
Less allowance for uncollectibles of		
\$101,043 and \$112,195	617,629	625,669
With donor restriction		
Less allowance for uncollectibles of		
\$0 and \$0	2,776,033	6,086,817
Other receivables		
Community school partner funding	940,000	710,000
Miscellaneous	135,154	120,213
Prepaid expenses	49,518	43,176
Long-term investments	5,836,509	460,874
Beneficial interest in funds held by others		
Endowment	21,607,284	22,406,203
Land, building and equipment, net of accumulated depreciation	<u>785,429</u>	<u>873,595</u>
 Total assets	 <u>\$ 40,746,068</u>	 <u>\$ 37,920,017</u>
LIABILITIES		
Designations payable	\$ 64,066	\$ 72,221
Accounts payable and accruals	224,284	106,109
Unearned revenue	87,439	334,834
Accrued emergency relief	-	-
 Total liabilities	 <u>375,789</u>	 <u>513,164</u>
NET ASSETS		
Without donor restrictions		
Designated by the Board for:		
Endowment	21,607,284	22,406,203
Undesignated	<u>7,294,669</u>	<u>5,190,792</u>
	<u>28,901,953</u>	<u>27,596,995</u>
With donor restrictions		
Temporarily restricted	11,468,326	9,809,858
Permanently restricted	-	-
	<u>11,468,326</u>	<u>9,809,858</u>
 Total net assets	 <u>40,370,279</u>	 <u>37,406,853</u>
 Total liabilities and net assets	 <u>\$ 40,746,068</u>	 <u>\$ 37,920,017</u>

The accompanying notes are an integral part of these statements.

United Way of Erie County

STATEMENTS OF ACTIVITIES

Year ended June 30,

	2025			Total
	Without Donor Restrictions	With Donor Restrictions		
		Temporarily Restricted	Permanently Restricted	
Public support and revenue				
Campaign revenue				
Direct contributions	\$ 3,144,318	\$ 67,584	\$ -	\$ 3,211,902
Net assets released from restrictions				
Expiration of time restrictions	16,096	(16,096)	-	-
Restriction satisfied by payments	538,442	(538,442)	-	-
Collection of prior year pledges, net	95,971	-	-	95,971
Less: donor designations	(130,895)	-	-	(130,895)
Less: estimated uncollectible pledges	(80,000)	-	-	(80,000)
Other public support	731,130	2,086,341	-	2,817,471
Net campaign revenue and other public support	4,315,062	1,599,387	-	5,914,449
Revenue				
Other gifts and bequests	121,048	-	-	121,048
Interest and dividends, net of fees	241,663	21,733	-	263,396
Net gains on investments reported at fair value	2,106,674	37,348	-	2,144,022
Service fees	2,159	-	-	2,159
Gain on sale of assets	-	-	-	-
Other income	15,737	-	-	15,737
In-kind contributions	6,820	-	-	6,820
Total revenue, net	2,494,101	59,081	-	2,553,182
Total public support and revenue	6,809,163	1,658,468	-	8,467,631
Expenses				
Program services				
Community Impact	141,032	-	-	141,032
Erie Free Taxes	-	-	-	-
Community Schools	3,850,727	-	-	3,850,727
Imagination Library	317,486	-	-	317,486
Total program services	4,309,245	-	-	4,309,245
Supporting services				
Fund Raising	426,236	-	-	426,236
Marketing	236,729	-	-	236,729
Administration	531,995	-	-	531,995
Total supporting services	1,194,960	-	-	1,194,960
Total expenses	5,504,205	-	-	5,504,205
CHANGE IN NET ASSETS	1,304,958	1,658,468	-	2,963,426
Net assets at beginning of year	27,596,995	9,809,858	-	37,406,853
Net assets at end of year	\$ 28,901,953	\$ 11,468,326	\$ -	\$ 40,370,279

The accompanying notes are an integral part of these statements.

2024

Without Donor Restrictions	With Donor Restrictions		Total
	Temporarily Restricted	Permanently Restricted	
\$ 2,436,287	\$ 72,333	\$ -	\$ 2,508,620
830	(830)	-	-
1,009,936	(1,009,936)	-	-
51,267	-	-	51,267
(147,071)	-	-	(147,071)
(80,000)	-	-	(80,000)
1,335,722	7,492,108	-	8,827,830
4,606,971	6,553,675	-	11,160,646
11,224	-	-	11,224
166,850	-	-	166,850
2,176,972	-	-	2,176,972
161	-	-	161
-	-	-	-
84,711	-	-	84,711
13,700	-	-	13,700
2,453,618	-	-	2,453,618
7,060,589	6,553,675	-	13,614,264
225,250	-	-	225,250
7,445	-	-	7,445
3,099,505	-	-	3,099,505
271,651	-	-	271,651
3,603,851	-	-	3,603,851
507,507	-	-	507,507
189,541	-	-	189,541
536,895	-	-	536,895
1,233,943	-	-	1,233,943
4,837,794	-	-	4,837,794
2,222,795	6,553,675	-	8,776,470
25,374,200	3,256,183	-	28,630,383
\$ 27,596,995	\$ 9,809,858	\$ -	\$ 37,406,853

United Way of Erie County
STATEMENTS OF CASH FLOWS

Year ended June 30,

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 2,963,426	\$ 8,776,470
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	88,166	89,533
Realized gain on sale of investments	(1,441,840)	(715,331)
Unrealized gain on investments	(702,182)	(1,461,641)
Changes in operating assets and liabilities:		
Decrease (increase) in pledges receivable	3,318,824	(4,291,017)
Increase in other receivables-cs partner funding	(230,000)	(50,000)
Increase in other receivables-miscellaneous	(14,941)	(65,739)
Increase in prepaid expenses	(6,342)	(668)
Increase (decrease) in accounts payables and accruals	110,020	(139,281)
Decrease in unearned revenue	(247,395)	(75,039)
Decrease in accrued disaster relief	-	(80,117)
Net cash provided by operating activities	3,837,736	1,987,170
Cash flows from investing activities:		
Capital expenditures	-	(9,358)
Net decrease in beneficial interest - endowment	2,694,854	269,264
Net decrease in beneficial interest - imagination library	-	452,932
Net increase in investments	(5,127,548)	(277,270)
Net cash (used in) provided by investing activities	(2,432,694)	435,568
Cash flows from financing activities:		
Repayments of debt	-	-
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	1,405,042	2,422,738
Cash and cash equivalents at beginning of year	6,593,470	4,170,732
Cash and cash equivalents at end of year	\$ 7,998,512	\$ 6,593,470

Cash paid during the year for:

Interest	\$ -	\$ -
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The accompanying notes are an integral part of these statements.

United Way of Erie County

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30,

	2025		
	Community Impact	Program Services Erie Free Taxes	Community Schools
Salaries	\$ -	\$ -	\$ 1,856,795
Employee benefits	-	-	268,602
Payroll taxes and unemployment benefits	-	-	142,600
	-	-	2,267,997
Direct funding for community schools	-	-	748,399
Other funding, projects and grants	271,927	-	18,000
Less: Donor designations	(130,895)	-	-
Professional fees and contract services	-	-	549,779
Supplies	-	-	6,379
Telephone	-	-	1,835
Postage and shipping	-	-	3
Occupancy	-	-	20,366
Equipment rentals and maintenance	-	-	58,066
Outside printing and marketing	-	-	59,165
Local transportation	-	-	5,155
Receptions, training and luncheon meetings	-	-	8,291
Conferences, meetings and major trips	-	-	22,374
Insurance	-	-	-
Membership dues	-	-	126
Campaign incentives	-	-	-
Bank and processing fees	-	-	-
Miscellaneous	-	-	5,193
IL book purchases	-	-	-
Depreciation	-	-	43,587
	141,032	-	1,546,718
United Way Worldwide dues	-	-	36,012
Total expenses	\$ 141,032	\$ -	\$ 3,850,727

The accompanying notes are an integral part of these statements.

2025

Supporting Services				
Imagination Library	Fund Raising	Marketing	Administration	Total
\$ 23,192	\$ 246,612	\$ 89,615	\$ 322,374	\$ 2,538,588
5,535	33,181	13,181	39,921	360,420
1,888	19,592	6,950	22,447	193,477
30,615	299,385	109,746	384,742	3,092,485
41,350	-	-	-	789,749
-	-	-	-	289,927
-	-	-	-	(130,895)
-	1,330	9,305	25,221	585,635
11	6,582	5,148	4,903	23,023
78	660	644	899	4,116
8,266	3,233	663	1,338	13,503
1,174	7,045	3,790	8,820	41,195
495	23,244	4,697	41,544	128,046
813	12,497	60,018	1,554	134,047
-	988	5	2	6,150
-	26,594	28,251	1,468	64,604
-	12,640	3,225	4,325	42,564
-	-	-	17,519	17,519
-	2,191	-	5,335	7,652
-	6,820	-	-	6,820
-	-	-	5,555	5,555
-	3,961	1,253	5,303	15,710
231,507	-	-	-	231,507
2,513	15,079	8,111	18,876	88,166
286,207	122,864	125,110	142,662	2,364,593
664	3,987	1,873	4,591	47,127
<u>\$ 317,486</u>	<u>\$ 426,236</u>	<u>\$ 236,729</u>	<u>\$ 531,995</u>	<u>\$ 5,504,205</u>

United Way of Erie County

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30,

	2024		
	Program Services		
	Community Impact	Erie Free Taxes	Community Schools
Salaries	\$ -	\$ 5,020	\$ 1,555,726
Employee benefits	-	320	239,712
Payroll taxes and unemployment benefits	1,626	2,056	119,661
	1,626	7,396	1,915,099
Direct funding for community schools	41,000	-	651,241
Other funding, projects and grants	304,226	-	12,381
Less: Donor designations	(147,071)	-	-
Professional fees and contract services	-	-	340,055
Supplies	3,080	-	13,196
Telephone	-	-	3,227
Postage and shipping	-	-	872
Occupancy	-	-	17,653
Equipment rentals and maintenance	272	3	23,495
Outside printing and marketing	957	-	16,857
Local transportation	-	-	4,227
Receptions, training and luncheon meetings	-	-	2,367
Conferences, meetings and major trips	-	-	45,740
Insurance	-	-	-
Membership dues	-	-	516
Campaign incentives	-	-	-
Bank and processing fees	-	-	-
Miscellaneous	-	46	3,502
IL book purchases	-	-	-
Depreciation	-	-	41,343
	202,464	49	1,176,672
United Way Worldwide dues	21,160	-	7,734
Total expenses	\$ 225,250	\$ 7,445	\$ 3,099,505

The accompanying notes are an integral part of these statements.

2024

Supporting Services				
Imagination Library	Fund Raising	Marketing	Administration	Total
\$ 20,100	\$ 249,582	\$ 107,271	\$ 304,820	\$ 2,242,519
4,768	35,991	11,534	42,778	335,103
1,660	20,215	8,730	24,324	178,272
26,528	305,788	127,535	371,922	2,755,894
-	-	-	-	692,241
-	-	-	-	316,607
-	-	-	-	(147,071)
-	55,891	8,120	24,109	428,175
838	11,022	4,854	11,085	44,075
116	1,072	1,086	2,313	7,814
7,003	2,871	123	1,976	12,845
1,108	6,890	3,823	8,754	38,228
558	22,185	6,035	33,963	86,511
7,279	56,718	19,213	882	101,906
-	1,063	123	42	5,455
-	13,021	2,436	10,627	28,451
-	6,068	2,842	6,601	61,251
-	-	-	16,394	16,394
-	1,710	669	3,360	6,255
-	-	-	-	-
-	8	-	8,374	8,382
-	3,342	1,637	11,339	19,866
225,044	-	-	-	225,044
2,596	16,138	8,954	20,502	89,533
244,542	197,999	59,915	160,321	2,041,962
581	3,720	2,091	4,652	39,938
<u>\$ 271,651</u>	<u>\$ 507,507</u>	<u>\$ 189,541</u>	<u>\$ 536,895</u>	<u>\$ 4,837,794</u>

United Way of Erie County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Organization and Purpose

The United Way of Erie County is a nonprofit organization governed by a volunteer board of directors. The Agency is affiliated with United Way Worldwide and is permitted to solicit contributions in Erie County, Pennsylvania. The Agency's mission is to mobilize resources to break the cycle of poverty and improve our community. The Agency conducts an annual campaign in the fall to seek pledges for the current year. In addition, the Agency uses the following program service categories for reporting purposes:

Community Impact - Involves bringing people and resources together to tackle the issues that matter most in an effort to improve lives and shape a caring community.

Erie Free Taxes - Program established to help eligible low to moderate wage earners claim the Federal Earned Income Tax Credit, a cash refund, by providing them with free tax preparation and filing services at volunteer tax sites. This program was discontinued after the 2023 tax filing season.

Community Schools - At its most basic level, the Community School Model brings resources into the school building to remove non-academic barriers that local low-income children attending public schools face every day. Non-academic barriers range from basic needs, such as clothing, food, and school supplies, to mental and behavioral health challenges, to unmet vision and dental needs, to lack of family engagement - to name a few.

Imagination Library (IL) - Provides a high-quality, age-appropriate book to any child in Erie County under the age of five.

2. Estimates in Financial Statements

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

United Way of Erie County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Cash and cash equivalents

Cash and cash equivalents consist of cash held in checking, savings and money market accounts and certificates of deposit with initial maturities of less than 90 days.

4. Pledges and Contributions

Unconditional promises to give and contributions received, including grants which are considered non-exchange transactions, are measured at their fair values and are reported as an increase in net assets. The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated for support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restriction. The Agency reports gifts of goods and equipment as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Substantially all public support is derived from contributions from individuals and businesses located in the County of Erie, PA. Pledges for contributions are recorded as received and allowances are provided for amounts estimated to be uncollectible. The provision for uncollectible pledges is based on historical loss information based on aging data, management estimates of current economic factors, applied to gross campaign, including donor designations. Direct contributions represent pledges to be paid directly to the United Way and are available for unrestricted use unless specifically restricted by the donor.

5. Direct Funding for Community Schools

Direct funding for Community Schools refers to financial support provided to Community School Directors and direct payments to community partners. This funding helps bridge funding gaps for strategies implemented at each school to address needs identified in their individual action plans. Through the Impact Investment Process (IIP), United Way provides funding for community school strategies that have been reviewed and approved within the model-wide strategy bank.

United Way of Erie County
NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Donated Services

A substantial number of volunteers have donated approximately 367 hours to the Agency's program services and fund-raising campaign during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services are reflected in the statement of activities at their fair value. Materials and other assets received as donations are recorded in the accompanying financial statements at their fair values at the date of receipt.

7. Land, Building and Equipment and Related Depreciation

Land, building and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred, while major renewals and betterments are capitalized. The cost and related allowance for depreciation of assets sold or otherwise disposed of are removed from the related property accounts and resulting gains or losses are reflected in revenues or expenses. Depreciation of the building and equipment has been provided on a straight-line basis over the estimated useful lives of the respective assets.

8. Investments

The Agency's investments consist primarily of marketable debt and equity securities and are stated at fair value based on quoted market prices.

9. Measure of Operations

The Agency's operating revenues in excess of expenses includes all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restrictions and transfers from Board designated funds to support current operating activities. The amounts transferred from Board designated funds to support operations for the years ended June 30, 2025 and 2024 are detailed in Note G.

10. Tax Status

The United Way of Erie County has received a determination letter from the Internal Revenue Service (IRS) that grants an exemption from income taxes under section 501(c)(3) of the U.S. Internal Revenue Code. The Agency files annual informational returns with the IRS and Commonwealth of Pennsylvania. The Agency has adopted the provisions of FASB ASC 740, *Income Taxes*. FASB ASC 740 prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken in a tax return.

United Way of Erie County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Agency records any related interest expense and penalties, if any, as a tax expense. For the years ended June 30, 2025 and 2024, there were no unrecognized tax benefits or interest and penalty expense incurred. Tax years that remain subject to examination are years 2022 and forward.

11. Concentration of Credit Risk

The Agency's financial instruments that are exposed to concentrations of credit risk consist primarily of cash (Note B), long-term investments (Note C) and pledges receivable. The Agency's cash is primarily in one bank account and is FDIC insured up to \$250,000. The long-term investments are maintained by a trust department at a local bank. The individual investments, whose market value may fluctuate, are not insured or collateralized. The Agency's pledge receivables result from its annual pledge drive and are due from businesses and individuals located in northwestern Pennsylvania. Approximately 35% of its annual pledge drive is generated from the contributions of two businesses and their employees and one individual within this geographic area; with the largest single employer accounting for approximately 13.5%.

12. Fair Value Measurement

Fair value, as defined in FASB ASC 820, *Fair Value Measurements and Disclosures*, is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, FASB ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. Level 1 consists of quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 2 consists of observable prices that are based on inputs not quoted on active markets, but corroborated by market data. Level 3 consists of unobservable inputs which are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs. In determining fair value, the Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. The fair market value of a financial instrument is defined in FASB ASC 825 as "the amount at which the instrument could be exchanged in a current transaction between willing parties."

United Way of Erie County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The carrying amounts reported in the accompanying Statements of Financial Position for other receivables, prepaids, allocations and designations payable, accounts payable, accruals, and unearned revenue approximate fair value given the short-term nature of the financial instruments or conversely are based on a non-recurring assessment of fair value.

Fair value for Investments is measured using Level 1 inputs. Fair value of Beneficial interest in funds held by others-Endowment is reported as Level 3 measurements as they represent an interest in investments pooled with other organizations' funds at the Erie Community Foundation. Such interest is not publicly traded nor can it be valued on observable direct or indirect inputs. However, a substantial portion of the underlying assets is measured at fair value using Level 1 and 2 inputs by the Erie Community Foundation. (See Note G for a further description of the agreement with the Erie Community Foundation and a detail of the changes in Level 3 investments measured at fair value on a recurring basis.)

13. Date of Management's Review

Management has evaluated subsequent events through December 9, 2025, the date the financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

At June 30, 2025 and 2024, cash and cash equivalents consist of the following:

	<u>2025</u>	<u>2024</u>
Demand deposits with banks	\$7,998,262	\$6,593,220
On hand	<u>250</u>	<u>250</u>
	<u>\$7,998,512</u>	<u>\$6,593,470</u>

NOTE C - LONG-TERM INVESTMENTS

Long-term investments at June 30, 2025 and 2024 consist of the following:

	<u>2025</u>		<u>2024</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash equivalents/CDs	\$ 397,511	\$ 397,511	\$ 236,641	\$ 236,641
Equities	2,680,540	2,488,170	194,221	193,335
Fixed income funds	2,594,980	2,559,356	25,243	28,051
Other funds	<u>163,478</u>	<u>160,212</u>	<u>4,769</u>	<u>4,884</u>
	<u>\$5,836,509</u>	<u>\$5,605,249</u>	<u>\$ 460,874</u>	<u>\$ 462,911</u>

United Way of Erie County
NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE C - LONG-TERM INVESTMENTS - Continued

Net gains (losses) on investments, reported at fair value using Level 1 inputs, as reflected in the Statements of Activities, represent both realized and unrealized gains (losses) on investments as well as on the Endowment Fund (Note G). Included in net gains (losses) for the years ended June 30, 2025 and 2024 are the following:

	2025		
	Investments	Endowment	Total
Realized gain	\$ 14,686	\$ 1,427,155	\$1,441,841
Unrealized gain	233,401	468,780	702,181
	\$ 248,087	\$ 1,895,935	\$2,144,022
	2024		
	Investments	Endowment	Total
Realized gain	\$ 3,716	\$ 711,615	\$ 715,331
Unrealized gain	8,404	1,453,237	1,461,641
	\$ 12,120	\$ 2,164,852	\$2,176,972

NOTE D - COMMUNITY SCHOOL PARTNER FUNDING RECEIVABLES

Community school partner funding receivables consist of \$940,000 and \$710,000 for the years ended June 30, 2025 and 2024, respectively. The receivables were related to funding for the Community Schools strategy.

NOTE E - PENSION PLAN

Effective July 1, 1996, the Agency adopted a defined contribution plan covering substantially all of its employees. Contributions are at the discretion of the Board and were approved at six percent of eligible compensation. Pension expense relating to this plan for the years ended June 30, 2025 and 2024, amounted to \$123,533 and \$125,768, respectively.

NOTE F - LAND, BUILDING AND EQUIPMENT

Land, building and equipment at June 30, 2025 and 2024 consist of the following:

United Way of Erie County
NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE F - LAND, BUILDING AND EQUIPMENT - Continued

	2025	2024	Estimated Useful Life
Building	\$1,037,138	\$1,037,138	40 Years
Building equipment	30,678	30,678	10 Years
Office furniture and equipment	115,913	115,913	10 Years
Computer equipment	128,202	128,202	5-8 Years
	1,311,931	1,311,931	
Less accumulated depreciation	526,502	438,336	
	\$ 785,429	\$ 873,595	

Depreciation expense of \$88,166 and \$89,533 was incurred during the years ended June 30, 2025 and 2024, respectively.

NOTE G - NET ASSETS WITHOUT DONOR RESTRICTIONS

DESIGNATED BY THE BOARD FOR ENDOWMENT

In January, 1986, the United Way entered into an agreement with the Erie Community Foundation ("the Foundation"), a non-profit corporation, that established a fund on the books of the Foundation for the purpose of supporting the charitable and educational purposes of the United Way and its affiliated agencies. In May, 1996, the United Way amended and restated their agreement with the Foundation to include an additional contribution for endowment of \$995,367. In October, 2007, the United Way was notified of an additional contribution to the Endowment. That additional contribution, which totaled \$12,488,232, was distributed to the United Way and placed in the Foundation over a three year period ending December 31, 2010. In accordance with FASB ASC 958-650 *Not-For-Profit Entities Revenue Recognition*, those amounts are recorded on the books of the United Way and included in beneficial interest in funds held by others-endowment on the Statements of Financial Position. Furthermore, any future bequests received by the United Way are designated for endowment and transferred to the Foundation.

The fund is the property of the Foundation held by it as a component fund in its corporate capacity and is not deemed a trust fund held by it in a trustee capacity. The Foundation has the ultimate authority and control over all property in the fund. The Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or specified organizations if, in the sole judgement of the Foundation, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

United Way of Erie County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE G - NET ASSETS WITHOUT DONOR RESTRICTIONS - Continued

As of June 30, 2025 and 2024, the fair market value was \$21,607,284 and \$22,406,203, respectively, which has been recorded and included as beneficial interest in funds held by others-endowment on the Statements of Financial Position. The underlying investments of the fund as of June 30, 2025, consist of 45.7% public equities, 14.7% diversifying assets, 12.5% fixed income, 1.8% cash and equivalents, and 25.3% private investments. From June 30, 2025 through September 30, 2025, the fair market value increased 4.4%. The investment policies regarding return objectives and risk strategies are determined by the Foundation.

In accordance with the agreement, the Foundation shall pay and distribute the net income of the Fund to the United Way at least annually. This amount is used to reduce the beneficial interest. The beneficial interest is also adjusted annually based on the earnings and change in fair market value of the fund. For the years ended June 30, 2025 and 2024, \$693,338 and \$700,000 was distributed to the United Way. Although these distributions are not shown as revenue on the Statements of Activities, it is the United Way's intention to utilize these amounts towards each year's campaign.

Also in accordance with the agreement, the United Way may request a distribution of up to 10% annually of the principal of the Fund. Distributions of principal in excess of the 10% may be made if the United Way demonstrates to the satisfaction of the Foundation that the additional distribution is required for emergency purposes or to offset a shortfall in the United Way's annual campaign. Principal distributions in excess of \$500,000 require the approval of two-thirds of the United Way's Board of Directors. For the years ended June 30, 2025 and 2024, \$3,000,000 and \$0 of principal was distributed to the United Way.

The Financial Accounting Standards Board (FASB) issued FASB ASC 958-205 (formerly FSP 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for all Endowment Funds"). The standard provides guidance on classifying net assets of donor restricted and board-designated endowment funds held by organizations and whether or not they are subject to an enacted version of UPMIFA. The State of Pennsylvania has not yet enacted UPMIFA.

United Way of Erie County
NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE G - NET ASSETS WITHOUT DONOR RESTRICTIONS - Continued

The United Way's endowment fund activity consisted of the following:

	<u>2025</u>	<u>2024</u>
Net assets, beginning of year	\$22,406,203	\$20,510,615
Investment income, net of fees (58,129) (70,280)
Realized gains	1,427,155	711,615
Unrealized gains	468,780	1,453,237
Contributions	1,057,038	501,516
Grants (425) (500)
Transfers to United Way (<u>3,693,338</u>) (<u>700,000</u>)
Net assets, end of year	<u>\$21,607,284</u>	<u>\$22,406,203</u>

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2025 and 2024 consist of the following:

TEMPORARILY RESTRICTED

	<u>2025</u>	<u>2024</u>
<u>Subject to passage of time</u>		
Subsequent year's campaign:		
Pledges receivable	\$ -	\$ 500
Contributions received	42,143	15,596
Designations payable	<u>-</u>	<u>-</u>
	<u>42,143</u>	<u>16,096</u>

Subject to expenditure for specific purpose

Imagination Library:		
Pledges receivable	1,184,004	1,435,591
Community Schools	2,107,763	1,466,771
Women United	480,038	480,503
Uniting for Education	7,597,755	6,369,494
Other Purposes	<u>52,937</u>	<u>41,403</u>
	<u>11,422,497</u>	<u>9,793,762</u>
	<u>\$11,464,640</u>	<u>\$ 9,809,858</u>

United Way of Erie County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS - Continued

The subsequent year's campaign pledges receivable and contributions received represent public support resulting from the Agency's annual campaign conducted in the summer of each year for the purpose of providing the Agency the funds to operate in the subsequent year. The designations payable represents amounts included in the pledges receivable and contributions received, which are to be paid to non-United Way funded partners in accordance with the donors' requests.

The IL pledges receivable and contributions received represent public support and sponsorships which are restricted by the donors for IL program expenses.

Community Schools and Women United represent local businesses and women who provide funding for various schools as part of the Agency's community schools model. The remaining temporarily restricted net assets are set aside for various purposes as listed above.

NOTE I - OTHER PUBLIC SUPPORT

Other public support for the years ended June 30, 2025 and 2024 consists of the following:

	<u>2025</u>	<u>2024</u>
<u>Community Schools (CS)</u>		
Various Community Businesses	\$1,094,358	\$ 841,603
Women United	124,203	209,713
Uniting for Education	260,406	6,369,494
Department of Education	597,894	412,057
City of Erie Public Schools	542,134	909,941
PA TASA	140,664	-
<u>Other</u>		
VITA/Erie Free Taxes	-	11,129
Other	<u>57,812</u>	<u>73,893</u>
	<u>\$2,817,471</u>	<u>\$8,827,830</u>

United Way of Erie County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE J - IN-KIND CONTRIBUTIONS

During the years ended June 30, 2025 and 2024, the United Way received donated goods and services of \$6,820 and \$13,700, respectively. The corresponding charges are included in the Statements of Functional Expenses as follows:

	<u>2025</u>	<u>2024</u>
Campaign incentives	\$ 6,820	\$ -
Community schools	-	9,750
Outside printing/marketing	<u>-</u>	<u>3,950</u>
	<u>\$ 6,820</u>	<u>\$ 13,700</u>

NOTE K - LIQUIDITY

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In an effort to support this policy, the Board has established designated funds for Endowment (See Note G) with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical cycle of converting financial assets to cash or settling financial liabilities. Although the Agency does not intend to spend from its Endowment other than the allowable distribution from its annual income, amounts could be made available if necessary. However those amounts are subject to the limitations and approvals discussed in Note G.

Financial assets were \$39,911,121 and \$37,003,246 as of June 30, 2025 and 2024, respectively. Subsequent year receivables are subject to time restrictions, but will be collected within one year thus relieving the restriction. Certain other receivables - sponsorships will be collected in more than one year. The following represents the Agency's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year of the balance sheet date.

United Way of Erie County

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE K - LIQUIDITY - Continued

	<u>2025</u>	<u>2024</u>
Financial assets at year end	\$39,911,121	\$37,003,246
Less those unavailable for general expenditures within one year due to:		
Pledges receivable due in 1-5 years	(735,007)	(768,350)
Pledges receivable due in > 5 years	(150,000)	(200,000)
Other a/r due in 1-5 years	(510,000)	(66,667)
Designation for Endowment	<u>(21,607,284)</u>	<u>(22,406,203)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$16,908,830</u>	<u>\$13,562,026</u>

NOTE L - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Expenses that can be directly identified to a program are charged to that program. Certain salaries and related taxes and benefits have been allocated among the programs and supporting services on the basis of estimates of time and effort. Those estimates are evaluated on an annual basis. Other expenses such as maintenance, occupancy and depreciation are allocated based on the salaries allocation. The Agency believes that the basis is reasonable and is consistently applied.

SUPPLEMENTAL INFORMATION

UNITED WAY OF ERIE COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2025

<u>Grantor Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Date</u>	<u>Program or Award Amount</u>	<u>Total Received For the Year</u>
<u>U.S. Department of Transportation</u>					
<u>Passed through the Commonwealth of Pennsylvania</u>					
Highway Planning and Construction					
Safer Walking Routes	20.205	R2401006	Sep. 4, 2024 Sep 3, 2029	\$ 230,000	\$ 82,137
Total passed through the Commonwealth of Pennsylvania				<u>230,000</u>	<u>82,137</u>
Total U.S. Department of Transportation				<u>230,000</u>	<u>82,137</u>
<u>U.S. Department of Education</u>					
Innovative Approaches to Literacy; Promise Neighborhood Full-Service Community Schools; and Congressionally Directed Spending for Elementary & Secondary Education Community					
Full Service Community Schools Grant	84.215J	U215J200065	Oct 1, 2020 Sept 30, 2025	2,031,395	576,253
Community Schools Appropriations Grant	84.215K	S215K240006	Jul 8, 2024 June 30, 2025	350,000	350,000
Total U.S. Department of Education				<u>2,381,395</u>	<u>926,253</u>
Total Federal Financial Assistance				<u>\$ 2,611,395</u>	<u>\$ 1,008,390</u>

Accrued Revenue at July 1, 2024	Revenue Recognized	Federal Expenditures for the Year Ended June 30, 2025			Passed Through to Subrecipients	Accrued Revenue at June 30, 2025
		Pass-Thru	Direct	Total		
\$ -	\$ 140,664	\$ 140,664	\$ -	\$ 140,664	\$ -	\$ 58,527
-	140,664	140,664	-	140,664	-	58,527
-	140,664	140,664	-	140,664	-	58,527
105,860	542,134	-	542,134	542,134	-	71,741
-	350,000	-	350,000	350,000	-	-
105,860	892,134	-	892,134	892,134	-	71,741
<u>\$ 105,860</u>	<u>\$ 1,032,798</u>	<u>\$ 140,664</u>	<u>\$ 892,134</u>	<u>\$ 1,032,798</u>	<u>\$ -</u>	<u>\$ 130,268</u>

Total Expenditures by Assistance Listing Number

Program Title	Assistance Listing Number	Expenditures
Highway Planning and Construction	20.205	\$ 140,664
Innovative Approaches to Literacy; Promise Neighborhood Full-Service Community Schools; and Congressionally Directed Spending for Elementary & Secondary Education Community	84.215	892,134
		<u>\$ 1,032,798</u>

UNITED WAY OF ERIE COUNTY
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2025

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is presented on the same basis of accounting, the accrual basis in accordance with generally accepted accounting principles, as the Agency's financial statements. The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs may be more than shown for a particular grant. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

NOTE B - INDIRECT COST RATE

The Agency has elected to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance

NOTE C - IDENTIFICATION OF 40% RULE (20% FOR LOW RISK AUDITEES)

Total expenditures		<u>\$1,032,798</u>
Programs selected for testing:		
Community Schools	84.215	<u>\$892,134</u>
		<u>\$892,134</u>
% of Total Federal Assistance		<u>86.4%</u>

Root, Spitznas & Smiley, Inc.

Certified Public Accountants

5473 Village Common Drive, Suite 205
Erie, Pennsylvania 16506-4961

814-453-7731
FAX: 814-455-6799

J. Randolph Gehrlein, CPA

John W. Orlando, CPA

G. Robert Imboden, CPA

INDEPENDENT AUDITOR'S 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

Board of Directors
United Way of Erie County

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 Erie County, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated December 9, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Erie County's (The Agency) 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of The Agency'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.

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 The Agency'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 Agency'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 the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Root, Spitznagel and Smiley LLC

ERIE, PENNSYLVANIA
December 9, 2025

Root, Spitznas & Smiley, Inc.

Certified Public Accountants

5473 Village Common Drive, Suite 205
Erie, Pennsylvania 16506-4961

814-453-7731
FAX: 814-455-6799

J. Randolph Gehrlein, CPA

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G. Robert Imboden, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
United Way of Erie County

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of Erie County's (The Agency) 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 The Agency's major federal programs for the year ended June 30, 2025. The Agency'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, The Agency 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, 2025.

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; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Agency 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 The Agency'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 The Agency'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 The Agency'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 judgement made by a reasonable user of the report on compliance about The Agency'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 judgement 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 The Agency'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 The Agency'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 The Agency's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Root, Spitznas and Smiley, LLC

ERIE, PENNSYLVANIA
December 9, 2025

United Way of Erie County

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025 and 2024

Summary of Auditor's Results:

Financial Statements

1. Opinion expressed in independent auditor's report: unmodified
2. Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies)? yes none
3. Noncompliance material to financial statements noted? yes no

Federal Awards

1. Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency(ies)? yes none
2. Opinion expressed in independent auditor's report issued on compliance for major federal awards programs: unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes no
4. Identification of major programs:

<u>ALN Number</u>	<u>Name of Federal Program</u>
84.215	Innovative Approached to Literacy; Full Service Community Schools; and Promise Neighborhood
5. Dollar threshold used to distinguish between type A and type B programs: \$750,000
6. Auditee qualified as low-risk auditee? yes no

Audit Findings:

The audit resulted in no current findings. In addition, there were no findings in the prior year's audit.

United Way of Erie County

EXIT CONFERENCE

June 30, 2025 and 2024

An exit conference was held with United Way of Erie County on December 8, 2025. In attendance were:

Brian Polito, Audit Committee Chairperson
United Way of Erie County

Patricia Kennedy, Audit Committee Member
United Way of Erie County

John Lauer, Audit Committee Member
United Way of Erie County

Kathryn Ruffa, Audit Committee Member
United Way of Erie County

Laurie Root, President
United Way of Erie County

Mike Jaruszewicz, Executive Vice President
United Way of Erie County

Sally Opferbeck, Vice President, Finance
United Way of Erie County

Chris Yuhas, Controller
United Way of Erie County

John W. Orlando, CPA, Principal
Root, Spitznas and Smiley, Inc.

A draft of the single audit report for United Way of Erie County for the year ended June 30, 2025 was presented and reviewed. Special attention was devoted to reviewing the various reports on internal controls and compliance.

United Way of Erie County
LIST OF REPORT DISTRIBUTION
June 30, 2025 and 2024

Number of Copies

1	Single Audit Clearinghouse filed electronically
1	Commonwealth of Pennsylvania Bureau of Audits, Special Audit Svcs Division filed electronically