

**UNITED WAY
OF GREATER
CHARLOTTESVILLE
CHARLOTTESVILLE, VIRGINIA**

**FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020**



UNITED WAY OF GREATER CHARLOTTESVILLE

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REPORT OF INDEPENDENT AUDITORS

To the Executive Board
United Way of Greater Charlottesville
Charlottesville, Virginia

We have audited the accompanying financial statements of UNITED WAY OF GREATER CHARLOTTESVILLE (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activity and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

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

To the Executive Board
United Way of Greater Charlottesville

REPORT OF INDEPENDENT AUDITORS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UNITED WAY OF GREATER CHARLOTTESVILLE as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

REPORT ON SUMMARIZED COMPARATIVE INFORMATION

We have previously audited UNITED WAY OF GREATER CHARLOTTESVILLE's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hanlymon Wiebel LLP

Charlottesville, Virginia
January 25, 2021

UNITED WAY OF GREATER CHARLOTTESVILLE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 277,224	\$ 27,691
Investments available for current operations	988,386	857,041
Campaign pledges receivable, net of allowance for uncollectibles	138,258	226,395
Grants receivable	50,650	82,710
Other receivables	7,249	13,020
Total current assets	1,461,767	1,206,857
INVESTMENTS		
Investments designated by Board for Endowment Fund	4,207,376	4,423,962
Investments restricted by donors for United Way programs	392,466	385,002
Total investments	4,599,842	4,808,964
PROPERTY AND EQUIPMENT		
Property and equipment	641,493	669,850
Less: Accumulated depreciation	(278,118)	(301,267)
Net property and equipment	363,375	368,583
OTHER ASSETS		
Campaign pledges receivable, collectible after one year	12,026	15,000
Total other assets	12,026	15,000
Total assets	\$ 6,437,010	\$ 6,399,404

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 244,700	\$ 115,374
Program grants to agencies payable	210,000	450,360
Designations payable - restricted	22,741	9,373
Refundable advances	412,839	....
Total current liabilities	890,280	575,107
NET ASSETS		
Without donor restrictions:		
Designated - Endowment Fund	4,207,376	4,423,962
Designated - reserves	73,075	112,351
Total without donor restrictions	4,280,451	4,536,313
With donor restrictions	1,266,279	1,287,984
Total net assets	5,546,730	5,824,297
Total liabilities and net assets	\$ 6,437,010	\$ 6,399,404

(The accompanying notes are an integral part of these financial statements)

UNITED WAY OF GREATER CHARLOTTESVILLE
STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	2020			2019
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
PUBLIC SUPPORT AND REVENUE				
Pledge income	\$ 968,223	\$ 437,686	\$ 1,405,909	\$ 1,187,349
Less: Amounts designated	(33,079)	....	( 33,079)	(23,762)
Allowance for uncollectibles	(49,028)	....	( 49,028)	(27,904)
Total contributions from campaign	886,116	437,686	1,323,802	1,135,683
Santa Fund .....	....	177,218	177,218	178,793
Special events and sponsorships	120	18,855	18,975	43,764
Other contributions	180	63,069	63,249	81,594
Endowment contributions .....	....	....	....	30,000
Total support from the public	886,416	696,828	1,583,244	1,469,834
Grants from foundations, localities, and government agencies .....	....	940,746	940,746	610,855
Other revenue:				
Administrative fees	24,903	....	24,903	9,295
Contributed professional services	33,628	....	33,628	34,369
Net investment income	37,131	7,463	44,594	138,138
Miscellaneous income	916	....	916	....
Total other revenue	96,578	7,463	104,041	181,802
Net assets released from restrictions	1,666,742	(1,666,742)	....	....
Total public support and revenue	2,649,736	(21,705)	2,628,031	2,262,491
GRANTS AND EXPENSES				
Program grants to agencies	216,000	....	216,000	450,360
Functional expenses:				
Program services:				
School Readiness	1,141,175	....	1,141,175	689,658
Financial Stability	264,531	....	264,531	147,358
Community Health .....	....	....	....	72,318
Connected Community	594,964	....	594,964	497,710
COVID-Related Assistance	172,934	....	172,934	....
Total program services	2,173,604	....	2,173,604	1,407,044
Support services:				
Management and general	121,238	....	121,238	136,934
Fund-raising	394,756	....	394,756	386,878
Total support services	515,994	....	515,994	523,812
Total functional expenses	2,689,598	....	2,689,598	1,930,856
Total grants and expenses	2,905,598	....	2,905,598	2,381,216
CHANGE IN NET ASSETS	(255,862)	(21,705)	(277,567)	(118,725)
NET ASSETS, BEGINNING OF YEAR	4,536,313	1,287,984	5,824,297	5,943,022
NET ASSETS, END OF YEAR	<u>\$ 4,280,451</u>	<u>\$ 1,266,279</u>	<u>\$ 5,546,730</u>	<u>\$ 5,824,297</u>

(The accompanying notes are an integral part of these financial statements)

UNITED WAY OF GREATER CHARLOTTESVILLE

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	PROGRAM SERVICES					SUPPORTING SERVICES		2020	2019
	SCHOOL READINESS	FINANCIAL STABILITY	CONNECTED COMMUNITY	COVID-RELATED ASSISTANCE	TOTAL PROGRAM	MANAGEMENT AND GENERAL	FUND- RAISING	TOTAL	TOTAL
Salaries	\$ 121,349	\$ 113,265	\$ 209,186	\$ 47,256	\$ 491,056	\$ 72,304	\$ 211,346	\$ 774,706	\$ 654,414
Employee benefits	27,971	28,675	41,241	9,197	107,084	13,484	39,913	160,481	141,592
Payroll taxes	8,949	8,564	14,953	3,516	35,982	5,307	14,465	55,754	48,151
Total salaries and related expenses	158,269	150,504	265,380	59,969	634,122	91,095	265,724	990,941	844,157
Early Learner scholarship awards	569,717	....	....	....	569,717	....	....	569,717	451,628
Santa Fund .....	....	....	100,726	....	100,726	....	....	100,726	118,731
Family investment program distributions .....	....	25,725	....	....	25,725	....	....	25,725	7,099
Initiative grant .....	....	....	31,500	....	31,500	....	....	31,500	....
Women United grant .....	....	....	60,000	....	60,000	....	....	60,000	60,000
Partnership grants	24,000	....	10,440	5,000	39,440	....	....	39,440	....
COVID-related assistance disbursements .....	....	....	....	101,505	101,505	....	....	101,505	....
Occupancy	3,461	6,279	6,390	....	16,130	2,423	6,612	25,165	25,858
Telephone and internet	2,063	2,309	3,175	2,088	9,635	1,282	4,237	15,154	19,463
Postage	29	35	296	1,055	1,415	1,935	2,081	5,431	4,798
Supplies	4,572	5,168	4,428	1,168	15,336	3,568	4,570	23,474	22,860
Printing and publications	1,686	4,203	7,852	....	13,741	1,155	13,398	28,294	25,957
Professional fees	140,545	8,149	9,322	....	158,016	2,913	9,610	170,539	83,870
Subcontract personnel	152,434	15,000	....	....	167,434	....	....	167,434	....
Insurance	624	3,554	3,214	....	7,392	1,093	3,321	11,806	7,789
Advertising and marketing	683	5,947	5,865	....	12,495	315	40,745	53,555	67,621
Conferences, meetings, and events	35,483	2,132	29,084	131	66,830	2,127	10,823	79,780	60,196
Professional development	8,095	199	274	....	8,568	617	3,175	12,360	12,459
Dues and subscriptions	989	1,635	1,982	....	4,606	1,026	2,956	8,588	6,981
Payments to national organization	2,950	6,120	5,929	....	14,999	2,268	6,736	24,003	23,789
Repairs, maintenance, and equipment rental	646	1,267	1,227	....	3,140	434	1,405	4,979	9,283
Equipment purchases	4,847	11,242	2,978	....	19,067	1,398	3,806	24,271	12,651
Software purchases and website maintenance	6,426	7,164	17,484	....	31,074	2,803	10,238	44,115	25,515
Miscellaneous	21,354	4,380	23,415	2,018	51,167	3,393	1,873	56,433	23,078
Total before depreciation	1,138,873	261,012	590,961	172,934	2,163,780	119,845	391,310	2,674,935	1,913,783
Depreciation	2,302	3,519	4,003	....	9,824	1,393	3,446	14,663	17,073
Total functional expenses	<u>\$ 1,141,175</u>	<u>\$ 264,531</u>	<u>\$ 594,964</u>	<u>\$ 172,934</u>	<u>\$ 2,173,604</u>	<u>\$ 121,238</u>	<u>\$ 394,756</u>	<u>\$ 2,689,598</u>	<u>\$ 1,930,856</u>

(The accompanying notes are an integral part of these financial statements)

UNITED WAY OF GREATER CHARLOTTESVILLE

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 277,567)	(\$ 118,725)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,663	17,073
Unrealized (gains) losses on marketable securities	140,161	(214,733)
Realized (gains) losses on marketable securities	(40,507)	243,999
(Increase) decrease in assets:		
Campaign pledges receivable	91,111	(27,867)
Grants receivable	32,060	21,097
Other receivables	5,771	7,235
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	129,326	(100,132)
Program grants to agencies payable	(240,360)	(109,640)
Designations payable	13,368	(3,098)
Refundable advances	412,839	....
Net cash provided by (used in) operating activities	<u>280,865</u>	<u>(284,791)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(9,455)	(15,166)
Purchase of investments	(171,877)	(225,749)
Proceeds from investments	150,000	500,000
Net cash provided by (used in) investing activities	<u>(31,332)</u>	<u>259,085</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>....</u>	<u>....</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	249,533	(25,706)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>27,691</u>	<u>53,397</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 277,224</u>	<u>\$ 27,691</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$</u>	<u>\$ 1,289</u>

(The accompanying notes are an integral part of these financial statements)

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF ORGANIZATION

United Way of Greater Charlottesville (United Way or Organization) is a community-based nonprofit, with a local Board of Directors, serving Charlottesville and the counties of Albemarle, Fluvanna, Greene, Louisa, and Nelson. The United Way envisions a strong, equitable community where every person thrives. Through partnerships with community leaders and partners, direct services, and grantmaking, the United Way strives to achieve its mission of connecting the community so everyone can reach their full potential.

In September 2019, the United Way adopted a strategic plan that identified three Impact Areas: School Readiness, Financial Stability, and Connected Community. These Impact Areas represent areas of significant community need.

Each Impact Area addresses specific community priorities with preferred outcomes, which are adopted by the Executive Board. Program grants awarded to community agencies, the United Way direct services/programs, advocacy, and volunteerism advance these priorities. Program grants to community agencies addressing stated priorities and preferred outcomes, recommended by the Impact Teams and approved by the Executive Board, are awarded for one year, or multiple years, with annual outcome reporting requirements.

School Readiness: The United Way's goal is to close the opportunity gap by promoting strategies to provide all children with the most appropriate and effective early services, supports, and high-quality early childcare and education.

Strategies and programs include:

1. Grantmaking to decrease the opportunity gap for at-risk children under age five.
2. Early Education: supports the work plan of the Early Education Task Force, including opportunities to expand access and high-quality services for all children ages 0-5. The United Way administers grants for Smart Beginnings, providing the following programs: Preschool Development, Mixed Delivery, and Children's Data Consortium.
3. Early Learners Scholarship Program: supports families who are working toward financial stability by eliminating the barrier of the cost of early education and care and places children in high-quality settings to minimize the impact of poverty and other determinants that impact a child's ability to arrive at school ready to learn.

Financial Stability: The United Way's goal is to help adults who are on the path to becoming financially stable and economically independent by supporting customized, holistic solutions that address obstacles encountered along the way.

Strategies and programs include:

1. Grantmaking to help adults increase their earning power and manage their expenses.
2. Cville Tax Aid: a free tax preparation program, including opportunities to expand access and services to all eligible residents.

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

3. Family Investment Program: a family-centered investment model that supports families who are working toward financial stability by eliminating specific barriers to success.
4. Santa Fund for Schoolkids: provides clothing, shoes, medicine, eyeglasses, and other essentials for low-income school children in Charlottesville and the counties of Albemarle, Buckingham, Fluvanna, Greene, Louisa, Madison, Nelson, and Orange.
5. Driving Lives Forward: connects economically-disadvantaged individuals and families with reliable vehicles and affordable auto loan financing.
6. Financial Resiliency: The Task Force, comprising 11 area agencies, seeks to identify and implement strategies to remove barriers impacting the financial stability of racial and ethnic minority families living in or near poverty; and is implementing its first workplan.

Connected Community: The United Way connects, convenes, and supports the collaboration of organizations in its community. Among this network, the United Way is able to identify needs in the community and work toward collaborative goals.

Strategies and programs include:

1. Day of Caring: a day of community service in September that promotes volunteerism by connecting local businesses, civic groups, and area citizens to nonprofit organizations and schools.
2. Women United in Philanthropy: maximizes women's leadership in philanthropy by engaging and educating its membership, increasing charitable contributions, and strengthening the community through the impact of collective giving to support human services.
3. Volunteer Center: connects potential volunteers with nonprofit agencies and schools.
4. Community Table: brings people in the community together to share a meal and conversation, and build common ground.
5. Diversity, Equity and Inclusion: implements and manages the Inclusive Excellence framework to support an organizational culture of equity and seeks to provide equity grants to community agencies.

In 2020, program services were expanded to address the effect of the COVID-19 pandemic:

COVID-Related Assistance: The Community Emergency Response Fund (CERF) disbursed funds to help households experiencing economic hardship due to COVID-19 and its impacts. The effort was a partnership with the Charlottesville Area Community Foundation, the City of Charlottesville, the County of Albemarle, and Cville Community Cares. The partnership raised funds, performed intake through the Community Resource Helpline, and disbursed funds to clients.

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the United Way are described below.

Recent Accounting Pronouncements

During the year ended June 30, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which clarifies guidance about whether a transfer of assets is a contribution or an exchange transaction. There was no impact on total net assets as a result of the adoption of the new standard.

During the year ended June 30, 2020, the Organization adopted FASB ASU 2016-01, *Financial Instruments - Overall*, which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments, including investments. There was no impact on total net assets as a result of the adoption of the new standard.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). Financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions include funds resulting from contributions and other inflows of assets whose use is not restricted by the donor.

Net assets with donor restrictions include funds resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by the actions of the Organization. This category also includes funds resulting from contributions or other inflows of assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled by the actions of the Organization. Income from these funds is used according to the terms stipulated by the donor.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the United Way considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Excluded from cash and cash equivalents are money market funds held to be invested for long-term purposes.

The United Way maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits and are subject to risk of loss. The United Way did not suffer any losses in these accounts.

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

Campaign Pledges

Written campaign pledges are recognized as revenues or gains in the period received and as assets or decreases in liabilities, depending on the form of the benefits received. Conditional pledges to give are recognized when the conditions on which they depend are substantially met. Campaign pledges are recorded as revenue when written confirmation is received. Verbal campaign pledges are tracked but are not recorded as revenue until written confirmation is received.

At June 30, 2020, the Organization had \$87,466 in conditional contributions related to the Paycheck Protection Program. See **NOTE 13 – PAYCHECK PROTECTION PROGRAM LOAN** for explanation of the conditions and terms of the program. For the year ended June 30, 2019, the United Way received a conditional matching pledge of \$75,000, of which \$54,927 had yet to be matched at June 30, 2019. The remainder of this amount was matched during the year ended June 30, 2020.

Investments

Investments are initially recorded at the fair market value at the date of gift to the United Way or at cost when purchased, whichever is applicable. Investments are carried at market values. Changes in market values are recognized as unrealized holding gains (losses) on appreciation (depreciation) of investments and reported in the statement of activity and changes in net assets as net investment income.

Fair Value

The fair value framework requires the categorization of assets and liabilities measured at fair value into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2 Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- Level 3 Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

The United Way's investments are categorized as Level 1 assets.

Following is a description of the valuation methodologies used for assets measured at fair value:

Money market: Valued at carrying cost, which approximates fair value, due to the short maturity.

Government/corporate bonds and equity mutual funds: Valued at the closing price reported in the active market in which the individual investment is traded.

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

Property and Equipment

Property and equipment are stated at cost or estimated fair market value, if donated. It is the United Way’s policy to capitalize expenditures exceeding \$5,000. Depreciation of the building and equipment is provided on a straight-line basis over the estimated useful lives of the related assets.

The cost and estimated lives of property and equipment are as follows:

	JUNE 30, 2019	ADDITIONS	DISPOSITIONS	JUNE 30, 2020	ESTIMATED USEFUL LIVES
Land.....	\$ 97,918	\$	\$	\$ 97,918	
Building and improvements.....	510,131	....	....	510,131	39 years
Office equipment and furniture....	<u>61,801</u>	<u>9,455</u>	<u>(37,812)</u>	<u>33,444</u>	3-10 years
 Total property and equipment.....	 669,850	 9,455	 (37,812)	 641,493	
 Accumulated depreciation.....	 <u>301,267</u>	 <u>14,663</u>	 <u>(37,812)</u>	 <u>278,118</u>	
 Net property and equipment	 <u>\$368,583</u>	 <u>(\$ 5,208)</u>	 <u>\$</u>	 <u>\$363,375</u>	

Refundable Advances

As of June 30, 2020, the balance in refundable advances was made up of the following:

Undisbursed COVID-Related Assistance Program funds raised by partners (see COVID-Related Assistance Program note):	
Charlottesville Area Community Foundation	\$ 49,823
The City of Charlottesville	275,550
Remaining conditional Paycheck Protection Program loan proceeds (see NOTE 13 - PAYCHECK PROTECTION PROGRAM LOAN).....	<u>87,466</u>
	<u>\$412,839</u>

Annual Campaigns

Annual campaigns are conducted to raise contributions for program grants to community agencies, direct services/programs, and for the operations of the United Way. Current-year campaign pledges are due within one year. Written campaign pledges are recorded as receivables, and allowances are provided for amounts estimated as uncollectible.

Campaign donations that are received with a donor-imposed designation for another organization are distributed by the United Way to the appropriate recipient. These designated gifts appear in the statement of activity and changes in net assets as a reduction of pledge income under the line item amounts designated. The United Way charges an administrative fee for processing designated gifts.

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

Grants and Contracts

Support received under grants and contracts with foundations and localities is deemed to be earned and reported as revenue when the United Way has incurred expenditures in compliance with the grant and contract agreements. Such amounts expended, but not yet received, are reported as grants receivable. Conversely, such amounts received, but not yet expended, are reported as deferred grant revenue.

Other Contributions

Other contributions in the statement of activity and changes in net assets represents contributions received during the year that are not part of the current year's annual campaign.

Donated Materials and Services

The United Way records the value of professional services when there is an objective basis available to measure their value and the services received require specialized skills. Contributions of professional auditing and investment management services were recognized in the years ended June 30, 2020 and 2019.

The investment management firm does not charge any fees. There is one Endowment Trustee who is employed by the investment management firm.

Significant donated materials and other items are valued at cost or estimated fair market value on the date of the gift, as applicable.

No amounts have been reflected in the statements for donated services that are not specialized skills, since there is no objective basis to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the United Way's Impact Teams, direct services/programs, leadership, and development.

COVID-Related Assistance Program

During the year ended June 30, 2020, the Organization participated in the Community Emergency Response Fund (CERF) partnership (see **NOTE 1 – DESCRIPTION OF ORGANIZATION** for description of the partnership). The Organization's role within this partnership was to disburse funds to households experiencing economic hardship due to COVID-19. The Organization disbursed approximately \$3,850,000 to households during the year ended June 30, 2020. These disbursements fall into two categories and are accounted for as described below.

Funds raised by the Organization: The Organization raised \$131,496 related to this program and disbursed \$101,505 of those funds through June 30, 2020. These funds are included as pledge income on the statement of activity and changes in net assets, and as COVID-related assistance disbursements on the statement of functional expenses. Undisbursed funds at June 30, 2020 are shown as net assets with donor restrictions on the statement of financial position.

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

Funds raised by other partners: The Organization accounts for its role of disbursing funds raised by other partners as that of an agent. Accordingly, funds received from other partners are recorded as a liability on the statement of financial position. When the funds are disbursed to households, the liability is reduced. The Organization received approximately \$4 million in funds from partner agencies and disbursed approximately \$3.7 million of those funds during the year ended June 30, 2020. Undisbursed funds at June 30, 2020 are shown as refundable advances on the statement of financial position.

Program Grants to Agencies

Grant expense is recognized once the Board of Directors has approved the Impact Team program grant recommendations and grant recipients have been notified of their awards.

Advertising and Marketing Costs

The United Way follows the practice of expensing advertising costs as incurred.

Functional Allocation of Expenses

The cost of providing the various programs and supporting services is summarized on a functional basis in the statement of functional expenses. Certain costs are allocated among the functions benefited based on management's estimates of time spent, occupancy, usage, or other relevant factors. Direct costs for special events included in functional expenses totaled \$24,728 and \$25,913 for the years ended June 30, 2020 and 2019, respectively.

Policy Disclosure

The United Way reports gifts of cash and other assets depending on the existence and/or nature of any donor restrictions. When a donor-imposed 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 activity and changes in net assets as net assets released from restrictions.

The United Way reports gifts of land, buildings, and equipment as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Accounting Estimates

The preparation of financial statements in conformity with GAAP 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 and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

Exempt Tax Status

The United Way is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The United Way qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Per Virginia Code Section 58.1-3650.1, the United Way is exempt from local property tax as long as the Organization resides within Charlottesville City limits.

Accounting for Uncertainty in Income Taxes

The United Way has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with guidance established by the FASB and determined there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the statement of financial position and the statement of activity and changes in net assets.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the United Way's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified to conform to the presentation of the current-year financial statements.

Subsequent Events

Management has evaluated subsequent events through January 25, 2021, which is the date the financial statements were available to be issued.

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CAMPAIGN PLEDGES RECEIVABLE

Campaign pledges receivable consisted of the following at June 30, 2020:

	CAMPAIGN				TOTAL
	2021/2022	2020/2021	2019/2020	2018/2019	
Total campaign pledges	\$ 12,026	\$ 27,025	\$157,637	\$ 33,096	\$229,784
Less: Allowance for uncollectibles .....	.....	.....	( 50,000)	(29,500)	(79,500)
	<u>\$ 12,026</u>	<u>\$ 27,025</u>	<u>\$107,637</u>	<u>\$ 3,596</u>	<u>\$150,284</u>

Campaign pledges receivable consisted of the following at June 30, 2019:

	CAMPAIGN				TOTAL
	2020/2021	2019/2020	2018/2019	2017/2018	
Total campaign pledges	\$ 15,000	\$ 20,161	\$236,234	\$ 25,485	\$296,880
Less: Allowance for uncollectibles .....	.....	.....	( 30,000)	(25,485)	(55,485)
	<u>\$ 15,000</u>	<u>\$ 20,161</u>	<u>\$206,234</u>	<u>\$.....</u>	<u>\$241,395</u>

The current and prior years' allowance for uncollectible pledges were approximately 3.5% and 3%, respectively, of the original campaign total, net of designations.

NOTE 4 - INVESTMENTS

The face value of investments are reported at market value and consist of investments spread across a diversified portfolio of assets, with interests in a money market account, fixed income securities, and equities. When a donor-imposed restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activity and changes in net assets as net assets released from restrictions. The cost basis includes the original purchase cost of the investments plus reinvested earnings.

The cost basis and fair values of investments at June 30, 2020 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	MARKET	COST
Money market	\$ 634,496	\$	\$	\$ 634,496	\$ 634,496
Fixed income:					
Gov't/corporate bonds	611,254	....	....	611,254	586,400
Closed-end ETF's	450,919	....	....	450,919	450,118
Equity mutual funds:					
Closed-end ETF's	581,212	....	....	581,212	577,676
U. S. equity	2,147,025	....	....	2,147,025	1,379,955
International equity	<u>1,163,322</u>	.....	.....	<u>1,163,322</u>	<u>923,014</u>
	<u>\$5,588,228</u>	<u>\$.....</u>	<u>\$.....</u>	<u>\$5,588,228</u>	<u>\$4,551,659</u>

During the year ended June 30, 2020, there were no changes to the classification among categories.

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

The cost basis and fair values of investments at June 30, 2019 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	MARKET	COST
Money market	\$1,085,715	\$	\$	\$1,085,715	\$1,085,715
Gov't/corporate bonds	577,398	....	....	577,398	569,331
Equity mutual funds:					
Closed-end ETF's	630,366	....	....	630,366	577,676
U. S. equity	1,946,591	....	....	1,946,591	1,145,321
International equity	<u>1,425,935</u>	<u>....</u>	<u>....</u>	<u>1,425,935</u>	<u>1,110,074</u>
	<u>\$5,666,005</u>	<u>\$</u>	<u>\$</u>	<u>\$5,666,005</u>	<u>\$4,488,117</u>

During the year ended June 30, 2019, there were no changes to the classification among categories.

The following is a breakdown of net investment income for the years ended June 30:

	2020	2019
Interest and dividends	\$171,876	\$195,749
Unrealized gain (loss) on marketable securities	(140,161)	214,733
Realized gain (loss) on marketable securities	40,507	(243,999)
Contributed investment management fees	(27,628)	(28,345)
Net investment income	<u>\$ 44,594</u>	<u>\$138,138</u>

The investment account is allocated as follows at June 30:

	2020	2019
Investments available for current operations	\$ 988,386	\$ 857,041
Investments designated by Board for Endowment Fund	4,207,376	4,423,962
Investments restricted by donors for United Way programs	<u>392,466</u>	<u>385,002</u>
Total investments	<u>\$5,588,228</u>	<u>\$5,666,005</u>

NOTE 5 - LINE OF CREDIT

In April 2020, the United Way renewed its line of credit agreement with Atlantic Union Bank for a \$550,000 revolving line of credit. Interest on amounts borrowed under the line of credit is payable on the first of each month, and is at a variable rate based on the prime rate announced by Atlantic Union Bank on a periodic basis. The interest rate at both June 30, 2020 and 2019 was 5.5%. The line of credit is secured by a \$550,000 deed of trust on the United Way's real property. The real property has a net book value of approximately \$340,000 at June 30, 2020, and was valued at approximately \$1.1 million based on the 2020 tax assessment. The line of credit had no balance at June 30, 2020 or 2019. The line of credit expires February 1, 2021.

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - SHARING OF PUBLIC SUPPORT

In accordance with the United Way Worldwide (United Way trade association) requirements, a portion of support without donor restrictions from the public is remitted to the United Way Worldwide as a membership fee for trademark and services, as determined by its Board of Directors.

NOTE 7 - RETIREMENT PLAN

The United Way has a defined contribution 403(b) thrift plan covering all full-time employees who have met the one-year service requirement and are at least twenty-one years of age, by providing individual annuities through contracts with Mutual of America. There were nine active participants for the plan year ended December 31, 2019, and twelve active participants for the plan year ended December 31, 2018. The participants become 20% vested after two years, 50% vested after three years, 75% vested after four years, and fully vested after five years of service. Retirement plan expenses totaling \$60,890 and \$48,236 have been recorded for the years ended June 30, 2020 and 2019, respectively.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	2020	2019
Subject to time restrictions:		
Fund-raising	\$ 25,201	\$ 15,442
Total subject to time restrictions	<u>25,201</u>	<u>15,442</u>
Subject to purpose restrictions:		
School Readiness	321,545	436,139
Financial Stability	233,176	112,901
Connected Community	656,366	723,502
COVID-Related Assistance	<u>29,991</u>	<u>....</u>
Total subject to purpose restrictions	<u>1,241,078</u>	<u>1,272,542</u>
Total net assets with donor restrictions....	<u>\$1,266,279</u>	<u>\$1,287,984</u>

NOTE 9 - ENDOWMENT

The Endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors. Net assets associated with endowment funds, including funds designated by the Board of Directors, are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure.

The objective of the Endowment Fund is to maintain a balance of invested funds to provide income to support operations and special projects. The Endowment Trustees, as elected by the Board, manage the Endowment Fund.

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

The investment objective of the Endowment Fund is to seek a rate of return of 5% plus the Consumer Price Index. This objective will be measured over annualized, rolling five- and ten-year time periods; the intent of the objective is to grow the principal value of assets measured in real, inflation-adjusted terms.

To preserve and enhance the real, inflation-adjusted purchasing power of Endowment principal while providing a stable, sustainable income stream over the long-term, the Board authorizes a quarterly payout of 1.25% from the Board-Designated Endowment Fund based on the asset value of the investment portfolio at the end of the prior quarter. Income and appreciation in excess of 5% annually is retained as principal in the Board-Designated Endowment Fund. The Board periodically reviews the authorized spending level.

Endowment net asset classification by fund type as of June 30, 2020 is as follows:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Donor-restricted endowment funds.....	\$	\$ 392,466	\$ 392,466
Board-designated endowment funds....	<u>4,207,376</u>	<u>.....</u>	<u>4,207,376</u>
Total funds	<u>\$4,207,376</u>	<u>\$ 392,466</u>	<u>\$4,599,842</u>

Endowment net asset classification by fund type as of June 30, 2019 is as follows:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Donor-restricted endowment funds.....	\$	\$ 385,002	\$ 385,002
Board-designated endowment funds....	<u>4,423,962</u>	<u>.....</u>	<u>4,423,962</u>
Total funds	<u>\$4,423,962</u>	<u>\$ 385,002</u>	<u>\$4,808,964</u>

Changes in Endowment net assets are summarized as follows for the year ended June 30, 2020:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Beginning balance	\$4,423,962	\$ 385,002	\$4,808,964
Net investment income	64,759	7,464	72,223
Appropriation transferred to:			
Available for operations	(281,345)	<u>.....</u>	(281,345)
Ending balance	<u>\$4,207,376</u>	<u>\$ 392,466</u>	<u>\$4,599,842</u>

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

Changes in Endowment net assets are summarized as follows for the year ended June 30, 2019:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Beginning balance	\$4,618,600	\$ 336,948	\$4,955,548
Contributions .....	....	30,000	30,000
Net investment income	148,429	18,054	166,483
Appropriation transferred to:			
Available for operations	(343,067)	.....	( 343,067)
Ending balance	<u>\$4,423,962</u>	<u>\$ 385,002</u>	<u>\$4,808,964</u>

NOTE 10 - DESIGNATED RESERVES

In addition to the Board-Designated Endowment Fund, the Board has also made a designation from net assets without donor restrictions for a contingency reserve, as approved by the Board in the fiscal year ended June 30, 1995, for capital improvements and maintenance and repair of the United Way's building.

NOTE 11 - CONTINGENCIES

In September 1965 and January 1975, the United Way gifted two separate properties to two nonprofit organizations for purposes to meet their missions. The deeds of both properties contain a reversion clause that is invoked if the nonprofit ceases to use the property for the purposes that were intended at the time of the gift. Due to the terms and long-standing nature of the agreements, neither of these properties is shown on the United Way's statement of financial position.

NOTE 12 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at June 30:

	2020	2019
Cash and cash equivalents.....	\$ 277,224	\$ 27,691
Less: Cash with donor restrictions or held on behalf of others.....	(1,220,002)	(929,084)
Investments available for current operations	988,386	857,041
Campaign pledges receivable, due within one year	162,580	231,422
Other receivables.....	7,249	13,020
Less: Receivables with donor restrictions.....	(43,559)	(51,096)
Annual spending from Board-Designated Endowment Fund.....	<u>275,000</u>	<u>281,345</u>
Financial assets available for general expenditures within one year....	<u>\$ 446,878</u>	<u>\$ 430,339</u>

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

Cash and cash equivalents and receivables consist of donor-restricted contributions, restricted either by time or purpose, and those without donor-imposed restrictions, which are available for general expenditure. Donor-restricted contributions are not available for general expenditure. The Board-Designated Endowment Fund is subject to an annual spending rate of 5%, appropriated for general expenditures as part of the Board's annual budget approval. A portion of the Board-Designated Endowment Fund could be undesignated subject to the approval of the Executive Board.

The United Way's cash flows have seasonal variations attributable to the timing of grant and pledge payments. To manage liquidity, the United Way regularly reviews cash flows and draws from investments or the line of credit as needed.

NOTE 13 - PAYCHECK PROTECTION PROGRAM LOAN

On April 10, 2020, the Organization received \$168,900 from Virginia National Bank under the Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

The Organization has elected to account for the proceeds as a conditional government grant following the guidance in FASB ASC 958-605. Under this guidance, the proceeds received under the program have been recorded as a refundable advance on the statement of financial position, and contribution revenue has been recognized ratably as conditions for forgiveness have been substantially met.

The PPP provides for unsecured loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period.

As of June 30, 2020 the Organization had substantially met the conditions, as described above, to have \$81,434 of the amount advanced forgiven. Accordingly, that amount is included in grants from foundations, localities, and government agencies on the statement of activities and changes in net assets. On November 6, 2020, the Organization received written confirmation from Virginia National Bank that the application for forgiveness had been approved by the Small Business Administration and that the loan from Virginia National Bank was paid in full.

NOTE 14 – COVID-19

On March 11, 2020, the World Health Organization officially declared the coronavirus (COVID-19) outbreak a pandemic, resulting in federal, state, and local governments mandating various restrictions, including travel restrictions, restrictions on public gatherings, and stay-at-home orders. As a result of COVID-19, the United Way office was closed to the public for an extended period, and staff shifted to 100% remote work for several months, followed by a staggered schedule. Significant staff time and organizational resources were allocated to the planning and administration of COVID-related assistance programs (CERF, Pathways, and RMRP) and participation in the Emergency Response Team.

UNITED WAY OF GREATER CHARLOTTESVILLE

NOTES TO FINANCIAL STATEMENTS

Many programs and activities were affected by the pandemic, including: the cancellation of the Cville Tax Aid program, reducing the number of clients served to half in comparison with the previous year; cancellation of a week-long program in partnership with the TomTom Summit on Building Strong, Equitable College Towns; cancellation of the spring Community Table event; a several-month dormancy of the Early Education Scholarship program; transition of the Early Education symposium to a virtual platform with decreased attendance; and reshaping of Day of Caring planning and logistics to accommodate virtual and outdoor volunteer projects. The United Way also provided COVID-specific support for Family Investment clients; provided partner support for the VA 30 Day Fund, focused on grants for small minority businesses and early education centers and family day home providers; and developed the Caring for Community awards in response to extraordinary efforts by community members.

The full extent of the pandemic's impact on the Organization's financial condition and cash flows will depend on future developments, which are highly uncertain and cannot be predicted at this time.