

UNITED WAY OF GREATER GREENSBORO, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



UNITED WAY OF GREATER GREENSBORO, INC.
Officers and Board of Directors
June 30, 2020 and 2019

Officers

Chair of the Board:	Kimberly B. Gatling
Board Vice Chair:	<i>Vacant</i>
Secretary of the Board and Legal Counsel:	Adam Tarleton
President and CEO:	Michelle Gethers-Clark
Treasurer:	Mike Gillis
Campaign Chair:	Bill Morrisette

Board of Directors

Darryl Aaron	Phillip McCall
Cherie Avent	Heather Milligan
Chuck Burns	Anotonia Monk Richburg
Claudia Cannady	Allison Morrisette
Michele Deuterman	Bill Morrisette
Manuel Dudley	Nathan Myers
Mandy Eaton	Brian Pierce
Kimberly B. Gatling	Dan Scutari
Michelle Gethers-Clark	Leigha Smith
Jacquelean Gilliam	Gregg Strader
Mike Gillis	Adam Tarleton
Tom Glaser	Tricia Teter
John Houghtby	Jane Trevey
Jeff Johnson	Jamiah Waterman
Mark Kiel	Sue D. White
Wanda Legrand	Benjamin Zuraw
David Martin	

UNITED WAY OF GREATER GREENSBORO, INC.

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Independent Auditor's Report

To the Board of Directors and Officers
United Way of Greater Greensboro, Inc.
Greensboro, North Carolina

We have audited the accompanying financial statements of United Way of Greater Greensboro, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Organization'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 Organization'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater Greensboro, Inc. 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.

Prior Period Financial Statements

The financial statements of United Way of Greater Greensboro, Inc. as of June 30, 2019, were audited by other auditors whose report dated October 8, 2019, expressed an unmodified opinion on those statements.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
November 23, 2020

UNITED WAY OF GREATER GREENSBORO, INC.
Statements of Financial Position
June 30, 2020 and 2019

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and cash equivalents	\$ 1,444,184	\$ 1,956,457
Investments, at fair value	9,825,390	9,864,360
Current portion of pledges receivable	2,681,894	2,827,594
Other receivables	232,490	209,002
Prepaid expenses	43,653	50,818
Total current assets	<u>14,227,611</u>	<u>14,908,231</u>
Noncurrent Assets:		
Pledges receivable, less current portion, net	155,679	145,679
Beneficial interest in Foundation assets	2,680,102	2,902,306
Cash surrender value of life insurance (\$709,906 and \$634,000 face value at June 30, 2020 and 2019, respectively)	84,318	93,717
	<u>2,920,099</u>	<u>3,141,702</u>
Property and Equipment:		
Land	220,812	220,812
Buildings	1,450,072	1,450,072
Equipment	607,378	597,355
	<u>2,278,262</u>	<u>2,268,239</u>
Less accumulated depreciation	1,475,548	1,392,667
	<u>802,714</u>	<u>875,572</u>
Total assets	<u>\$ 17,950,424</u>	<u>\$ 18,925,505</u>
	<u>Liabilities and Net Assets</u>	
Current Liabilities:		
Accounts payable	\$ 235,034	\$ 371,850
Accrued expenses	67,250	48,027
Allocations and designations payable	4,869,706	5,373,860
Total current liabilities	<u>5,171,990</u>	<u>5,793,737</u>
Noncurrent Liabilities:		
Loan payable	335,000	-
Total liabilities	<u>5,506,990</u>	<u>5,793,737</u>
Net Assets:		
Without donor restrictions:		
Unappropriated	7,455,069	7,361,790
Board appropriated	621,101	812,660
	<u>8,076,170</u>	<u>8,174,450</u>
With donor restrictions	4,367,264	4,957,318
Total net assets	<u>12,443,434</u>	<u>13,131,768</u>
Total liabilities and net assets	<u>\$ 17,950,424</u>	<u>\$ 18,925,505</u>

UNITED WAY OF GREATER GREENSBORO, INC.
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Gross campaign results	\$ 4,672,048	\$ 2,861,034	\$ 7,533,082	\$ 8,123,400	\$ 1,018,518	\$ 9,141,918
Less donor designations	777,486	-	777,486	1,069,410	-	1,069,410
Less provision for uncollectible	(112,553)	-	(112,553)	307,499	-	307,499
Net current campaign revenue	4,007,115	2,861,034	6,868,149	6,746,491	1,018,518	7,765,009
Campaign revenue - prior campaign, net	93,192	-	93,192	2,484	-	2,484
Campaign revenue - future campaign, net	-	535,861	535,861	-	632,168	632,168
Net campaign revenue	4,100,307	3,396,895	7,497,202	6,748,975	1,650,686	8,399,661
Net income from investments	434,880	3,887	438,767	494,011	3,834	497,845
Net income (loss) from beneficial interest in						
Foundation assets	(26,096)	(82,717)	(108,813)	12,583	41,504	54,087
Greensboro Virus Relief Fund contributions	-	1,706,412	1,706,412	-	-	-
Designations - other community campaigns	120,764	-	120,764	162,636	-	162,636
Grant and gift revenue	-	3,028	3,028	250	54,638	54,888
Sponsorship income	209,637	-	209,637	264,938	-	264,938
Other revenue	71,266	-	71,266	86,323	-	86,323
Net assets released from restrictions	5,617,559	(5,617,559)	-	1,590,621	(1,590,621)	-
Total support and revenue	10,528,317	(590,054)	9,938,263	9,360,337	160,041	9,520,378
Functional Expenses:						
Allocations and grants	5,816,200	-	5,816,200	4,361,282	-	4,361,282
Other community programs	2,798,829	-	2,798,829	2,287,538	-	2,287,538
Administration	986,733	-	986,733	914,339	-	914,339
Fund development	1,024,835	-	1,024,835	1,037,372	-	1,037,372
Total functional expenses	10,626,597	-	10,626,597	8,600,531	-	8,600,531
Changes in net assets	(98,280)	(590,054)	(688,334)	759,806	160,041	919,847
Net assets, beginning of year	8,174,450	4,957,318	13,131,768	7,414,644	4,797,277	12,211,921
Net assets, end of year	\$ 8,076,170	\$ 4,367,264	\$ 12,443,434	\$ 8,174,450	\$ 4,957,318	\$ 13,131,768

See Notes to Financial Statements

UNITED WAY OF GREATER GREENSBORO, INC.

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services			Supporting Services			
	Allocations and Grants	Other Community Programs	Total Program Services	Administration	Fund Development	Total Support Services	Total
Allocations and awards	\$ 6,588,553	\$ 1,836,217	\$ 8,424,770	\$ -	\$ -	\$ -	\$ 8,424,770
Less donor designations	777,486	-	777,486	-	-	-	777,486
Discretionary allocations	5,811,067	1,836,217	7,647,284	-	-	-	7,647,284
Salaries and contracted labor	3,138	683,641	686,779	633,137	598,343	1,231,480	1,918,259
Employee benefits	445	88,635	89,080	68,027	127,928	195,955	285,035
Payroll taxes	167	33,232	33,399	44,284	48,030	92,314	125,713
Total salaries and related costs	3,750	805,508	809,258	745,448	774,301	1,519,749	2,329,007
Fundraising, printing, publications and advertising	659	40,905	41,564	29,417	54,401	83,818	125,382
Support of state and national United Way	208	41,301	41,509	41,599	59,664	101,263	142,772
Professional fees	200	8,193	8,393	63,508	42,731	106,239	114,632
Depreciation	120	23,977	24,097	24,149	34,634	58,783	82,880
Occupancy	88	17,496	17,584	17,622	25,274	42,896	60,480
Rental and maintenance of equipment	25	4,683	4,708	4,753	7,080	11,833	16,541
Telephone and internet service	29	5,849	5,878	4,839	7,966	12,805	18,683
Postage and shipping	2	241	243	4,881	6,855	11,736	11,979
Travel and staff development	52	4,727	4,779	45,045	5,718	50,763	55,542
Miscellaneous	-	9,732	9,732	5,472	6,211	11,683	21,415
Total other expenses	1,383	157,104	158,487	241,285	250,534	491,819	650,306
Total functional expenses	\$ 5,816,200	\$ 2,798,829	\$ 8,615,029	\$ 986,733	\$ 1,024,835	\$ 2,011,568	\$ 10,626,597

UNITED WAY OF GREATER GREENSBORO, INC.
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services			Supporting Services			
	Allocations and Grants	Other Community Programs	Total Program Services	Administration	Fund Development	Total Support Services	Total
Allocations and awards	\$ 5,426,898	\$ 1,469,243	\$ 6,896,141	\$ -	\$ -	\$ -	\$ 6,896,141
Less donor designations	1,069,410	-	1,069,410	-	-	-	1,069,410
Discretionary allocations	4,357,488	1,469,243	5,826,731	-	-	-	5,826,731
Salaries and contracted labor	2,314	520,143	522,457	651,786	626,907	1,278,693	1,801,150
Employee benefits	376	71,659	72,035	54,832	96,348	151,180	223,215
Payroll taxes	171	28,992	29,163	39,432	42,179	81,611	110,774
Total salaries and related costs	2,861	620,794	623,655	746,050	765,434	1,511,484	2,135,139
Fundraising, printing, publications and advertising	138	57,053	57,191	29,149	77,279	106,428	163,619
Support of state and national United Way	239	40,724	40,963	41,052	58,878	99,930	140,893
Professional fees	157	36,200	36,357	32,428	35,791	68,219	104,576
Depreciation	137	23,284	23,421	23,472	33,664	57,136	80,557
Occupancy	98	16,714	16,812	16,849	24,165	41,014	57,826
Rental and maintenance of equipment	51	4,859	4,910	5,565	12,817	18,382	23,292
Telephone and internet service	33	5,981	6,014	4,973	8,228	13,201	19,215
Postage and shipping	37	1,541	1,578	3,696	10,245	13,941	15,519
Travel and staff development	17	4,675	4,692	3,102	3,986	7,088	11,780
Miscellaneous	26	6,470	6,496	8,003	6,885	14,888	21,384
Total other expenses	933	197,501	198,434	168,289	271,938	440,227	638,661
Total functional expenses	\$ 4,361,282	\$ 2,287,538	\$ 6,648,820	\$ 914,339	\$ 1,037,372	\$ 1,951,711	\$ 8,600,531

UNITED WAY OF GREATER GREENSBORO, INC.
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Changes in net assets	\$ (688,334)	\$ 919,847
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Provision for uncollectible pledges	(322,746)	334,420
Depreciation	82,880	80,557
Net gain on investments including change in beneficial interest	(330,238)	(561,181)
(Increase) decrease in:		
Pledges receivable	458,446	(659,412)
Other receivables	(23,488)	(16,710)
Prepaid expenses	7,165	(30,758)
Cash surrender value of life insurance	9,399	9,249
Increase (decrease) in:		
Accounts payable and accrued expenses	(136,816)	221,506
Accrued expenses	19,223	(1,367)
Allocations and designations payable	(504,154)	(521,198)
Net cash used in operating activities	<u>(1,428,663)</u>	<u>(225,047)</u>
Cash flows from investing activities:		
Purchase of investments	(21,979)	(3,690,149)
Proceeds from sale of investments	500,000	3,706,219
Payment from Foundation	113,391	104,058
Purchase of equipment	(10,022)	(78,180)
Net cash provided by investing activities	<u>581,390</u>	<u>41,948</u>
Cash flows from financing activities:		
Proceeds from issuance of loan payable	335,000	-
Net cash provided by financing activities	<u>335,000</u>	<u>-</u>
Decrease in cash and cash equivalents	(512,273)	(183,099)
Cash and cash equivalents - beginning	<u>1,956,457</u>	<u>2,139,556</u>
Cash and cash equivalents - ending	<u>\$ 1,444,184</u>	<u>\$ 1,956,457</u>

UNITED WAY OF GREATER GREENSBORO, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United Way of Greater Greensboro, Inc. (the “Organization”) is a nonprofit organization that makes investments in the community in hopes that every individual and family can succeed. Through community partnerships, the Organization helps children and young people succeed in school and in life, offers financial stability for individuals and families and empowers all to lead a healthy life. The Organization mobilizes and unites the passion, expertise and resources of caring citizens and invests in effective programs to achieve solutions to the community’s most critical issues. Together, with community and corporate partners, donors, volunteers and advocates, the Organization is focusing its work on breaking the cycle of poverty in Greater Greensboro and creating opportunities for a high quality of life for all.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time, as well as those that may be maintained permanently by the Organization.

Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor-imposed stipulation has been fulfilled and/or the stipulation time period has elapsed) are reported as net assets released from restrictions on the statement of activities and changes in net assets.

The Organization records the estimated fair value of cash or other financial assets received from donors in which the Organization is the beneficial owner, but not the legal owner.

The Organization periodically manages the distribution of non-financial assets or receives non-financial assets for distribution to other nonprofit entities. The Organization does not recognize an asset or revenue for the non-financial assets received nor liabilities or expenses for assets distributed under these arrangements.

The ability of the Organization’s contributors to continue giving amounts comparable with prior years is dependent upon current and future economic conditions and the continued deductibility for income tax purposes of contributions to the Organization. While the Organization’s Board of Directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

UNITED WAY OF GREATER GREENSBORO, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Contributions and Pledges Receivable

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of the gift.

Campaign pledge contributions receivable are generally paid within one year after the fiscal year-end. Unconditional promises to give due in more than one year are recognized at fair value, using a rate commensurate with the risks involved. An allowance for uncollectible pledges is provided at the end of each campaign based on the Organization's collection history. The allowance is adjusted at the end of each year to reflect management's current estimates of collectability.

Concentration of Risk

Pledges receivable are primarily from individuals, businesses or nonprofit foundations in Greensboro and surrounding areas. Generally, a concentration of credit risk is limited due to the large number of donors comprising the Organization's donor base. However, at June 30, 2020 and 2019, one donor comprised \$300,000 of pledges receivable.

The Organization may from time to time have cash balances on deposit with financial institutions that exceed the amounts that are federally insured.

Investments

Investments are recorded at fair value. Gains and losses are reported as increases or decreases in net assets without donor restrictions in the statement of activities and changes in net assets unless their use is restricted by explicit donor stipulations or law, in which case they are reported as increases or decreases in net assets with donor restrictions (depending upon the type of restriction). For funds managed by the Organization, the Organization's policy is to pool excess funds in investments that provide moderate to high income with moderate emphasis on long-term growth. Certain investments are managed by the Community Foundation of Greater Greensboro, Inc. (the "Foundation") (Notes 4 and 5) as part of its Long-Term Pool. The Foundation's primary performance objective for investments in its Long-Term Pool is to achieve a total return, net of fees, in excess of spending and inflation rates, as defined by the Consumer Price Index.

The Organization's investments are subject to market risk and are not federally insured. The Organization's investments do not have a significant concentration of credit risk within any industry or geographic location.

UNITED WAY OF GREATER GREENSBORO, INC.**Notes to Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The carrying amount of accounts receivable, accounts payable and allocations and designations payable approximate fair value because of the short maturity of those instruments.

Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

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

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Fair value measurements of investments for which the measurement was based on net asset value (“NAV”) or its equivalent as provided by an external manager are categorized within Level 2 or Level 3 depending on the ability to redeem with the manager at the NAV as of the reporting date or within the near term.

The following are the assets measured at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 9,825,390	\$ -	\$ -	\$ 9,825,390
Beneficial interest in Foundation assets	-	-	2,680,102	2,680,102
	<u>\$ 9,825,390</u>	<u>\$ -</u>	<u>\$ 2,680,102</u>	<u>\$ 12,505,492</u>

The following are the assets measured at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 9,864,360	\$ -	\$ -	\$ 9,864,360
Beneficial interest in Foundation assets	-	-	2,902,306	2,902,306
	<u>\$ 9,864,360</u>	<u>\$ -</u>	<u>\$ 2,902,306</u>	<u>\$ 12,766,666</u>

There were no liabilities measured at fair value at June 30, 2020 and 2019.

The Organization has classified its portion of the total fair value of the underlying securities held by the Foundation as Level 3 based on the related redemption terms that require the approval of the Board of Directors of the Foundation before the Organization may fully access its portion of Foundation assets. The underlying investment securities held by the Foundation have fair values that are generally determined using Level 1 inputs. Assets held by the Foundation are primarily invested in Level 1 investments including bonds, fixed income funds, equities and equity funds that have quoted prices in active markets. The Organization adjusts its interest in the assets held by the Foundation similar to the equity method of accounting, which results in the assets being carried at fair value.

UNITED WAY OF GREATER GREENSBORO, INC.**Notes to Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

The changes in the beneficial interest in the Foundation assets (Level 3 inputs to determine the fair values) for the year ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 2,902,306	\$ 2,952,277
Interest and dividends	69,693	79,095
Gains (losses), net of fees	(178,506)	(25,008)
Appropriations	<u>(113,391)</u>	<u>(104,058)</u>
Balance, end of year	<u>\$ 2,680,102</u>	<u>\$ 2,902,306</u>

Land, Buildings and Equipment

Land, buildings and equipment acquired before January 1, 1970 are carried at their estimated original cost or donated value, net of accumulated depreciation. All subsequent additions that exceed \$500 are carried at cost, net of accumulated depreciation. Depreciation is computed over the estimated useful lives of the buildings and equipment on the straight-line method over lives that range from 3 to 40 years.

Long-Lived Assets

Long-lived assets, such as land, buildings and equipment, are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment charge is recognized when the fair value of the asset is less than the carrying value. No impairment charges were recorded in 2020 or 2019.

Allocations and Grants

The Organization allocates campaign funds annually to agencies serving the community. These allocations are recognized as liabilities at the time the commitments are made. In order to be eligible for the funds, these agencies must measure their results and achieve certain program outcomes that meet the Organization objectives.

Combined Federal Campaign Designations

The Organization has established policies and procedures to substantially distribute all receipts from a given campaign proportionally in accordance with the gross designation reports provided by administrators of the various campaigns. Distributions are made on a regular, scheduled basis using the gross designation report from each campaign as a basis for each proportionate distribution.

The Organization honors all federal employee designations received from the Combined Federal Campaign by distributing a proportionate share of receipts based on donor designation by each member.

UNITED WAY OF GREATER GREENSBORO, INC.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance, campaign solicitations and various committee assignments.

Functional Allocation of Expenses

The costs of providing various programs are categorized on a functional basis. The majority of expenses generally can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses by function have been allocated among functions based on time and other studies, which are performed on a periodic basis. The Organization categorizes these costs as follows:

Allocation and Grants: activities related to agency relations and allocation processes.

Other Community Programs: activities related to community issues.

Administration: activities that are important to the Organization's existence, but do not fit into any other functions.

Fund Development: activities related to appeals for financial support, such as workplace campaigns, managed campaigns and leadership events.

Income Taxes

The Organization is exempt from income taxes on related income as an organization described under Section 501(c)(3) of the Internal Revenue Code. No unrelated business taxable income has been identified by management. Accordingly, no provision for income taxes is included in the accompanying financial statements.

It is the Organization's policy to evaluate all tax positions and to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2020 and 2019.

Reclassifications

Certain prior year amounts were reclassified to conform to the current year presentation. The reclassifications have no effect on change in net assets or total net assets previously reported.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through November 23, 2020, which is the date the financial statements were available to be issued.

UNITED WAY OF GREATER GREENSBORO, INC.**Notes to Financial Statements**

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 1,444,184	\$ 1,956,457
Pledges receivable, net	2,681,894	2,973,273
Other receivables	232,490	209,002
Investments	9,825,390	9,864,360
Total financial assets	14,183,958	15,003,092
Pledges receivable past one year	(160,000)	(145,000)
Investments with donor restrictions	(95,521)	(95,704)
Amounts available within one year	<u>\$ 13,928,437</u>	<u>\$ 14,762,388</u>

The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. On a quarterly basis, the Organization reviews projected cash flows and transfers into or out of investment accounts based on those projections. The Organization has Board appropriated net assets without donor restrictions that, while the Organization does not intend to spend for those identified, could be made available for current operations if necessary.

NOTE 3 - PLEDGES RECEIVABLE AND ALLOWANCES FOR UNCOLLECTIBLE PLEDGES

Pledges receivable and the related allowances for uncollectible pledges at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Pledges receivable from current year campaign	\$ 2,912,162	\$ 3,266,525
Pledges receivable for future campaign	35,832	139,915
Gross unconditional promises to give	2,947,994	3,406,440
Discount on multi-year pledges	(4,321)	(4,321)
Allowance for uncollectible pledges	(106,100)	(428,846)
Total	<u>\$ 2,837,573</u>	<u>\$ 2,973,273</u>
Amounts due in:		
Less than one year	\$ 2,787,994	
One to five years	160,000	
Gross unconditional promises to give	<u>\$ 2,947,994</u>	

At June 30, 2020, promises to give were discounted at a rate of 4.5%, which will remain unchanged for the life of those promises to give.

UNITED WAY OF GREATER GREENSBORO, INC.**Notes to Financial Statements****NOTE 3 - PLEDGES RECEIVABLE AND ALLOWANCES FOR UNCOLLECTIBLE PLEDGES
(Continued)**

The net charges to expense for uncollectible pledges for the years ended June 30, 2020 and 2019, consists of the following:

	<u>2020</u>	<u>2019</u>
Initial reserve (4.0% of campaign pledges in 2020 and 2019)	\$ 323,651	\$ 405,009
Write-offs from prior years' campaigns, net of collections of amount previously written off and adjustment to allowance	(413,876)	(70,589)
	<u>\$ (90,225)</u>	<u>\$ 334,420</u>

Included in the statements of activities and changes in net assets for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Without donor restrictions (current and past campaigns)	\$ (112,553)	\$ 307,499
With donor restrictions (future campaign)	22,328	26,921
	<u>\$ (90,225)</u>	<u>\$ 334,420</u>

NOTE 4 - INVESTMENTS

Investments, at fair value, at June 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Money market funds, at cost which approximates fair value	\$ 1,711,561	\$ 1,943,474
Bond and fixed interest funds (cost of \$4,250,055 and \$4,568,808)	4,537,125	4,672,892
Other mutual funds (cost of \$3,107,593 and \$2,753,224)	3,502,677	3,175,602
Common stock (cost of \$63,207 and \$62,016)	74,027	72,392
Total	<u>\$ 9,825,390</u>	<u>\$ 9,864,360</u>

Investment income, including the return on amounts held by the Foundation (Notes 4 and 5), consisted of the following:

	Investments Directed by		Total
	<u>Foundation</u>	<u>Organization</u>	
<u>June 30, 2020:</u>			
Interest and dividends	\$ 69,693	\$ 274,833	\$ 344,526
Gain on investments carried at fair value	(146,312)	195,636	49,324
Investment management fees	(32,194)	(31,702)	(63,896)
	<u>\$ (108,813)</u>	<u>\$ 438,767</u>	<u>\$ 329,954</u>
<u>June 30, 2019:</u>			
Interest and dividends	\$ 79,095	\$ 325,910	\$ 405,005
Gain on investments carried at fair value	10,548	202,880	213,428
Investment management fees	(35,556)	(30,945)	(66,501)
	<u>\$ 54,087</u>	<u>\$ 497,845</u>	<u>\$ 551,932</u>

UNITED WAY OF GREATER GREENSBORO, INC.**Notes to Financial Statements**

NOTE 5 - ENDOWMENT FUNDS

The Organization's endowments are invested with the Foundation (Note 6) or in managed accounts with other trustees at the discretion of the Board of Directors. The Organization's endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. The Organization classifies as perpetually restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the donor gift instrument at the time the accumulation is added to the fund. The fair value of assets associated with individual donor-restricted endowment funds may fall below the level classified as perpetually restricted. No deficiencies of this nature are reported in net assets with donor restrictions as of June 30, 2020 and 2019.

The Organization annually determines an endowment payout percentage based upon a spending policy that considers both the needs of the Organization in carrying out its charitable purposes and the objective to maintain the purchasing power of the endowment assets held in perpetuity. This payout percentage is then applied to the average fair values of the endowment funds over the preceding 12 quarters to determine the endowment distributions to be received by the Organization. A distribution of 4.0% was received for 2020 and 2019.

At June 30, 2020, endowment net assets by type of fund comprised:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 628,193	\$ -	\$ 628,193
Donor restricted endowment funds:			
Original gift amounts and amount to be held in perpetuity	-	1,440,577	1,440,577
Accumulated investment gains	-	706,853	706,853
	<u>\$ 628,193</u>	<u>\$ 2,147,430</u>	<u>\$ 2,775,623</u>

The following summarizes changes in endowment net assets for the year ended June 30, 2020.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 680,064	\$ 2,317,945	\$ 2,998,009
Investment return:			
Investment income	8,559	32,367	40,926
Net change in value (realized and unrealized)	(33,889)	(111,197)	(145,086)
Total investment return	(25,330)	(78,830)	(104,160)
Appropriation of endowment assets	(26,541)	(91,685)	(118,226)
Endowment net assets, end of year	<u>\$ 628,193</u>	<u>\$ 2,147,430</u>	<u>\$ 2,775,623</u>

UNITED WAY OF GREATER GREENSBORO, INC.
Notes to Financial Statements

NOTE 5 - ENDOWMENT FUNDS (Continued)

At June 30, 2019, endowment net assets by type of fund comprised:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 680,064	\$ -	\$ 680,064
Donor restricted endowment funds:			
Original gift amounts and amount to be held in perpetuity	-	1,440,577	1,440,577
Accumulated investment gains	-	877,368	877,368
	<u>\$ 680,064</u>	<u>\$ 2,317,945</u>	<u>\$ 2,998,009</u>

The following summarizes changes in endowment net assets for the year ended June 30, 2019.

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 692,514	\$ 2,356,186	\$ 3,048,700
Investment return:			
Investment income	10,138	36,424	46,562
Net change in value (realized and unrealized)	2,446	8,913	11,359
Total investment return	<u>12,584</u>	<u>45,337</u>	<u>57,921</u>
Appropriation of endowment assets	<u>(25,034)</u>	<u>(83,578)</u>	<u>(108,612)</u>
Endowment net assets, end of year	<u>\$ 680,064</u>	<u>\$ 2,317,945</u>	<u>\$ 2,998,009</u>

NOTE 6 - BENEFICIAL INTEREST IN FOUNDATION ASSETS

The Organization is the beneficial owner of certain funds invested with the Foundation. The beneficial interest is valued at the estimated fair value the Organization's interest in pooled investment assets held by the Foundation and was \$2,680,102 and \$2,902,306 at June 30, 2020 and 2019, respectively.

NOTE 7 - NET ASSETS

The Organization's net assets without donor restrictions at June 30, 2020 and 2019 is comprised of the following:

	2020	2019
Undesignated	<u>\$ 7,455,069</u>	<u>\$ 7,361,790</u>
Board appropriated:		
Basic community needs and general purpose	255,629	303,980
Innovation	281,932	281,932
Integrated service delivery	55,718	198,926
Mentoring	20,826	20,826
Other programs	6,996	6,996
Total board appropriated net assets	<u>621,101</u>	<u>812,660</u>
Land, buildings and equipment, net	<u>\$ 8,076,170</u>	<u>\$ 8,174,450</u>

UNITED WAY OF GREATER GREENSBORO, INC.
Notes to Financial Statements

NOTE 7 - NET ASSETS (Continued)

Net assets with donor restrictions at June 30, 2020 and 2019 is comprised of the following:

	<u>2020</u>	<u>2019</u>
Restricted for specific purpose:		
Integrated service delivery	\$ 1,426,223	\$ 1,734,038
Endowment returns subject to future appropriation	728,686	877,368
Organizational support	262,714	284,546
Emergency relief	91,541	140,556
Education	136,945	103,348
Basic community needs and general purpose	11,676	11,676
Health and wellness	5,976	5,976
Other programs	11,611	11,611
Restricted for future periods:		
Contributions received for next year's campaign (net of designations and allowances)	535,861	632,168
Perpetual restrictions:		
Organizational support	1,108,602	1,108,602
Emergency relief	47,429	47,429
Total net assets with donor restrictions	<u>\$ 4,367,264</u>	<u>\$ 4,957,318</u>

NOTE 8 - RETIREMENT PLAN

The Organization sponsors a 403(b) Thrift Plan to which it contributes 3% of employee compensation, plus the lesser of 50% of the employee's contributions or 3% of compensation. Retirement plan contributions were approximately \$79,000 and \$64,000 during 2020 and 2019, respectively.

NOTE 9 - PAYCHECK PROTECTION PROGRAM LOAN

The Organization received a Paycheck Protection Program ("PPP") loan from the Small Business Association ("SBA") via the First-Citizens Bank & Trust Company ("Lender") in the amount of \$335,000, pursuant to the PPP under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan matures on April 28, 2022, and bears interest at a rate of 1% per annum, payable monthly commencing on the seven-month anniversary of the date of the note, January 28, 2021. The loan and accrued interest are forgivable after eight 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 unforgiven portion of the PPP loan is payable over two years, with a deferral of payments for the first six months. The Organization has used the funds received for qualifying expenses and therefore believes the requirements for loan forgiveness will be met and no amounts will be required to be paid back.

UNITED WAY OF GREATER GREENSBORO, INC.

Notes to Financial Statements

NOTE 10 - COVID-19 VIRUS

In March 2020, the United States and North Carolina declared a state of emergency due to the COVID-19 pandemic. There have been mandates from international, federal, state, and local authorities requiring temporary closure of various schools, businesses, and other facilities. While the closures and limitations on movement are expected to be temporary, the continued spread of the virus has affected social interaction, economies, and financial markets. Currently, any potential impact to the Organization's operations and financial condition is unknown.

To help mitigate the impact within the local community, the Greensboro Virus Relief Fund was established by United Way of Greater Greensboro, The City of Greensboro, and Community Foundation for Greater Greensboro. The objective of this program is to offer immediate financial assistance to nonprofit agencies in Guilford County in the areas related to Food Insecurity, Educational Interruption, Employment Reduction, Housing Vulnerability, Medical Access, and Business Disruption. During the year ended June 30, 2020, the fund received contributions of approximately \$2.2 million, including a \$500,000 contribution from United Way of Greater Greensboro.