

United Way of Central Iowa

Financial Statements

June 30, 2020 and 2019



**United Way of Central Iowa
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Independent Auditor's Report

The Board of Directors
United Way of Central Iowa
Des Moines, Iowa

We have audited the accompanying financial statements of United Way of Central Iowa, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Opinion

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

Other Matters

The financial statements of United Way of Central Iowa for the year ended June 30, 2019 were audited by Brooks Lodden, P.C. who merged with BerganKDV as of September 1, 2020 and who expressed an unmodified opinion on those statements on December 4, 2019.

A handwritten signature in black ink that reads "BerganKDV". The signature is stylized, with the "B" being large and the "KDV" being more compact.

Urbandale, Iowa
December 9, 2020

United Way of Central Iowa
Statements of Financial Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 8,719,542	\$ 3,376,283
Receivables		
Annual campaign	8,401,773	8,164,804
Grants	534,150	760,632
Other	331,245	313,638
Other assets	274,001	297,016
Investments	7,925,247	10,693,451
Land, building and equipment, net	2,685,594	2,729,574
Beneficial interest in community foundation fund	8,425,358	8,605,816
Assets restricted for donor endowment, in perpetuity		
Beneficial interest in community foundation fund	<u>3,578,940</u>	<u>3,547,025</u>
 Total assets	 <u><u>\$ 40,875,850</u></u>	 <u><u>\$ 38,488,239</u></u>
 Liabilities and Net Assets		
Accounts payable	\$ 1,169,003	\$ 1,217,034
Refundable advances and deferred revenue		
Polk County Early Childhood Iowa	420,281	219,882
Other	24,269	198,203
Community investments and donor choice payable	1,949,876	1,871,533
Accrued expenses	168,278	104,023
Debt	<u>602,200</u>	<u>-</u>
 Total liabilities	 <u><u>4,333,907</u></u>	 <u><u>3,610,675</u></u>
 Net assets		
Without donor restrictions		
Designated by the governing board		
Land, buildings, and equipment	2,685,594	2,729,574
Endowment fund	8,336,938	8,362,936
Undesignated	<u>14,515,915</u>	<u>12,686,011</u>
Total without donor restriction net assets	<u><u>25,538,447</u></u>	<u><u>23,778,521</u></u>
With donor restrictions		
Restricted due to time	6,622,976	6,648,083
Restricted due to purpose	801,580	903,935
Perpetual in nature	<u>3,578,940</u>	<u>3,547,025</u>
Total with donor restriction net assets	<u><u>11,003,496</u></u>	<u><u>11,099,043</u></u>
 Total net assets	 <u><u>36,541,943</u></u>	 <u><u>34,877,564</u></u>
 Total liabilities and net assets	 <u><u>\$ 40,875,850</u></u>	 <u><u>\$ 38,488,239</u></u>

See notes to financial statements.

**United Way of Central Iowa
Statements of Activities
Years Ended June 30, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Grants, and Other Support						
Total campaign results	\$ 23,293,633	\$ 6,575,553	\$ 29,869,186	\$ 20,860,258	\$ 6,581,977	\$ 27,442,235
Prior year's campaign results released from time restrictions	6,602,242	(6,602,242)	-	8,390,306	(8,390,306)	-
Donor designations	(6,770,892)	-	(6,770,892)	(6,081,050)	-	(6,081,050)
Undesignated campaign contributions	23,124,983	(26,689)	23,098,294	23,169,514	(1,808,329)	21,361,185
Less estimated uncollected pledges	(345,465)	-	(345,465)	(903,624)	-	(903,624)
Net campaign contributions	22,779,518	(26,689)	22,752,829	22,265,890	(1,808,329)	20,457,561
Grants, sponsorships, & other non-campaign contributions	1,928,791	1,013,354	2,942,145	1,554,791	1,228,665	2,783,456
Investment income	229,849	-	229,849	375,076	-	375,076
Change in value of beneficial interest in community foundation fund	(33,024)	(154,460)	(187,484)	298,069	(40,764)	257,305
Service fees	389,241	-	389,241	280,487	-	280,487
Operation of Human Service Campus, net of expenses 2020 \$865,974; 2019 \$910,509	(166,157)	-	(166,157)	(160,841)	-	(160,841)
Other revenue	68,815	-	68,815	165,436	-	165,436
	25,197,033	832,205	26,029,238	24,778,908	(620,428)	24,158,480
Satisfaction of restrictions	927,752	(927,752)	-	1,074,998	(1,074,998)	-
	26,124,785	(95,547)	26,029,238	25,853,906	(1,695,426)	24,158,480
Expenses						
Program services						
Community investments						
Education	6,620,966	-	6,620,966	6,631,594	-	6,631,594
Income	5,236,222	-	5,236,222	5,377,041	-	5,377,041
Health	4,188,067	-	4,188,067	3,906,068	-	3,906,068
Integrated work	480,372	-	480,372	504,948	-	504,948
Other	510,868	-	510,868	313,574	-	313,574
Community service programs	3,733,238	-	3,733,238	3,644,882	-	3,644,882
Total program services	20,769,733	-	20,769,733	20,378,107	-	20,378,107
Supporting services	3,595,126	-	3,595,126	3,577,187	-	3,577,187
Total expenses	24,364,859	-	24,364,859	23,955,294	-	23,955,294
Changes in net assets	1,759,926	(95,547)	1,664,379	1,898,612	(1,695,426)	203,186
Net assets at beginning of year	23,778,521	11,099,043	34,877,564	21,879,909	12,794,469	34,674,378
Net assets at end of year	\$ 25,538,447	\$ 11,003,496	\$ 36,541,943	\$ 23,778,521	\$ 11,099,043	\$ 34,877,564

See notes to financial statements.

United Way of Central Iowa
Statements of Functional Expenses
Years Ended June 30, 2020 and 2019

	2020									
	Program Services						Supporting Services			
	Community Service Programs									
	Community	Retired Senior	United Way	Volunteer	Other	Total Program	Fund	Organizational	Total	Total
	Investments	Volunteer	2-1-1	Engagement	Community	Services	Raising	Administration	Supporting	Expenses
		Program			Services				Services	
Salaries	\$ 370,761	\$ 65,818	\$ 408,943	\$ 104,756	\$ 1,644,214	\$ 2,594,492	\$ 989,003	\$ 1,146,627	\$ 2,135,630	\$ 4,730,122
Employee benefits	61,122	13,869	66,556	25,100	330,990	497,637	241,995	226,043	468,038	965,675
Total salaries and employee benefits	431,883	79,687	475,499	129,856	1,975,204	3,092,129	1,230,998	1,372,670	2,603,668	5,695,797
Professional fees and contract services	604,739	800	174,786	13,533	61,151	855,009	24,247	222,956	247,203	1,102,212
Technology fees	167,570	1,072	41,055	2,681	49,354	261,732	24,672	65,924	90,596	352,328
Marketing	22,308	19,949	20,797	780	52,453	116,287	69,832	43,345	113,177	229,464
Conferences, conventions, meetings	11,808	272	1,146	373	18,604	32,203	6,992	16,732	23,724	55,927
Community events & organizational meetings	14,610	841	2,534	25,138	25,178	68,301	26,395	14,546	40,941	109,242
Community investment grants	14,978,410	-	-	-	-	14,978,410	-	-	-	14,978,410
Occupancy	11,561	3,212	24,029	3,214	59,459	101,475	33,947	68,171	102,118	203,593
Depreciation	-	-	17,686	6,338	63,418	87,442	26,353	36,436	62,789	150,231
Organization dues	-	380	4,454	90	136,842	141,766	105,993	10,865	116,858	258,624
Specific assistance to individuals	684,373	7,953	-	-	-	692,326	-	-	-	692,326
Supplies, postage, and miscellaneous	109,233	7,048	62,014	6,154	31,190	215,639	26,613	(927)	25,686	241,325
Subtotal	17,036,495	121,214	824,000	188,157	2,472,853	20,642,719	1,576,042	1,850,718	3,426,760	24,069,479
United Way of America dues	-	-	-	-	127,014	127,014	73,844	94,522	168,366	295,380
Total functional expenses	<u>\$ 17,036,495</u>	<u>\$ 121,214</u>	<u>\$ 824,000</u>	<u>\$ 188,157</u>	<u>\$ 2,599,867</u>	<u>\$ 20,769,733</u>	<u>\$ 1,649,886</u>	<u>\$ 1,945,240</u>	<u>\$ 3,595,126</u>	<u>\$ 24,364,859</u>

See notes to financial statements.

United Way of Central Iowa
Statements of Functional Expenses
Years Ended June 30, 2020 and 2019

	2019									
	Program Services						Supporting Services			
	Community Service Programs								Supporting Services	Total
	Community	Retired Senior	United Way	Volunteer	Other	Total Program	Fund	Organizational	Services	Total
	Investments	Volunteer	2-1-1	Engagement	Community	Services	Raising	Administration	Total	Supporting
		Program			Services					Services
Salaries	\$ 280,569	\$ 75,688	\$ 269,866	\$ 111,852	\$ 1,747,754	\$ 2,485,729	\$ 1,028,215	\$ 1,064,045	\$ 2,092,260	\$ 4,577,989
Employee benefits	46,072	12,817	45,753	28,310	372,564	505,516	240,763	232,210	472,973	978,489
Total salaries and employee benefits	326,641	88,505	315,619	140,162	2,120,318	2,991,245	1,268,978	1,296,255	2,565,233	5,556,478
Professional fees and contract services	943,066	903	20,359	13,888	71,218	1,049,434	16,112	185,967	202,079	1,251,513
Technology fees	163,418	984	28,463	6,113	38,205	237,183	26,722	59,120	85,842	323,025
Marketing	6,480	15,617	27,551	132	94,401	144,181	81,253	37,243	118,496	262,677
Conferences, conventions, meetings	16,781	274	-	66	28,155	45,276	25,109	21,034	46,143	91,419
Community events & organizational meetings	65,793	494	3,858	24,239	99,066	193,450	38,691	44,615	83,306	276,756
Community investment grants	14,387,231	-	-	-	-	14,387,231	-	-	-	14,387,231
Occupancy	10,539	3,249	22,882	3,693	57,934	98,297	34,765	67,370	102,135	200,432
Depreciation	-	-	16,345	5,448	42,678	64,471	22,701	30,874	53,575	118,046
Organization dues	250	350	12,657	500	136,998	150,755	103,890	3,575	107,465	258,220
Specific assistance to individuals	711,202	9,028	-	-	-	720,230	-	-	-	720,230
Supplies, postage, and miscellaneous	101,824	1,534	25,804	2,293	39,991	171,446	24,661	22,678	47,339	218,785
Subtotal	16,733,225	120,938	473,538	196,534	2,728,964	20,253,199	1,642,882	1,768,731	3,411,613	23,664,812
United Way of America dues	-	-	-	-	124,908	124,908	72,619	92,955	165,574	290,482
Total functional expenses	<u>\$ 16,733,225</u>	<u>\$ 120,938</u>	<u>\$ 473,538</u>	<u>\$ 196,534</u>	<u>\$ 2,853,872</u>	<u>\$ 20,378,107</u>	<u>\$ 1,715,501</u>	<u>\$ 1,861,686</u>	<u>\$ 3,577,187</u>	<u>\$ 23,955,294</u>

See notes to financial statements.

United Way of Central Iowa
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Changes in net assets	\$ 1,664,379	\$ 203,186
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	389,858	342,108
Gain on sale of assets	11,270	(51,264)
(Accretion) of investment (discounts)	(209,112)	(32,778)
Net unrealized loss (gain) on investments	20,519	(147,028)
Change in value of beneficial interest in community foundation fund	14,689	(451,274)
Distributions from community foundation fund	172,794	193,969
Contributions made directly to community foundation fund	(7,025)	(300)
Contributions restricted for endowment	(31,915)	(163,812)
Changes in operating assets and liabilities		
Annual campaign receivables	(236,969)	1,913,064
Grants and other receivables	208,875	(379,131)
Other assets	23,015	(59,860)
Accounts payable	(48,031)	7,950
Refundable advances and deferred revenue	26,465	15,966
Community investments and donor choice payable	78,343	294,371
Accrued expenses	64,255	(15,029)
Net cash provided by operating activities	<u>2,141,410</u>	<u>1,670,138</u>
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	5,196,327	4,602,524
Purchases of investments	(2,239,530)	(5,030,474)
Purchases of land, building and equipment	(378,798)	(653,257)
Proceeds from sale of equipment	21,650	62,871
Net cash provided by (used in) investing activities	<u>2,599,649</u>	<u>(1,018,336)</u>
Cash Flows from Financing Activities		
Proceeds from debt	<u>602,200</u>	<u>-</u>
Net increase in cash and cash equivalents	5,343,259	651,802
Cash and Cash Equivalents		
Beginning of year	<u>3,376,283</u>	<u>2,724,481</u>
End of year	<u>\$ 8,719,542</u>	<u>\$ 3,376,283</u>
Non-Cash Investing Activities		
Contributions in-kind		
Property and equipment	<u>\$ -</u>	<u>\$ 123,015</u>

See notes to financial statements.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Organization

United Way of Central Iowa (United Way) mobilizes monetary, volunteer and partner resources, collaborating in efforts to provide lasting community change and reach community Goals for 2020 in the priority areas of education, income and health.

United Way's mission statement is: "to improve lives by uniting the caring power of our community." United Way is a charitable organization, incorporated on March 21, 1918. The organization is a non-profit organization, organized and operated under IRS 501(c)(3) regulations. It is governed by a volunteer board of directors.

Description of Program Services

The organization has determined that for purposes of recording expenses in the statement of functional expenses there are community investments and community services programs. Community investments are programmatic investments the organization makes to further our work, these include investments in external agencies as well as investments in UWCI-led programs. Community service programs include other programmatic related support that help push the organization closer to its Goals for 2020.

In community investments, Goals for 2020 drive the investment decisions in the priority areas of education, income, and health as follows:

Education – To improve the percentage of central Iowa students who graduate from high school to 95% by the year 2020.

Income – To increase the percentage of central Iowans who are financially self-sufficient to 75% by 2020.

Health – To increase central Iowa's Gallup Well-Being Index score from 61.5 (2014) to 64.5 by the year 2020.

Integrated Work – Education, Income, and Health components of work are integrated to propel targeted progress on the Goals of 2020.

Community service programs are as follows:

Retired Senior Volunteer Program – Matches the interests of individuals 55 years and older with volunteer opportunities focused on community priorities in education, income and health. United Way administers this program with United Way and federal funds.

United Way 2-1-1 – 2-1-1 is a centralized referral service for individuals needing human services assistance. The program is a 24/7 telephone helpline and website which connects individuals with agencies and organizations that can provide needed resources, support or direction.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Program Services (Continued)

Community service programs are as follows: (Continued)

Volunteer Engagement – Mobilizes volunteers in our community to reach Goals for 2020 in education, income and health. Activities include: linking prospective volunteers to strategic initiatives; developing training for volunteers; supporting business partners' efforts to reach corporate social responsibility goals; mobilizing volunteers to address emerging community needs; and coordinating volunteer crisis preparedness and response.

Other Community Services – Provides strategic leadership, tactical support and technology platforms to drive long-term community change and reach Goals for 2020 in education, income and health. Priorities include: developing comprehensive community impact plans using research- and evidence-based strategies; mobilizing and connecting a diverse set of individuals/organizations/partners to implement strategies; leading volunteer knowledge experts in alignment of investments and activities; obtaining, tracking and analyzing data on progress and results, and correcting course when warranted; engaging in statewide advocacy and public policy collaboration. The expenses related to Other Community Services are reported as Community Service Programs.

Also included in the Other Community Services is AFL-CIO labor costs. Partners with the South Central Iowa Federation of Labor, AFL-CIO, to build relationships between United Way, the local labor council, and its members and arranging for participation with workforce training programs.

Campaign Contributions

A campaign is conducted to raise financial support for United Way activities. Pledges, generally from individuals and corporations in the Central Iowa area, are recorded in the statement of activities in the year the pledge is made. Substantially all pledges are received within one year.

United Way collects pledges that are specifically designated to be directed to eligible agencies during the campaign. United Way is honoring designations made to each organization that qualifies based upon policy. United Way has no discretion as to how the donor designated pledges from the campaign are distributed; therefore, United Way does not include these contributions in its net campaign contributions total. The expenses associated with processing donor designated pledges are recovered by an assessment for both fundraising and management and general fees based on actual historical costs in accordance with United Way Worldwide Standards. United Way earned service fees totaling \$289,241 in 2020 and \$280,487 in 2019 for processing donor designated pledges.

The estimated uncollectible pledges is generally based on historical collection rates and current economic factors applied to gross campaign results, including donor designations. Substantially all pledges are received within one year, however, estimates could fluctuate significantly based on changing economic conditions in the future.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Other Receivables

The receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of history with various grantors and other entities having outstanding balances, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Classification of Net Assets

The statement of financial position reports amounts in two classes of net assets – net assets without donor restrictions and net asset with donor restrictions.

Net Assets Without Donor Restrictions – Net assets without donor restriction are available for use at the discretion of United Way for general operating purposes. From time to time the board may designate a portion of these net assets for a specific purpose. For example, the board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the organization's long-term financial viability.

See Note 14 for more information on the composition of the net assets without donor restrictions.

Net Assets with Donor Restrictions – Net assets with donor restrictions consists of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

United Way reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Once the restriction has been met, the net assets are reclassified as net assets without donor restrictions.

Some net assets with donor restrictions include a stipulation that assets must be maintained in perpetuity while permitting the organization to expend a portion of the income generated by the assets in accordance with the donor-imposed provisions.

See Note 14 for more information on the composition of the net assets with donor restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, United Way considers all highly liquid cash (including savings and money market accounts) to be cash equivalents.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Received

Contributions, which are defined as unconditional transfers of cash or other assets including unconditional promises to give those items in the future, are measured at fair value on the date received and recognized as revenue. The imposition of restrictions on how a contribution is to be used does not delay recognition. However, the recognition of conditional gifts as revenue is delayed until the conditions are met.

The organization distinguishes between contributions received with donor restrictions and those without donor-imposed restrictions. Contributions with donor-imposed restrictions are reported as increases in net assets with donor restrictions unless the organization meets the donor-imposed restriction on all or a portion of the amount contributed in the same reporting period in which the contribution was received. In those cases, the contributions are reported as increases in net assets without donor restrictions. Receipts of unconditional promises to give with payments due in future periods are reported as restricted unless it is clear that the donor intended the gift to be used to support activities in the current or in a past period. Gifts of long-lived assets received without donor-imposed restrictions are considered unrestricted.

A substantial number of volunteers and "loaned executives" have donated significant amounts of their time in United Way's governance oversight, community engagement, fund-raising campaigns and other activities. Since the services provided do not require specialized skills, no amounts have been recorded in the financial statements.

Investments

Investments include mutual funds, certificates of deposit, U.S. agency issues, and exchange traded bond funds. These are carried at fair value and realized and unrealized gains and losses are reflected in the statements of activities as part of investment income. For miscellaneous certificates of deposit, given the nature of these instruments and their duration, fair value is assumed to be equivalent to cost plus interest accrued. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Debt securities purchased at a discount or a premium will amortize or accrete the related discount or premium over the life of the security on a straight-line method.

Land, Building, and Equipment

Land, building, and equipment is recorded at cost, if purchased, or at fair and market value, if donated. Depreciation is computed by the straight-line method over estimated useful lives of 10-40 years for building and 3-10 years for furniture and equipment. The organization follows the practice of capitalizing expenditures for the Human Services Campus in excess of \$2,500 and expenditures for all other categories in excess of \$1,000. Costs of maintenance and repairs that do not improve or extend assets lives are charged to expense.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

United Way is a charitable organization and has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. United Way files a Form 990 tax return in the U.S. federal jurisdiction.

Revenue Recognition

United Way of Central Iowa recognizes revenue from service fees when the services have been performed.

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

Functional Expense Allocations

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of UWCI are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas are allocated across Community Service Programs and Supporting Services using a base that results in a ratable distribution.

Office supplies, depreciation, information technology, and equipment maintenance are allocated based on the number of full-time equivalent staff. Occupancy expenses are allocated based on square footage of office space occupied by department, and phone expenses are allocated based on the number of phone lines per department. United Way Worldwide dues are allocated based on staff's involvement and the potential benefit from United Way Worldwide's technical assistance.

Paycheck Protection Program Loan

The organization follows Financial Accounting Standards Board's Topic 470, *Debt*, in accounting for its Paycheck Protection Program (PPP) loan. The loan is accounted for as a financial liability and interest accrued at the specified rate of 1.00%. The proceeds from the loan remain as a liability until either (1) the loan is, in part or wholly, forgiven and the organization has been legally released or (2) United Way pays off the loan to the creditor. Once the loan is (in part or wholly) forgiven and legal release is received, the organization will reduce the liability by the amount forgiven and record a gain on extinguishment. UWCI believes there is a high likelihood that the loan will be fully forgiven.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

Contributions

On July 1, 2019 the organization adopted FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. United Way has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying financial statements under a modified prospective basis. The organization has determined there were no significant changes to its financial statements from applying this guidance as compared to prior guidance.

Revenue Recognition

On July 1, 2019, United Way adopted FASB ASU No. 2014-09 (Topic 606), *Revenue from Contracts with Customers* ("ASU No. 2014-09" or "Topic 606"), which provides guidance for revenue recognition that superseded the revenue recognition requirements in Accounting Standards Codification ("ASC" Topic 605, *Revenue Recognition* or "Topic 605") and most industry specific guidance. Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which United Way expects to be entitled in exchange for those goods or services. United Way adopted ASU 2014-09 under the modified retrospective approach, which resulted in no impact to net assets as of July 1, 2019. There was no material effect on the timing or amount of revenue recognized in United Way's financial statements.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The new guidance will require all leases to be recorded as assets and liabilities on the balance sheet. This update requires capitalization of "right-of-use assets" and recognition of an obligation for future lease payments for most leases currently classified as operating leases. Other leases currently classified as capital leases will be referred to as financing leases and will continue to be recorded as assets and liabilities in a similar manner. In June 2020, the FASB issued ASU No. 2020-05 which defers the effective date one year making it effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The organization is currently evaluating the impact this standard will have on its financial statements.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. In addition to enhanced disclosures for contributed nonfinancial assets, this ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The organization is currently evaluating the impact this standard will have on its financial statements.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 2 – LIQUIDITY AND AVAILABILITY

The organization's financial assets available for general expenditure within one year of the statement of financial position date are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 8,719,542	\$ 3,376,283
Receivables		
Annual campaign	8,401,773	8,164,804
Grants	534,150	760,632
Other	331,245	313,638
Investments	7,925,247	10,693,451
Beneficial interest in community foundation fund	12,004,298	12,152,841
Total	<u>\$ 37,916,255</u>	<u>\$ 35,461,649</u>
Less		
Amounts unavailable for general expenditures within one year, due to		
Restricted by donors with purpose restrictions	\$ 801,580	\$ 903,935
Restricted by donors with time restrictions	-	20,785
Subject to donor restricted endowment	3,472,879	3,623,037
Amounts unavailable to management without board approval		
Quasi-endowment fund, primarily for long-term investing	7,893,689	7,988,752
Total	<u>\$ 12,168,148</u>	<u>\$ 12,536,509</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 25,748,107</u>	<u>\$ 22,925,140</u>

To ensure the organization meets commitments, obligations, and other contingencies, and to strengthen the organization's ability to respond to emerging community needs as a result of COVID, and to provide flexibility for new organizational priorities within one year from the statement of financial position date, the organization has \$25,748,107 and \$22,924,140 of financial assets available as of June 30, 2020 and 2019. Of this balance the organization has a total cash and investment balance of \$16,644,789 and \$14,069,734 as of June 30, 2020 and 2019, and the organization's investment policy has an objective to maintain the necessary liquidity to match cash needs. Therefore, a portion of the invested assets are maintained in liquid short-term securities which can be converted to cash with minimum risk of losing principal or interest. The receivables primarily show those amounts expected to be collected from United Way's annual campaign and grants. Additionally, the \$8,336,938 and \$8,362,936 as of June 30, 2020 and 2019 in the beneficial interest in the Community Foundation are assets from a board designated quasi-endowment. UWCI expects to make a withdrawal from the board designated quasi-endowment in fiscal 2021.

In addition, United Way uses a fund's guideline balance as a snapshot of current liquidity, for less than a year. The fund's guideline is based on United Way's undesignated net asset balance and its target range is three to six months of budgeted spending including annual program funding and the costs of operating and maintaining the organization. See Note 14 for more information on the fund's guideline and United Way's short-term liquidity.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 3 – INVESTMENTS

ASC Topic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices of similar assets or liabilities in active markets or quoted prices for identical or similar assets in inactive markets, and Level 3 inputs have the lowest priority.

The organization's investments are carried at fair value using level 1 and level 2 inputs and investment gains and losses are reflected in the statement of activities. The fair value of level 1 inputs are based on quoted prices for identical assets or liabilities in an active market. Level 1 inputs include mutual funds and equity securities based on the closing price reported in the active market where securities are traded. The fair value of level 2 inputs are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from observable market data.

The organization's investments consist of the following:

	2020	2019
Fixed income ETF (level 1)	\$ -	\$ 2,548,767
Certificates of deposit (level 2)	3,747,303	3,202,612
U.S. agency securities (level 2)	757,633	1,106,285
U.S. treasury notes (level 2)	3,420,311	3,835,787
	<u>\$ 7,925,247</u>	<u>\$ 10,693,451</u>

The organization invests in various investment securities. 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, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balance. For liquidity purposes, all of the organization's investment holdings are due to mature within a three-year period.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 4 – LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 98,275	\$ 98,275
Human Service Campus building	7,886,181	7,720,129
Furniture and equipment	1,439,466	1,339,350
Total	<u>9,423,922</u>	<u>9,157,754</u>
Less accumulated depreciation, including		
Human Service Campus building		
2020 \$5,790,288; 2019 \$5,608,559	<u>6,738,328</u>	<u>6,428,180</u>
	<u>\$ 2,685,594</u>	<u>\$ 2,729,574</u>

NOTE 5 – BENEFICIAL INTEREST IN COMMUNITY FOUNDATION

The organization records a beneficial interest in the United Way of Central Iowa Endowment Fund, United Way of Central Iowa Endow Iowa Fund, and United Way of Central Iowa Endow Iowa Maureen Tiffany Education Fund (collectively referred to as the "Fund") held by the Community Foundation of Greater Des Moines.

The Fund was originally formed by the merger of the United Way Foundation of Central Iowa and the Greater Des Moines Community Foundation. Subsequent to the merger, contributions and bequests have been added to the Fund's balance. Under the governing agreement, United Way of Central Iowa can recommend distributions of income from the principal of the Fund, but no more frequently than quarterly. These distributions are limited to 5% of the prior December 31st balance. The distribution limit of the Fund is based upon the agreement with the Community Foundation of Greater Des Moines. In cases where the Community Foundation of Greater Des Moines reviews activities and determines a charity is not fulfilling the functions and purposes specified by United Way, the Community Foundation of Greater Des Moines Board has the ability to determine that compliance with the designations is impractical or impossible and thereby may decide not to honor such recommendations. The agreement does not allow the Community Foundation of Greater Des Moines the ability to redirect the designation to a beneficiary of its choice.

The Community Foundation of Greater Des Moines invests in various investment securities. 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, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balance held at the Foundation.

United Way of Central Iowa
Notes to Financial Statements

NOTE 5 – BENEFICIAL INTEREST IN COMMUNITY FOUNDATION (CONTINUED)

The fair value of the beneficial interest is measured using level 3 inputs, and is based on the value of the assets underlying the beneficial interest. All items of income and expense are recorded on the statement of activities in change in value of beneficial interest in Community Foundation. The activity of the beneficial interest for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Balance, beginning of year	\$ 12,152,841	\$ 11,731,424
Contributions	38,940	164,112
Investment (losses) returns, net	(14,689)	451,274
Appropriations	(172,794)	(193,969)
Balance, end of year	<u>\$ 12,004,298</u>	<u>\$ 12,152,841</u>

NOTE 6 – LONG TERM DEBT

Long term debt consists of the following at June 30, 2020:

Paycheck Protection Program (PPP) Loan that calls for monthly installments of \$33,890 including interest at 1.00% beginning November 2020 through April 2022, with loan proceeds potentially being forgiven if funds are used in accordance with program guidance. (A)

\$ 602,200

Less current maturities

-

Amounts due by April 2022

\$ 602,200

(A) United Way of Central Iowa applied for the loan, administered by the U.S. Small Business Administration, established under the Coronavirus Aid, Relief, and Economic Security Act (Cares Act). Under the terms of the Cares Act, United Way of Central Iowa can apply for and be granted forgiveness for a portion or all of the loan. Forgiveness will be determined, if during a specified period after the loan origination, the organization maintains certain employee levels and uses the proceeds on eligible expenses including payroll, benefits, rent, and utilities. The Paycheck Protection Program Flexibility Act of 2020 (Flexibility Act) extended the deferral period for borrower payments of principal, interest, and fees on all PPP loans to the date that SBA remits the borrower's loan forgiveness amount to the lender (or if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period). United Way of Central Iowa intends to use the loan proceeds for eligible expenses, however, because of uncertainty in the program guidance there is a possibility that the loan in part or whole will not be forgiven.

United Way of Central Iowa
Notes to Financial Statements

NOTE 7 – LEASE COMMITMENTS

Operating Leases

As of June 30, 2020, the organization leases office equipment (through June 30, 2023) under an operating lease agreement. Future minimum lease payments required under the lease are as follows:

Year Ending June 30,	
2021	\$ 34,416
2022	34,416
2023	34,416
	<u>\$ 103,248</u>

Total rent expense was \$34,416 and \$33,385 for the years ended June 30, 2020 and 2019, respectively.

NOTE 8 – OCCUPANCY AGREEMENTS

United Way owns the Human Service Campus building and shares occupancy of the building with other qualified charitable organizations. Occupancy costs to be reimbursed to United Way under occupancy agreements at June 30, 2020 are as follows:

Year Ending June 30,	
2021	\$ 316,104
2022	168,321
2023	77,664
	<u>\$ 562,089</u>

United Way of Central Iowa
Notes to Financial Statements

NOTE 9 – HUMAN SERVICE CAMPUS OPERATIONS

Summarized operating results for the years ended June 30, 2020 and 2019 of the Human Service Campus are:

	2020	2019
Revenue		
Occupancy cost reimbursements – third parties	\$ 502,891	\$ 511,474
Occupancy cost reimbursements – United Way	188,211	186,701
Interest and miscellaneous income	8,715	51,493
	<u>699,817</u>	<u>749,668</u>
Expenses		
Salaries and employee benefits	92,270	95,171
Security and insurance	51,595	46,204
Janitorial	138,789	131,533
Utilities	136,445	156,906
Supplies	1,346	4,924
Repairs and maintenance	154,680	188,743
Communications and other expenses	51,146	62,817
Depreciation	239,628	224,061
Miscellaneous	75	150
	<u>865,974</u>	<u>910,509</u>
Net expenses over revenue	<u><u>\$ (166,157)</u></u>	<u><u>\$ (160,841)</u></u>

United Way has a property management agreement with a company that collects occupancy payments and makes expenditures relating to the Human Service Campus in exchange for a monthly fee. United Way may have future obligations for Human Service Campus repair or replacement expenditures and monitors its net assets without donor restrictions to make sure the balances are more than sufficient to meet these needs.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 10 – EMPLOYEE BENEFIT PLANS

Employee Benefits Program Administration

United Way sponsors two employee benefit programs in which some agencies participate. The programs sponsored are a pension plan and a 401(k) plan.

Pension Plan (Defined Benefit Retirement Plan)

United Way contributes to the United Way of Central Iowa Retirement Plan which is a multiemployer defined benefit pension plan. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the company chooses to stop participating in some of its multiemployer plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The organization's participation in these plans for the fiscal years ended June 30, 2020 and 2019 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2019 and 2018 is for the plan's year-end at December 31, 2019 and 2018, respectively. The zone status is based on information that the company received from the plan. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status (calendar year)		FIP/RP Status Pending/ Implemented	Contributions of the Company (fiscal year)			Surcharge Imposed
		2019	2018		2020	2019	2018	
United Way of Central Iowa Retirement Plan	42-0680425 4-35825	Green	Green	N/A	<u>\$ 166,383</u>	<u>\$ 167,298</u>	<u>\$ 169,235</u>	No

Contributions to the plan have decreased due to the actuarial calculations of required contributions to adequately fund the plan. The organization provided more than 5% of the total contributions for the United Way of Central Iowa Retirement Plan for the years ended June 30, 2020 and 2019.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 10 – EMPLOYEE BENEFIT PLANS (CONTINUED)

401(k) Plan (Defined Contribution Retirement Plan)

The plan is a defined contribution plan established on July 1, 2001. It generally covers all participants of United Way, plus other participating agencies. Participating participants agree to contribute a percentage of their effective compensation through a salary reduction, provided they have attained the age of 21 and have completed one full year of employment in which 1,000 hours are worked. There is no minimum or maximum deferral percentage.

United Way matches up to 4% of each eligible participant's salary contribution after the first year of employment. Total expense relating to the employer's contribution to the 401(k) plan was \$128,680 and \$123,859 for the years ended June 30, 2020 and 2019, respectively.

NOTE 11 – POLK COUNTY EARLY CHILDHOOD

United Way of Central Iowa acts as a fiscal agent for the Polk County Early Childhood Iowa (PCECI), an Early Childhood Iowa area created by Polk County pursuant to the provisions of Chapter 256I.5 of the Code of Iowa. Financial transactions of this entity are included in these financial statements as an agency fund because of their fiduciary relationship with PCECI. The following financial data is for the years ended June 30, 2020 and 2019:

	2020			2019		
	Early Childhood Program	School Ready Children Services	Total	Early Childhood Program	School Ready Children Services	Total
Additions:						
State of Iowa grants:						
Early Childhood	\$ 907,056	\$ -	\$ 907,056	\$ 959,650	\$ -	\$ 959,650
Quality improvement	-	131,355	131,355	-	130,350	130,350
Allocation for administration	47,740	84,503	132,243	50,508	82,222	132,730
Other program services	-	2,602,781	2,602,781	-	2,528,152	2,528,152
Total State of Iowa grants	<u>\$ 954,796</u>	<u>\$ 2,818,639</u>	<u>\$ 3,773,435</u>	<u>\$ 1,010,158</u>	<u>\$ 2,740,724</u>	<u>\$ 3,750,882</u>
Interest	<u>\$ 6,925</u>	<u>\$ 15,547</u>	<u>\$ 22,472</u>	<u>\$ 6,530</u>	<u>\$ 14,071</u>	<u>\$ 20,601</u>
Total additions	<u>\$ 961,721</u>	<u>\$ 2,834,186</u>	<u>\$ 3,795,907</u>	<u>\$ 1,016,688</u>	<u>\$ 2,754,795</u>	<u>\$ 3,771,483</u>
Deductions:						
Program services:						
Early Childhood	\$ 931,844	\$ -	\$ 931,844	\$ 954,482	\$ -	\$ 954,482
Quality improvement	-	119,490	119,490	-	113,588	113,588
Other program services	-	2,414,165	2,414,165	-	2,555,708	2,555,708
Total program services	<u>\$ 931,844</u>	<u>\$ 2,533,655</u>	<u>\$ 3,465,499</u>	<u>\$ 954,482</u>	<u>\$ 2,669,296</u>	<u>\$ 3,623,778</u>
Administration	<u>\$ 45,505</u>	<u>\$ 84,504</u>	<u>\$ 130,009</u>	<u>\$ 49,015</u>	<u>\$ 81,719</u>	<u>\$ 130,734</u>
Total deductions	<u>\$ 977,349</u>	<u>\$ 2,618,159</u>	<u>\$ 3,595,508</u>	<u>\$ 1,003,497</u>	<u>\$ 2,751,015</u>	<u>\$ 3,754,512</u>
Net change	\$ (15,628)	\$ 216,027	\$ 200,399	\$ 13,191	\$ 3,780	\$ 16,971
Balances - beginning of year	<u>139,252</u>	<u>80,630</u>	<u>219,882</u>	<u>126,061</u>	<u>76,850</u>	<u>202,911</u>
Balances - end of year	<u>\$ 123,624</u>	<u>\$ 296,657</u>	<u>\$ 420,281</u>	<u>\$ 139,252</u>	<u>\$ 80,630</u>	<u>\$ 219,882</u>

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 12 – COMMITMENTS

In June 2020, the Board of Directors approved agency partner program investments in the amount of \$17,052,599 for the fiscal year July 1, 2020 through June 30, 2021, as part of its approval of the 2020/2021 operating budget.

NOTE 13 – ENDOWMENT FUNDS

United Way of Central Iowa's donor restricted endowments consist of two funds, one established for the purpose of administering community investments and the other for the purpose of Early Childhood Initiatives. In addition, the UWCI Board of Directors has established a quasi-endowment for the purpose of providing general operational support for the organization. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of United Way of Central Iowa has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way of Central Iowa retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation by United Way of Central Iowa in a manner consistent with the standard of prudence prescribed by SPMIFA. Further, the governing board has internally designated a portion of the without donor restricted net assets as a board-designated endowment.

In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) duration and preservation of the various funds, (2) the purpose of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) other resources to United Way of Central Iowa, and (7) United Way of Central Iowa's policy pertaining to the investment and distribution of endowment funds.

United Way of Central Iowa has adopted an investment management policy for endowment assets. The investment management policy sets forth that the responsibility for investment management of endowed funds has been delegated, by contract, solely to the Community Foundation of Greater Des Moines. The Community Foundation of Greater Des Moines and its Board of Directors have adopted a Statement of Investment Policy providing direction for the investment of endowed funds. The underlying investment policy of the endowment funds is with the objective of achieving long-term asset appreciation. The policy establishes an achievable return objective through diversification of asset classes. The diversified asset allocation is targeted, and it places an emphasis on fixed income, equity, and alternative investments to achieve its long-term return objectives within prudent risk parameters. The current performance expectations of the endowment fund's assets are a long-term, total rate of return on assets that is equal to or in excess of a 5% spending rate, anticipated inflation, investment management fee, administrative costs, and a growth factor as established from time to time.

United Way of Central Iowa
Notes to Financial Statements

NOTE 13 – ENDOWMENT FUNDS (CONTINUED)

United Way of Central Iowa has adopted a distribution and spending policy to ensure adherence to donor restrictions and to allow use of a portion of the endowment as a funding source toward making and administering community investments (agency program, community impact, and community services spending) where appropriate and not in violation of donor restrictions. The policy protects the organization from year-to-year fluctuations in market returns and investment results by providing a predictable amount in the funds made available from endowment. The organization generally limits total appropriations to 5% of the previous calendar year-end value for expenditure from any endowment fund unless a larger amount is required to address donor stipulations. The level of appropriation with the current performance expectations for investments is generally consistent with the organizations objective to maintain the original value of the endowment gifts in perpetuity.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments. Distributions from the endowment will be handled on a case by case basis when an endowment is underwater. A review of the donor's intent as to both the purpose and accumulation of funds, investment return expectations, organizational needs and resources, and other factors will determine if it is acceptable to continue distributions from the endowment or if it is advisable to suspend distributions for a period of time. No deficiencies were reported as of June 30, 2020 or as of June 30, 2019.

Endowment net asset composition by type of fund as of June 30, 2020 and 2019 are as follows:

	2020		Total Endowment Net Assets
	Without Donor Restrictions	With Donor Restrictions	
Board Designated for quasi-endowment	\$ 8,336,938	\$ -	\$ 8,336,938
Donor-restricted endowment funds	-	3,667,360	3,667,360
Total funds	<u>\$ 8,336,938</u>	<u>\$ 3,667,360</u>	<u>\$ 12,004,298</u>
	2019		Total Endowment Net Assets
	Without Donor Restrictions	With Donor Restrictions	
Board Designated for quasi-endowment	\$ 8,362,936	\$ -	\$ 8,362,936
Donor-restricted endowment funds	-	3,789,905	3,789,905
Total funds	<u>\$ 8,362,936</u>	<u>\$ 3,789,905</u>	<u>\$ 12,152,841</u>

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 13 – ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets as of June 30, 2020 and 2019 are as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 8,362,936	\$ 3,789,905	\$ 12,152,841
Contributions	7,025	31,915	38,940
Investment return, net	(13,023)	(1,666)	(14,689)
Appropriations	(20,000)	(152,794)	(172,794)
Total endowment funds	<u>\$ 8,336,938</u>	<u>\$ 3,667,360</u>	<u>\$ 12,004,298</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 8,064,567	\$ 3,666,857	\$ 11,731,424
Contributions	300	163,812	164,112
Investment return, net	318,069	133,205	451,274
Appropriations	(20,000)	(173,969)	(193,969)
Total endowment funds	<u>\$ 8,362,936</u>	<u>\$ 3,789,905</u>	<u>\$ 12,152,841</u>

NOTE 14 – NET ASSETS

Net Assets Without Donor Restrictions

United Way's net assets without donor restrictions are comprised of Board designated and undesignated amounts for the following purposes as of June 30, 2020 and 2019.

Board Designated Quasi-Endowment – UWCI's Board has designated funds to be set aside to establish and maintain a quasi-endowment for the purposes of securing the organizations long-term financial viability and continuing to meet the needs of the organization. The endowment funds totaled \$8,336,938 and \$8,362,936 at June 30, 2020 and 2019, respectively.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 14 – NET ASSETS (CONTINUED)

Undesignated – The Board has established a guideline to reserve the undesignated net assets to provide financial stability and minimize financial disruption due to unexpected contingencies. The amount undesignated is a targeted dollar range representing three to six months' budgeted program and operating expenses for the next fiscal year. This targeted range was \$6,197,000 to \$12,394,000 at June 30, 2020, with the fund's guideline balance being \$14,569,751. United Way ended the current fiscal year in excess of its fund's guideline as part of the organization's efforts to quickly respond to community COVID needs despite large anticipated decreases in campaign.

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted as follows:

	2020	2019
Time restricted		
Annual campaign receivable - undesignated	\$ 6,575,554	\$ 6,581,977
Annual campaign for future fiscal years	20,785	41,050
Charitable remainder unitrusts	26,637	25,056
Total time restricted	<u>6,622,976</u>	<u>6,648,083</u>
Purpose restricted		
Supporting community investments	75,756	218,419
Early childhood initiatives	12,664	24,461
Bridges to Success	-	176,087
OpportUNITY	234,215	208,465
UWW/WF Essential Needs	18,945	92,897
5-2-1-0	52,354	45,167
Retail Pathway	69,686	-
LE Sponsors	58,500	55,500
COVID-19 Response	66,434	-
Oral Health Coalition	73,560	-
Others restricted for specific program/project	139,466	82,939
Total purpose restricted	<u>801,580</u>	<u>903,935</u>
Perpetual in nature		
Supporting community investments	3,289,284	3,264,954
Early childhood initiatives	289,656	282,071
	<u>3,578,940</u>	<u>3,547,025</u>
Total net assets with donor restriction	<u>\$ 11,003,496</u>	<u>\$ 11,099,043</u>

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 15 – RISKS AND UNCERTAINTIES

The outbreak of COVID-19 (the coronavirus) has caused operational disruptions to many companies around the world. The extent of the impact may be both direct and indirect and will vary based on the duration of the outbreak, the organization's location, industry, and customer and supplier diversification. An estimate of the effect the outbreak may have on the organization's financial statements cannot be determined at this time.

NOTE 16 – SUBSEQUENT EVENTS - DATE OF MANAGEMENT EVALUATION

Management has evaluated subsequent events through December 9, 2020, the date the financial statements were available to be issued. United Way of Central Iowa has determined that there are no events that require adjustment to, or the disclosure in, the accompanying financial statements.