

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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HEARD, McELROY, & VESTAL

LLC

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October 23, 2020

To the Board of Directors and Management of
The United Way of Northeast Louisiana, Inc.
Monroe, Louisiana 71201

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of The United Way of Northeast Louisiana, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The United Way of Northeast Louisiana, 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 The United Way of Northeast Louisiana, Inc. as of June 30, 2019, were audited by other auditors whose report dated October 18, 2019, expressed an unmodified opinion on those statements.

Monroe, Louisiana

Heard, McElroy & Vestal, LLC

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	1,402,243	647,781
Investments	579,431	569,582
Pledges receivable, less allowances for uncollectibles of \$310,509 and \$307,316, respectively	1,271,490	1,610,738
Receivables-third party processors	226,758	261,703
Other receivables	123,089	46,568
Prepayments and deposits	54,361	8,417
Property and equipment, less accumulated depreciation of \$889,038 and \$847,702, respectively	312,449	341,925
Total assets	<u>3,969,821</u>	<u>3,486,714</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Agency program support payable	343,874	380,255
Donor designations payable	482,005	515,743
Accounts payable	29,505	79,250
Accrued liabilities	78,097	57,176
PPP loan payable	89,300	-
Deferred revenue	125,481	88,463
Total liabilities	<u>1,148,262</u>	<u>1,120,887</u>
<u>Net assets:</u>		
Net assets without donor restrictions	1,155,770	851,709
Net assets with donor restrictions:		
Cash restricted for local tornado response	78,922	55,093
Cash restricted for homeless response	25,719	14,087
Cash restricted for COVID-19 response	121,508	-
Annual campaign pledges	1,439,640	1,444,938
Total net assets with donor restrictions	<u>1,665,789</u>	<u>1,514,118</u>
Total net assets	<u>2,821,559</u>	<u>2,365,827</u>
Total liabilities and net assets	<u>3,969,821</u>	<u>3,486,714</u>

The accompanying notes are an integral part of these financial statements.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions				Total
		Annual Campaign Pledges	Local Tornado Response	Homeless Response	COVID 19 Response	
<u>Public support and revenue:</u>						
Gross campaign results	-	3,854,773	-	-	-	3,854,773
Campaign previously reported	-	(3,167)	-	-	-	(3,167)
Campaign for future years	-	19,149	-	-	-	19,149
Donor designations	-	(741,997)	-	-	-	(741,997)
Provision for uncollectible pledges	-	(269,834)	-	-	-	(269,834)
Net campaign revenue	-	2,858,924	-	-	-	2,858,924
Additional pledges	38,573	-	-	-	-	38,573
Contributed goods and services	21,605	-	-	-	-	21,605
Grants and other income	675,480	-	122,769	20,625	238,837	1,057,711
Other gains (losses)	(19,742)	-	-	-	-	(19,742)
Investment income	24,361	-	-	-	-	24,361
Sponsorships	16,940	-	-	-	-	16,940
Total	757,217	2,858,924	122,769	20,625	238,837	3,998,372
Net assets released from restriction:						
Satisfaction of purpose restrictions	3,089,484	(2,864,222)	(98,940)	(8,993)	(117,329)	-
Total public support and revenues	3,846,701	(5,298)	23,829	11,632	121,508	3,998,372
<u>Expenses:</u>						
Program services:						
Gross funds awarded/distributed	1,941,837	-	-	-	-	1,941,837
Less: donor designations	(741,997)	-	-	-	-	(741,997)
Net allocations granted to agency programs	1,199,840	-	-	-	-	1,199,840

The accompanying notes are an integral part of these financial statements.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions				Total
		Annual Campaign Pledges	Local Tornado Response	Homeless Response	COVID 19 Response	
<u>Expenses: (continued)</u>						
United Way 211	154,525	-	-	-	-	154,525
LAUW-211	592,150	-	-	-	-	592,150
Community impact	465,112	-	-	-	-	465,112
COVID-19 response	117,329	-	-	-	-	117,329
Local tornado response	98,940	-	-	-	-	98,940
Homeless response:						
Emergency sheltering	8,993	-	-	-	-	8,993
Front door to housing	89,276	-	-	-	-	89,276
Total homeless response	98,269	-	-	-	-	98,269
Total program services	2,726,165	-	-	-	-	2,726,165
Support services						
Organizational administration	314,206	-	-	-	-	314,206
Fundraising	502,269	-	-	-	-	502,269
Total support services	816,475	-	-	-	-	816,475
Total expenses	3,542,640	-	-	-	-	3,542,640
<u>Change in net assets</u>	304,061	(5,298)	23,829	11,632	121,508	455,732
<u>Net assets, beginning of year</u>	851,709	1,444,938	55,093	14,087	-	2,365,827
<u>Net assets, end of year</u>	1,155,770	1,439,640	78,922	25,719	121,508	2,821,559

The accompanying notes are an integral part of these financial statements.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	Without	With Donor Restrictions			Total
	Donor	Annual	Local	Homeless	
	Restrictions	Campaign	Tornado	Response	
	Undesignated	Pledges	Response	Response	
<u>Public support and revenue:</u>					
Gross campaign results	-	3,982,748	-	-	3,982,748
Campaign previously reported	-	(31,188)	-	-	(31,188)
Campaign for future years	-	3,167	-	-	3,167
Donor designations	-	(820,414)	-	-	(820,414)
Provision for uncollectible pledges	-	(278,792)	-	-	(278,792)
Net campaign revenue	-	2,855,521	-	-	2,855,521
Additional pledges	32,950	-	-	-	32,950
Contributed goods and services	18,750	-	-	-	18,750
Grants and other income	528,437	-	60,594	138,302	727,333
Other gains (losses)	94,578	-	-	-	94,578
Investment income	20,831	-	-	-	20,831
Sponsorships	29,069	-	-	-	29,069
Total	724,615	2,855,521	60,594	138,302	3,779,032
Net assets released from restriction:					
Satisfaction of purpose restrictions	3,085,413	(2,922,262)	(5,501)	(157,650)	-
Total public support and revenues	3,810,028	(66,741)	55,093	(19,348)	3,779,032
<u>Expenses:</u>					
Program services					
Gross funds awarded/distributed	2,100,596	-	-	-	2,100,596
Less: donor designations	(820,414)	-	-	-	(820,414)
Net allocations granted to agency programs	1,280,182	-	-	-	1,280,182

The accompanying notes are an integral part of these financial statements.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions			
	Undesignated	Annual Campaign Pledges	Local Tornado Response	Homeless Response	Total
<u>Expenses: (continued)</u>					-
United Way 211	232,801	-	-	-	232,801
LAUW-211	497,177	-	-	-	497,177
Community investment	95,989	-	-	-	95,989
Community impact	403,441	-	-	-	403,441
Local tornado response	5,684	-	-	-	5,684
Homeless response:					
Emergency sheltering	157,650	-	-	-	157,650
Front door to housing	107,514	-	-	-	107,514
Total homeless response	265,164	-	-	-	265,164
Total program services	2,780,438	-	-	-	2,780,438
Support services:					
Organizational administration	305,484	-			305,484
Fundraising	473,023	-	-	-	473,023
Total support services	778,507	-	-	-	778,507
Total expenses	3,558,945	-	-	-	3,558,945
<u>Change in net assets</u>	251,083	(66,741)	55,093	(19,348)	220,087
<u>Net assets, beginning of year</u>	600,626	1,511,679	-	33,435	2,145,740
<u>Net assets, end of year</u>	851,709	1,444,938	55,093	14,087	2,365,827

The accompanying notes are an integral part of these financial statements.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	Program Services							Support Services			Total Expenses	
	Allocation Services	United Way 2-1-1	LAUW - 2-1-1	Community Impact	Homeless Response	Local Tornado Response	COVID 19 Programs	Total	Organizational Administration	Fundraising Campaign		Total
Allocation/awards	1,941,837	-	-	-	-	-	-	1,941,837	-	-	-	1,941,837
Less: donor designations	(741,997)	-	-	-	-	-	-	(741,997)	-	-	-	(741,997)
Subtotal	<u>1,199,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,199,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,199,840</u>
Salaries	-	68,350	393,144	254,869	-	-	-	716,363	159,884	268,559	428,443	1,144,806
Hospitalization insurance	-	17,116	49,169	38,047	-	-	-	104,332	24,014	31,022	55,036	159,368
Other payroll expenses	-	12,102	54,307	43,148	-	-	-	109,557	27,787	45,316	73,103	182,660
Total salaries and related expenses	<u>-</u>	<u>97,568</u>	<u>496,620</u>	<u>336,064</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>930,252</u>	<u>211,685</u>	<u>344,897</u>	<u>556,582</u>	<u>1,486,834</u>
Auto	-	704	-	8,377	-	118	219	9,418	4,556	14,051	18,607	28,025
Awards, recognition banquet	-	-	-	-	-	-	-	-	-	15,778	15,778	15,778
Bank charges	-	-	-	577	-	-	-	577	114	2,045	2,159	2,736
Building and property maintenance	-	1,852	-	3,313	-	-	-	5,165	2,471	2,137	4,608	9,773
Campaign events	-	-	-	-	-	-	-	-	-	806	806	806
Campaign supplies	-	-	-	-	-	-	-	-	-	829	829	829
Community meetings	-	-	-	-	-	-	-	-	1,673	-	1,673	1,673
Dues, memberships and subscriptions	-	13,225	-	11,692	-	-	-	24,917	1,687	334	2,021	26,938
Equipment	-	1,893	1,626	1,825	-	-	-	5,344	4,507	17,317	21,824	27,168
Community Impact program expenses	-	-	-	24,320	-	-	-	24,320	-	-	-	24,320
Insurance	-	1,123	-	2,075	-	-	-	3,198	4,469	1,365	5,834	9,032
Janitorial	-	1,219	-	2,945	-	-	-	4,164	2,029	2,233	4,262	8,426
Leadership giving recognition	-	-	-	-	-	-	-	-	-	5,462	5,462	5,462
Marketing	-	8,151	-	16,384	-	-	230	24,765	1,098	37,282	38,380	63,145
Meetings and lunches	-	867	855	287	-	-	-	2,009	1,720	220	1,940	3,949
Office rent	-	-	-	4,176	-	-	-	4,176	3,936	6,288	10,224	14,400
Office supplies	-	3,032	2,302	1,556	-	-	-	6,890	5,466	4,573	10,039	16,929
Postage	-	139	113	22	-	45	163	482	193	2,335	2,528	3,010
Professional fees	-	2,414	43,051	5,028	-	-	-	50,493	46,768	7,511	54,279	104,772
Specific assistance to individuals	-	-	-	-	98,269	98,777	116,717	313,763	-	-	-	313,763
Telephone and internet	-	4,084	45,432	8,035	-	-	-	57,551	4,435	8,942	13,377	70,928
Travel, education and training	-	109	2,151	796	-	-	-	3,056	-	1,738	1,738	4,794
Utilities	-	2,492	-	5,142	-	-	-	7,634	3,619	3,514	7,133	14,767
United Way Worldwide dues	-	8,209	-	17,715	-	-	-	25,924	3,889	13,394	17,283	43,207
Depreciation expense	-	7,444	-	14,783	-	-	-	22,227	9,891	9,218	19,109	41,336
Total other expenses	<u>-</u>	<u>56,957</u>	<u>95,530</u>	<u>129,048</u>	<u>98,269</u>	<u>98,940</u>	<u>117,329</u>	<u>596,073</u>	<u>102,521</u>	<u>157,372</u>	<u>259,893</u>	<u>855,966</u>
Total expenses	<u>1,199,840</u>	<u>154,525</u>	<u>592,150</u>	<u>465,112</u>	<u>98,269</u>	<u>98,940</u>	<u>117,329</u>	<u>2,726,165</u>	<u>314,206</u>	<u>502,269</u>	<u>816,475</u>	<u>3,542,640</u>

The accompanying notes are an integral part of these financial statements.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	Program Services							Support Services			Total Expenses	
	Allocation Services	United Way 2-1-1	LAUW - 2-1-1	Community Investment	Community Impact	Local Tornado Response	Homeless Response	Total	Organizational Administration	Fundraising Campaign		Total
Allocation/awards	2,100,596	-	-	-	-	-	-	2,100,596	-	-	-	2,100,596
Less: donor designations	(820,414)	-	-	-	-	-	-	(820,414)	-	-	-	(820,414)
Subtotal	<u>1,280,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,280,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,280,182</u>
Salaries	-	116,108	339,913	38,473	192,563	-	-	687,057	117,380	237,640	355,020	1,042,077
Hospitalization insurance	-	27,275	53,351	4,398	29,106	-	-	114,130	23,470	32,044	55,514	169,644
Other payroll expenses	-	20,219	47,650	5,407	30,275	-	-	103,551	19,442	32,179	51,621	155,172
Total salaries and related expenses	<u>-</u>	<u>163,602</u>	<u>440,914</u>	<u>48,278</u>	<u>251,944</u>	<u>-</u>	<u>-</u>	<u>904,738</u>	<u>160,292</u>	<u>301,863</u>	<u>462,155</u>	<u>1,366,893</u>
Auto	-	2,702	461	679	5,818	149	-	9,809	4,910	14,879	19,789	29,598
Awards, recognition banquet	-	-	-	-	-	-	-	-	-	13,704	13,704	13,704
Bank charges	-	-	-	-	-	-	-	-	361	2,316	2,677	2,677
Building and property maintenance	-	1,601	-	1,568	1,325	-	-	4,494	2,150	1,548	3,698	8,192
Campaign events	-	-	-	-	-	-	-	-	-	456	456	456
Campaign supplies	-	-	-	-	-	-	-	-	-	104	104	104
Community meetings	-	-	-	-	75	-	-	75	2,490	-	2,490	2,565
Dues, memberships and subscriptions	-	15,024	-	6,672	4,924	-	-	26,620	1,386	454	1,840	28,460
Equipment	-	2,607	-	1,932	873	-	-	5,412	5,758	17,229	22,987	28,399
Community Impact program expenses	-	-	-	-	79,035	-	-	79,035	-	-	-	79,035
Insurance	-	1,098	-	1,124	948	-	-	3,170	4,021	1,149	5,170	8,340
Janitorial	-	1,404	-	1,401	1,767	-	-	4,572	2,237	2,426	4,663	9,235
Leadership giving recognition	-	-	-	-	-	-	-	-	-	4,160	4,160	4,160
Marketing	-	9,906	-	104	15,949	-	1,368	27,327	494	38,469	38,963	66,290
Meetings and lunches	-	219	11	2	154	-	-	386	1,486	556	2,042	2,428
Office rent	-	-	-	4,032	4,032	-	-	8,064	-	6,336	6,336	14,400
Office supplies	-	1,861	3,142	627	1,526	5	-	7,161	3,539	5,117	8,656	15,817
Postage	-	89	23	23	7	-	-	142	576	1,750	2,326	2,468
Professional fees	-	2,331	12,108	1,616	5,730	-	-	21,785	87,991	14,669	102,660	124,445
Specific assistance to individuals	-	349	-	-	-	5,530	263,796	269,675	-	-	-	269,675
Telephone and internet	-	5,496	35,863	1,876	5,950	-	-	49,185	3,703	8,231	11,934	61,119
Travel, education and training	-	570	4,655	263	547	-	-	6,035	813	5,586	6,399	12,434
Utilities	-	2,732	-	2,891	2,908	-	-	8,531	3,857	3,986	7,843	16,374
United Way Worldwide dues	-	8,404	-	9,288	8,846	-	-	26,538	3,981	13,711	17,692	44,230
Depreciation expense	-	12,806	-	13,613	11,083	-	-	37,502	15,439	14,324	29,763	67,265
Total other expenses	<u>-</u>	<u>69,199</u>	<u>56,263</u>	<u>47,711</u>	<u>151,497</u>	<u>5,684</u>	<u>265,164</u>	<u>595,518</u>	<u>145,192</u>	<u>171,160</u>	<u>316,352</u>	<u>911,870</u>
Total expenses	<u>1,280,182</u>	<u>232,801</u>	<u>497,177</u>	<u>95,989</u>	<u>403,441</u>	<u>5,684</u>	<u>265,164</u>	<u>2,780,438</u>	<u>305,484</u>	<u>473,023</u>	<u>778,507</u>	<u>3,558,945</u>

The accompanying notes are an integral part of these financial statements.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	455,732	220,087
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	41,336	67,265
(Gain) loss on disposal of fixed assets-hail/lightning damage	-	(33,736)
Change in allowance for uncollectibles	3,193	(12,799)
<i>(Increase) decrease in assets:</i>		
Pledges receivable	336,055	52,356
Receivables-third party processors	34,945	100,561
Other receivables	(76,521)	3,694
Prepaid assets	(45,944)	(2,485)
<i>Increase (decrease) in liabilities:</i>		
Agency program support payable	(36,381)	(198,562)
Donor designations payable	(33,738)	(74,475)
Accounts payable	(49,745)	23,942
Accrued payroll liabilities	20,921	(19,383)
Deferred revenue	37,018	43,700
Net cash provided by operating activities	<u>686,871</u>	<u>170,165</u>
<u>Cash flows from investing activities:</u>		
Interest income added to investments	(9,849)	(7,206)
Purchase of equipment	(11,860)	(11,036)
Construction of property and equipment-hail/lightning damage	-	(49,372)
Receipt of insurance proceeds-hail/lightning damage	-	42,721
Net cash used in investing activities	<u>(21,709)</u>	<u>(24,893)</u>
<u>Cash flows from financing activities:</u>		
Proceeds from PPP loan	89,300	-
Net cash provided by financing activities	<u>89,300</u>	<u>-</u>
<u>Increase in cash</u>	754,462	145,272
<u>Cash at beginning of year</u>	<u>647,781</u>	<u>502,509</u>
<u>Cash at end of year</u>	<u><u>1,402,243</u></u>	<u><u>647,781</u></u>
<u>Supplemental disclosures of non-cash transactions:</u>		
In-kind contributions	<u>21,605</u>	<u>18,750</u>

The accompanying notes are an integral part of these financial statements.

THE UNITED WAY OF NORTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

1. Description of Organization

The United Way of Northeast Louisiana, Inc.'s (the "United Way"), a Louisiana nonprofit corporation founded in 1951, is a voluntary health and welfare organization, governed by a local volunteer board of directors. United Way's purpose is to help people and improve the community. The primary source of funding is the Annual Campaign, which provides monthly financial support for specified programs of 22 not-for-profit agencies (partner agencies) throughout Northeast Louisiana as well as direct programs of the United Way including 2-1-1 coverage for Northeast Louisiana and programs that encourage financial literacy and childhood reading/literacy.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

In accordance with Financial Accounting Standard Board Accounting Standards Codification (FASB ASC) 958, United Way is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. 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.

Net Assets without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Corporation. Certain restrictions may need to be maintained in perpetuity.

Cash and Cash Equivalents

United Way considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are composed of certificates of deposit and equity securities, which are carried at fair value. The Financial Accounting Standards Board's Accounting Standards Codification (ASC) Section 820 establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10 are described as follows:

2. Summary of Significant Accounting Policies (Continued)

Investments (Continued)

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that United Way has the ability to access;

Level 2 - Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The investments held by United Way at June 30, 2020 are valued at quoted market prices and other relevant information generated by market transactions held by United Way at that date and are considered to be Level 1 in the fair value hierarchy.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

The valuation methodologies used for these items, as well as the general classification of such items pursuant to the fair value hierarchy of ASC Section 820 encompass that investments are reported on the basis of quoted market prices and consist primarily of certificates of deposit, equity securities and fixed income securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future value. Furthermore, while United Way believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements within the fair value hierarchy.

Pledges Receivable

United Way's policy is to record unconditional promises to give as pledge receivables and contribution revenue when the pledges are received and represent amounts due during the next calendar year.

Pledges receivable and related contributions are initially recorded at their net realizable value based on amounts expect to be collected from donors. This valuation reflects net pledge balances at a level which, in the judgment of management is adequate to meet the present and potential risks of uncollectibility of the pledges receivable. Management's judgment is based on a variety of factors, which include experience related to charge offs and recoveries, previous collection history and scrutiny of individual accounts. Specific accounts are written off only upon notification from donors that the pledges are no longer collectible. For the annual campaign, any remaining uncollectible pledge balances are written off after two years.

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost. Purchases of fixed assets and major improvements in excess of \$600 are capitalized at cost. All donated capital assets are recorded at fair market value on the date of the donation. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts in the year of disposal and any resulting gain or loss is included in operations. Depreciation is computed on a straight-line basis over the useful lives of the assets using estimated lives from 3 - 30 years.

Compensated Absences

Any unused vacation days will expire the following year. Sick days may be accumulated to a maximum of 90 days depending on years of service. However, employees are not paid for any unused sick days upon termination. Accordingly, the financial statements do not include any accrual for sick pay.

Net Asset Categories and Contributions

Annual campaigns are conducted each fall to raise support for agency allocations paid in the subsequent fiscal year. Campaign contributions, including unconditional promises to give, are recognized as support when made. Because campaign contributions are received on a calendar year basis, the first half of the campaign collections (January to June) is reported in Gross Campaign Results and is released from restriction during the current fiscal year. The second half of the campaign collections (July to December) is reported in Gross Campaign Results but remains in net assets with donor restrictions at June 30, 2020.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor for specific United Way use are reported as increases in net assets without donor restrictions when the restrictions expire in the same year in which the contributions are received. All other donor-restricted contributions for specific United Way use are reported as increases in net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the restriction expires.

Donor Designations

Donor-designated contributions for United Way's partner agencies or other agencies are considered agency transactions because United Way does not have discretion over the distribution of these funds. Pass-through transactions do not result in contribution revenue or expense in the accompanying financial statements. When United Way receives the assets, a corresponding liability is recorded to reflect amounts due to third-party beneficiaries.

United Way pledges received from donors who have elected to use third-party pledge administrators to process the designation payments on their behalf are included in gross campaign results and gross agency distributions, in accordance with United Way Worldwide membership requirements. They are not included in pledges receivable or designations payable because those donations are paid directly by the donor to the third-party administrator to remit to the designated agencies.

Donated Securities, Materials, and Services

Donated marketable securities are recorded as support at their estimated market value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Contributed goods are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. A number of volunteers have donated significant time and effort to United Way's fundraising campaign and its grant allocation process. The dollar value of these contributed services is not reflected in the consolidated financial statements because the nature of the services does not meet the specified criteria for recording.

2. Summary of Significant Accounting Policies (Continued)

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. However, some expenses relate to more than one function and must be allocated among the program and supporting services benefited. Organizational administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of United Way. Costs associated with the annual campaign are included in fundraising expenses. United Way records expenses to departments and programs to facilitate the functionalization between Organizational Administration, Fundraising, and Program Services.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Location</u>
Salaries and Benefits	Time and Effort
Depreciation	Square footage/Actual usage
United Way Worldwide dues	Personnel percentages

Income Taxes

United Way is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Thus, no provision for income taxes is included in the accompanying combined financial statements. United Way believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. United Way's Federal Return of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Estimates

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

3. Pledges Receivable

Pledges receivable are detailed as follows:

	<u>Pledges Receivable</u>	<u>Less Allowance for Uncollectibles</u>	<u>Net</u>
June 30, 2020			
Fall 2019 Campaign	1,539,363	(267,873)	1,271,490
Fall 2018 Campaign	<u>42,636</u>	<u>(42,636)</u>	<u>-</u>
Total	<u>1,581,999</u>	<u>(310,509)</u>	<u>1,271,490</u>
June 30, 2019			
Fall 2018 Campaign	1,883,216	(272,478)	1,610,738
Fall 2017 Campaign	<u>34,838</u>	<u>(34,838)</u>	<u>-</u>
Total	<u>1,918,054</u>	<u>(307,316)</u>	<u>1,610,738</u>

4. **Investments**

Investments at June 30, 2020 and 2019 include certificates of deposit and equity securities. Investments held were as follows:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Certificates of deposit	<u>579,431</u>	<u>569,582</u>
Total	<u><u>579,431</u></u>	<u><u>569,582</u></u>

For the years ended June 30, 2020 and 2019, United Way's investments (including gains and losses on investments bought, sold and held during the year) appreciated (depreciated) in value as follows:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Equity securities	<u>10</u>	<u>(322)</u>
Total	<u><u>10</u></u>	<u><u>(322)</u></u>

5. **Property and Equipment**

Property and equipment are summarized by major classifications as follows:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Land	<u>100,000</u>	<u>100,000</u>
Total nondepreciable assets	<u><u>100,000</u></u>	<u><u>100,000</u></u>
Building	513,666	513,666
Furniture, fixtures and equipment	494,866	483,006
Leasehold improvements	79,509	79,509
Leased equipment	<u>13,446</u>	<u>13,446</u>
Total depreciable assets	<u><u>1,101,487</u></u>	<u><u>1,089,627</u></u>
Total property and equipment	1,201,487	1,189,627
Less: accumulated depreciation	<u>(889,038)</u>	<u>(847,702)</u>
Total property and equipment	<u><u>312,449</u></u>	<u><u>341,925</u></u>

Depreciation charged to expense is \$41,336 and \$67,265 for the years ended June 30, 2020 and 2019, respectively.

6. **Paycheck Protection Program Loan**

In April 2020, United Way received an \$89,300 loan under the Small Business Administration's Paycheck Protection Program (the "Program"). Loan proceeds are to be used to cover payroll expenses and certain other overhead expenses as defined by the Program. To the extent United Way is able to use the proceeds for qualified expenses, loan proceeds may be forgiven. Payments on any unforgiven loan proceeds are due monthly beginning ten months from loan origination and bear interest at 1.0%. The loan matures in April 2022.

7. **Restricted Funds**

Annual Campaign Pledges

Net campaign contributions received for future periods are considered to be net assets with donor restrictions. The campaign for the future year pledges represent the initial pledges received for that campaign and will be available for unrestricted use during the following calendar year. The following schedule recaps the Annual Campaign at Celebrating Excellence to the amounts recorded as net assets with donor restrictions for the annual campaign pledges.

7. **Restricted Funds (Continued)**

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Annual campaign	3,854,773	3,982,748
Donor designations to United Way Agencies	(42,104)	(80,320)
Donor designations to Non-United Way Agencies	(32,922)	(142,443)
Donor designations processed by third party processors	(486,971)	(523,401)
Donor designations by major donors	(180,000)	(74,250)
Provision for uncollectible pledges	<u>(269,834)</u>	<u>(278,792)</u>
Campaign revenue	2,842,942	2,883,542
Less: amounts released from restriction (50%)	(1,422,451)	(1,441,771)
Plus: pledges for future campaign (100%)	<u>19,149</u>	<u>3,167</u>
Campaign – net assets with donor restrictions	<u><u>1,439,640</u></u>	<u><u>1,444,938</u></u>

Cash Restricted for Local Tornado Response

Contributions restricted to local tornado response were received during the years ended June 30, 20 and 2019. As of June 30, 2020, there were remaining restricted contributions to be spent on local tornado response.

Cash Restricted for Homeless Response

The United Way of Northeast Louisiana, Inc. provides accountability for the pledges made, monies received and disbursements for the Shelter Fund at no administrative fee.

In addition, the United Way reprogrammed \$115,000 originally allocated for the agency which had shut down and, in conjunction with Christopher Youth House and The Wellspring, established a program called "Front Door to Housing" which used a "navigator" type model to identify homeless individuals and families and help connect them directly to resources which could maximize their chances to get into long-term or even permanent housing. From its inception in Fall 2017 through June 30, Front Door to Housing has placed in excess of 60 people/families into long-term housing options.

Contributions restricted to homeless emergency were received during the years ended June 30, 2020 and 2019. As of June 30, 2020, there were remaining restricted contributions to be spent on homeless emergency.

Cash Restricted for Other

From time to time United Way, in its role as a trusted social services fiduciary in the community, is called upon to be the holder and distributor of short-term or emergency funds contributed throughout the region. These restricted funds are typically limited in number and/or magnitude and are often raised and distributed in very short order.

Contributions restricted to other were received during the year ended June 30, 2020 for use in the community COVID-19 response. As of June 30, 2020, there were remaining restricted contributions to be spent on COVID-19 response.

8. History of Uncollectibles

Generally, campaign pledges that are uncollected after two years are deemed to be bad debts and are written off. The actual inception to date write-off percentages for the preceding campaigns are presented in the following table. These percentages are based on total campaign contributions pledged.

<u>Campaign Year</u>	<u>Budget Year</u>	<u>Actual Write-Off</u>
2018	2019	7.11%
2017	2018	5.87%
2016	2017	4.79%
2015	2016	3.90%
2014	2015	6.32%
2013	2014	7.79%
2012	2013	7.14%
2011	2012	6.65%
2010	2011	6.04%
2009	2010	5.07%

In general, all other revenues (sponsorships, grants, services, etc) are billed and receivable within 60-90 days. Occasional bad debts on these items are rare and are not considered significant.

9. Program Services

A. Agency Funding

United Way Community Volunteers communicate to the United Way Board of Directors funding recommendations for the various partner agencies to support programs throughout Northeast Louisiana. In general, campaign contributions raised in Lincoln-Union-Jackson Parishes, net of fundraising and administrative expenses, are allocated to partner agencies and programs providing services in those parishes and those funding recommendations are made by community volunteers from those parishes. All other campaign contributions raised in the annual campaign are allocated to partner agencies and programs throughout Northeast Louisiana based on funding recommendations from panels of community volunteers.

The total agency support expense for the year ended June 30, 2020 was \$1,199,840. Total awards to agency organizations, is summarized below:

<u>Program Service Category</u>	<u>Amount</u>	<u>Percent</u>
Children & Youth Services	350,710	29%
Economic Opportunity	224,707	19
Health & Safe Individuals	577,620	48
Other	46,803	4
	<u>1,199,840</u>	<u>100%</u>

9. Program Services (Continued)

The total agency support expense for the year ended June 30, 2019 was \$1,280,182. Total awards to agency organizations, is summarized below:

<u>Program Service Category</u>	<u>Amount</u>	<u>Percent</u>
Health	393,274	31%
Financial Stability	329,762	26
Basic Needs	446,759	35
Other	<u>110,387</u>	<u>8</u>
	<u>1,280,182</u>	<u>100%</u>

Homeless Emergency and Front Door to Housing

The Community Emergency Shelter Fund, a collaborative community fundraising initiative was launched in late April 2018.

The funds raised through this collaborative community effort are used to provide emergency overnight sheltering for the homeless and those less fortunate in the Monroe metro area who need a safe place to sleep and food to eat.

The United Way of Northeast Louisiana, Inc. provides accountability for the pledges made, monies received and disbursements for the Shelter Fund at no administrative fee.

Front Door to Housing, a visionary program that has no counterpart elsewhere in the state, is funded solely by local dollars and serves solely local needs in a collaboration with The Wellspring and the HOME Coalition. It fills an otherwise unfillable gap in how United Way helps the most vulnerable citizens. Front Door to Housing offers outreach, screening and assessment, and referrals. It also provides rehousing assistance for those who have no other option.

- Number of homeless persons offered assistance: 998
- Number persons facing housing instability referred to a community program for rehousing: 503
- Number of homeless persons rehoused by Front Door: 65

During the years ended June 30, 2020 and 2019, between restricted funds raised and agency funds reprogrammed a total of \$8,993 and \$157,650, respectively, was spent on Emergency Sheltering and \$89,276 and \$107,514, respectively, was spent on the Front Door to Housing program.

B. All Other Programs

Various community initiatives are conducted directly by United Way. United Way is focused on creating lasting change in community conditions to improve people's lives through community initiatives such as:

United Way 211, a free, easy to remember, three-digit telephone number that gives people a fast, easy way to get connected to available social assistance services. In calendar year 2019, the United Way of Northeast Louisiana's 211 answered 10,721 calls.

In July 2015, United Way of Northeast Louisiana contracted with Louisiana Association of United Ways (LAUW) to manage 211 services for the Capital Area. In January 2016, the contract was extended to include Southwest Louisiana. In mid-November 2017, United Way of Northeast Louisiana's 211 began to answer calls for the Northwest Louisiana region on behalf of United Way of Northwest Louisiana through the contract with LAUW.

9. Program Services (Continued)

Total calls for all regions under contract answered in calendar year 2018 and 2019 were 40,694 and 51,980, respectively, which represents only the calls that were live answered by staff and does not include calls answered by auto-attendant or transfers to other 211 operations.

In February 2018, United Way 211 initiated a text-based service which continues to grow in popularity and is anticipated to streamline assistance during times of disaster in particular.

The contract with LAUW to cover other areas covers all costs associated with those areas and has provided further economies of scale which has reduced the costs for providing 211 to Northeast Louisiana by more than \$100,000 annually compared to costs prior to the consolidation. For further information, see Note 13.

Community Investment - Volunteers and staff of United Way who work with the partner agencies to ensure that United Way dollars are invested to produce the most effective results. They make site visits, gather information and evaluate programs year- round. Volunteers make recommendations on agency funding.

Community Impact - United Way of Northeast Louisiana's agenda is the community's agenda - we stand with the residents, business leaders, and policymakers-to take action together and strategically invest in making a meaningful difference in the lives of people in Northeast Louisiana.

United Way of Northeast Louisiana COVID-19 Response Fund:

- **Food for Our Friends:** Provides food assistance to qualifying individuals from households whose income has been reduced or lost. FOOD FOR OUR FRIENDS EXPANSION: Provides direct food assistance in our 12 parishes with our partnership with Entergy, Blue Cross Blue Shield of Louisiana Foundation, Food Bank of Northeast Louisiana, Robertson Produce, Rotary District 6190, and the City of Ruston.
- **Fuel the Fight:** Entergy Louisiana and Blue Cross and Blue Shield of Louisiana Foundation each contributed \$50,000. Meals provided from local restaurants to frontline healthcare workers at Monroe & West Monroe's three hospitals.

United Way of Northeast Louisiana Tornado Relief Fund:

- **Emergency Sheltering:** Since April 12th, United Way NELA 211 has been able to work with local officials to place over 700 individuals from 246 households into emergency sheltering.
- **Ouachita Tornado Long-Term Recovery Group:** Partnership with volunteers from local government, nonprofits, faith-based organizations, and businesses, with the mission is to work together to help the most vulnerable in our community achieve a level of pre-disaster stability, or a new normal. 129 individuals from 37 households were assisted with rent/mortgage, utilities, and/or furniture assistance.

Children, Youth, and Young Adults Successful in School and Life

1. Children enter school ready
2. Students are successful in elementary school and prepared for middle/secondary school
3. Youth gain the knowledge, skills, and credentials so that they are prepared for the workforce and are able to obtain family sustaining employment

9. **Program Services (Continued)**

Economic Opportunity for All

1. Individuals and families have adequate and sustainable resources to support their needs
2. Individuals and families have the skills, knowledge, relationships and economic pathways they need to effectively increase and manage their income
3. Vulnerable populations maximize their ability to live with independence and dignity
4. People/organizations continue to work together to support a thriving, prosperous, robust economy

Healthy and Safe Individuals, Families and Community

1. Families/Individuals live in a healthy and safe environment
2. People/organizations work together to strengthen and build a more inclusive community

10. **401(k) Defined Contribution Plan**

United Way has adopted a deferred compensation plan pursuant to IRC Section 401(k). This plan covers employees who have reached 21 years of age and have completed one full year of eligibility service. Employer contributions to the plan are 5% for all eligible employees and will match an additional 2%. Employer contributions are allocated to each participant who completes 1,000 hours of service during the plan year and who is employed on the last day of the plan year. United Way may use unvested forfeitures to pay plan expenses or to reduce amounts otherwise required to be distributed.

The total pension cost of United Way for the year ended June 30, 2020 and 2019 was \$59,107 and \$51,958, respectively.

11. **In Kind Services and Materials**

Contributions of services and materials were reported as revenues and allocated between all program expenses. In kind revenues and expenses were \$21,605 and \$18,750 for the years ended June 30, 2020 and 2019, respectively.

12. **Lease Agreement**

On February 1, 2018, the United Way entered into a lease agreement for the location of its Ruston office for \$1,200 per month. The lease period is for five years ending on January 31, 2023 with no option for renewal. The lease specifies that upon demand United Way is responsible reimbursing lessor for any property taxes in excess of the total amount of property taxes paid on the unit in calendar year 2017. The United Way is responsible for all utilities.

The minimum future rental commitment on this lease is as follows:

YEAR ENDED JUNE 30

2021	14,400
2022	14,400
2023	<u>8,400</u>
	<u><u>37,200</u></u>

13. **Disclosures about Concentrations**

Support from the most recent annual campaign represents approximately 82% of United Way's total revenue. United Way's annual campaign covers 12 parishes in northeast Louisiana with the largest concentration being Ouachita Parish and Lincoln/Union Parishes. The annual campaign in these parishes represents a concentration of risk by geographic region and by the nature of the fund-raising

13. Disclosures about Concentrations (Continued)

activity. Failure of the community to respond to the campaign or to fulfill their obligation could impact United Way's ability to collect approximately 1.88 million in pledges receivable. No collateralization is required by United Way.

The top three campaigns account for 23.38% in gross campaign results and for 21.84% in pledges receivable for the 2019 Campaign, down from 28.71% and 31.18% from the 2018 Campaign.

In general, funds, net of expenses, raised in one geographical area are allocated to programs and activities in that geographical area. As a result, disproportionate increases or decreases within one geographic area would be expected to impact that area more than others.

LAUW 2-1-1 Contract

In June, 2016 the United Way entered into a contract with the Louisiana Association of United Ways to provide call center services and management support for 2-1-1 operations with the parishes covered by the Capitol Area United Way, United Way of Southwest Louisiana, and United Way of Northeast Louisiana. In June of 2017, the areas covered by United Way of Northwest Louisiana were added. In June of 2018, United Way of Central Louisiana joined the funding pool, although their parishes had previously been covered via other United Ways. This contract allows for economies of scale and has allowed the United Way of Northeast Louisiana to reduce the direct funding to operate 2-1-1 within Northeast Louisiana by approximately \$100,000 for the year ended June 30, 2019 and a like amount for the year ended June 30, 2020.

The LAUW 2-1-1 base contract resulted in revenue of \$391,865 for the year ended June 30, 2020 and \$459,571 for the year ended June 30, 2019 and represented 10% and 13 % of total revenue respectively. Loss of this contract would have the potential to increase the cost of providing local 2-1-1 coverage.

Bank Concentrations

Checking account funds are held at CrossKeys Bank in Monroe. A sweep arrangement is used for excess checking funds and is intended to provide protections through FDIC.

CDs are placed with various banks throughout Northeast Louisiana and are typically limited to less than \$175,000 at any single institution at any one time. The United Way Finance Committee provides broad guidance on placement policy, taking into consideration the current and expected rate environment, and anticipated funding and liquidity requirements. While the investment policy allows for investments in less liquid instruments such as equity and fixed income instruments under certain circumstances, present committee guidance continues to limit holdings to CDs, generally with a term of 2 years or less.

Liquidity and Availability of Resources

The United Way's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	1,402,243	647,781
Investments	579,431	569,582
Pledge receivables, net	1,271,490	1,610,738
Designations-third party processors	226,758	261,703
Other receivables	<u>123,089</u>	<u>46,568</u>
Total financial assets available within one year	<u>3,603,011</u>	<u>3,136,372</u>

13. Disclosures about Concentrations (Continued)

	<u>2020</u>	<u>2019</u>
Less: amounts unavailable for general expenditures within one year to:		
Designations payable	<u>482,005</u>	<u>515,743</u>
 Total amounts unavailable for general expenditures within one year	 <u>482,005</u>	 <u>515,743</u>
 Total financial assets available to management for general expenditures within one year	 <u>3,121,006</u>	 <u>2,620,629</u>

United Way has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board has approved a policy that targets three months of annual grants and three months of operating expenses to be maintained. Because this is a target there is presently no actual restriction on use of such funds although the target and progress toward meeting that target is considered during the budget and program/grant funding cycles each year. Excess cash is invested in a ladder from three months to two years of certificates of deposit depending on market conditions, as well as utilizing a repurchase agreement and overnight sweep associated with its operating checking account. United Way cash flows have seasonal variations during the year attributable to the annual campaign and when payments are received from donors on pledges.

14. Casualty Gain

During the year ended June 30, 2019, the United Way office building roof was damaged by a hail storm. The insurance company paid claims in the amount of \$37,589. United Way incurred renovation costs related to the hail storm in the amount of \$40,892. The cost of the repairs was capitalized into the building. For the year ended June 30, 2019, there was a casualty gain of \$28,604 resulting from the damage as a result of the hail storm.

During the year ended June 30, 2019, the United Way sign was damaged by a lightning strike. The insurance company paid claims in the amount of \$5,132. United Way incurred renovation costs related to the lightning strike in the amount of \$8,480. The cost of the repairs was capitalized into furniture, fixtures, and equipment. For the year ended June 30, 2019, there was a casualty gain of \$5,132 resulting from the damage as a result of the lightning strike.

15. New Accounting Guidance Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers,” which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. This standard will become effective for the Company for fiscal years beginning after December 15, 2019. The standard permits the use of either the retrospective or cumulative effect transition method. United Way is evaluating the effect that ASU 2014-09 will have on its financial statements and related disclosures. United Way has not yet selected a transition method nor have they determined the effect of the standard on their ongoing financial reporting.

15. New Accounting Guidance Not Yet Adopted (Continued)

In February 2016, the FASB issued ASU No. 2016-02, “Leases” (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term.

Additional qualitative and quantitative disclosures will be required so that users can understand more about the nature of an entity’s leasing activities. Also, the new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing.

ASU No. 2016-02 will be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. United Way is currently evaluating the potential impact of adopting this guidance on their financial statements.

16. Subsequent Events

Management of United Way has evaluated subsequent events through October 23, 2020 the date which the financial statements were available to be issued and has determined that there were no reportable events or transactions, except as indicated in the following paragraph.

The World Health Organization declared the coronavirus outbreak a pandemic in March 2020. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of substantially all countries around the world, including the geographical area in which the United Way operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the United Way, it is expected to have a negative effect on campaign results.