

LIVE UNITED



United Way of Delaware

UNITED WAY OF DELAWARE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

UNITED WAY OF DELAWARE, INC.
JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

November 10, 2020

To the Board of Directors
United Way of Delaware, Inc.
Wilmington, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Delaware, Inc. ("the Organization"), a not-for-profit 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 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

To the Board of Directors
United Way of Delaware, Inc.

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.

Basis for Qualified Opinion

As described in Note 1 to the financial statements, management has elected not to include the financial data of Delaware Helpline, Inc., whose statements reflect total assets of \$298,719 and total liabilities of \$55,954 as of June 30, 2020, and total revenues of \$651,256 and total expenses of \$680,056 for the year ended June 30, 2020. Accounting principles generally accepted in the United States of America require that the financial statements of United Way of Delaware, Inc. include the financial data of Delaware Helpline, Inc. since United Way of Delaware, Inc. has a controlling financial interest in that Organization.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Delaware, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of Delaware, Inc.'s June 30, 2019 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated January 7, 2020 due to management excluding the financial data of Delaware Helpline, Inc., whose statements reflect total assets of \$308,198 and total liabilities of \$36,633 as of June 30, 2019, and total revenues of \$600,782 and total expenses of \$635,415 for the year ended June 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**UNITED WAY OF DELAWARE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,733,359	\$ 2,583,058
Pledges receivable, net	4,871,821	4,719,187
Investments, at fair value	4,050,629	4,421,936
Building and equipment, net of accumulated depreciation	878,547	936,230
Other assets	344,286	208,623
TOTAL ASSETS	\$ 12,878,642	\$ 12,869,034
 <u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES:</u>		
Distributions payable to agencies, including donor designations of \$2,121,325 and \$1,768,098 for 2020 and 2019, respectively	\$ 2,929,473	\$ 2,762,544
Accounts payable and accrued expenses	282,098	457,070
Total Liabilities	3,211,571	3,219,614
 <u>NET ASSETS:</u>		
Without donor restriction:		
Undesignated	1,286,479	603,964
Designated	3,230,636	3,371,776
Total Without Donor Restriction	4,517,115	3,975,740
With donor restriction	5,149,956	5,673,680
Total Net Assets	9,667,071	9,649,420
TOTAL LIABILITIES AND NET ASSETS	\$ 12,878,642	\$ 12,869,034

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

**UNITED WAY OF DELAWARE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Totals for 2019)**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Totals</u>
	<u>2020</u>		<u>2019</u>
CAMPAIGN RESULTS			
Annual Campaign	\$ 4,862,567	\$ 7,745,228	\$ 12,607,795
Less: Amounts raised on behalf of others	-	(6,214,384)	(5,029,220)
	<u>\$ 4,862,567</u>	<u>\$ 1,530,844</u>	<u>\$ 4,538,609</u>
PUBLIC SUPPORT AND REVENUE			
Campaign Public Support:			
Annual campaign - undesignated	\$ 4,862,567	\$ 1,530,844	\$ 6,393,411
Contributions released from restriction	78,808	(78,808)	-
Total Undesignated Annual Campaign	4,941,375	1,452,036	6,393,411
Less: Provision for uncollectible pledges	(450,000)	-	(450,000)
Total Campaign Public Support	4,491,375	1,452,036	5,943,411
Grant revenue	-	3,321,379	3,321,379
Net assets released from restriction	5,323,922	(5,323,922)	-
Total Public Support	<u>9,815,297</u>	<u>(550,507)</u>	<u>9,264,790</u>
Revenue:			
Administrative fees on amounts raised on behalf of others	581,363	-	581,363
Miscellaneous revenue	752,485	-	752,485
Unemployment revenue	127,668	-	127,668
Total Revenue	<u>1,461,516</u>	<u>-</u>	<u>1,461,516</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>11,276,813</u>	<u>(550,507)</u>	<u>10,726,306</u>
EXPENSES			
Campaign operating costs	3,191,227	-	3,191,227
Program costs	7,555,583	-	7,555,583
TOTAL EXPENSES	<u>10,746,810</u>	<u>-</u>	<u>10,746,810</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>530,003</u>	<u>(550,507)</u>	<u>(20,504)</u>

(Continued on next page.)

UNITED WAY OF DELAWARE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Totals for 2019)

	Without Donor Restriction	With Donor Restriction	Totals
	2020	2019	2019
NONOPERATING ACTIVITIES			
Investment income	11,372	26,783	285,775
Total Nonoperating Activities	11,372	26,783	285,775
CHANGE IN NET ASSETS	541,375	(523,724)	27,697
NET ASSETS, BEGINNING OF YEAR	3,975,740	5,673,680	9,621,723
NET ASSETS, END OF YEAR	\$ 4,517,115	\$ 5,149,956	\$ 9,649,420

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

UNITED WAY OF DELAWARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Totals for 2019)

	Campaign Operating Costs				Total Campaign Operating Costs
	Fund Raising and Marketing	General and Administrative	Community Services	Processing Costs	
EXPENSES					
Salaries	\$ 761,720	\$ 458,120	\$ 372,477	\$ 197,478	\$ 1,789,795
Employee health and retirement benefits	69,614	65,576	65,515	56,003	256,708
Payroll taxes	52,854	34,975	27,643	13,836	129,308
Total Salaries and Related Expenses	<u>884,188</u>	<u>558,671</u>	<u>465,635</u>	<u>267,317</u>	<u>2,175,811</u>
Bank and credit card fees	264	17,340	-	41,310	58,914
Campaign expenses and publications	65,721	360	8,491	-	74,572
Depreciation	51,459	37,982	24,504	8,577	122,522
Distributions to agencies	-	-	-	-	-
Equipment rentals and repairs	-	59,556	1,829	22,950	84,335
Fundraising events	18,357	-	-	-	18,357
In-kind	-	-	-	-	-
Membership and subscriptions	4,505	21,494	-	-	25,999
Occupancy	92,797	64,461	13,829	6,585	177,672
Postage and shipping	1,604	1,146	43	1,982	4,775
Professional service and contract payments	106,440	122,777	21,620	48,555	299,392
Supplies	3,290	15,767	316	1,056	20,429
Technology charge	15,663	8,270	3,336	1,529	28,798
Telecommunications	-	16,309	-	16,309	32,618
Travel, training, and meetings	16,970	17,812	32,251	-	67,033
TOTAL EXPENSES	<u>\$ 1,261,258</u>	<u>\$ 941,945</u>	<u>\$ 571,854</u>	<u>\$ 416,170</u>	<u>\$ 3,191,227</u>

(Continued on next page.)

UNITED WAY OF DELAWARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Totals for 2019)

	Program Costs					Total Program Costs	Totals	
	Grade-Level Reading	College and Career Success	Financial Stability and Empowerment	Rapid Response COVID-19	Other Programs		2020	2019
EXPENSES								
Salaries	\$ 122,825	\$ 136,901	\$ 320,474	\$ -	\$ 62,500	\$ 642,700	\$ 2,432,495	\$ 2,332,419
Employee health and retirement benefits	6,308	6,394	13,868	-	4,657	31,227	287,935	278,404
Payroll taxes	7,424	9,116	22,728	-	4,781	44,049	173,357	166,071
Total Salaries and Related Expenses	136,557	152,411	357,070	-	71,938	717,976	2,893,787	2,776,894
Bank and credit card fees	-	-	-	-	-	-	58,914	40,850
Campaign expenses and publications	-	-	74,009	-	-	74,009	148,581	180,546
Depreciation	-	-	-	-	-	-	122,522	126,191
Distributions to agencies	276,092	925,078	621,792	1,335,925	315,437	3,474,324	3,474,324	2,231,820
Equipment rentals and repairs	-	-	-	-	-	-	84,335	82,805
Fundraising events	-	-	-	-	-	-	18,357	29,095
In-kind	-	-	682,000	-	-	682,000	682,000	379,532
Membership and subscriptions	-	-	-	-	121,993	121,993	147,992	148,478
Occupancy	-	-	-	-	-	-	177,672	210,222
Postage and shipping	-	-	-	-	-	-	4,775	5,469
Professional service and contract payments	254,031	143,256	1,610,528	-	93,851	2,101,666	2,401,058	2,982,751
Supplies	241,560	25,888	1,636	-	413	269,497	289,926	53,839
Technology charge	-	-	-	-	-	-	28,798	124,650
Telecommunications	-	-	-	-	-	-	32,618	31,382
Travel, training, and meetings	25,888	17,338	43,416	-	27,476	114,118	181,151	203,818
TOTAL EXPENSES	\$ 934,128	\$ 1,263,971	\$ 3,390,451	\$ 1,335,925	\$ 631,108	\$ 7,555,583	\$ 10,746,810	\$ 9,608,342

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

UNITED WAY OF DELAWARE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 17,651	\$ 27,697
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	122,522	126,191
Net unrealized and realized losses (gains) on investments	39,180	(181,258)
Increase in pledges receivable	(602,634)	(1,462,076)
Increase in allowance for pledges receivable	450,000	400,000
(Increase) Decrease in other assets	(135,663)	49,789
Increase (Decrease) in allocations payable to agencies	166,929	(820,939)
(Decrease) Increase in accounts payable and accrued expenses	(174,972)	57,956
NET CASH USED BY OPERATING ACTIVITIES	(116,987)	(1,802,640)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(64,839)	(38,054)
Purchase of investments	(629,975)	(262,172)
Proceeds from sales of investments	962,102	811,585
NET CASH PROVIDED BY INVESTING ACTIVITIES	267,288	511,359
NET CHANGE IN CASH AND CASH EQUIVALENTS	150,301	(1,291,281)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,583,058	3,874,339
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,733,359	\$ 2,583,058
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

UNITED WAY OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF THE ORGANIZATION

United Way of Delaware, Inc. ("the Organization") is dedicated to improving the quality of life in the State of Delaware by mobilizing society's capacity to care. A not-for-profit organization, the Organization is a unique partnership that involves donors ranging from staff, volunteers, social service agencies, businesses, government, other nonprofits, and concerned individuals to achieve results that matter and to make a lasting impact on the quality of life in its community.

The Organization engages in a fall fund raising campaign to raise funds for member agencies, as well as other 501(c)(3) agencies. The Organization focuses community attention on the most critical human needs in Delaware, as well as addressing both the symptoms and the root causes of Delaware's most plaguing issues.

The Organization is dependent upon contributions from corporate and individual donors to support its program services. The level of such contributions can be affected by economic and other conditions. In addition, the choice on the part of donors to designate their gifts to specific agencies can result in reduced funding available to fund programs. A decrease in undesignated contributions could adversely affect the Organization's ability to provide services and to allocate funds to its member agencies.

In addition to its fund raising efforts, the Organization coordinates and administers the public sector campaign for state government (SECC) and provides direct services to the community through the efforts of organized labor, including services and fund raising coordinated by the labor locals. The Organization also administers an unemployment insurance fund on behalf of several member agencies.

Delaware Helpline, Inc.'s by-laws and certificate of incorporation document that the Organization is its sole corporate member with a majority voting interest, thereby giving the Organization a controlling financial interest. In accordance with the section of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") related to consolidations of not-for-profit organizations, the financial statements of Delaware Helpline, Inc. must be consolidated with the financial statements of United Way of Delaware, Inc. The Organization has elected to omit the activity of Delaware Helpline, Inc. from this report.

Delaware Helpline, Inc. is a not-for-profit agency which provides a statewide, toll-free comprehensive information and referral service. It is dedicated to assisting people in need of human services by informing them of available public, private, and voluntary programs and providing assistance services to resolve those problems. It maintains a database on current health service information in Delaware.

UNITED WAY OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with the section of the FASB ASC related to financial statements of not-for-profit organizations. Under the FASB ASC, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. In addition, the Organization is required to present a statement of cash flows.

Contributions

Contributions received are recorded as with donor restriction or without donor restriction, depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

Amounts Raised on Behalf of Others

Donor organizations and individuals participating in such entities' United Way Campaigns may choose to designate all or part of their contributions to specific charitable organizations. These transactions are reported in the statement of activities as part of the total campaign effort and are then deducted as amounts raised on behalf of others to arrive at the public support revenue available to the Organization for use in supporting its programs. Amounts deducted are carried as liabilities until paid to the designated charitable organizations. Fund raising and processing (administrative) fees of up to 12½ percent of amounts designated are recorded as revenue upon collection and prior to remittance to the designated charities. The Organization honors all donor designations to 501(c)(3) and qualified 501(c)(4) agencies in the United States of America in good standing with the IRS. Amounts raised on behalf of others for each of the annual campaigns for the years ended June 30, 2020 and 2019 were \$6,214,384 and \$5,029,220, respectively.

The Organization reports campaign results which are transferred to a not-for-profit organization specified by the donor in accordance with the FASB ASC section regarding transfers of assets to a not-for-profit organization or charitable trust that raises or holds contributions for others.

UNITED WAY OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income.

Accounting principles generally accepted in the United States of America prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge.

Cash and Cash Equivalents

The Organization considers all short-term highly liquid investments with an original maturity of three months or less to be cash equivalents.

Pledges Receivable

Allowances for uncollectible pledges are reviewed and estimated by management annually. As of June 30 of each fiscal year, a final accounting is made of the prior year's campaign. Pledges receivable related to the prior campaign that have not been realized are determined to be uncollectible and are written off.

Building and Equipment

Building and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets. The Organization uses a capitalization threshold of \$1,000. Expenditures for maintenance, repairs, minor renewals, and betterments which do not improve or extend the useful life of the respective asset are expensed. The following is a schedule of the estimated useful lives:

Equipment, furniture, and fixtures	3 - 7 years
Building	40 years
Improvements	4 - 20 years

Investments

Investments are reported at fair value.

UNITED WAY OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Allocation of Functional Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities. Whenever possible, costs are directly assigned to the campaign operating costs and program functions using the direct identification method based on the nature of the expense. Accordingly, certain costs such as salaries and wages, payroll taxes, and employee benefits have been allocated among the functions utilizing the time study methodology. Depreciation expense has been allocated based on the historical usage pattern of the underlying assets.

Use of Estimates in the Preparation of Financial Statements

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Financial Statements

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

NOTE 3 PLEDGES RECEIVABLE

	<u>2020</u>	<u>2019</u>
Pledges receivable related to current campaign	\$ 4,744,084	\$ 4,998,055
Pledges receivable related to prior campaign	861,864	-
Pledges receivable - State Employee Combined Campaign	115,873	121,132
Allowance for uncollectible pledges	<u>(850,000)</u>	<u>(400,000)</u>
Total Pledges Receivable, Net	<u>\$ 4,871,821</u>	<u>\$ 4,719,187</u>

UNITED WAY OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 PLEDGES RECEIVABLE (cont'd)

For the year ended June 30, 2020, the Organization did not receive pledges from prior year campaigns that were previously written off. For the year ended June 30, 2019, this amount was \$265,520.

NOTE 4 INVESTMENTS

Investment portfolios consist of the following:

	<u>2020</u>	<u>2019</u>
Delaware Community Foundation Investment Pool	\$ 1,682,410	\$ 1,765,868
Mutual funds	66,104	-
Equities	1,486,919	1,608,967
Money market funds	226,894	26,901
Fixed income	<u>588,302</u>	<u>1,020,200</u>
	<u>\$ 4,050,629</u>	<u>\$ 4,421,936</u>

Investment income consists of the following:

	<u>2020</u>	<u>2019</u>
Dividends and interest, net of fees	\$ 77,335	\$ 104,517
Net unrealized and realized (losses) gains	<u>(39,180)</u>	<u>181,258</u>
	<u>\$ 38,155</u>	<u>\$ 285,775</u>

NOTE 5 BUILDING AND EQUIPMENT

Building and equipment consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 3,561,782	\$ 3,548,917
Equipment, furniture, and fixtures	772,740	720,766
	<u>4,334,522</u>	<u>4,269,683</u>
Less: Accumulated depreciation	<u>(3,455,975)</u>	<u>(3,333,453)</u>
	<u>\$ 878,547</u>	<u>\$ 936,230</u>

UNITED WAY OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 RETIREMENT PLAN

Effective July 1, 2010, the Organization instituted a 403(b) defined contribution pension plan available to all employees. The plan provides for voluntary contributions by employees that are matched by the Organization at fifty cents on the dollar up to six percent of base salary. In addition, the plan allows the Organization to make a discretionary contribution annually at the end of the plan year. Such contribution is calculated as a percent of the employee's annual base salary earned during the plan period July 1 - June 30. The Organization made contributions to the plan of \$114,360 and \$104,952 for the years ended June 30, 2020 and 2019, respectively. Employee contributions to the plan immediately vest to the employee. Employer contributions to the plan vest to the employee over a six-year period.

NOTE 7 DONATED SERVICES AND MATERIALS

Contributed services are not recognized as revenue unless the services received create or enhance the value of a nonfinancial asset, or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased and not donated. The State of Delaware paid agencies, coaches, and consultants on behalf of the Organization as a part of the Stand by Me program valued at \$682,000 and \$379,532 for the years ended June 30, 2020 and 2019, respectively.

NOTE 8 UNEMPLOYMENT INSURANCE

The Organization administers an unemployment insurance fund on behalf of several of its member agencies. The agencies make contributions to the fund and, in turn, unemployment expenses are paid by the fund. For the years ended June 30, 2020 and 2019, contributions to the unemployment fund totaled \$127,668 and \$14,543, respectively. Claims and advisory fees for the years ended June 30, 2020 and 2019 totaled \$88,495 and \$121,705, respectively.

NOTE 9 BOARD-DESIGNATED NET ASSETS

As of June 30, 2020 and 2019, a portion of net assets without donor restriction has been designated by the Board of Directors for the following purposes:

	<u>2020</u>	<u>2019</u>
Building and equipment, net (see Note 5)	\$ 878,547	\$ 936,230
Endowment (See Note 10)	1,682,410	1,765,867
Other Board-designated	<u>669,679</u>	<u>669,679</u>
	<u>\$ 3,230,636</u>	<u>\$ 3,371,776</u>

UNITED WAY OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 BOARD-DESIGNATED ENDOWMENT FUND

The Board of Directors established a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restriction.

The administration of the endowment fund is overseen by the Delaware Community Foundation as approved by the Finance Committee.

Spending Policy

In order to meet the intended purpose of the endowment fund to fund community needs over time, an amount equal to five percent of the average balance of the last four quarters of the endowment fund shall be withdrawn in the first quarter of each calendar year. For this calculation, the endowment fund balance will be measured at the end of March, June, September, and December.

Strategy Employed for Achieving Objectives

Per the Organization's investment policy, the assets of the endowment fund shall be invested in a manner intended to maximize the total return of the fund over the long term. The assets shall be broadly diversified, with the assets divided among asset classes within the following ranges:

Equities	40% - 75%
Fixed income	20% - 50%
Cash equivalents	0% - 20%

Non-U.S. investments can comprise up to 25 percent of the total assets of the endowment fund.

The Investment Committee is charged with the responsibility of reviewing the endowment fund on an annual basis. This includes asset allocation, fund selection, investment performance, and adherence to policy limits.

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 1,765,867	\$ 1,792,876
Investment income	35,433	33,852
Net (depreciation) appreciation	(9,383)	42,099
Amount appropriated for expense	(20,341)	(14,380)
Distributions	<u>(89,166)</u>	<u>(88,580)</u>
Endowment net assets, end of year	<u>\$ 1,682,410</u>	<u>\$ 1,765,867</u>

UNITED WAY OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 11 NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are restricted for the following purposes as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Time restrictions	\$ 12,050	\$ 2,900
Purpose restrictions	<u>5,137,906</u>	<u>5,670,780</u>
	<u>\$ 5,149,956</u>	<u>\$ 5,673,680</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrences of other events specified by donors as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Passage of time restrictions	<u>\$ 78,808</u>	<u>\$ 395,389</u>
Program restrictions	<u>\$ 5,323,922</u>	<u>\$ 4,129,443</u>

NOTE 12 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in two commercial banks located in Wilmington, Delaware which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. In addition, the Organization invests in repurchase agreements which are collateralized by investments in securities which are direct obligations of, or fully guaranteed as to principal and interest by, the U.S. government or an agency thereof. The Organization has not experienced any losses in such accounts.

NOTE 13 FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position.

In accordance with the FASB ASC section regarding fair value measurements, a fair value hierarchy is established that prioritizes the inputs to valuation techniques used to measure fair value. This 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 is based on observable market factors not included in Level 1, and Level 3 is based on unobservable inputs such as those that are internally developed. The Organization uses

UNITED WAY OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 FAIR VALUE MEASUREMENTS (cont'd)

appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Fair values of assets measured on a recurring basis at June 30, 2020 and 2019 are as follows:

<u>June 30, 2020</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Fixed income	\$ 588,302	\$ 588,302	\$ -
Equities	1,486,919	1,486,919	-
Money market funds	226,894	226,894	-
Mutual funds	66,104	66,104	-
Delaware Community Foundation Investment Pool	<u>1,682,410</u>	<u>-</u>	<u>1,682,410</u>
Total	<u>\$ 4,050,629</u>	<u>\$ 2,368,219</u>	<u>\$ 1,682,410</u>
<u>June 30, 2019</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Fixed income	\$ 1,020,200	\$ 1,020,200	\$ -
Equities	1,608,968	1,608,968	-
Money market funds	26,901	26,901	-
Delaware Community Foundation Investment Pool	<u>1,765,867</u>	<u>-</u>	<u>1,765,867</u>
Total	<u>\$ 4,421,936</u>	<u>\$ 2,656,069</u>	<u>\$ 1,765,867</u>

Level 2 Fair Value Measurements

The fair value of the investments with the Delaware Community Foundation are determined based on observable market factors not included in Level 1, such as quoted market prices for similar assets or liabilities in an active or non-active market. The Organization's portion of the investment pool is valued by the Delaware Community Foundation on a monthly basis. The investments in the pool are actively traded and valued using quoted market prices. However, since the investments are pooled funds, they are designated as Level 2 investments.

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets consist of cash and cash equivalents, pledge receivables, and investments.

UNITED WAY OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 14 LIQUIDITY AND AVAILABILITY OF RESOURCES (cont'd)

The following reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside by the Board that could be drawn upon if the governing board decides to approve such action.

	<u>2020</u>	<u>2019</u>
Financial assets, at year end	\$11,655,809	\$11,724,181
Less unavailable for general expenses within one year due to:		
Purpose restrictions	5,137,906	5,670,780
Time restrictions	12,050	2,900
Board designations	<u>2,352,089</u>	<u>2,435,546</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 4,153,764</u>	<u>\$ 3,614,955</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 15 COMMITMENTS AND CONTINGENCIES

On April 21, 2020, the Organization was granted a loan ("the Loan") from Wilmington Savings Fund Society, FSB in the aggregate amount of \$518,500, pursuant to the Paycheck Protection Program ("the PPP") under Division A, Title I of the CARES Act, which was enacted on March 27, 2020.

The Loan, which was in the form of a Note dated April 21, 2020 issued by the Organization, matures on May 15, 2022 and bears interest at a rate of 1.00 percent per annum, payable monthly commencing on November 15, 2020. The Note may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities, and interest on other debt obligations. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

The Organization used the entire Loan amount for qualifying expenses and has converted the Loan to a contribution as of June 30, 2020. The Organization must repay any amount that the Small Business Administration does not forgive.

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NOTES TO FINANCIAL STATEMENTS

NOTE 16 UNCERTAINTIES

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen that may negatively impact the Organization's income in fiscal year 2021. Other financial impact could occur though such potential impact is unknown at this time.

NOTE 17 SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through November 10, 2020, the date the financial statements were available to be issued.