

**United
Way**



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**United Way
of Central New Mexico**

FINANCIAL STATEMENTS

JUNE 30, 2020 and 2019

INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Central New Mexico

We have audited the accompanying financial statements of United Way of Central New Mexico (UWCNM) (a non-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 UWCNM'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 UWCNM'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 UWCNM as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PULAKOS CPAs, PC

October 28, 2020

Pulakos CPAs, PC

United Way of Central New Mexico
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets		
Cash	\$ 1,114,862	\$ 1,161,750
Certificates-of-deposit	95,473	298,930
Investment held with Albuquerque Community Foundation	2,210,526	2,304,778
Pledges receivable, net of noncurrent portion and allowance for uncollectible pledges of \$591,158 and \$354,359 as of June 30, 2020 and 2019, respectively	6,121,994	5,449,718
Non-campaign receivable, amounts processed on behalf of others, net of allowance for uncollectible pledges of \$29,127 as of June 30, 2020 and 2019	149,361	191,660
Other receivables	129,956	136,712
Prepaid expenses and other current assets	164,352	139,265
Total current assets	9,986,524	9,682,813
Pledge - operating facility	-	1,800,000
Pledges receivable, long-term, net	135,000	-
Property and equipment, net	131,684	125,079
Planned giving assets	1,570,631	1,509,322
Other assets	278,575	305,454
Total assets	\$ 12,102,414	\$ 13,422,668
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 537,229	\$ 580,520
Refundable advance - Paycheck Protection Program	621,232	-
Donor options payable	2,114,965	2,994,504
Non-campaign payable, amounts processed on behalf of others	272,313	225,784
Total current liabilities	3,545,739	3,800,808
Planned giving liability	291,720	305,424
Total liabilities	3,837,459	4,106,232
Net assets		
Without donor restrictions	1,970,762	2,807,368
With donor restrictions	6,294,193	6,509,068
Total net assets	8,264,955	9,316,436
Total liabilities and net assets	\$ 12,102,414	\$ 13,422,668

See Notes to Financial Statements and Independent Auditors' Report.

United Way of Central New Mexico

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Campaign results			
2018 campaign	\$ -	\$ 266,005	\$ 266,005
2019 campaign	-	15,574,765	15,574,765
2020 campaign	-	1,841,972	1,841,972
2021 and future campaigns	-	211,351	211,351
Total campaign	-	17,894,093	17,894,093
Estimated uncollectible pledges	-	(697,041)	(697,041)
Net campaign	-	17,197,052	17,197,052
Donor option amounts (designations)	-	(8,926,881)	(8,926,881)
Campaign contributions released from restriction	8,740,040	(8,740,040)	-
Total campaign revenue after release	8,740,040	(469,869)	8,270,171
Other revenues and support			
In-kind contributions	1,028,931	-	1,028,931
Programmatic and grant revenue	85,213	681,280	766,493
Interest	598	-	598
(Loss)/contribution on planned gifts	(41,809)	38,650	(3,159)
Other revenue released from restriction	464,936	(464,936)	-
Total revenues	10,277,909	(214,875)	10,063,034
Support service expenses			
Fundraising	1,781,445	-	1,781,445
Management	1,115,784	-	1,115,784
Total support service expenses	2,897,229	-	2,897,229
Program			
Grants and distributions			
Education, health, and financial stability	1,889,109	-	1,889,109
Community impact projects	133,948	-	133,948
Basic Needs	545,149	-	545,149
Other	588,611	-	588,611
Mission: Graduate	702,316	-	702,316
Center for Non-Profit Excellence	212,451	-	212,451
Other initiatives	487,843	-	487,843
Program services	781,614	-	781,614
Total program expenses	5,341,041	-	5,341,041
Other expenses			
In-kind expenses	1,028,931	-	1,028,931
Co-branding and event sponsorships	47,314	-	47,314
Reversion of pledge - operating facility	1,800,000	-	1,800,000
Total other expenses	2,876,245	-	2,876,245
Total distributions and expenses	11,114,515	-	11,114,515
Change in net assets	(836,606)	(214,875)	(1,051,481)
Net assets, beginning of year	2,807,368	6,509,068	9,316,436
Net assets, end of year	<u>\$ 1,970,762</u>	<u>\$ 6,294,193</u>	<u>\$ 8,264,955</u>

United Way of Central New Mexico

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restriction	Total
Campaign results			
2017 campaign	\$ -	\$ 450,154	\$ 450,154
2018 campaign	-	13,978,518	13,978,518
2019 campaign	-	1,388,960	1,388,960
2020 campaign	-	253,347	253,347
2022 campaign	-	45,931	45,931
Total campaign	-	16,116,910	16,116,910
Estimated uncollectible pledges	-	(479,082)	(479,082)
Net campaign	-	15,637,828	15,637,828
Donor option amounts (designations)	-	(9,129,709)	(9,129,709)
Campaign contributions released from restriction	6,630,262	(6,630,262)	-
Total campaign revenue after release	6,630,262	(122,143)	6,508,119
Other revenues and support			
In-kind contributions	1,128,736	-	1,128,736
Programmatic and grant revenue	718,495	138,955	857,450
Interest	4,960	-	4,960
Contribution/gain on planned gifts	229,267	51,964	281,231
Other revenue released from restriction	207,186	(207,186)	-
Total revenues	8,918,906	(138,410)	8,780,496
Support service expenses			
Fundraising	1,570,746	-	1,570,746
Management	1,175,418	-	1,175,418
Total support service expenses	2,746,164	-	2,746,164
Program			
Grants and distributions			
Education, health, and financial stability	1,923,930	-	1,923,930
Community impact projects	684,505	-	684,505
Basic Needs	395,854	-	395,854
Other	155,945	-	155,945
Mission: Graduate	661,226	-	661,226
Center for Non-Profit Excellence	255,406	-	255,406
Other initiatives	383,648	-	383,648
Program services	716,755	-	716,755
Total program expenses	5,177,269	-	5,177,269
Other expenses			
In-kind expenses	1,128,736	-	1,128,736
Co-branding and event sponsorships	75,228	-	75,228
Total other expenses	1,203,964	-	1,203,964
Total distributions and expenses	9,127,397	-	9,127,397
Change in net assets	(208,491)	(138,410)	(346,901)
Net assets, beginning of year	3,015,859	6,647,478	9,663,337
Net assets, end of year	\$ 2,807,368	\$ 6,509,068	\$ 9,316,436

United Way of Central New Mexico

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2020 and 2019

	2020	2019
Operating activities		
Change in net assets	\$ (1,051,481)	\$ (346,901)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Net realized and unrealized gain on investments	(26,333)	(174,242)
Depreciation	49,158	61,900
Reversion of pledge - operating facility	1,800,000	3,329
Provision for uncollectible pledges	620,285	374,198
Net change in planned gift activity	(52,156)	(76,668)
Changes in operating assets and liabilities		
Receivables	421,494	205,150
Other assets	(25,087)	67
Pledge - operating facility	(1,800,000)	-
Accounts payable and accrued expenses	(43,291)	92,679
Refundable advance - Paycheck Protection Program	621,232	-
Donor option payables	(833,010)	(463,404)
	(319,189)	(323,892)
Net cash used by operating activities		
Investing activities		
Purchase of property and equipment	(55,763)	(12,059)
Redemption of certificates-of-deposit	201,777	112,647
Proceeds from sale of investments	126,287	97,581
	272,301	198,169
Net cash provided by investing activities		
Change in cash	(46,888)	(125,723)
Cash, beginning of year	1,161,750	1,287,473
Cash, end of year	\$ 1,114,862	\$ 1,161,750

United Way of Central New Mexico
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	<u>Program</u>					<u>Fundraising</u>	<u>Management</u>	<u>Total</u>	
	<u>Grants and Distributions</u>	<u>Mission: Graduate</u>	<u>Center for Non-Profit Excellence</u>	<u>Other Initiatives</u>	<u>Program Services</u>				<u>Total Program</u>
Grants and distributions									
Education, health, and financial stability	\$ 1,822,065	\$ 16,794	\$ -	\$ 50,250	\$ -	\$ 1,889,109	\$ -	\$ -	\$ 1,889,109
Community impact projects	133,948	-	-	-	-	133,948	-	-	133,948
Basic needs	545,149	-	-	-	-	545,149	-	-	545,149
Other	538,611	50,000	-	-	-	588,611	-	-	588,611
Total grants and distributions	3,039,773	66,794	-	50,250	-	3,156,817	-	-	3,156,817
Operating expenses									
Bank service charges	-	-	-	-	13,884	13,884	12,495	1,388	27,767
Credit card charges	-	-	-	-	18,967	18,967	17,070	1,897	37,934
D&O and dishonesty insurance	-	-	-	-	12,520	12,520	11,268	1,252	25,040
Depreciation	-	5,147	2,176	-	5,230	12,553	29,807	6,798	49,158
Dues and subscriptions	-	9,382	920	250	10,815	21,367	9,733	5,581	36,681
Equipment rental	-	4,940	-	2,368	7,143	14,451	6,429	714	21,594
Occupancy	-	19,563	2,137	-	74,067	95,767	66,661	7,407	169,835
Office supplies	-	1,697	301	19,619	3,723	25,340	3,464	372	29,176
Payroll taxes and fringe benefits	-	48,881	27,917	60,330	59,938	197,066	240,947	208,801	646,814
Postage	-	-	135	68	6,314	6,517	5,683	631	12,831
Printing and marketing	-	23,445	800	9,112	17,756	51,113	16,629	1,776	69,518
Professional fees	-	226,701	31,072	111,582	131,949	501,304	188,287	33,484	723,075
Salaries and temporary labor	-	372,156	119,701	252,696	267,669	1,012,222	1,036,497	830,395	2,879,114
Telephone	-	955	49	8,268	23,997	33,269	21,597	2,400	57,266
Travel/meals	-	7,335	1,708	14,008	30,356	53,407	27,320	3,159	83,886
United Way Worldwide dues	-	-	-	-	86,226	86,226	77,604	8,623	172,453
Miscellaneous	-	(18,756)	25,535	9,542	5,913	22,234	5,322	591	28,147
Volunteer/staff recognition	-	870	-	-	5,147	6,017	4,632	515	11,164
Total operating expenses	-	702,316	212,451	487,843	781,614	2,184,224	1,781,445	1,115,784	5,081,453
Total functional expenses	\$ 3,039,773	\$ 769,110	\$ 212,451	\$ 538,093	\$ 781,614	\$ 5,341,041	\$ 1,781,445	\$ 1,115,784	\$ 8,238,270

United Way of Central New Mexico

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program					Total Program	Fundraising	Management	Total
	Grants and Distributions	Mission: Graduate	Center for Non-Profit Excellence	Other Initiatives	Program Services				
Grants and distributions									
Education, health, and financial stability	\$ 1,923,930	\$ -	\$ -	\$ -	\$ -	\$ 1,923,930	\$ -	\$ -	\$ 1,923,930
Community impact projects	684,505	-	-	-	-	684,505	-	-	684,505
Basic needs	395,854	-	-	-	-	395,854	-	-	395,854
Other	120,145	35,800	-	-	-	155,945	-	-	155,945
Total grants and distributions	3,124,434	35,800	-	-	-	3,160,234	-	-	3,160,234
Operating expenses									
Bank service charges	-	-	-	-	14,379	14,379	12,941	1,438	28,758
Credit card charges	-	-	-	-	15,340	15,340	13,806	1,534	30,680
D&O and dishonesty insurance	-	-	-	-	11,097	11,097	9,987	1,110	22,194
Depreciation	-	5,450	2,176	-	10,563	18,189	36,026	7,685	61,900
Dues and subscriptions	-	8,622	1,503	500	7,267	17,892	6,541	727	25,160
Equipment rental	-	4,926	492	1,223	6,591	13,232	5,932	659	19,823
Events	-	32,378	193	806	40	33,417	36	4	33,457
Occupancy	-	19,053	12,086	-	75,008	106,147	67,507	7,501	181,155
Office supplies	-	3,936	668	13,805	11,776	30,185	10,598	1,178	41,961
Payroll taxes and fringe benefits	-	62,141	45,418	33,897	53,908	195,364	216,299	241,052	652,715
Postage	-	39	359	36	7,684	8,118	9,043	2,951	20,112
Printing and marketing	-	16,620	915	2,212	26,411	46,158	23,770	2,641	72,569
Professional fees	-	56,525	19,027	103,781	116,043	295,376	138,418	11,604	445,398
Salaries and temporary labor	-	431,553	170,454	190,548	199,670	992,225	874,966	879,236	2,746,427
Telephone	-	1,259	86	11,357	16,077	28,779	14,469	1,608	44,856
Travel/meals	-	13,877	1,809	14,723	30,811	61,220	27,730	3,081	92,031
United Way Worldwide dues	-	-	-	-	93,516	93,516	84,164	9,352	187,032
Miscellaneous	-	4,823	220	7,318	6,272	18,633	5,641	627	24,901
Volunteer/staff recognition	-	24	-	3,442	14,302	17,768	12,872	1,430	32,070
Total operating expenses	-	661,226	255,406	383,648	716,755	2,017,035	1,570,746	1,175,418	4,763,199
Total functional expenses	\$ 3,124,434	\$ 697,026	\$ 255,406	\$ 383,648	\$ 716,755	\$ 5,177,269	\$ 1,570,746	\$ 1,175,418	\$ 7,923,433

See Notes to Financial Statements and Independent Auditors' Report.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 – ORGANIZATION AND ADMINISTERED PROGRAMS

Organization

United Way of Central New Mexico (UWCNM) serves the people of four New Mexico counties: Bernalillo, Sandoval, Torrance and Valencia. Its mission is to bring people and resources together to measurably improve lives and strengthen our communities. UWCNM brings together donors, businesses, nonprofits, government and others to create better solutions to our community's challenges. Our programs and donor dollars ensure that individuals and families in Central New Mexico have the opportunity to achieve potential through education, that they are healthy and safe, are financially stable and live life with dignity.

Administered Programs

UWCNM administers the following programs:

Community Impact Fund

The Community Impact Fund improves our community by providing program grants to qualifying health and human services agencies in Central New Mexico. The Community Fund advances the common good and works to create a stronger community. We provide grants in three areas:

- 1) **Impact Grants** that focus on education/youth development and family stability.
- 2) **Basic Needs Grants** support emergent needs, such as food and emergency shelter.
- 3) **Capacity Building Grants** improve a nonprofit's ability to fulfill its mission.

UWCNM invests in EDUCATIONAL programs to create Central New Mexico communities where all children are born healthy and develop on track and are fully prepared to enter the educational system; where all students progress successfully through elementary school, middle school, and graduate high school within 5 years, ready for school, life or work; and where all individuals have an opportunity to attain post-secondary education, from trade schools to 4-year universities.

UWCNM invests in FAMILY STABILITY to create Central New Mexican communities where all individuals and families have adequate and sustainable resources to support their needs; and have the skills, knowledge, and relationships they need to build resiliency.

UWCNM invests in BASIC NEEDS programs to create Central New Mexican communities where vulnerable populations are safe, socially engaged, and live with dignity.

UWCNM invests in CAPACITY BUILDING GRANTS which are smaller grants awarded to organizations to support their ability to fulfill their missions more effectively.

Community Impact Fund expenses are presented under the Impact Grants, Basic Needs Grants, and Capacity Building Grants headings in the statements of activities.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 – ORGANIZATION AND ADMINISTERED PROGRAMS – CONTINUED

Administered Programs – Continued

Mission: Graduate

Mission: Graduate is a cradle-to-career community initiative that has the goal of adding 60,000 certificates and degrees to our region above and beyond what existed in our baseline year of 2010. This multi-sector partnership is committed to a vision for a world-class, seamless, and coordinated education system that provides equitable opportunities for all to excel and succeed in school; graduate with a certificate or postsecondary degree; and enter a career of their choosing in Central New Mexico.

Mission: Families

Mission: Families is a part of UWCNM's Cradle to Career Impact Agenda and was established in 2018 in response to Mission: Graduate's work, the educational component of UWCNM's Impact Agenda. Mission: Families focuses on family stability, and the vision is resilient children and families free from Adverse Childhood Experiences in Central New Mexico. The goal is to impact 20,000 families by the year 2030 in Central New Mexico.

Center for Nonprofit Excellence

The Center for Nonprofit Excellence (CNPE) strengthens the capabilities and capacity of New Mexico nonprofits so they can more effectively achieve their missions. CNPE does this by providing organizational and professional development resources to nonprofit professionals and volunteers through the CNPE Education Program and website (www.cnpenm.org). In FY19-20, CNPE provided 15 nonprofit professional development trainings and 7 information sessions to 435 individuals, reaching 162 organizations in 17 communities around New Mexico. We also continued to provide matchmaking and communication services to nonprofits throughout the state; CNPE currently has 2,614 Facebook followers, 2,148 followers on Twitter, and 5,957 recipients of our CNPE newsletter. Beginning July 1, 2020, CNPE is no longer a program of UWCNM, but transition funding will carry into fiscal year 20-21.

Tax Help New Mexico

Tax Help New Mexico provides free tax preparation to New Mexico households with an annual household income of less than \$56,000. Volunteers served 11,273 clients last filing season, which also corresponded with the state's shutdown due to the COVID-19 pandemic. Tax Help NM saved New Mexico filers more than \$3.6 million in tax preparation fees and was responsible for returning over \$16 million in tax refunds to local economies. Tax Help New Mexico expenses are presented under the Other Initiatives heading in the statements of activities.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 – ORGANIZATION AND ADMINISTERED PROGRAMS – CONTINUED

Administered Programs – Continued

2-1-1

2-1-1 is the national abbreviated dialing code for free access to health and human services information and referral. United Way of Central New Mexico's 2-1-1 is a comprehensive source for information about health and human services, government agencies, and community-based organizations. UWCNM's 2-1-1 service, which includes our phone service and webpage experienced more than 26,000 contacts in 2020; this year, call volume dramatically increased in the context of COVID because so many community members are suffering food insecurity, loss of income and housing instability and need extra support. 2-1-1 (or 245-1735) is staffed by live agents between 8:30 a.m. and 4:30 p.m. MT Monday through Friday; an automated system fields calls after hours and on weekends and holidays. Callers whose needs are not met by the automated system can leave voicemail messages which are responded to the next business day. 2-1-1 expenses are presented under the Other Initiatives heading in the statements of activities.

Donor Group Initiatives

UWCNM also administers other initiatives through Hispano Philanthropic Society, Young Leaders Society, Women United, and Guys Give. Donor Group members have identified women's self-sufficiency, middle-school youth, youth transitioning to adulthood, and preventing family violence as areas for giving. Donor Group Grant Initiatives are gifts to the Community Impact Fund. Donor Group Initiatives expenses are presented under the Co-branding and Event Sponsorships heading in the statements of activities.

Donor Option Program

Donors have the option to designate contributions to any organization that is tax-exempt under Internal Revenue Code Section 501(c)(3). UWCNM remits collected contributions on a monthly basis to the designated organizations. Donor option program expenses are presented under the Program Services heading in the statements of activities.

Family Advocacy Center

UWCNM helped establish the Family Advocacy Center (FAC) in 2007 to change the system of care for victims of domestic and interpersonal violence. The FAC is a "one-stop" shop for victims that offers a safe, secure and caring environment focused on the needs of victims of interpersonal crime. The FAC houses many different agencies working together under one roof. The unique design of the facility dramatically reduces the stress and trauma often placed on victims and their families through giving them access to a wide range of support services at one location. Services include medical care, advocacy, legal and financial assistance, as well as law enforcement and prosecution. Many of the agencies that housed at or work with the FAC apply for and receive Community Fund Impact Grants. In order to keep clients and staff members safe during the COVID-19 pandemic and in accordance with New Mexico state guidelines, services are currently offered on an appointment basis. FAC expenses are presented under the Other Initiatives heading in the statements of activities.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of UWCNM have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which require UWCNM to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of UWCNM. These net assets may be used at the discretion of UWCNM's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UWCNM or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Campaign Year

UWCNM's campaign year traverses two fiscal years and three calendar years. The 2019 campaign, which is the bulk of activity for the 2020 fiscal year, began in October 2019 and will not be completely processed through the financial statements until June 2021. As a result, multiple campaign years are presented in the financial statements during any given fiscal year.

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 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.

Expense Allocation

The cost of providing the various programs and all other activities has been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions and Revenue Recognition

All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Pledges for contributions for a campaign year are recorded as assets and restricted revenue when the pledges are received. Allocations to funded agencies are recognized as expenses in the period such allocations are made, generally the following year. Allocations are generally paid on a monthly installment basis throughout the year.

Pledges for which the donor stipulates the agency to receive the donation (Donor Option Program) are recorded as assets (Donor options receivable) and liabilities (Donor options payable) when the pledges are received. They are included in campaign results, but are not considered revenue of UWCNM, and are reflected as donor option amounts (designations) in the accompanying financial statements.

The provision for uncollectible pledges is computed based upon a three-year historical average adjusted by management estimates of current economic factors. It is applied to the gross campaign including donor option pledges.

Contributed Services

Approximately 1,157 volunteers have donated over 54,000 hours of their time in the furtherance of UWCNM's activities. The value of this contributed time is not reflected in these statements because it does not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Donated Services

Contributed services are recognized if the services received create or enhance non-financial assets, require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services are recorded at the fair value of the services received as determined by the donor. For the years ended June 30, 2020 and 2019, UWCNM received and recognized \$1,028,931 and \$1,128,736, respectively, of donated services. The recognized donated services included advertising and other professional services related to the programs, fundraising, and management and general operations of UWCNM.

Property and Equipment

Property and equipment is recorded at cost or estimated fair value at date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. UWCNM capitalizes items over \$1,000 over the estimated useful life of the assets, which ranges from 3 to 30 years.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

UWCNM is a nonprofit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

UWCNM has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Management believes that all activities of UWCNM are within their tax-exempt purpose, and that there are no uncertain tax positions. Any interest and penalties recognized associated with a tax position are classified as current in UWCNM's financial statements. There were no interest or penalties recorded as of June 30, 2020 and 2019.

Planned Giving

UWCNM has been named as a trustee or owner in several planned giving agreements. Some of the agreements stipulate UWCNM as the beneficiary of the agreement while others require UWCNM to distribute the trust assets or life insurance death benefits upon the death of the donor, and therefore, UWCNM has recorded a liability equal to the fair market value of these assets. The fair market value of these trust liabilities was \$291,720 and \$305,424 as of June 30, 2020 and 2019, respectively. UWCNM has a Planned Giving Committee which provides planned giving opportunities to donors and establishes and executes planned giving initiatives. They also establish and execute gift acceptance policies. Policy decisions made by this committee are moved to the finance committee for further approval before moving to the Board of Directors for final approval.

Financial Instruments

The carrying amounts of cash, certificates-of-deposit, receivables, payables, and accrued expenses approximate fair value due to the short maturity periods of these instruments.

Fair Value Measurements

Accounting Standards Codification Topic 820 establishes 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 prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical investments that UWCNM has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, inputs other than observable quoted prices, or inputs derived principally from or corroborated by observable market data by correlation or other means.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements – Continued

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

The asset's 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.

Subsequent Events

UWCNM has evaluated all events occurring subsequent to June 30, 2020 and through October 28, 2020, which is the date that the financial statements were issued and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 1,114,862	\$ 1,161,750
Certificates-of-deposit	95,473	298,930
Investment held with ACF	2,210,526	2,304,778
Campaign pledges receivable, net	6,256,994	5,449,718
Non-campaign and other receivables, net	<u>279,317</u>	<u>328,372</u>
Total financial assets	9,957,172	9,543,548
Financial assets not available for use within one year:		
Donor designated campaign receivables, net	2,123,555	2,747,017
Non-campaign receivables, net	149,361	191,660
Campaign pledges receivable, long-term	135,000	-
Net assets with donor restrictions subject to purpose restrictions	<u>1,622,472</u>	<u>1,361,670</u>
Total financial assets not available for use within one year	<u>4,030,388</u>	<u>4,300,347</u>
Financial assets available to meet cash needs for general expenditure within one year from June 30, 2020 and 2019	<u>\$ 5,926,784</u>	<u>\$ 5,243,201</u>

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – CONTINUED

UWCNM manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to meet operational needs as well as impact grant obligations. UWCNM's general goal is to maintain a level of liquid financial assets and net receivables sufficient to cover 6 months' worth of operating expenses and impact grants. As part of the liquidity plan, UWCNM is continuously evaluating the amount of cash on hand and expected to be collected within 180 days, against current financial obligations.

NOTE 4 – PROPERTY AND EQUIPMENT

	<u>2020</u>	<u>2019</u>
Equipment	\$ 510,623	\$ 457,716
Leasehold improvements	395,073	395,073
Furniture and fixtures	<u>275,487</u>	<u>272,520</u>
	1,181,183	1,125,309
Less accumulated depreciation	<u>(1,049,499)</u>	<u>(1,000,230)</u>
	<u>\$ 131,684</u>	<u>\$ 125,079</u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

UWCNM restricts net assets based upon time and initiative restrictions. Net assets with donor restrictions as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Impact Area Restrictions	\$ 955,237	\$ 969,749
Women United/Young Leaders/ Hispano Philanthropic Society/Mission Graduate Family Advocacy Center	549,923	280,417
	117,312	111,504
Subject to the passage of time:		
Pledges receivable, non-donor option, net	3,998,439	2,702,701
Planned gift insurance policies	673,282	644,697
Pledge of current operating facility	<u>-</u>	<u>1,800,000</u>
	<u>\$ 6,294,193</u>	<u>\$ 6,509,068</u>

Releases of net assets with donor restrictions consist generally of collections of pledges, and expenditures of funds in accordance with donor stipulations.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 6 – PLEDGE OF BUILDING

In 2016, UWCNM entered into an irrevocable gift agreement with donors which provided for conveyance of ownership to UWCNM of the building that houses UWCNM's leased operating facilities. This conveyance was to take place at the earlier of the end of a defined option period or the death of both donors. As a result, UWCNM recorded a long-term pledge receivable for the fair market value of the building on the date of the agreement. The balance of this pledge receivable was \$1,800,000 on June 30, 2019. In 2020, UWCNM agreed to terminate the irrevocable gift agreement. Accordingly, UWCNM has removed the value of the pledged building as of June 30, 2020.

In return for agreeing to terminate the gift agreement, the original donor made a pledge of \$1,000,000, of which \$865,000 is to be paid in 2021, and the remaining \$135,000 is to be paid over a ten-year period. The removal of the original pledge and the addition of the new pledge results in a net decrease in net assets of \$800,000.

As of the date of both UWCNM agreeing to terminate the gift agreement and UWCNM accepting the \$1,000,000 pledge in its place, UWCNM's Board Chair was a donor of the building and the \$1,000,000 pledge. The Board Chair recused herself of all actions taken by the UWCNM Board of Directors on these matters.

NOTE 7 – PAYCHECK PROTECTION PROGRAM (PPP)

On May 1, 2020, UWCNM entered into a Loan Agreement and Promissory Note (SBA Loan) pursuant to the Paycheck Protection Program (PPP) under the recently enacted Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") administered by the U.S. Small Business Administration. UWCNM received total loan proceeds of \$621,232. The loan is scheduled to mature on May 1, 2022, carry a 1.00% interest rate, and is subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration under the CARES Act. The loan may be prepaid by UWCNM at any time prior to maturity with no prepayment penalties. The loan contains customary events of default relating to, among other things, payment defaults and breaches of representations and warranties.

Subject to certain conditions, the loan may be forgiven in whole or in part by applying for forgiveness pursuant to the CARES Act and the PPP. The amount of loan proceeds eligible for forgiveness is determined on a formula based on a number of factors, including the amount of loan proceeds used during the 24-week forgiveness period after the loan origination for certain purposes, including payroll costs, interest on certain mortgage obligations, rent payments on certain leases, and certain qualified utility payments, provided that, among other matters, a least 60% of the loan amount is used for eligible payroll costs, the maintenance or rehiring of employees, and maintaining salaries at certain levels. In accordance with the requirements of the CARES Act and the PPP, UWCNM intends to use the proceeds from the loan primarily for payroll costs.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 7 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN – CONTINUED

UWCNM has elected to account for this transaction as a conditional contribution, pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, Financial Statements for Not-For-Profit Organizations – Revenue Recognition. Accordingly, UWCNM asserts that loan forgiveness pursuant to the CARES Act and the PPP constitute the condition placed on the funds to be met and therefore, a contribution should be recorded at that time. As of June 30, 2020, loan forgiveness had not been granted, and accordingly all loan proceeds are recorded as a liability in the accompanying statements of financial position. UWCNM believes full forgiveness of the loan proceeds will be granted during fiscal year 2021.

NOTE 8 – CAMPAIGN REVENUES COLLECTED ON BEHALF OF OTHERS

UWCNM acts as an agent, collecting and processing contributions on behalf of other local United Way chapters in the United States. Amounts receivable of \$149,361 and \$191,660 and payable of \$272,313 and \$225,784 as of June 30, 2020 and 2019, respectively, are included in the accompanying statements of financial position. These contributions are not counted in the UWCNM campaign results as they are counted in the communities where they are raised.

NOTE 9 – CORPORATE CORNERSTONE RECOGNITION PROGRAM

Under the Corporate Cornerstone Recognition Program, donations from local corporations and individuals who choose to participate in the program are appropriated by UWCNM's Board of Directors to fund the fundraising and general operational and administrative costs of UWCNM, as well as several other initiatives. Annually, total donations raised from this program are allocated to fund UWCNM's operational budget and the Center for Non-Profit Excellence. After these allocations have been made, any remaining funds are designated to Impact, Basic Needs, and Capacity Building grants. During 2016, the Board of Directors voted to modify the Donor Option Program in response to contributions from the Corporate Cornerstone Recognition Program not being sufficient to fund UWCNM's administrative expenses. Beginning with the 2016 campaign, when a donor designates 10% of their annual contribution to support the work of United Way, 100% of their remaining designated contributions will be passed through. If they elect not to designate 10% to UWCNM, then 10% of their designations will be deducted to cover administrative cost when their designations are passed through.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 10 – TRANSFERS OF ASSETS TO RECIPIENT ORGANIZATIONS

UWCNM transfers certain endowment gifts from donors to the Albuquerque Community Foundation (ACF). Under the terms of an agreement between UWCNM and ACF, UWCNM holds variance power over these assets. ACF keeps separate records of the activity and performance of each of these assets within UWCNM’s endowment total. Annually, UWCNM requests distributions of these assets from ACF according to the endowment agreement between UWCNM and the initial donor of the endowment. As of June 30, 2020 and 2019, UWCNM had transferred \$2,998,407 and \$3,063,425, respectively, of these assets to ACF, which are included in the investment with ACF and planned giving assets balances of the accompanying statements of financial position.

NOTE 11 – FAIR VALUE MEASUREMENT

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2020 and 2019.

<u>Description - 2020</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates-of-deposit	\$ 95,473	\$ -	\$ 95,473	\$ -
Investment with ACF	2,210,526	-	-	2,210,526
Planned giving assets	1,570,631	-	782,750	787,881
Other assets	78,575	-	-	78,575
	<u>\$ 3,955,205</u>	<u>\$ -</u>	<u>\$ 878,223</u>	<u>\$ 3,076,982</u>
<u>Description - 2019</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates-of-deposit	\$ 298,930	\$ -	\$ 298,930	\$ -
Investment with ACF	2,304,778	-	-	2,304,778
Planned giving assets	1,509,322	-	750,675	758,647
Other assets	105,454	-	-	105,454
	<u>\$ 4,218,484</u>	<u>\$ -</u>	<u>\$ 1,049,605</u>	<u>\$ 3,168,879</u>

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

Certificates-of-deposit: Valued at face value plus accrued earnings, which approximate fair value.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 11 – FAIR VALUE MEASUREMENT – CONTINUED

Investment with Albuquerque Community Foundation and Other Assets: Valued at net realizable value, as determined by the quoted prices as provided by the investment manager, which pools all funds and allocates investment activity to each fund accordingly.

Planned giving assets: Valued at the quoted prices as provided by the investment manager, which pools all funds and allocates investment activity to each fund accordingly or the present value of future cash flows using a stated discount rate for insurance policies.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management 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 a different fair value measurement at the reporting date.

Level 3 Investments

The following tables present the UWCNM's activities for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2020 and 2019: Level 3 activity is as follows:

	<u>2020</u>	<u>2019</u>
Beginning balances	\$ 3,168,879	\$ 3,110,617
Contributions	60,860	42,089
Interest and dividend income	60,076	10,972
Realized and unrealized (losses) gains	(37,101)	33,070
Distributions and fees	<u>(175,732)</u>	<u>(27,869)</u>
Ending balances	<u>\$ 3,076,982</u>	<u>\$ 3,168,879</u>

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Defined Contribution Plan

All UWCNM employees are eligible to participate in a 403(b) defined contribution plan administered by Mutual of America. Eligibility is attained upon the first day of the month after hire, provided the employee is at least 21 years of age. Employees can contribute compensation to the Plan, subject to IRS restrictions. UWCNM matches the first 3% of all employee contributions, with these matching contributions vesting immediately. Total expenses incurred by UWCNM with regard to this Plan were \$185,084 and \$184,142 in 2020 and 2019, respectively.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 12 – COMMITMENTS AND CONTINGENCIES – CONTINUED

COVID-19 Pandemic

The Secretary for the New Mexico Department of Health has mandated temporary closing of businesses that were deemed non-essential and requested citizens of the State to adopt behavioral changes in response to the COVID-19 outbreak in the State. At a national and international level, government restrictions on travel and the behavioral changes by the public due to COVID-19 outbreaks across the globe are negatively impacting various industries and the related world markets. While the disruption is expected to be temporary, there is considerable uncertainty around the duration and ultimate financial impact of these actions.

Concentrations of Risk

To reduce the level of exposure at any one financial institution, UWCNM diversifies its certificates-of-deposit with various financial institutions. UWCNM maintains cash balances in financial institutions that at times exceed federally insured limits. Management regularly monitors the financial institutions with balances in excess of insured limits to manage the risk of loss.

Leases

UWCNM leases its primary corporate offices under an operating lease agreement with a related party, which calls for monthly rent payments of \$12,171, escalating after 60 months, and expires in February 2026. UWCNM also leases various office space and equipment under short term operating lease agreements. These agreements expire at various dates through February 2024 and call for monthly payments of \$902-\$1,650. The minimum future lease payments follow:

2021	\$	176,434
2022		174,097
2023		174,097
2024		167,499
2025		154,303
Thereafter		<u>102,869</u>
Total	\$	<u>949,299</u>

Total expense for these leases was \$169,835 and \$181,155 in 2020 and 2019, respectively.

UWCNM recorded an in-kind contribution for below market rent of \$103,090 in 2020 and 2019, related to the lease of its primary corporate offices. In-kind rent is computed as the difference between the market price per square foot and the contract price in the lease.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 13 – NEW ACCOUNTING PRONOUNCEMENTS

Revenue from Contracts with Customers

UWCNM has adopted Accounting Standards Update (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606), as amended. Analysis of various provisions of this standard resulted in no significant changes in the way UWCNM recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Contributions Received and Contributions Made

UWCNM has adopted Accounting Standards Update (ASU) No. 2018-08 – Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 605). The standard is applied prospectively. There were no changes to previously unrecognized promises to give as a result of this new standard.

NOTE 14 – FUTURE ACCOUNTING PRONOUNCEMENTS

Effective for its annual financial statements for 2022, UWCNM is subject to new accounting standards issued by FASB that will require significant changes in accounting for operating leases under which UWCNM is the lessee. Upon adoption, among other effects, UWCNM will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes will entail certain retrospective adjustments. The qualitative effects on the UWCNM's future financial statements of these changes and related retrospective adjustments have not yet been determined.