

Financial Statements



United Way of the Big Bend, Inc.

*Years ended June 30, 2021 and 2020
with Report of Independent Auditors*



United Way of the Big Bend, Inc.

Financial Statements

Years ended June 30, 2021 and 2020

Contents

Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statement of Functional Expenses - 2021	5
Statement of Functional Expenses - 2020	6
Statements of Cash Flows	7
Notes to Financial Statements	8

Report of Independent Auditors

The Board of Directors
United Way of the Big Bend, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of the Big Bend, Inc. (UWBB) which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities and changes in net assets, functional expenses, and cash flows 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Big Bend, Inc. as of June 30, 2021 and 2020, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the United Way of the Big Bend, Inc. adopted new accounting guidance, ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) as of July 1, 2020. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited United Way of the Big Bend, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2020. In our opinion, the summarized comparative information presented in the statement of activities and changes in net assets as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Tallahassee, Florida
November 16, 2021

United Way of the Big Bend, Inc.

Statements of Financial Position

	June 30,	
	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 496,626	\$ 264,698
Investments	1,191,630	1,107,362
Pledges receivable, net of allowance for uncollectables of \$167,383 and \$159,578, respectively	1,281,265	1,131,317
Accounts receivable	85,394	118,774
Prepaid expenses	38,795	14,990
Total current assets	<u>3,093,710</u>	<u>2,637,141</u>
Noncurrent investments	110,000	110,000
Property and equipment, net	590,660	598,778
Total assets	<u>\$ 3,794,370</u>	<u>\$ 3,345,919</u>
Liabilities and net assets		
Current liabilities:		
Allocations payable	\$ 1,904,281	\$ 1,784,057
Accounts payable and accrued expenses	122,533	56,277
Line of credit	-	250,000
Refundable advance	-	50,163
Deferred revenue	103,971	85,075
Total liabilities	<u>2,130,785</u>	<u>2,225,572</u>
Net assets:		
Without donor restrictions		
Designated by the board (see note 5)	480,837	480,837
Undesignated	880,828	315,864
Total without donor restrictions	<u>1,361,665</u>	<u>796,701</u>
With donor restrictions		
Perpetual in nature	110,000	110,000
Purpose restricted	172,663	176,018
Time restricted	19,257	37,628
Total with donor restrictions (see note 6)	<u>301,920</u>	<u>323,646</u>
Total net assets	<u>1,663,585</u>	<u>1,120,347</u>
Total liabilities and net assets	<u>\$ 3,794,370</u>	<u>\$ 3,345,919</u>

See accompanying notes.

United Way of the Big Bend, Inc.

Statements of Activities and Changes in Net Assets

Year ended June 30, 2021

(with summarized financial information for the year ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			Year ended June 30, 2021	2020
Changes in net assets:				
Revenues and other support:				
Annual campaign:				
Current year campaign contributions	\$ 2,874,183	\$ -	\$ 2,874,183	\$ 2,910,380
Campaign contributions received in prior years	51,538	(51,538)	-	-
Less: provision for uncollectible pledges	(187,836)	-	(187,836)	(208,635)
Total annual campaign, net	2,737,885	(51,538)	2,686,347	2,701,745
Campaign contributions received for future years	-	46,257	46,257	65,388
Net campaign revenue	2,737,885	(5,281)	2,732,604	2,767,133
Non-campaign fundraising, net	57,878	-	57,878	87,588
Contracts and grants	354,331	-	354,331	477,021
Hurricane recovery donations	-	-	-	30,000
COVID-19 relief donations	97,200	-	97,200	147,987
Investment income, net	232,436	-	232,436	11,678
Other funding	275,163	-	275,163	174,837
Other income, including in-kind	20,965	-	20,965	25,968
Net assets released from restrictions	16,445	(16,445)	-	-
Total revenues and other support	3,792,303	(21,726)	3,770,577	3,722,212
Functional expenses:				
Allocations:				
Member agencies in the Big Bend	1,746,501	-	1,746,501	1,708,824
Non-member agencies outside of the Big Bend	3,113	-	3,113	4,882
Community initiatives	60,739	-	60,739	184,342
Special grants	13,910	-	13,910	20,640
Total allocations	1,824,263	-	1,824,263	1,918,688
Program	407,234	-	407,234	966,699
Fundraising	552,894	-	552,894	491,645
Management and general	442,948	-	442,948	451,960
	1,403,076	-	1,403,076	1,910,304
Total functional expenses	3,227,339	-	3,227,339	3,828,992
Change in net assets	564,964	(21,726)	543,238	(106,780)
Net assets at beginning of year	796,701	323,646	1,120,347	1,227,127
Net assets at end of year	\$ 1,361,665	\$ 301,920	\$ 1,663,585	\$ 1,120,347

See accompanying notes.

United Way of the Big Bend, Inc.

Statement of Functional Expenses

Year ended June 30, 2021

	Allocations	Program	Fundraising	Management and General	Total Expenses
Allocations					
Agency allocations	\$ 1,749,614	\$ -	\$ -	\$ -	\$ 1,749,614
Community initiatives	60,739	-	-	-	60,739
Special grants	13,910	-	-	-	13,910
Total allocations	1,824,263	-	-	-	1,824,263
Functional Expenses					
Banking and credit card fees	-	3,352	12,031	10,070	25,453
Building and equipment expenses:					
Depreciation	-	2,698	9,685	8,105	20,488
Other building expense	-	4,073	14,620	12,237	30,930
Other equipment expense	-	1,975	7,089	5,934	14,998
Conferences, meetings, and training	-	140	504	422	1,066
Contract services	-	5,392	19,353	16,199	40,944
COVID-19 relief	-	102,250	-	-	102,250
Dues and subscriptions	-	8,223	29,515	24,704	62,442
Hurricane recovery	-	11,395	-	-	11,395
Insurance	-	2,751	9,875	8,265	20,891
Office expenses, telephone, postage	-	370	1,329	9,112	10,811
Printing, awards, and other direct campaign	-	-	33,241	-	33,241
Professional fees	-	1,905	6,840	5,725	14,470
Salaries and related benefits	-	262,146	406,788	340,481	1,009,415
Travel	-	564	2,024	1,694	4,282
Total functional expenses	-	407,234	552,894	442,948	1,403,076
Total allocations and functional expenses	\$ 1,824,263	\$ 407,234	\$ 552,894	\$ 442,948	\$ 3,227,339

See accompanying notes.

United Way of the Big Bend, Inc.

Statement of Functional Expenses

Year ended June 30, 2020

	Allocations	Program	Fundraising	Management and General	Total Expenses
Allocations					
Agency allocations	\$ 1,713,706	-	-	-	\$ 1,713,706
Community initiatives	184,342	-	-	-	184,342
Special grants	20,640	-	-	-	20,640
Total allocations	<u>1,918,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,918,688</u>
Functional Expenses					
Advertising	-	50	90	92	232
Banking and credit card fees	-	6,927	12,415	12,804	32,146
Building and equipment expenses:					
Depreciation	-	4,149	7,435	7,668	19,252
Other building expense	-	9,465	16,963	17,494	43,922
Other equipment expense	-	3,488	6,250	6,446	16,184
Conferences, meetings, and training	-	1,478	2,648	2,731	6,857
Contract services	-	6,750	12,097	12,476	31,323
COVID-19 relief	-	121,450	-	-	121,450
Dues and subscriptions	-	10,280	18,423	19,000	47,703
Hurricane recovery	-	368,098	-	-	368,098
Insurance	-	4,320	7,742	7,985	20,047
Office expenses, telephone, postage	-	1,431	2,563	9,148	13,142
Printing, awards, and other direct campaign	-	-	59,721	-	59,721
Professional fees	-	3,543	6,350	6,548	16,441
Salaries and related benefits	-	424,181	336,997	347,556	1,108,734
Travel	-	1,089	1,951	2,012	5,052
Total functional expenses	<u>-</u>	<u>966,699</u>	<u>491,645</u>	<u>451,960</u>	<u>1,910,304</u>
Total allocations and functional expenses	<u>\$ 1,918,688</u>	<u>\$ 966,699</u>	<u>\$ 491,645</u>	<u>\$ 451,960</u>	<u>\$ 3,828,992</u>

See accompanying notes.

United Way of the Big Bend, Inc.

Statements of Cash Flows

	Years ended June 30,	
	2021	2020
Operating activities		
Change in net assets	\$ 543,238	\$ (106,780)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	20,488	19,252
Unrealized (gains) losses on investments	(176,193)	2,363
Realized gains and other investment changes, net	(56,243)	(14,041)
PPP refundable advance recognized	(275,163)	(174,837)
Changes in operating assets and liabilities:		
Pledges receivable	(149,948)	396,773
Accounts receivable	33,380	(17,289)
Prepaid expenses	(23,805)	2,514
Allocations payable	120,224	(809,514)
Accounts payable and accrued expenses	66,256	(69,476)
Proceeds from PPP refundable advance	225,000	225,000
Deferred revenue	18,896	52,647
Net cash provided by (used in) operating activities	<u>346,130</u>	<u>(493,388)</u>
Investing activities		
Purchases of property and equipment	(12,370)	-
Proceeds from sales and maturities of investments	148,168	303,555
Purchases of investments, including reinvestments	-	(191,649)
Net cash provided by investing activities	<u>135,798</u>	<u>111,906</u>
Financing activities		
(Payment) proceeds (to) from line of credit	(250,000)	250,000
Net cash (used in) provided by financing activities	<u>(250,000)</u>	<u>250,000</u>
Net increase (decrease) in cash and cash equivalents	231,928	(131,482)
Cash and cash equivalents at beginning of year	264,698	396,180
Cash and cash equivalents at end of year	<u>\$ 496,626</u>	<u>\$ 264,698</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 1,995	\$ 7,874
Reduction in PPP loan based on ASC 958-605 model	\$ 275,163	\$ 174,837

See accompanying notes.

United Way of the Big Bend, Inc.

Notes to Financial Statements

Years ended June 30, 2021 and 2020

1. Summary of Significant Accounting Policies

Nature of Operations

The United Way of the Big Bend, Inc. (UWBB) is a not-for-profit corporation organized under the laws of the state of Florida. Its primary purpose is to raise money and mobilize resources to meet priority human needs.

All funds raised through the UWBB campaign are allocated using a volunteer-driven process. Any not-for-profit entity that meets UWBB's requirements can submit a Letter of Intent (LOI) when the window is open for LOIs. UWBB staff fit each application into one of the five impact areas that UWBB focuses on before moving forward in the application process. Applications that fit in at least one of the focus areas proceed to a financial review performed by local financial professional volunteers and are scored accordingly. After that, applications are reviewed and scored by performance evaluation experts and then three more community volunteer groups. The UWBB Board of Directors ultimately approves which agencies receive funding based on the recommendations of the volunteer groups.

Basis of Presentation

UWBB uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies are described below.

Effective July 1, 2020, UWBB has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) as the Financial Accounting Standards Board (FASB) believes the standard improves the usefulness and understandability of UWBB's financial reporting. The adoption of the standard had no effect on previously reported financial statements. The ASU is effective for fiscal years beginning after December 15, 2018, however, FASB authorized entities to temporarily defer the adoption of the ASU due to the COVID-19 pandemic.

Comparative Financial Information

The accompanying 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 (U.S. GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

United Way of the Big Bend, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits with a financial institution and deposits in highly liquid money market funds. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. UWBB has not experienced any losses in such accounts.

For purposes of the statements of cash flows, UWBB considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Investments consist of various bonds, equities, and mutual funds, as well as an endowment fund. Investments are carried at their market values. The values of bonds, equities, and mutual funds are estimated based on their quoted market values for the specific investment. The value of an endowment fund held by the Community Foundation of North Florida (CFNF) is determined based on information received from CFNF. Investments specifically related to net assets subject to perpetual donor restrictions are classified as noncurrent assets.

Concentration of Credit Risk

The financial instruments exposed to concentrations of credit risk consist primarily of cash, cash equivalents, and investments. All investment transactions have credit exposure to the extent that a counterparty may default on an obligation to UWBB. Credit risk is a consequence of carrying investment positions. To manage credit risk, UWBB focuses primarily on higher quality, fixed income securities, limits its exposure in any one investment, and monitors quality.

Accounts and Pledges Receivable

Pledges receivable consist of amounts pledged for current year campaign revenues and are presented net of an allowance for uncollectible amounts. The allowance is calculated based on the average actual uncollectible rate for the preceding three years.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets ranging from 3 to 40 years. Assets with an original cost of \$500 or more and a useful life of at least one year are capitalized.

United Way of the Big Bend, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Contributions

Annual campaigns are conducted to raise support for allocation to not-for-profit agencies that provide direct health or social welfare services. Contributions made specifically to UWBB or to a particular county or area of need are considered undesignated and will be allocated according to UWBB's policies and procedures. When the donor makes a contribution to UWBB and designates a named charity as the beneficiary, the donor is generating an agent transaction and the donation is not considered revenue to UWBB. These designations are called "donor designations" and "designated allocations" in the statements of activities and changes in net assets and are deducted from gross campaign revenue and a designated pledges liability account is recognized. No donor designations or designated allocations were recorded for the years ended June 30, 2021 and 2020.

Contributions and grants of cash and other assets are reported as donor restricted support if they are received with donor stipulations that limit the use and duration of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor contributions and grants received with restrictions that expire during the fiscal year are recorded as contributions without donor restrictions on the statements of activities and changes in net assets.

Fundraising that is not related to the annual campaign is presented net of related expenses in the accompanying statements of activities and changes in net assets.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by UWBB. Contributed services recognized as revenue during the years ended June 30, 2021 and 2020, included professional services required to fulfill program and general management responsibilities. Volunteers, including Board members, also provided general support services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Refundable Advance

Refundable advance consists of remaining loan proceeds received under the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The refundable advance is recorded in accordance with ASC 958-605 *Not-for-Profit Entities: Revenue Recognition*. Forgivable qualifying expenses under the terms of the PPP are recognized as incurred and reduce the refundable advance balance. Such forgiveness is presented as other funding revenue in the statements of activities and changes in net assets.

United Way of the Big Bend, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Donated Services

A significant portion of UWBB's functions are conducted by unpaid volunteers. As noted above, the value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirements for recognition. However, donated contract services valued by UWBB at \$8,000 and \$6,500 were recognized as a component of management and general expense, and other income, during the years ended June 30, 2021 and 2020, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs benefited on the basis of estimates made by management. UWBB conducts a time study at a minimum of annually and uses this payroll-based allocation method to determine such estimates. Expenses directly related to one particular functional area are allocated solely to their respective functional area.

Income Taxes

Pursuant to a determination letter received from the Internal Revenue Service, UWBB is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and as such is liable for tax only on business income unrelated to the purpose for which it is exempt. No provision for income taxes has been recorded in the accompanying financial statements.

With few exceptions, UWBB is no longer subject to examinations by major tax jurisdictions for years ended June 30, 2017 and prior.

Subsequent Events

UWBB has evaluated subsequent events through November 16, 2021, the date the financial statements were available to be issued. During the period from June 30, 2021 to November 16, 2021, UWBB did not have any material recognizable subsequent events.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

United Way of the Big Bend, Inc.

Notes to Financial Statements

2. Available Resources and Liquidity

UWBB receives contributions, investment income, and other miscellaneous income and considers these revenue streams to be without donor restrictions (if unspecified) and available to meet cash needs for general expenditures. UWBB manages its liquidity to meet 90 days of operating expenses.

The table below presents financial assets available for general expenditures, that is, without donor restriction or other restriction limiting their use, within one year at June 30:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 496,626	\$ 264,698
Pledges receivable, net of allowance	1,281,265	1,131,317
Accounts receivable	85,394	118,774
Prepaid expenses	38,795	14,990
Investments	<u>1,191,630</u>	<u>1,107,362</u>
Total financial assets	<u>3,093,710</u>	2,637,141
Less:		
Restricted funds for purpose or time	<u>(191,920)</u>	<u>(213,646)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 2,901,790</u>	<u>\$ 2,423,495</u>

3. Investments

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a 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 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 the Fair Value Measurement and Disclosures Topic are described as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

UWBB utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

United Way of the Big Bend, Inc.

Notes to Financial Statements

3. Investments (continued)

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

Investments consist of the following at June 30, 2021:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Market Value</u>	<u>Level 1</u>	<u>Level 2</u>
Equities	\$ 402,285	\$ 204,704	\$ 606,989	\$ 606,989	\$ -
Bonds	576,829	13,264	590,093	590,093	-
Endowment fund*	<u>70,000</u>	<u>34,548</u>	<u>104,548</u>	<u>-</u>	<u>104,548</u>
Total	<u>\$ 1,049,114</u>	<u>\$ 252,516</u>	<u>\$ 1,301,630</u>	<u>\$ 1,197,082</u>	<u>\$ 104,548</u>

Investments consist of the following at June 30, 2020:

	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Market Value</u>	<u>Level 1</u>	<u>Level 2</u>
Equities	\$ 492,073	\$ 39,243	\$ 531,316	\$ 531,316	\$ -
Bonds	597,636	4,238	601,874	601,874	-
Endowment fund*	<u>70,000</u>	<u>14,172</u>	<u>84,172</u>	<u>-</u>	<u>84,172</u>
Total	<u>\$ 1,159,709</u>	<u>\$ 57,653</u>	<u>\$ 1,217,362</u>	<u>\$ 1,133,190</u>	<u>\$ 84,172</u>

**The endowment fund is comprised of funds held at the Community Foundation of North Florida (CFNF). Fair value is determined based on information received from CFNF. UWBB understands the CFNF is invested in mutual funds, although CFNF has not disclosed the level used to determine the fair value of those investments.*

Investment income, net, consists of the following:

	Years ended June 30,	
	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 25,164	\$ 36,307
Realized gains (losses) on investments sold	44,944	(8,548)
Investment fees	<u>(13,865)</u>	<u>(13,718)</u>
Net realized investment income	56,243	14,041
Change in unrealized gains (losses) during the year	<u>176,193</u>	<u>(2,363)</u>
Net investment income	<u>\$ 232,436</u>	<u>\$ 11,678</u>

United Way of the Big Bend, Inc.

Notes to Financial Statements

4. Property and Equipment

Property and equipment, net, consists of the following:

	June 30,	
	<u>2021</u>	<u>2020</u>
Land	\$ 313,803	\$ 313,803
Building and improvements	827,374	827,374
Automobiles	22,246	22,246
Furniture and equipment	81,356	81,356
Computer equipment	<u>67,315</u>	<u>54,945</u>
	1,312,094	1,299,724
Less: Accumulated depreciation	<u>(721,434)</u>	<u>(700,946)</u>
	<u>\$ 590,660</u>	<u>\$ 598,778</u>

5. Board Designated Net Assets

Board designated net assets consists of funds designated by the Board of Directors for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Land, building, and equipment reserves	\$ 150,000	\$ 150,000
Management reserves	<u>330,837</u>	<u>330,837</u>
	<u>\$ 480,837</u>	<u>\$ 480,837</u>

The intent of the land, building, and equipment reserve is to fund major maintenance, replacement, or repair on UWBB facilities and equipment as well as to fund building replacement or renovation.

Management reserves are intended to maintain the operation of the organization in the event that UWBB is unable to conduct a community campaign or to collect pledges on a previous campaign.

The various Board-designated reserves described above shall be adjusted in those years when the results of the annual campaign shows an increase in net assets. Decreases in designated net assets are charged to management reserves. From time to time, the Board may also reallocate prior designated amounts.

United Way of the Big Bend, Inc.

Notes to Financial Statements

6. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of pledge revenue received for the subsequent year's campaign, funds received with donor restrictions, and previously allocated funds that were not disbursed due to a lack of continuing agency participation. The net assets are reclassified to net assets without donor restrictions in the year the restriction is fulfilled. Transfers are made between net asset classifications as needed due to changes in agency participation.

Additionally, UWBB established an endowment fund during 1994. The fund was established to make it possible for UWBB to help social services agencies sustain current programs and develop new ones, as needed.

All endowment funds are classified as net assets with donor restrictions in accordance with donor stipulations. UWBB does not have a formally adopted endowment spending policy. UWBB's endowment investment policies limit its investments to certain types of investments and limits the amount invested in any one financial institution or issuer to 95% of the FDIC coverage. The overall objectives of the investment policy are production of sufficient income to meet the goals of the account and to provide for growth of assets to meet future objectives.

Contributions to the endowment of \$110,000 have been received as of June 30, 2021. Total surplus of \$20,376 has been recognized as of June 30, 2021.

Changes in endowment net assets for the fiscal year ended June 30, 2021, are as follows:

	Without Donor Restrictions	Endowment Funds With Donor Restrictions
Endowment net assets, beginning of year	\$ 14,712	\$ 110,000
Investment return	<u>20,376</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 35,088</u>	<u>\$ 110,000</u>

Net assets with donor restrictions consist of the following at June 30:

	2021	2020
Campaign pledge revenue received in advance	\$ 19,257	\$ 37,628
Publix - Special Project Fund	135,112	122,022
Hurricane recovery	16,064	27,459
COVID-19 relief	21,487	26,537
Endowment funds	<u>110,000</u>	<u>110,000</u>
	<u>\$ 301,920</u>	<u>\$ 323,646</u>

United Way of the Big Bend, Inc.

Notes to Financial Statements

7. Government Agency Campaigns

Employee campaigns for certain governmental agencies are subject to specific regulations issued by the agency.

For the years ended June 30, 2021 and 2020, UWBB conducted one such campaign; the Leon County Schools Combined Charities Drive (LCS).

This campaign allows donors to designate contributions to specific approved agencies listed in the current year campaign brochure, or to make undesignated contributions for the LCS. Designated contributions are paid to the specific agencies quarterly. Payment is based on the pledge amount less an allowance for uncollectibles and an appropriate agreed upon administrative fee. Undesignated contributions go to UWBB's Community Care Fund to be distributed as approved by UWBB volunteers.

8. Program Expenses

Program expenses consist of the following grant and UWBB administered program costs:

	Year ending June 30,	
	2021	2020
21st Century grant	\$ 199,052	\$ 333,057
Reading Pals program	2,828	21,685
Smile United program	-	30,533
Early Childhood Education Institute	-	3,000
Hurricane recovery	11,395	368,098
COVID-19 relief	102,250	121,450
Math Pals	108	3,797
Other UWBB programs	91,601	85,079
	<u>\$ 407,234</u>	<u>\$ 966,699</u>

9. Administrative Fees

UWBB withholds 17.5 percent of campaign contributions to support its fundraising activities and general and administrative expenses. UWBB also supports these activities through a variety of other revenue sources such as special events, grants, and private foundation funds. The following is an allocation of these expenses based on the funding source for the years ended June 30:

	2021	2020
17.5 percent from campaign contributions	\$ 523,014	\$ 582,485
Other revenue sources, including in-kind	472,828	361,120
Total fundraising and general and administrative expense	<u>\$ 995,842</u>	<u>\$ 943,605</u>

United Way of the Big Bend, Inc.

Notes to Financial Statements

10. Employees Pension Plan

Full-time permanent employees may participate in a Simplified Employee Pension Plan (the Plan) after being employed for one year. UWBB contributes an amount equal to 9% of an eligible employee's gross wages. Contributions to the Plan for the years ended June 30, 2021 and 2020, were \$34,751 and \$42,586, respectively.

11. Line of Credit

To supplement cash flow requirements, UWBB entered into a line of credit with Capital City Bank effective July 17, 2009. The maximum principal that can be borrowed on the line is \$350,000, which is payable on demand. As of June 30, 2021 and 2020, there was \$0 and \$250,000 outstanding, respectively. Interest payments on the line of credit are due monthly at a rate of 5%. The line of credit is not secured.

12. Paycheck Protection Program Loan

UWBB received loan proceeds in the amount of \$225,000 on April 22, 2020, under the Paycheck Protection Program (PPP). On January 27, 2021, UWBB received additional loan proceeds in the amount of \$225,000 from a Second Draw PPP Loan under the PPP. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The PPP loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. Any unforgiven portion of the first PPP loan was payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Any unforgiven portion of the second PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first six months.

Under the terms of the PPP, certain amounts of the PPP loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. As of June 30, 2021, and June 30, 2020, UWBB recorded \$275,163 and \$174,837, respectively, of qualifying expenses incurred to-date as other funding income in the statements of activities and changes in net assets with a corresponding reduction to the refundable advance balance. At June 30, 2021 and June 30, 2020, the refundable advance balance is \$0 and \$50,163, respectively. The PPP loan proceeds received on April 22, 2020 was recorded as a refundable advance in the statement of financial position as of June 30, 2020, and was fully forgiven on December 7, 2020. Regarding the PPP loan proceeds received on January 27, 2021, UWBB intends to use the entire PPP loan proceeds for qualified expenses consistent with the intent of the PPP. While UWBB believes that its current and future use of the loan proceeds will meet the conditions for forgiveness of the second PPP loan, formal loan forgiveness has not been made as of June 30, 2021. As with all PPP borrowers, UWBB is subject to routine audit compliance provisions for a period of six years following loan forgiveness.