

United Way of Central Illinois, Inc.

Financial Report
December 31, 2020

Contents

Independent auditor's report	1
<hr/>	
Financial statements	
Statements of financial position	2
Statements of activities	3-4
Statements of functional expenses	5-6
Statements of cash flows	7
Notes to financial statements	8-19



Independent Auditor's Report

RSM US LLP

Board of Directors
United Way of Central Illinois, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Central Illinois, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central Illinois, Inc. as of December 31, 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.

RSM US LLP

Springfield, Illinois
August 19, 2021

United Way of Central Illinois, Inc.

Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash	\$ 432,156	\$ 607,828
Contributions receivable, less allowance for uncollectible pledges 2020 \$163,128; 2019 \$182,749	270,502	850,519
Prepaid expenses	15,871	-
Investments	7,196,096	6,402,492
Property and equipment, net	70,441	73,328
Beneficial interest in perpetual trusts	226,716	214,661
Funds held for others	29,621	41,094
	<hr/>	<hr/>
Total assets	\$ 8,241,403	\$ 8,189,922
Liabilities and Net Assets		
Liabilities:		
Accrued expenses	\$ 35,775	\$ 30,941
Allocations payable	579,707	674,887
Designations payable	144,984	268,035
Paycheck Protection Program loan	96,594	-
Funds held for others	29,621	41,094
	<hr/>	<hr/>
Total liabilities	886,681	1,014,957
Net assets:		
Without donor restrictions:		
Designated for equipment replacement	28,937	28,937
Designated for Dolly Parton Imagination Library	48,170	38,397
Designated for Continuum of Learning Fund	58,805	58,805
Designated for Needs Assessment Fund	7,000	7,000
Designated for Venture Fund	36,636	31,879
Designated for Community Fund Resources	282	33,282
Undesignated	6,420,991	5,528,274
	<hr/>	<hr/>
Total without donor restrictions	6,600,821	5,726,574
With donor restrictions	753,901	1,448,391
	<hr/>	<hr/>
Total net assets	7,354,722	7,174,965
	<hr/>	<hr/>
Total liabilities and net assets	\$ 8,241,403	\$ 8,189,922

See notes to financial statements.

United Way of Central Illinois, Inc.

Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Gross campaign results (2019/2020)	\$ 686,337	\$ -	\$ 686,337
Gross campaign results in prior year - released from restriction	1,592,286	(1,592,286)	-
Less donor designations	(315,794)	221,740	(94,054)
(Provision for) recovery of uncollectible	(142,681)	142,681	-
Total campaign results (2019/2020)	1,820,148	(1,227,865)	592,283
Gross campaign results (2020/2021)	-	698,645	698,645
Less donor designations	-	(93,301)	(93,301)
Less provision for uncollectible	-	(84,024)	(84,024)
Net campaign revenue (2020/2021)	-	521,320	521,320
Investment return, net	1,100,831	-	1,100,831
Change in beneficial interest in perpetual trusts	-	12,055	12,055
COVID-19 Response Fund	631,276	-	631,276
Miscellaneous income	76,471	-	76,471
	1,808,578	12,055	1,820,633
Total public support and revenue	3,628,726	(694,490)	2,934,236
Expenses:			
Program services:			
Gross funds allocated to human service agencies, venture grants and community support	1,353,433	-	1,353,433
Less donor designations	(124,158)	-	(124,158)
Net funds allocated to human service agencies	1,229,275	-	1,229,275
COVID-19 Response Fund	627,257	-	627,257
Community impact/fund distribution	490,712	-	490,712
Total program services	2,347,244	-	2,347,244
Supporting services:			
Fund raising	202,578	-	202,578
Marketing and communications	633	-	633
Finance and administration	204,024	-	204,024
Total supporting services	407,235	-	407,235
Total expenses	2,754,479	-	2,754,479
Change in net assets	874,247	(694,490)	179,757
Net assets:			
Beginning	5,726,574	1,448,391	7,174,965
Ending	\$ 6,600,821	\$ 753,901	\$ 7,354,722

See notes to financial statements.

United Way of Central Illinois, Inc.

**Statement of Activities
Year Ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Gross campaign results (2018/2019)	\$ 933,581	\$ -	\$ 933,581
Gross campaign results in prior year - released from restriction	1,581,791	(1,581,791)	-
Less donor designations	(556,999)	258,173	(298,826)
(Provision for) recovery of uncollectible	(78,000)	78,000	-
Total campaign results (2018/2019)	1,880,373	(1,245,618)	634,755
Gross campaign results (2019/2020)	-	1,592,286	1,592,286
Less donor designations	-	(221,740)	(221,740)
Less provision for uncollectible	-	(142,681)	(142,681)
Net campaign revenue (2019/2020)	-	1,227,865	1,227,865
Investment return, net	1,183,283	-	1,183,283
Change in beneficial interest in perpetual trusts	-	24,072	24,072
Miscellaneous income	50,187	-	50,187
	<u>1,233,470</u>	<u>24,072</u>	<u>1,257,542</u>
Total public support and revenue	3,113,843	6,319	3,120,162
Expenses:			
Program services:			
Gross funds allocated to human service agencies, venture grants and community support	1,877,816	-	1,877,816
Less donor designations	(435,704)	-	(435,704)
Net funds allocated to human service agencies	1,442,112	-	1,442,112
Community impact/fund distribution	513,818	-	513,818
Total program services	1,955,930	-	1,955,930
Supporting services:			
Fund raising	188,102	-	188,102
Marketing and communications	9,109	-	9,109
Finance and administration	228,836	-	228,836
Total supporting services	426,047	-	426,047
Total expenses	2,381,977	-	2,381,977
Change in net assets	731,866	6,319	738,185
Net assets:			
Beginning	4,994,708	1,442,072	6,436,780
Ending	<u>\$ 5,726,574</u>	<u>\$ 1,448,391</u>	<u>\$ 7,174,965</u>

See notes to financial statements.

United Way of Central Illinois, Inc.

Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services				Other Functional Expenses (or Supporting Services)				Total
	Allocation Services	COVID-19 Response	Community Impact/Fund Distribution	Total	Fund Raising	Marketing and Communications	Finance and Administration	Total	
Salaries	\$ -	\$ -	\$ 243,778	\$ 243,778	\$ 104,193	\$ -	\$ 76,649	\$ 180,842	\$ 424,620
Payroll taxes	-	-	19,211	19,211	8,230	-	6,488	14,718	33,929
Employee benefits	-	-	43,643	43,643	18,922	-	13,853	32,775	76,418
Personnel search	-	-	16	16	7	-	7	14	30
	-	-	306,648	306,648	131,352	-	96,997	228,349	534,997
Professional fees	-	-	49,304	49,304	19,721	-	62,980	82,701	132,005
Office supplies	-	-	1,521	1,521	593	41	620	1,254	2,775
SECA budget	-	-	4,283	4,283	1,567	-	1,639	3,206	7,489
Telephone	-	-	1,516	1,516	606	-	634	1,240	2,756
Postage	-	-	1,451	1,451	581	-	607	1,188	2,639
Occupancy	-	-	35,472	35,472	14,189	-	14,833	29,022	64,494
Occupancy maintenance and real estate taxes	-	-	17,756	17,756	7,103	-	7,425	14,528	32,284
Equipment maintenance	-	-	1,068	1,068	427	-	447	874	1,942
Subscriptions	-	-	239	239	96	-	100	196	435
Marketing and advertising	-	-	15,303	15,303	51	41	53	145	15,448
Travel	-	-	35	35	-	61	-	61	96
Meetings	-	-	359	359	5	-	5	10	369
Community reports and celebration	-	-	1,480	1,480	-	-	2	2	1,482
Conference and trainings	-	-	1,448	1,448	361	-	378	739	2,187
Campaign supplies/printing	-	-	2,744	2,744	7,552	-	-	7,552	10,296
Special events	-	-	2,043	2,043	1,966	-	-	1,966	4,009
Award supplies	-	-	270	270	22	-	23	45	315
Local organization dues	-	-	1,080	1,080	164	204	171	539	1,619
State and national dues	-	-	1,023	1,023	409	-	428	837	1,860
United Way Worldwide dues	-	-	24,015	24,015	9,606	-	10,043	19,649	43,664
Digital services	-	-	-	-	-	-	-	-	-
Software licenses	-	-	9,338	9,338	1,433	286	1,648	3,367	12,705
Insurance expense	-	-	4,331	4,331	1,733	-	1,811	3,544	7,875
Bank and filing fees	-	-	6,397	6,397	2,406	-	2,516	4,922	11,319
	-	-	182,476	182,476	70,591	633	106,363	177,587	360,063
Depreciation expense	-	-	1,588	1,588	635	-	664	1,299	2,887
Total operations	-	-	490,712	490,712	202,578	633	204,024	407,235	897,947
Allocations to agencies, venture grants and community support	1,353,433	-	-	1,353,433	-	-	-	-	1,353,433
COVID-19 Response Fund	-	627,257	-	627,257	-	-	-	-	627,257
Less donor designations	(124,158)	-	-	(124,158)	-	-	-	-	(124,158)
Net funds allocated	1,229,275	627,257	-	1,856,532	-	-	-	-	1,856,532
Total expenses	\$ 1,229,275	\$ 627,257	\$ 490,712	\$ 2,347,244	\$ 202,578	\$ 633	\$ 204,024	\$ 407,235	\$ 2,754,479

See notes to financial statements.

United Way of Central Illinois, Inc.

Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services			Other Functional Expenses (or Supporting Services)				Total
	Allocation Services	Community Impact/Fund Distribution	Total	Fund Raising	Marketing and Communications	Finance and Administration	Total	
Salaries	\$ -	\$ 252,996	\$ 252,996	\$ 75,715	\$ -	\$ 76,527	\$ 152,242	\$ 405,238
Payroll taxes	-	21,293	21,293	6,681	-	6,814	13,495	34,788
Employee benefits	-	36,934	36,934	15,199	931	19,905	36,035	72,969
Personnel search	-	435	435	174	8	174	356	791
	-	311,658	311,658	97,769	939	103,420	202,128	513,786
Professional fees	-	38,733	38,733	15,660	687	77,864	94,211	132,944
Office supplies	-	2,196	2,196	920	38	883	1,841	4,037
SECA budget	-	-	-	7,770	-	-	7,770	7,770
Telephone	-	2,085	2,085	834	38	834	1,706	3,791
Postage	-	1,793	1,793	768	33	726	1,527	3,320
Occupancy	-	27,434	27,434	10,974	499	10,974	22,447	49,881
Occupancy maintenance and real estate taxes	-	15,352	15,352	6,141	279	6,141	12,561	27,913
Equipment maintenance	-	1,554	1,554	622	28	622	1,272	2,826
Subscriptions	-	585	585	74	3	74	151	736
Marketing and advertising	-	14,421	14,421	-	5,200	-	5,200	19,621
Travel	-	1,344	1,344	968	45	348	1,361	2,705
Meetings	-	1,397	1,397	512	9	272	793	2,190
Community reports and celebration	-	10,753	10,753	-	-	-	-	10,753
Conference and trainings	-	3,116	3,116	781	100	1,420	2,301	5,417
Campaign supplies/printing	-	2,672	2,672	9,582	-	231	9,813	12,485
Special events	-	10,698	10,698	8,297	-	-	8,297	18,995
Award supplies	-	-	-	503	-	200	703	703
Local organization dues	-	926	926	300	14	300	614	1,540
State and national dues	-	1,122	1,122	449	20	449	918	2,040
United Way Worldwide dues	-	13,528	13,528	5,411	246	5,411	11,068	24,596
Digital services	-	27,500	27,500	11,000	500	11,000	22,500	50,000
Software licenses	-	11,113	11,113	3,232	179	2,132	5,543	16,656
Insurance expense	-	4,234	4,234	1,694	77	1,694	3,465	7,699
Bank and filing fees	-	2,620	2,620	1,048	48	1,048	2,144	4,764
	-	195,176	195,176	87,540	8,043	122,623	218,206	413,382
Depreciation expense	-	6,984	6,984	2,793	127	2,793	5,713	12,697
Total operations	-	513,818	513,818	188,102	9,109	228,836	426,047	939,865
Allocations to agencies, venture grants and community support	1,877,816	-	1,877,816	-	-	-	-	1,877,816
Less donor designations	(435,704)	-	(435,704)	-	-	-	-	(435,704)
Net funds allocated	1,442,112	-	1,442,112	-	-	-	-	1,442,112
Total expenses	\$ 1,442,112	\$ 513,818	\$ 1,955,930	\$ 188,102	\$ 9,109	\$ 228,836	\$ 426,047	\$ 2,381,977

See notes to financial statements.

United Way of Central Illinois, Inc.

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 179,757	\$ 738,185
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,887	12,697
Net realized and unrealized gain on investments	(984,410)	(1,046,603)
Decrease in funds held for others	(11,473)	(2,596)
Reserve for uncollectible pledges	84,024	142,681
Changes in assets and liabilities:		
Decrease (increase) in:		
Contributions receivable	495,993	(66,033)
Prepaid expenses	(15,871)	-
Beneficial interest in perpetual trusts	(12,055)	(24,072)
Increase (decrease) in:		
Accrued expenses	4,834	(15,397)
Allocations payable	(95,180)	(94,687)
Designations payable	(123,051)	(59,811)
Net cash used in operating activities	(474,545)	(415,636)
Cash flows from investing activities:		
Proceeds from sales of investments	4,498,588	1,753,862
Purchases of investments	(4,307,782)	(1,398,698)
Purchase of property and equipment	-	(1,817)
Net cash provided by investing activities	190,806	353,347
Cash flows from financing activities:		
Paycheck Protection Program loan	96,594	-
Net cash provided by financing activities	96,594	-
Net change in cash and funds held for others	(187,145)	(62,289)
Cash and funds held for others:		
Beginning	648,922	711,211
Ending	\$ 461,777	\$ 648,922
Reconciliation of cash and funds held for others:		
Cash	\$ 432,156	\$ 607,828
Funds held for others	29,621	41,094
Cash and funds held for others	\$ 461,777	\$ 648,922

See notes to financial statements.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations: The United Way of Central Illinois, Inc. (the Organization) is a not-for-profit corporation organized to promote community planning by developing and allocating human and financial resources that meet priority health and human service needs. The stated mission of the Organization is "... mobilizing resources to meet community needs." The Organization also provides services directly to the community and certified agencies through its staff and group of volunteers.

The following is the summary of the Organization's significant accounting policies:

Basis of presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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 the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature, those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds to be maintained in perpetuity.

Use of estimates: The preparation of financial statements in conformity with GAAP 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 the revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Contributions receivable and allocations payable: Unconditional promises to give to a campaign are recorded as assets when the promises are received. Balances are carried at original pledged amounts less an estimate made for uncollectible pledges based on management's review of all outstanding amounts. Management determines the allowance for uncollectible pledges by using historical experience applied to the campaign total. Pledge receivables are written off when deemed uncollectible. Allocations to member agencies are recognized as expenses in the period such allocations are made. Allocations are generally paid on a monthly installment basis throughout the year.

Donor-designated contributions receivable: Unconditional promises to give to a campaign for which the donor stipulates the agency to receive the donation are recorded as assets (contributions receivable) and liabilities (designations payable) when the pledges are received.

Investments: The Organization carries all investments in debt and equity securities with readily determinable fair values at fair value, with changes in fair value reported as investment return in the statements of activities.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Property and equipment: Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. The Organization provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	<u>Years</u>
Leasehold improvements	Life of lease or useful life of improvement, whichever is shorter
Furnishing and equipment	3 - 10

Beneficial interest in perpetual trusts: At December 31, 2020, the Organization is the beneficiary of a donor-established perpetual trust, which is administered by a third party. Under the terms of the trust, the Organization has the irrevocable right to receive the income earned on the assets held in the third-party trust in perpetuity, but never receives the assets held in trust. The beneficial interest is reported as net assets with donor restrictions. The trust annually makes distributions of income to the Organization. The Organization's beneficial interest in the trust is carried at the fair value of the underlying assets as provided by the third-party administrator. Subsequent changes in the carrying value of the beneficial interests are reported in the statement of activities for that period.

Support and revenue: The Organization reports contributions as with donor restriction support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restriction. No restrictions are implied on the use of long-lived assets received without donor stipulations concerning how long the assets must be used.

Contributions are recognized when cash, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributed services are recognized, at their fair value, when the Organization would typically purchase such services if they require specialized skills and the contributor possesses such skills.

Functional expenses: The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated amongst program services and other functional expenses. Such allocations are determined by management.

Income taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization is not considered to be a private foundation.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements.

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Adopted accounting pronouncements: The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance from Contributions Received and Contributions Made* on January 1, 2020. ASU 2018-08 clarifies and improves guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred, which depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. During the year ended December 31, 2019, the Organization adopted the provisions of ASU 2018-08 for transactions in which the Organization is a resource recipient. For transactions in which the Organization is a resource provider, the new standard was adopted on January 1, 2020. The adoption of ASU 2018-08 did not have a significant effect on the financial statements.

The Organization adopted FASB ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* on January 1, 2020. ASU 2018-13 removes certain disclosures, modifies certain disclosures and adds additional disclosures for recurring and nonrecurring fair value measurements. Certain disclosures in ASU 2018-13 are applied on a retrospective basis and others on a prospective basis. The adoption of ASU 2018-13 did not have a significant effect on the financial statements.

Pending accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its subsequently issued amendments supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. A modified retrospective transition approach is required. An entity may adopt the guidance wither (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02. This new standard is effective for the Organization's reporting year ending December 31, 2022. The Organization is currently evaluating the impact of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires contributed nonfinancial assets to be a separate line item in the statement of activities, apart from contributions of cash or other financial assets among other disclosures. This new standard is effective for the Organization's reporting year ending December 31, 2022. The Organization is currently evaluating the impact of the new standard on the financial statements.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Subsequent events: All of the effects of subsequent events that provide additional evidence about conditions that existed at the financial statement date, including the estimates inherent in the process of preparing the financial statements, are recognized in the financial statements. The Organization does not recognize subsequent events that provide evidence about conditions that did not exist at the financial statement date but arose after, but before the financial statements are available to be issued. In some cases, non-recognized subsequent events are disclosed to keep the financial statements from being misleading.

The Organization has evaluated subsequent events through August 19, 2021, the date on which the financial statements were available to be issued.

Note 2. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, investments, and contributions receivable. The Organization maintains cash deposits with major banks which, from time to time, may exceed federally insured limits. The Organization periodically assesses the financial condition of the institutions and believes the risk of any loss is minimal. Concentration of credit risk with respect to its investments is reduced as a result of the diversity of the underlying securities. Concentration of credit risk associated with contributions receivables is considered to be limited due to high historical collection rates.

Note 3. Availability and Liquidity

The following represents the Organization's financial assets at December 31, 2020 and 2019:

	2020	2019
Financial assets at year-end:		
Cash	\$ 432,156	\$ 607,828
Contributions receivable	270,502	850,519
Investments	7,196,096	6,402,492
Beneficial interest in perpetual trusts	226,716	214,661
Funds held for others	29,621	41,094
Total financial assets	<u>8,155,091</u>	<u>8,116,594</u>
Less amounts not available to be used within one year:		
Beneficial interest in perpetual trusts	226,716	214,661
Funds held for others	29,621	41,094
Board designations	179,830	198,300
	<u>436,167</u>	<u>454,055</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 7,718,924</u>	<u>\$ 7,662,539</u>

The Organization has various sources of liquidity at its disposal, including cash, contributions receivable and a line of credit. Income from investments is available for general use.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 4. Contributions Receivable

Contributions receivable as of December 31, 2020 and 2019, are as follows:

	2020			2019		
	Prior Year Campaign	Current Year Campaign	Total	Prior Year Campaign	Current Year Campaign	Total
Contributions receivable	\$ 236,077	\$ 197,553	\$ 433,630	\$ 203,856	\$ 829,412	\$ 1,033,268
Allowance for uncollectible pledges	(103,064)	(60,064)	(163,128)	(111,913)	(70,836)	(182,749)
	<u>\$ 133,013</u>	<u>\$ 137,489</u>	<u>\$ 270,502</u>	<u>\$ 91,943</u>	<u>\$ 758,576</u>	<u>\$ 850,519</u>

Note 5. Investments

The Organization's investments at fair value as of December 31, 2020 and 2019, are as follows:

	2020	2019
Money market funds	\$ 94,694	\$ 67,749
Equity mutual funds	4,758,297	4,002,023
Fixed income mutual funds	2,343,105	2,332,720
	<u>\$ 7,196,096</u>	<u>\$ 6,402,492</u>

Note 6. Property and Equipment

The Organization's property and equipment as of December 31, 2020 and 2019, are as follows:

	2020	2019
Furnishings and equipment	\$ 128,684	\$ 128,684
Leasehold improvements	112,625	112,625
	<u>241,309</u>	<u>241,309</u>
Less accumulated depreciation	170,868	167,981
	<u>\$ 70,441</u>	<u>\$ 73,328</u>

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 7. Line of Credit

On November 15, 2019, the Organization entered into a line of credit agreement with a bank, secured by their investment account held at the bank. Borrowings under the line bear an interest rate at 4.5%. The agreement requires the Organization to comply with certain non-financial covenants. The line of credit was renewed on November 15, 2020 with a maturity date of November 15, 2021. There was no balance outstanding as of December 31, 2020.

Note 8. Paycheck Protection Program Loan

The Coronavirus Aid, Relief, and Economic Security Act, signed into law on Friday March 27, 2020, introduced the Paycheck Protection Program (PPP) to provide funding to small businesses with the goal of preventing job loss and business failures due to losses caused by the COVID-19 pandemic. The PPP loan program was available for eligible small businesses, including nonprofits, to provide a forgivable loan to cover payroll and other costs. Through the Small Business Administration (SBA), the PPP loan is a 100% federally guaranteed unsecured loan requiring no collateral. A borrower of a PPP loan is eligible for loan forgiveness up to the full amount of the loan and any accrued interest for eligible costs incurred and payments made during the 24-week period after the lender makes the first disbursement of the PPP loan to the borrower, subject to proper documentation.

The Organization was eligible to apply for a PPP loan as a nonprofit organization that employed no more than 500 employees whose principal place of residence is in the United States and was in operation as of February 15, 2020. The Organization applied for and received a PPP loan in the amount of \$96,594. The Organization is accounting for the loan as a financial liability under FASB ASC 470, Debt. The date of the loan is April 14, 2020, and bears interest at a rate of 1.0% with a maturity date of two years from the date of the loan. Beginning sixteen months from the date of the loan, the Organization must pay principal and interest payments of \$5,420 every month. The outstanding PPP loan balance was \$98,594 at December 31, 2020.

On March 9, 2021, the Organization received notification that the Organization's PPP loan forgiveness application was approved by the SBA. The Organization's loan balance, plus accrued interest, was paid in full by SBA on March 2, 2021.

Note 9. Functional Expense

The Organization allocates certain costs among its program and supporting services. Such allocations are determined by management. Salaries, payroll taxes and employee benefits are allocated on the basis of estimates of time and effort. All other expenses are allocated to the various categories as determined by management.

In 2020, the Organization incurred joint costs of \$7,908 for informational materials and activities, including fund-raising appeals. Of these costs, \$1,722 was allocated to fund-raising expense, \$41 was allocated to marketing, \$4,344 was allocated to program service expense and \$1,801 was allocated to finance and administration.

In 2019, the Organization incurred joint costs of \$11,283 for informational materials and activities, including fund-raising appeals. Of these costs, \$2,450 was allocated to fund-raising expense, \$6,420 was allocated to program service expense and \$2,413 was allocated to finance and administration.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 10. Lease and Other Commitments

During 2007, the Organization relocated its operations and entered into a new lease agreement dated April 16, 2007 for office space. Effective July 1, 2017, the existing lease was amended and restated, extending the term of the lease through June 30, 2027. Under the amended and restated lease terms, annual rental payments beginning July 1, 2017, are \$53,922, with annual increases of 1.0% each year for the first five years and 2.0% each year for the last five years.

Aggregate minimum rental commitments under the amended building lease is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 55,834
2022	56,673
2023	57,806
2024	58,962
2025	60,141
Thereafter	92,320
	<u>\$ 381,736</u>

The Organization outsources a majority of its accounting function to third parties. Effective December 6, 2019, the Organization entered into an agreement with a third party for accounting services, which requires a monthly payment of \$2,000 for the services provided. In addition effective December 20, 2019, the Organization entered into an agreement with a separate third party for pledge processing, which requires a monthly payment of \$2,800 for the services provided and additional information technology monthly fees such as storage and user fee each month. During each of the years ended December 31, 2020 and 2019, service fees paid to third parties for accounting related services were \$60,240 and \$46,378, respectively.

The total rental expense included in the statement of activities for the years ended December 31, 2020 and 2019, is \$55,281 and \$56,522, respectively.

Note 11. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to the passage of time:		
Campaign results (2020/2021)	<u>\$ 527,185</u>	<u>\$ 1,233,730</u>
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trusts	<u>\$ 226,716</u>	<u>\$ 214,661</u>

For the years ended December 31, 2020 and 2019, net assets of \$1,227,865 and \$1,245,618, respectively, were released from donor restrictions by the occurrence of the passage of time.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 12. Employee Benefit Plan

The Organization has a 401(k) plan covering substantially all of its employees. The Organization makes an annual minimum contribution equal to 10% of eligible participant wages. Employees are eligible for participation in the plan after one year of employment with the Organization or are immediately eligible if they had one year of employment at a nonprofit organization as their previous employer. The value of each participant's account is fully and immediately vested from the date of participation.

Total expense for the plan amounted to \$34,237 and \$38,264 for the years ended December 31, 2020 and 2019, respectively.

Note 13. Funds Held for Others

The Organization maintains bank accounts for the accumulation of funds to be disbursed only for the benefit of (or upon the instructions of) other organizations. These accounts had a total cash balance held for others of \$29,621 and \$41,094 at December 31, 2020 and 2019, respectively.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 14. Allocations to Human Services Agencies and Community Support

The following allocations were made for the years ended December 31, 2020 and 2019:

	2020	2019
Program allocations:		
American Red Cross	\$ 24,000	\$ 24,000
Big Brothers Big Sisters of Illinois Capital Region	97,000	119,270
Boys and Girls Clubs of Central Illinois	85,500	113,644
Catholic Charities of the Diocese of Springfield in Illinois	62,000	101,965
Compass for Kids, Inc.	209,000	200,000
Contact Ministries	28,870	81,770
Girl Scouts of Central Illinois, Inc.	5,000	5,000
Helping Hands of Springfield Inc.	43,756	10,425
Lutheran Child and Family Services	35,000	20,735
Memorial Behavioral Health	33,195	91,320
M.E.R.C.Y. Communities, Inc.	78,332	72,000
Mini O'Beirne Crisis Nursery	25,716	29,555
One Hope United	15,000	15,000
Senior Services of Central Illinois, Inc.	84,195	88,458
SIU Center for Family Medicine	133,000	151,704
Sojourn Shelter & Services	80,065	92,020
Springfield Public Schools, District 186	26,780	-
Springfield Urban League	76,185	132,985
United Cerebral Palsy Land of Lincoln	-	39,515
United Way of Central Illinois - DPIL	16,821	-
	<u>1,159,415</u>	<u>1,389,366</u>
Venture grants	-	29,311
Community support	69,860	23,435
	<u>69,860</u>	<u>23,435</u>
Net funds allocated to human service agencies and community support	<u>\$ 1,229,275</u>	<u>\$ 1,442,112</u>

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 15. Fair Value Measurements

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement.

The Fair Value Measurements and Disclosures topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. It requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the Fair Value Measurements and Disclosures topic establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

During the years ended December 31, 2020 and 2019, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or changes in its net assets.

A description of the valuation methodologies used for financial assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Investments (recurring): The fair value of the Organization's investments is determined using Level 1 inputs, which are derived from readily available pricing sources and third-party pricing services for identical instruments, respectively.

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid fixed income mutual funds and exchange-traded equity mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow.

Beneficial interest in perpetual trusts (recurring): The fair value of the beneficial interests in perpetual trusts held by others is derived from the underlying fair value of the investments held in the trusts. The value of those investments is determined in the same manner as investments described above.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 15. Fair Value Measurements (Continued)

The Organization assesses the levels of the investments at each measurement date, and the transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Organization's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. For the years ended December 31, 2020 and 2019, there were no such transfers.

Assets at Fair Value on a Recurring Basis

The following table summarizes assets measured at fair value on a recurring basis as of December 31, 2020 and 2019, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	2020			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Money market funds	\$ 94,694	\$ 94,694	\$ -	\$ -
Equity mutual funds:				
Small cap funds	638,080	638,080	-	-
Mid cap funds	821,960	821,960	-	-
Large cap funds	2,551,292	2,551,292	-	-
International funds	746,965	746,965	-	-
Fixed income mutual funds	2,343,105	2,343,105	-	-
	<u>7,196,096</u>	<u>7,196,096</u>	-	-
Beneficial interest in perpetual trusts	226,716	-	-	226,716
	<u>\$ 7,422,812</u>	<u>\$ 7,196,096</u>	<u>\$ -</u>	<u>\$ 226,716</u>
	2019			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Money market funds	\$ 67,749	\$ 67,749	\$ -	\$ -
Equity mutual funds:				
Small cap funds	655,265	655,265	-	-
Mid cap funds	648,749	648,749	-	-
Large cap funds	2,107,286	2,107,286	-	-
International funds	590,723	590,723	-	-
Fixed income mutual funds	2,332,720	2,332,720	-	-
	<u>6,402,492</u>	<u>6,402,492</u>	-	-
Beneficial interest in perpetual trusts	214,661	-	-	214,661
	<u>\$ 6,617,153</u>	<u>\$ 6,402,492</u>	<u>\$ -</u>	<u>\$ 214,661</u>

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 16. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Organization. To date, the Organization is experiencing declining campaign revenue. The extent to which the coronavirus impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

In response to the coronavirus pandemic, the Organization and The Community Foundation for the Land of Lincoln created the COVID-19 Response Fund. The purpose of the fund is to deploy resources to community-based organizations at the front lines of a coronavirus spread in Illinois' greater capital region. In 2020, the Organization received funding directed towards the COVID-19 Response Fund in the amount of \$631,276 from various donors. This funding is recognized as revenue in the statement of activities. The Organization contributed all of the funding received for the COVID-19 Response Fund to The Community Foundation for the Land of Lincoln in 2020.