



**UNITED WAY OF
CENTRAL ILLINOIS, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

For the Years Ended December 31, 2021 and 2020



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UNITED WAY OF CENTRAL ILLINOIS, INC
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Independent Auditor's Report

Board of Directors
United Way of Central Illinois, Inc.

Opinion

We have audited the accompanying financial statements of United Way of Central Illinois, Inc. (Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prior Period Financial Statements

The financial statements of United Way of Central Illinois, Inc. as of and for the year ended December 31, 2020 were audited by other auditors whose report dated August 19, 2021, expressed an unmodified opinion on those statements.

Sikich LLP

Springfield, Illinois
June 15, 2022

UNITED WAY OF CENTRAL ILLINOIS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 710,980	\$ 432,156
Contributions receivable, net	595,064	270,502
Prepaid expenses	-	15,871
Investments	7,708,969	7,196,096
Property and equipment, net	67,553	70,441
Beneficial interest in perpetual trusts	242,169	226,716
Cash held for others	76,390	29,621
	<u>9,401,125</u>	<u>8,241,403</u>
TOTAL ASSETS	\$ 9,401,125	\$ 8,241,403
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued expenses	\$ 5,320	\$ 35,775
Accounts Payable	9,120	-
Allocations payable	541,583	579,707
Designations payable	48,270	144,984
Paycheck Protection Program loan	-	96,594
Funds held for others	76,390	29,621
Total liabilities	<u>680,683</u>	<u>886,681</u>
NET ASSETS		
Without donor restriction		
Designated for equipment replacement	25,258	28,937
Designated for Dolly Parton Imagination Library	39,437	48,170
Designated for Continuum of Learning Fund	58,805	58,805
Designated for Needs Assessment Fund	-	7,000
Designated for Venture Fund	3,370	36,636
Designated for Community Fund Resources	26,306	282
Undesignated	7,019,793	6,420,991
Total without donor restrictions	<u>7,172,969</u>	<u>6,600,821</u>
With donor restriction	1,547,473	753,901
Total net assets	<u>8,720,442</u>	<u>7,354,722</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 9,401,125	\$ 8,241,403

The accompanying notes to the financial statements are an integral part of this statement.

UNITED WAY OF CENTRAL ILLINOIS, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
PUBLIC SUPPORT AND REVENUE			
Gross campaign results (2020/2021)	\$ 1,097,831	\$ -	\$ 1,097,831
Gross campaign results in prior year- released from restriction	698,645	(698,645)	-
Less donor designations	(288,382)	93,301	(195,081)
(Provision for) recovery of uncollectible	(84,024)	84,024	-
Total campaign results (2020/2021)	<u>1,424,070</u>	<u>(521,320)</u>	<u>902,750</u>
Gross campaign results (2021/2022)	-	1,537,472	1,537,472
Less donor designations	-	(19,746)	(19,746)
Less provision for uncollectible	-	(218,287)	(218,287)
Total campaign revenue (2021/2022)	<u>-</u>	<u>1,299,439</u>	<u>1,299,439</u>
Investment return, net	912,617	-	912,617
Change in beneficial interest in perpetual trusts	-	15,453	15,453
Grants	247,496	-	247,496
Miscellaneous income	58,692	-	58,692
Total	<u>1,218,805</u>	<u>15,453</u>	<u>1,234,258</u>
Total public support and revenue	<u>2,642,875</u>	<u>793,572</u>	<u>3,436,447</u>
EXPENSES:			
Program services			
Gross funds allocated to human service agencies, venture grants and community support	1,225,720	-	1,225,720
Less donor designations	(96,714)	-	(96,714)
Net funds allocated to human service agencies	<u>1,129,006</u>	<u>-</u>	<u>1,129,006</u>
Community impact/fund distribution	477,090	-	477,090
Total program services	<u>1,606,096</u>	<u>-</u>	<u>1,606,096</u>
Supporting services			
Fundraising	198,239	-	198,239
Marketing and communications	8,971	-	8,971
Finance and administration	257,421	-	257,421
Total supporting services	<u>464,631</u>	<u>-</u>	<u>464,631</u>
Total expenses	<u>2,070,727</u>	<u>-</u>	<u>2,070,727</u>
CHANGE IN NET ASSETS	572,148	793,572	1,365,720
NET ASSETS - BEGINNING OF YEAR	<u>6,600,821</u>	<u>753,901</u>	<u>7,354,722</u>
NET ASSETS - END OF YEAR	<u>\$ 7,172,969</u>	<u>\$ 1,547,473</u>	<u>\$ 8,720,442</u>

The accompanying notes to the financial statements are an integral part of this statement.

UNITED WAY OF CENTRAL ILLINOIS, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Without Donor Restriction	With Donor Restriction	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) recover of uncollectible	(142,681)	142,681	-
Total campaign results (2019/2020)	<u>1,820,148</u>	<u>(1,227,865)</u>	<u>592,283</u>
Gross campaign results (2020/2021)	-	698,645	698,645
Less donor designations	-	(93,301)	(93,301)
Less provision for uncollectible	-	(84,024)	(84,024)
Total campaign revenue (2020/2021)	<u>-</u>	<u>521,320</u>	<u>521,320</u>
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
Total	<u>1,808,578</u>	<u>12,055</u>	<u>1,820,633</u>
Total public support and revenue	<u>3,628,726</u>	<u>(694,490)</u>	<u>2,934,236</u>
EXPENSES:			
Program services			
Gross funds allocated to human service agencies venture grants and community support	1,353,433	-	1,353,433
Less donor signations	(124,158)	-	(124,158)
Net funds allocated to human service agencies	<u>1,229,275</u>	<u>-</u>	<u>1,229,275</u>
COVID-19 Response Fund	627,257	-	627,257
Community impact/fund distribution	441,408	-	441,408
Total program services	<u>2,297,940</u>	<u>-</u>	<u>2,297,940</u>
Supporting services			
Fundraising	182,857	-	182,857
Marketing and communications	633	-	633
Finance and administrating	273,049	-	273,049
Total supporting services	<u>456,539</u>	<u>-</u>	<u>456,539</u>
Total expenses	<u>2,754,479</u>	<u>-</u>	<u>2,754,479</u>
CHANGE IN NET ASSETS	874,247	(694,490)	179,757
NET ASSETS - BEGINNING OF YEAR	<u>5,726,574</u>	<u>1,448,391</u>	<u>7,174,965</u>
NET ASSETS - END OF YEAR	<u>\$ 6,600,821</u>	<u>\$ 753,901</u>	<u>\$ 7,354,722</u>

The accompanying notes to the financial statements are an integral part of this statement.

UNITED WAY OF CENTRAL ILLINOIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

	Program Services			Other Functional Expenses (or Supporting Services)					
	Allocation Services	Community Impact/Fund Distribution	Total Program Services	Fund Raising	Marketing and Communications	Finance and Administration	Total	Total	
EXPENSES:									
Salaries	\$ -	\$ 238,993	\$ 238,993	\$ 102,267	\$ 6,059	\$ 76,317	\$ 184,643	\$ 423,636	
Payroll taxes	-	22,325	22,325	9,665	606	7,539	17,810	40,135	
Employee benefits	-	49,338	49,338	21,459	1,216	10,971	33,646	82,984	
Personnel search	-	-	-	-	-	21,350	21,350	21,350	
Professional fees	-	-	-	-	-	103,678	103,678	103,678	
Office supplies	-	1,011	1,011	651	45	444	1,140	2,151	
SECA budget	-	-	-	5,887	-	-	5,887	5,887	
Telephone	-	2,657	2,657	1,063	-	1,111	2,174	4,831	
Postage	-	1,208	1,208	471	-	508	979	2,187	
Occupancy	-	30,683	30,683	12,273	-	12,831	25,104	55,787	
Occupancy maintenance and real estate taxes	-	16,204	16,204	6,482	-	6,777	13,259	29,463	
Equipment maintenance	-	1,786	1,786	966	-	747	1,713	3,499	
Subscriptions	-	122	122	49	-	51	100	222	
Marketing and advertising	-	10,515	10,515	976	60	-	1,036	11,551	
Travel	-	-	-	210	-	-	210	210	
Meetings	-	343	343	83	-	84	167	510	
Conference and trainings	-	467	467	167	-	388	555	1,022	
Campaign and supplies/printing	-	2,093	2,093	4,301	-	-	4,301	6,394	
Special events	-	3,263	3,263	16,574	-	-	16,574	19,837	
Award supplies	-	369	369	-	-	-	-	369	
Local organization dues	-	961	961	260	283	166	709	1,670	
State and national dues	-	1,408	1,408	563	-	589	1,152	2,560	
United Way Worldwide dues	-	16,209	16,209	6,484	-	6,778	13,262	29,471	
Software licenses	-	8,751	8,751	4,035	702	615	5,352	14,103	
Insurance expense	-	4,101	4,101	1,640	-	1,715	3,355	7,456	
Bank and filing fees	-	4,283	4,283	1,713	-	1,874	3,587	7,870	
Depreciation expense	-	-	-	-	-	2,888	2,888	2,888	
Grants disbursed	-	60,000	60,000	-	-	-	-	60,000	
Allocations to agencies, venture grants and community support	1,225,720	-	1,225,720	-	-	-	-	1,225,720	
Less donor designations	(96,714)	-	(96,714)	-	-	-	-	(96,714)	
Total expenses	\$ 1,129,006	\$ 477,090	\$ 1,606,096	\$ 198,239	\$ 8,971	\$ 257,421	\$ 464,631	\$ 2,070,727	

The accompanying notes to the financial statements are an integral part of this statement.

UNITED WAY OF CENTRAL ILLINOIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program Services			Other Functional Expenses (or Supporting Services)					
	Allocation Services	COVID-19 Response	Community Impact/Fund Distribution	Total Program Services	Fund-raising	Marketing and Communications	Finance and Administration	Total	Total
EXPENSES:									
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
Professional fees	-	-	-	-	-	-	132,005	132,005	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 and 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
Depreciation expense	-	-	1,588	1,588	635	-	664	1,299	2,887
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)
Total expenses	\$ 1,229,275	\$ 627,257	\$ 441,408	\$ 2,297,940	\$ 182,857	\$ 633	\$ 273,049	\$ 456,539	\$ 2,754,479

The accompanying notes to the financial statements are an integral part of this statement.

UNITED WAY OF CENTRAL ILLINOIS, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,365,720	\$ 179,757
Adjustments to reconcile change in net assets used in operating activities:		
Paycheck protection program loan forgiveness	(197,496)	-
Depreciation	2,888	2,887
Net realized and unrealized gain on investments	(799,128)	(984,410)
Increase in funds held for others	46,769	(11,473)
Reserve for uncollectible pledges	218,287	84,024
Changes in assets and liabilities:		
Decrease (increase) in		
Contributions receivable	(542,849)	495,993
Prepaid expenses	15,871	(15,871)
Beneficial interest in perpetual trusts	(15,453)	(12,055)
Increase (decrease) in		
Accrued expenses	(30,455)	4,834
Accounts Payable	9,120	-
Allocations payable	(38,124)	(95,180)
Designations payable	(96,714)	(123,051)
Net cash used in operating activities	<u>(61,564)</u>	<u>(474,545)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	1,800,435	4,498,588
Purchases of investments	<u>(1,514,180)</u>	<u>(4,307,782)</u>
Net cash provided by investing activities	<u>286,255</u>	<u>190,806</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection Program loan	<u>100,902</u>	<u>96,594</u>
Net cash provided from financing activities	<u>100,902</u>	<u>96,594</u>
CHANGE IN CASH AND FUNDS HELD FOR OTHERS	325,593	(187,145)
CASH AND FUNDS HELD FOR OTHERS, BEGINNING OF YEAR	<u>461,777</u>	<u>648,922</u>
CASH AND FUNDS HELD FOR OTHERS, END OF YEAR	<u>\$ 787,370</u>	<u>\$ 461,777</u>
RECONCILIATION OF CASH AND FUNDS HELD FOR OTHERS		
Cash	\$ 710,980	\$ 432,156
Cash held for others	<u>76,390</u>	<u>29,621</u>
	<u>\$ 787,370</u>	<u>\$ 461,777</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
PPP loan proceeds	\$ 100,902	\$ 96,594
PPP loan forgiveness	\$ (197,496)	\$ -

The accompanying notes to the financial statements are an integral part of this statement.

UNITED WAY OF CENTRAL ILLINOIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

1. 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.

Basis of Accounting

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. All contributions receivable are due within one year. 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. Investment return is reported net of external and direct internal investment expenses. Gains and investment income that are limited to specific uses by donor-imposed restrictions are reported in without donor restriction net assets when the restrictions are met in the same reporting period as the gains and income are recognized.

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 capitalizes assets with individual costs of \$1,000 or more and with useful lives greater than one year. 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial Interest in Perpetual Trusts

At December 31, 2021, 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 and grants 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 or grant 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.

A portion of the Organization's grant revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to meeting specific grant provisions are reported as unearned grant advances/paycheck protection program loan on the statements of financial position. The Organization had received \$96,594 of paycheck protection program funds as of December 31, 2020, for which the conditions had not yet been met. See Note 7. As of December 31, 2021, the Organization did not have any conditional grant awards and had not received any grant funds that had not yet been recognized.

Contributions and grants are recognized when cash, an unconditional promise to give, or notification of a beneficial interest is received. Conditional grants and 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. The Organization received no contributed services for the year ended December 31, 2021 and \$42,362 of contributed professional services for the year ended December 31, 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Salaries, payroll taxes, employee benefits, office supplies, telephone, occupancy and insurance are allocated on the basis of estimates of time and effort.

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.

Future Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU No. 2016-02, as amended, is effective for annual periods beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022 and requires a modified retrospective approach to adoption. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standards at the beginning of the earliest period presented in the consolidated financial statements. In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*, providing a second optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. The Organization is currently assessing the impacts of this new standard, including the two optional transition methods.

In September 2020, FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase the transparency of contributed nonfinancial assets for non-for-profit entities through enhancement to presentation and disclosure. The new guidance requires contributed nonfinancial assets be presented as a separate line item in the statements of activities, a disclosure with the disaggregation of the amount of contributed nonfinancial assets by category as well as certain qualitative information. ASU No. 2020-07 is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently assessing the impact of this new standard.

UNITED WAY OF CENTRAL ILLINOIS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent events

The Organization has evaluated subsequent events through June 15, 2022, the date on which the financial statements were available for issuance.

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. As of December 31, 2021 and 2020 the Organization exceeded the federally insured limits by \$278,644 and \$11,939, respectively. 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.

3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash	\$ 710,980	\$ 432,156
Contributions receivable	595,064	270,502
Investments	7,708,969	7,196,096
Beneficial interest in perpetual trusts	242,169	226,716
Funds held for others	76,390	29,621
Total financial assets	<u>9,333,572</u>	<u>8,155,091</u>
Less amounts not available to be used within one year:		
Beneficial interest in perpetual trusts	242,169	226,716
Funds held for others	76,390	29,621
Board designations	153,176	179,830
	<u>471,735</u>	<u>436,167</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 8,861,837</u>	<u>\$ 7,718,924</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 (Continued)

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2021 and 2020, are as follows:

	2021			2020		
	Prior year campaign	Current year campaign	Total,	Prior year campaign	Current year campaign	Total
Contributions receivable	\$ 166,090	\$ 681,396	\$ 847,486	\$ 236,077	\$ 197,553	\$ 433,630
Allowance for uncollectible pledges	<u>(148,211)</u>	<u>(104,211)</u>	<u>(252,422)</u>	<u>(103,064)</u>	<u>(60,064)</u>	<u>(163,128)</u>
Total	<u>\$ 17,879</u>	<u>\$ 577,185</u>	<u>\$ 595,064</u>	<u>\$ 133,013</u>	<u>\$ 137,489</u>	<u>\$ 270,502</u>

5. PROPERTY AND EQUIPMENT

The Organization's property and equipment as of December 31, 2021 and 2020, are as follows:

	2021	2020
Furnishings and equipment	\$ 128,684	\$ 128,684
Leasehold improvements	<u>112,625</u>	<u>112,625</u>
	241,309	241,309
Less accumulated depreciation	<u>173,756</u>	<u>170,868</u>
	<u>\$ 67,553</u>	<u>\$ 70,441</u>

Depreciation expense was \$2,888 and \$2,887 for the years ended December 31, 2021 and 2020, respectively.

6. LINE OF CREDIT

On November 15, 2019, the Organization entered into a line of credit agreement with a bank for \$250,000, secured by their investment account. Borrowings under the line bear an interest rate at 4.5% for the line of credit that matured on November 15, 2021. The line of credit was renewed on November 15, 2021 with a maturity date of November 15, 2022 and bears an interest rate of 3.75%. The agreements require the Organization to comply with certain non-financial covenants. There was no balance outstanding as of December 31, 2021 and 2020.

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7. 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 a specified period after the lender makes the first disbursement of the PPP loan to the borrower, subject to proper documentation.

The Organization was approved for a loan on April 14, 2020 under this program in the amount of \$96,564, with an interest rate of 1% and maturity date of April 14, 2022. As of December 31, 2021, the Organization met the requirements to receive full forgiveness of the loan and recognized the loan forgiveness on the statement of activities as grant revenue. Formal forgiveness was received from the SBA on March 2, 2021.

The Organization received another Paycheck Protection Program loan during the year ended December 31, 2021. The Organization was approved for this loan on March 31, 2021 under this program in the amount of \$100,902 with an interest rate of 1% and a maturity date of April 1, 2026. As of December 31, 2021, the Organization has met the requirements to receive full forgiveness of the loan and recognized the loan forgiveness on the statement of activities as grant revenue. Formal forgiveness was received from the SBA on August 10, 2021.

8. FUNCTIONAL EXPENSE

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

In 2021, the Organization incurred joint costs of \$10,704 for informational materials and activities, including fund-raising appeals. Of these costs, \$2,729 was allocated to fund-raising expense, \$46 was allocated to marketing, \$5,576 was allocated to program service expense and \$2,353 was allocated to finance and administration.

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.

UNITED WAY OF CENTRAL ILLINOIS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

9. 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>
2022	\$ 56,673
2023	57,806
2024	58,962
2025	60,141
2026	61,344
Thereafter	30,976
	<u>\$ 325,902</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, 2021 and 2020, service fees paid to third parties for accounting related services were \$66,560 and \$60,240, respectively.

The total rental expense included in the statement of functional expenses for the years ended December 31, 2021 and 2020, is \$55,787 and \$55,281, respectively.

10. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to the passage of time:		
Campaign results (2021/2022)	<u>\$ 1,305,304</u>	<u>\$ 527,185</u>
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trusts	<u>242,169</u>	<u>226,716</u>
Total	<u>\$ 1,547,473</u>	<u>\$ 753,901</u>

UNITED WAY OF CENTRAL ILLINOIS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

10. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

For the years ended December 31, 2021 and 2020, net assets of \$521,320 and \$1,227,865, respectively, were released from donor restrictions by the occurrence of the passage of time.

11. 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 \$37,146 and \$34,237 for the years ended December 31, 2021 and 2020, respectively.

12. 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 \$76,390 and \$29,621 at December 31, 2021 and 2020, respectively.

13. ALLOCATIONS TO HUMAN SERVICES AGENCIES AND COMMUNITY SUPPORT

The following allocations were made for the years ended December 31, 2021 and 2020:

	2021	2020
Program allocations		
American Red Cross	\$ 24,000	\$ 24,000
Big Brothers Big Sisters of Illinois Capital Region	90,404	97,000
Boys and Girls Clubs of Central Illinois	81,625	85,500
Catholic Charities of the Diocese of Springfield in Illinois	59,587	62,000
Compass for Kids, Inc.	204,264	209,000
Contact Ministries	27,746	28,870
Girl Scouts of Central Illinois, Inc.	4,660	5,000
Helping Hands of Springfield Inc.	42,217	43,756
Lutheran Child and Family Services	33,600	35,000
Memorial Behavioral Health	31,658	33,195
M.E.R.C.Y. Communities, Inc.	75,631	78,332
Mini O'Beirne Crisis Nursery	24,715	25,716
One Hope United	-	15,000
Senior Services of Central Illinois, Inc.	82,153	84,195

UNITED WAY OF CENTRAL ILLINOIS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

13. ALLOCATIONS TO HUMAN SERVICES AGENCIES AND COMMUNITY SUPPORT (CONTINUED)

	<u>2021</u>	<u>2020</u>
Program allocations (Continued)		
SIU Center for Family Medicine	\$ 52,612	\$ 133,000
Sojourn Shelter & Services	76,948	80,065
Springfield Public Schools, District 186	25,566	26,780
Springfield Urban League	73,391	76,185
United Way of Central Illinois – DPIL	<u>16,723</u>	<u>16,821</u>
	1,027,500	1,159,415
Venture grants	33,750	-
Community support	<u>67,756</u>	<u>69,860</u>
Net funds allocated to human service agencies and community support	<u>\$ 1,129,006</u>	<u>\$ 1,229,275</u>

14. FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

UNITED WAY OF CENTRAL ILLINOIS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

14. FAIR VALUE MEASUREMENTS (Continued)

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended December 31, 2021 and 2020.

- Mutual funds: Valued at the NAV of shares on the last trading day of the fiscal year.
- Beneficial interest in perpetual trusts: Valued using the fair value of assets held in the trust reported by the trustee as of December 31, 2021 and 2020. The Organization considers the measurement of its beneficial interest in the perpetual trust to be a Level 3 measurement within the hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

Recurring Measurements

Assets measured at fair value on a recurring basis as of December 31, 2021 and 2020, are as follows:

	2021			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Money market funds	\$ 66,579	\$ 66,579	\$ -	\$ -
Equity mutual funds:			-	-
Small cap funds	662,067	662,067	-	-
Mid cap funds	789,509	789,509	-	-
Large cap funds	2,929,384	2,929,384	-	-
International funds	692,866	692,866	-	-
Fixed income mutual funds	<u>2,568,564</u>	<u>2,568,564</u>	-	-
	7,708,969	7,708,969	-	-
Beneficial interest in perpetual trusts	<u>242,169</u>	<u>-</u>	<u>-</u>	<u>242,169</u>
	<u>\$ 7,951,138</u>	<u>\$ 7,708,969</u>	<u>\$ -</u>	<u>\$ 242,169</u>

UNITED WAY OF CENTRAL ILLINOIS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

14. FAIR VALUE MEASUREMENTS (Continued)

Recurring Measurements (Continued)

	2020			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other 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	-	-
	7,196,096	7,196,096	-	-
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>

The following table presents a reconciliation of Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2021 and 2020.

	Beneficial Interest in Perpetual Trusts 2021	Beneficial Interest in Perpetual Trusts 2020
Balance, beginning of the year	\$ 226,716	\$ 214,661
Total gains	15,453	12,055
Balance, end of year	<u>\$ 242,169</u>	<u>\$ 226,716</u>

15. RISKS AND UNCERTAINTIES

Beginning around March 2020, the Covid-19 virus was declared a global pandemic and it continues to spread. Business continuity, Organization programs and funding sources could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

15. RISKS AND UNCERTAINTIES (Continued)

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 was 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.