UNITED WAY OF CENTRAL CAROLINAS, INC.

FINANCIAL STATEMENTS AND
ACCOMPANYING INFORMATION

YEAR ENDED JUNE 30, 2020
## UNITED WAY OF CENTRAL CAROLINAS, INC.

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YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Central Carolinas, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of United Way of Central Carolinas, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the 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.
Board of Directors
United Way of Central Carolinas, Inc.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, 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.

Emphasis-of-Matter Regarding Changes in Accounting Principles
As discussed in Note 2 to the financial statements, the Organization adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606) and Financial Accounting Standards Board Accounting Standards Update 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605). Our opinion is not modified with respect to those matters.

Other Matter
Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying Supplemental Schedule of Management Calculation of Overhead Rate (Non-GAAP Calculation) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

CliftonLarsonAllen LLP
Charlotte, North Carolina
November 3, 2020
## UNITED WAY OF CENTRAL CAROLINAS, INC.
### STATEMENT OF FINANCIAL POSITION
#### JUNE 30, 2020

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$11,617,825</td>
</tr>
<tr>
<td>Campaign Promises to Give</td>
<td>6,200,151</td>
</tr>
<tr>
<td>Less Allowance for Uncollectible Promises to Give</td>
<td>(1,084,614)</td>
</tr>
<tr>
<td>Campaign Promises to Give, Net</td>
<td>5,115,537</td>
</tr>
<tr>
<td>Grants Receivable</td>
<td>301,000</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>134,241</td>
</tr>
<tr>
<td>Prepaid Expenses and Other Assets</td>
<td>126,997</td>
</tr>
<tr>
<td>Investments</td>
<td>15,611,081</td>
</tr>
<tr>
<td>Property &amp; Equipment, Net</td>
<td>1,001,380</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$33,908,061</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

### LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$48,527</td>
</tr>
<tr>
<td>Accrued Compensation</td>
<td>163,444</td>
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<tr>
<td>Other Liabilities and Accrued Expenses</td>
<td>868,348</td>
</tr>
<tr>
<td>Campaigns Processed for Others, Net</td>
<td>378,681</td>
</tr>
<tr>
<td>Grants Payable</td>
<td>8,136,467</td>
</tr>
<tr>
<td>Due to Designated Agencies</td>
<td>561,076</td>
</tr>
<tr>
<td>Note Payable</td>
<td>675,000</td>
</tr>
<tr>
<td>Deferred Lease Incentive</td>
<td>196,498</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>11,028,041</strong></td>
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### NET ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without Donor Restrictions:</td>
<td></td>
</tr>
<tr>
<td>Board Designated</td>
<td>1,052,272</td>
</tr>
<tr>
<td>Undesignated</td>
<td>14,928,994</td>
</tr>
<tr>
<td><strong>Total Without Donor Restrictions</strong></td>
<td><strong>15,981,266</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>With Donor Restrictions:</td>
<td></td>
</tr>
<tr>
<td>Subject to Passage of Time</td>
<td>1,386,866</td>
</tr>
<tr>
<td>Subject to Purpose Restrictions</td>
<td>4,435,437</td>
</tr>
<tr>
<td>Endowments</td>
<td>1,076,451</td>
</tr>
<tr>
<td><strong>Total With Donor Restrictions</strong></td>
<td><strong>6,898,754</strong></td>
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<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>22,880,020</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>$33,908,061</strong></td>
</tr>
</tbody>
</table>

*See accompanying Notes to Financial Statements.*
UNITED WAY OF CENTRAL CAROLINAS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES AND OTHER SUPPORT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional 2018 Campaign Revenue</td>
<td>$ 1,640,240</td>
<td>$ -</td>
</tr>
<tr>
<td>Less: Donor Designations</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net 2018 Campaign Revenue</td>
<td>1,640,240</td>
<td>-</td>
</tr>
<tr>
<td>Gross 2019 Campaign Revenue</td>
<td>14,922,707</td>
<td>-</td>
</tr>
<tr>
<td>Less: Donor Designations</td>
<td>(2,061,772)</td>
<td>-</td>
</tr>
<tr>
<td>Less: Provision for Uncollectibles</td>
<td>(795,237)</td>
<td>-</td>
</tr>
<tr>
<td>Net 2019 Campaign Revenue</td>
<td>12,065,698</td>
<td>-</td>
</tr>
<tr>
<td>Gross 2020 and 2021 Campaign Revenue</td>
<td>-</td>
<td>385,227</td>
</tr>
<tr>
<td>Less: Provision for Uncollectibles</td>
<td>-</td>
<td>(19,261)</td>
</tr>
<tr>
<td>Net 2020 and 2021 Campaign Revenue</td>
<td>-</td>
<td>365,966</td>
</tr>
<tr>
<td>Designations from Other United Ways</td>
<td>76,851</td>
<td>-</td>
</tr>
<tr>
<td>Grants and Contributions</td>
<td>14,398</td>
<td>20,123,153</td>
</tr>
<tr>
<td>Fees for Volunteer Services</td>
<td>137,820</td>
<td>-</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>111,575</td>
<td>-</td>
</tr>
<tr>
<td>Administrative Services</td>
<td>46,998</td>
<td>-</td>
</tr>
<tr>
<td>Investment Income, Net</td>
<td>416,476</td>
<td>13,770</td>
</tr>
<tr>
<td>In-Kind Contributions</td>
<td>93,957</td>
<td>-</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>61,232</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets Released From Restrictions:</td>
<td>524,501</td>
<td>(524,501)</td>
</tr>
<tr>
<td>Expiration of Time Restrictions</td>
<td>524,501</td>
<td>(524,501)</td>
</tr>
<tr>
<td>Satisfaction of Purpose Restrictions</td>
<td>15,886,666</td>
<td>(15,886,666)</td>
</tr>
<tr>
<td>Total Revenues and Other Support</td>
<td>31,076,412</td>
<td>4,091,722</td>
</tr>
</tbody>
</table>

EXPENSES AND LOSSES

Program Services:
- Community Investment | 17,025,811 | - | 17,025,811 |
- Information and Referral Services | 174,980 | - | 174,980 |
- Volunteerism | 136,038 | - | 136,038 |
- Other Programs | 1,174,851 | - | 1,174,851 |

Supporting Services:
- Fundraising | 2,558,991 | - | 2,558,991 |
- Management and General | 2,378,740 | - | 2,378,740 |

Total Expenses | 23,449,411 | - | 23,449,411 |

CHANGE IN NET ASSETS
7,627,001 | 4,091,722 | 11,718,723

Net Assets - Beginning of Year | 8,354,265 | 2,807,032 | 11,161,297

NET ASSETS - END OF YEAR
$ 15,981,266 | $ 6,898,754 | $ 22,880,020

See accompanying Notes to Financial Statements.
UNITED WAY OF CENTRAL CAROLINAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

See accompanying Notes to Financial Statements.
# UNITED WAY OF CENTRAL CAROLINAS, INC.
## STATEMENT OF CASH FLOWS
### YEAR ENDED JUNE 30, 2020

### CASH FLOWS FROM OPERATING ACTIVITIES
- **Change in Net Assets** $11,718,723
- **Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:**
  - Depreciation $82,815
  - Loss on Disposal of Property & Equipment $3,350
  - Realized Gains on Sale of Investments $(959,986)
  - Unrealized Loss on Investments Held $964,623
  - Change in Value of Beneficial Interest in Assets $(24,447)
- **Changes in Operating Assets and Liabilities:**
  - Campaign Promises to Give, Net $1,043,388
  - Grants Receivable $99,000
  - Other Receivables and Prepaid Expenses $26,844
  - Accounts Payable and Other Liabilities $405,793
  - Grants Payable $(6,547,140)
  - Due to Designated Agencies $(129,710)
  - **Net Cash Provided by Operating Activities** $6,683,253

### CASH FLOWS FROM INVESTING ACTIVITIES
- **Purchases of Property & Equipment** $(1,016,791)
- **Proceeds from Sales of Investment Securities** $735,236
- **Purchases of Investment Securities** $(3,249,902)
  - **Net Cash Used by Investing Activities** $(3,531,457)

### CASH FLOWS FROM FINANCING ACTIVITIES
- **Proceeds from Note Payable** $675,000

### NET CHANGE IN CASH AND CASH EQUIVALENTS
- **Cash and Cash Equivalents - Beginning of Year** $7,791,029
- **Net Change in Cash and Cash Equivalents** $3,826,796
- **Cash and Cash Equivalents - End of Year** $11,617,825

See accompanying Notes to Financial Statements. (6)
NOTE 1  ORGANIZATION

Organization and Purpose
United Way of Central Carolinas, Inc. (the Organization, UWCC, or United Way) is a not-for-profit corporation organized under the laws of the state of North Carolina for purpose of supporting the health and human service needs of individuals within Anson, Cabarrus, Mecklenburg, and Union counties and the Mooresville/Lake Norman region (the five-county region).

The Organization works to create lasting change for those most in need through strategic community philanthropy in the five-county region that is home to nearly 1.5 million people. Focusing on improving education, health, and financial stability, UWCC’s impact strategy works to boost economic mobility across the region, while also helping provide a safety net for people and families in need. Annually, UWCC invests in more than 100 local nonprofit agencies and initiatives through the funding provided by generous corporate and individual donors.

The Organization’s program services include:

Community Investment Process
UWCC focuses on supporting a broad range of local health and human service programs. A two generation approach supports the entire family by focusing on the needs of both the parent and child. Each year, UWCC allocates funding to health and human service organizations in the five-county region. The funding is allocated through three primary grant processes:

1. Impact Grants - Supports agencies across UWCC’s five-county region that work collaboratively to provide comprehensive and coordinated services that will improve economic mobility and achieve results greater than any single organization could achieve.

UWCC shifted its community impact strategy two years ago and continues to implement strategies identified by the Charlotte-Mecklenburg Opportunity Task Force report. United Way focuses on improving economic mobility through education, health, and financial stability while simultaneously focusing on building stronger neighborhoods, increasing racial equity, and improving the systems that serve our children and families.

2. United Neighborhoods – Works to change the odds for those in the most under-resourced neighborhoods by supporting community-driven holistic neighborhood transformation and revitalization efforts.

UWCC launched United Neighborhoods in September 2017 with an investment over three years into the Grier Heights and Renaissance West neighborhoods in Charlotte. The initiative focuses on partnerships with residents, community leaders, businesses, and nonprofits, backed by multi-year funding and staff resources from UWCC.
NOTE 1 ORGANIZATION (CONTINUED)

That same year UWCC awarded six “Building Block Grants”. These grants support neighborhoods in the early stages of comprehensive revitalization. Grants are focused on building the capacity of “community quarterback” organizations, funding community engagement activities, and completing resident-driven neighborhood planning to identify needs and solutions.

3. Unite Charlotte – Supports new and grassroots organizations through grants and capacity-building activities focused on improving racial equity and increasing social capital.

The effort, launched in 2017, was a collaborative effort with other local funders and community leaders to address issues that led to the unrest in Charlotte during the fall of 2016. Through this initiative, UWCC funds small and/or new organizations and offers capacity-building workshops designed to support their organizational growth.

In June 2019, UWCC announced the third round of Unite Charlotte funding with distribution of grants and capacity-building initiatives to 15 nonprofits and grassroots organizations.

In fiscal year 2019, United Way’s Board of Directors voted to move from a fiscal year grant cycle to a calendar year grant cycle. To effect this change, United Way funded a one-time 18-month grant period beginning July 1, 2019 and concluding December 31, 2020. In future years, the Impact Grants, United Neighborhoods, and Unite Charlotte grant cycles will begin January 1 and conclude December 31.

In order for a partner agency to be eligible to receive funds allocated by UWCC, the agency must submit an application that include goals, strategies, and outcomes that are linked to UWCC’s impact strategy. The proposed activities and target outcomes must be specific, measurable, attainable, realistic, timely, and unambiguous. Agencies submit annual reports on program outcomes. Through this discipline, agencies continually improve their programs, making measurable and lasting change in the lives of people they are serving. In addition, each organization is required to comply with an annual financial certification process. This certification involves obtaining current financial and governance information, as well as through review of this information by UWCC staff and oversight from the Board of Directors’ Finance and Audit Committee.

Volunteerism

UWCC’s volunteer engagement efforts align with the overall strategic direction of the organization by focusing on generating real impact for our partner nonprofit agencies and raising revenue to further our mission. Skill-based volunteering and fee-for-service managed projects are the primary areas of emphasis. Through our website we do offer referrals for individuals, groups or companies looking for volunteer opportunities and encourage them to make arrangements directly with those agencies listed.

UWCC also engages volunteers through board/committee and community impact volunteer opportunities.
NOTE 1 ORGANIZATION (CONTINUED)

NC 2-1-1
NC 2-1-1 is a service provided by the United Way of North Carolina. NC 2-1-1 is North Carolina’s resource for free information and referral services regarding health and human services and resources. NC 2-1-1 has a database of over 19,000 resources, including food pantries, homeless shelters, utility and rent assistance funds, health clinics, prescription assistance programs, counseling and substance abuse services, child care resources, senior resources, resources for persons with disabilities, and much more.

In October 2017, homeless service providers, the City of Charlotte, Mecklenburg County and United Way of Central Carolinas initiated a more efficient way to serve the homeless by incorporating our region’s NC 2-1-1 services with Mecklenburg County’s Coordinated Entry. Coordinated Entry is a portal or entry process that aims to connect individuals and families who are literally homeless, or those at imminent risk of becoming homeless, to shelter and housing resources in the Charlotte-Mecklenburg area. By connecting 2-1-1’s single, full service platform with the Coordinated Entry process, those in need of housing assistance will now be able to get help more quickly and are pointed to the right resources in a standard and consistent manner.

COVID-19 Relief Funds
Beginning in March 2020, UWCC, in collaboration with Foundation for the Carolinas (FFTC), began a fundraising campaign to support relief efforts as a result of the impacts from the COVID-19 pandemic. As of June 30, 2020, approximately $19,428,000 had been raised to support relief efforts in Mecklenburg County and $500,000 for the balance of the five-county area. These funds are reported as grants and contributions in the statement of activities for the year ended June 30, 2020. A committee composed of donors and community leaders directed the allocation process for Mecklenburg County and $14,988,000 had been funded or was committed as of June 30, 2020. UWCC received no fee for the administration of these funds.
NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions 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/or Board of Directors.

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

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

Use of Accounting Estimates
The preparation of financial statement in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, and disclosures. Accordingly, the actual amounts could differ from those estimates and such differences could be material.

Cash and Cash Equivalents
The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Campaign Promises to Give and Allowances for Uncollectible Promises to Give
Annual campaign pledge contributions receivable are generally paid in one year. The Organization provides an allowance for uncollectible promises to give based on historical write-off percentages at the time campaign results are recorded. This estimated allowance is periodically adjusted based on campaign collection trends. A campaign is officially closed for accounting purposes, and the final uncollectible amount determined, in the year following the year the workplace campaign collections begin. Any difference in the actual campaign collection results compared with the estimates previously recorded is reflected in the statements of functional expenses and the statements of activities.
NOTE 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support
Contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are released to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Conditional contributions with conditions met in the same reporting period in which they are received are reported as unconditional contributions.

Grants and Purchased Services
Grant awards are evaluated by management and determined to be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met.

A portion of the Organization’s revenue is from fee-for-service arrangements. Management recognizes revenue from fee-for-service arrangements as services are provided at a point in time. Fees collected in advance of the completion of these services are reported as unearned revenue on the statements of financial position. Revenue is recorded at the transaction price, which does not include any price concessions. Sponsorship revenue is recognized when the event is held. Sponsorships are billed when contracts are signed, as a result, the Organization records deferred revenue and accounts receivable for any amounts for which the Organization has a right to invoice for which the events have not be held.

Investments
Investments are recorded at fair value. Investment returns consists of interest and dividends and realized and unrealized gains and losses, reported net of investment expenses.

Property and Equipment, Net
Property and Equipment is recorded at cost, if purchased, and at estimated fair value at the date of receipt, if donated. The Organization capitalizes assets that have a value or cost of $1,000 or greater at the date of acquisition and an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The cost and any accumulated depreciation related to assets sold or retired is removed from the accounts, and any resulting gain or loss is included in the determination of the change in net assets. Donated property is reported as support without donor restrictions unless the donor restricts the donated asset to a specific purpose. The estimated useful lives of assets are 3 to 10 years for land improvements, 5 to 40 years for building improvements, and 5 to 10 years for equipment.
NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Designated Pledges**
The Organization accepts donor pledges that are designated to certain other 501(c)(3), health and human service organizations. Donor designated pledges that are raised, processed, and distributed are assessed an administrative fee. The administrative fee cannot exceed the calculation as prescribed by the *United Way Worldwide Cost Deduction Requirement for Membership Standard M*. This calculation is based on actual historical costs. Designated pledges that UWCC does not process and for which no administrative fee is received (pay-direct designations) are not reported in the statement of activities.

**Donated Goods and Services**
The United Way recognizes contributed goods and services as revenue and expense if such services meet the criteria for recognition under U.S. GAAP. At June 30, 2020, donated goods and services consisted of office space rent received at a reduced rate.

During the year ended June 30, 2020, the Organization received occupancy rent credits in the amounts of approximately $94,000, from its landlord, Children and Family Service Center, Inc. (the Center). These credits are approved by the Center on an annual basis, and are recorded as in-kind revenue and expense in the period in which they are received. Because there are numerous factors used in determining the rental rates each period, the Organization is unable to estimate the amount of below market rent for future periods. Accordingly, no receivable has been recorded in the accompanying statements of financial position for below market rent.

In addition to the donated goods above, a number of volunteers, including members of the Board of Directors and its committees as well as various volunteer assistants, contribute significant amounts of time to further the Organization’s programs. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected as support in the accompanying financial statements.

**Deferred Lease Incentive**
During the year ended June 30, 2020, the Organization received an allowance for leasehold improvements in the amount of approximately $207,000, from the Center. The allowance will be amortized using the straight-line method over the life of the lease agreement with the Center and used to reduce rent expense each year.

**Fair Value of Financial Instruments**
Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.
NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Income Taxes

United Way of Central Carolinas, Inc. is a nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Additionally, management believes the Organization does not have income subject to unrelated business income tax. Accordingly, no provision for income taxes is required in the financial statements.

The Organization’s income tax returns are subject to review and examination by federal, state, and local authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

U.S. GAAP requires the Organization to recognize a tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. Management believes the Organization had no uncertain tax positions as of June 30, 2020.

Functional Expense Classification

The Organization’s functional expense classification and allocation policy is based on United Way Worldwide functional expense and overhead reporting standards, a review of the current organizational structure and the identification, reclassification, and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas. The supplemental schedule of management calculation of overhead rate is presented for purposes of additional analysis and is not a required part of the basic financial statements.
NOTE 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Principles
In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization’s financial statements reflect the application of Topic 606 guidance, as ASC 606 was adopted during the fiscal year ended June 30, 2020 using the full retrospective approach. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Organization’s reported historical revenue.

The Organization has adopted ASU 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08) as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting.

The Organization’s financial statements reflect the application ASU 2018-08 at the beginning of the fiscal year ended June 30, 2020. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2018-08 did not significantly impact the Organization’s reported historical revenue.

Recent Accounting Pronouncements
In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. The guidance is required to be applied by the Organization for the year ended June 30, 2023; however, early application is permitted. The Organization is currently evaluating the effect that the standard will have on the financial statements.

Risks and Uncertainties
In March 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national, and global economies. The extent to which COVID-19 impacts the Organization’s results are dependent on the breadth and duration of the pandemic and could be affected by other factors currently unable to be predicted. These impacts may include, but are not limited to additional costs for emergency preparedness or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact is unknown and cannot be reasonably estimated at this time.
NOTE 2  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events
In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 3, 2020, the date the financial statements were available to be issued.

NOTE 3  LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below represents financial assets available for general expenditures within one year at June 30, 2020:

Financial Assets at Year-End
Cash and Cash Equivalents $11,617,825
Campaign Promises to Give, Net 5,115,537
Grants Receivable 301,000
Other Receivables 134,241
Investments 15,611,081
Total Financial Assets at Year-End 32,779,684

Less: Amounts Not Available to be Used for General Expenditures within One Year
Campaigns Processed for Others, Net 378,681
Due to Designated Agencies 561,076
Board Quasi-Endowments 1,052,272
Purpose and Time Restrictions 5,822,303
Endowment Funds Held in Perpetuity Including Accumulated Earnings 1,076,451
Financial Assets Not Available to be Used Within One Year $8,890,783

Total Net Financial Assets Available to Meet General Expenditures Within One Year $23,888,901

As part of the Organization’s liquidity management plan, it structures its financial assets to be available as its obligations come due. Cash is held in interest bearing bank accounts and cash in excess of daily requirements is invested. Board quasi-endowments may be drawn upon, if necessary, to meet unexpected liquidity needs. The Organization considers all expenditures related to its ongoing mission-related activities as well as services necessary to support those activities to be general expenditures.
NOTE 4  CAMPAIGN PROMISES TO GIVE, NET

Campaign promises to give at June 30, 2020 consisted of the following:

| Campaign Promises to Give, 2021/2022 Campaign | $ 41,800 |
| Campaign Promises to Give, 2020/2021 Campaign | 1,016,299 |
| Campaign Promises to Give, 2019/2020 Campaign | 3,317,183 |
| Campaign Promises to Give, 2018/2019 Campaign | 740,255 |
| **Total Campaign Promises to Give, Net** | **$ 5,115,537** |

A portion of these receivables are recorded as restricted support in the accompanying statements of activities as they are multi-year gifts and not expected to be collected within the standard campaign cycle. These gifts are expected to be collected as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30,</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>400,000</td>
</tr>
<tr>
<td>2022</td>
<td>300,000</td>
</tr>
<tr>
<td>2023</td>
<td>300,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 1,000,000</strong></td>
</tr>
</tbody>
</table>

Management calculated the discount on receivables and determined it to be immaterial to the financial statements. Accordingly, no discount on campaign promises has been recorded for the year ended June 30, 2020.

NOTE 5  INVESTMENTS

Investments at June 30, 2020 consisted of the following:

| Cash and Money Market Funds | $ 29,331 |
| Certificates of Deposit     | 4,505,041 |
| Mutual Funds:               |          |
| Balanced Global Funds       | 538,335  |
| International Fixed Income Funds | 450,628 |
| Domestic Fixed Income Funds | 2,686,213 |
| International Equity Funds  | 988,177  |
| Domestic Large Cap Equity Funds | 3,042,256 |
| Domestic Mid Cap Equity Funds | 532,631 |
| Domestic Small Cap Equity Funds | 709,746 |
| Beneficial Interest in Assets Held by United Way Legacy Foundation at the Foundation for the Carolinas ("FFTC") | 2,128,723 |
| **Total Investments**       | **$ 15,611,081** |
NOTE 5 INVESTMENTS (CONTINUED)

The Organization’s investments are exposed to various risks such as interest rate, market, liquidity, and credit risk. Due to the current and potential future volatility in the financial markets, it is possible that changes in the investment values and liquidity could occur in the near term and could materially affect the reported investment values in the accompanying statements of financial position.

The following is a summary of investment return and losses for the year ended June 30, 2020:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and Dividends, Net of Fees</td>
<td>$304,648</td>
</tr>
<tr>
<td>Change in Value of Beneficial Interest in Assets</td>
<td>24,447</td>
</tr>
<tr>
<td>Net Change in Fair Value of Investments, Including Realized and Unrealized Gains</td>
<td>(4,637)</td>
</tr>
<tr>
<td>Interest Earned on Cash Deposits</td>
<td>105,788</td>
</tr>
</tbody>
</table>

Total Investment Return, Net: $430,246

**United Way Legacy Foundation**

The Organization has established an endowment that is administered by the United Way Legacy Foundation (Legacy Foundation), a supporting organization of Foundation for the Carolinas (FFTC). The Board established the endowed account for contributions from donors required to be maintained in perpetuity. Earnings on the funds are available for spending annually, in accordance with the Legacy Foundation’s spending policy. The endowed assets are reported at fair value and are included in investments in the accompanying statement of financial position. The endowed assets, including gains and losses, are recorded as net assets without donor restrictions. The fair value of the endowed assets at June 30, 2020 and changes in the endowment net assets are presented in Note 15.

**Donor-Restricted Endowment Funds**

The Organization also holds beneficial interests in certain trusts that are administered by FFTC. The Organization has the irrevocable right to receive income earned on the trust assets; however, the Organization will not receive the assets held in the trust, which are invested in perpetuity. The beneficial interests in the trusts are valued at the fair value of the assets held in the trust and are included in investments in the accompanying statement of financial position. Changes in the fair value of the assets held in trust are recorded as net assets with or without donor restrictions in accordance with donor stipulations. Reclassifications into net assets without donor restrictions are made as distributable income is released from restriction. The fair value of the endowed assets at June 30, 2020 and changes in the endowment net assets are presented in Note 15.

The Legacy Foundation and donor-restricted endowment funds are held at FFTC and invested in professionally managed pooled funds of common stock equities, bonds, and other fixed income investments, which are subject to fluctuations in market values and expose the Organization to a certain degree of interest and credit risk.
NOTE 5  INVESTMENTS (CONTINUED)

The FFTC fund managers invest in private investment funds as part of the asset allocation, as an alternative investment strategy with the purpose of increasing the diversity of the holdings and being consistent with the overall investment objectives. The private investment funds are not traded on an exchange and, accordingly, investments in such funds may not be as liquid as investments in marketable equity or debt securities.

The private investment funds may invest in other private investment funds, equity, or debt securities which may or may not have readily available fair values, and foreign exchange or commodity forward contracts. Management of FFTC relies on various factors to estimate the fair value of these investments and believes its processes and procedures for valuing investments are effective and that its estimate of value is reasonable. However, the factors used by management are subject to change in the near term and, accordingly, investment values and performance can be affected. The effect of these changes could be material to the accompanying financial statements.

NOTE 6  PROPERTY AND EQUIPMENT, NET

The components of property and equipment, net at June 30, 2020 consisted of the following:

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Land Improvements</td>
<td>$15,000</td>
</tr>
<tr>
<td>Buildings and Building Improvements</td>
<td>$1,571,582</td>
</tr>
<tr>
<td>Equipment</td>
<td>$661,540</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,248,122</td>
</tr>
<tr>
<td><strong>Less: Accumulated Depreciation</strong></td>
<td>$(1,246,742)</td>
</tr>
<tr>
<td><strong>Total Property and Equipment</strong></td>
<td>$1,001,380</td>
</tr>
</tbody>
</table>

NOTE 7  NOTE PAYABLE

In April 2020, the Organization entered into an unsecured promissory note (the Note) with a lender in the amount of $675,000 under the Paycheck Protection Program (PPP) established by section 1102 of the CARES Act and as implemented and administered by the Small Business Administration (SBA). Under the terms of the agreement, the Note bears an interest rate of 1.0% and will be repaid in 18 monthly installments of $37,875 beginning on November 17, 2020. The outstanding balance on the Note at June 30, 2020 was approximately $675,000.

Scheduled principal payments on the Note are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$295,967</td>
</tr>
<tr>
<td>2022</td>
<td>$379,033</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$675,000</strong></td>
</tr>
</tbody>
</table>
NOTE 7  NOTE PAYABLE (CONTINUED)

Under the PPP, all or a portion of this loan may be forgiven. The actual amount of the loan forgiveness will depend, in part, on the total amount of payroll costs, rent payments, and utility payments paid by the Organization during the twenty-four week period following the origination of the Note. Management anticipates applying for full forgiveness of this loan during the year ending June 30, 2021.

NOTE 8  BOARD DESIGNATED NET ASSETS

Net assets without donor restrictions also include Board designated net assets to be used for a specific purpose. At June 30, 2020, net assets without donor restrictions of approximately $1,052,000, were designated for endowment purposes. Earnings on the funds are available for spending annually in accordance with the Organization's spending policy (see Note 15).

NOTE 9  NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 have been restricted by the donors for the following purposes:

Subject to Passage of Time:
Campaign Contributions Promised or Received in
  Advance $ 1,086,866
  Foundation Grants 300,000
  Total Subject to the Passage of Time 1,386,866

Subject to Purpose Restrictions:
Coordinated Entry Project 45,772
Community Food Security Initiatives 56,240
Publix Last Resort Fund 62,298
Covid Relief Funds 4,271,127
  Total Subject to Purpose Restrictions 4,435,437

Endowments
Accumulated Earnings on Endowment Assets 225,305
Giles Endowment 100,000
Cato Endowment for Education Training Fund 300,000
McIntyre Legacy Endowment 430,439
Rutledge Endowment 20,000
Mattison-Boyd Endowment 707
  Total Endowments 1,076,451
  Total Net Assets with Donor Restrictions $ 6,898,754
NOTE 10  NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by the expiration of time restrictions or by incurring expenses in satisfaction of purpose restrictions for the year ended June 30, 2020 as follows:

Expiration of Time Restrictions:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campaign Contributions Promised</td>
<td>$424,501</td>
</tr>
<tr>
<td>Foundation Grants</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Total Satisfaction of Time Restrictions</strong></td>
<td><strong>524,501</strong></td>
</tr>
</tbody>
</table>

Subject to Purpose Restrictions:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordinated Entry Project</td>
<td>45,772</td>
</tr>
<tr>
<td>Evaluation</td>
<td>50,000</td>
</tr>
<tr>
<td>Community Food Security Initiatives</td>
<td>67,360</td>
</tr>
<tr>
<td>Publix Last Resort Fund</td>
<td>66,368</td>
</tr>
<tr>
<td>Covid Relief Funds</td>
<td>15,657,166</td>
</tr>
<tr>
<td><strong>Total Satisfaction of Purpose Restrictions</strong></td>
<td><strong>15,886,666</strong></td>
</tr>
</tbody>
</table>

**Total Net Assets Released from Restrictions** $16,411,167

NOTE 11  CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of unsecured campaign contributions promised. The Organization’s ability to collect these campaign contributions promised is directly affected by economic conditions in the community from which it draws support. The top five client companies, including employees of each company, contributed approximately 21% of campaign revenue during the year ended June 30, 2020. The top five client companies, including employees of each company, make up approximately 47% of the campaign promises to give balances as of June 30, 2020.

The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. The Organization from time to time may have amounts on deposit in excess of the insured limits. The Organization had approximately $10,968,000 of cash and cash equivalents in excess of these insured amounts at June 30, 2020.

NOTE 12  BENEFIT PLAN

The Organization sponsors a defined contribution plan under which eligible employees may participate. Employees may defer a portion of their annual compensation pursuant to Section 403(b) of the Internal Revenue Code. Upon an eligible employee’s completion of minimum service requirements, the Organization matches 100% of each employee’s contribution up to a maximum of 3% of eligible compensation. The Organization made contributions to the 403(b) plan of approximately $140,000 for the year ended June 30, 2020.
NOTE 13  LEASE COMMITMENTS

The Organization leases office space under a ten-year agreement with the Center, a nonprofit organization created to construct and maintain an office building (Carol Grotnes Belk Building (the Building)) to house Charlotte nonprofit agencies serving children and families in a central location at an affordable rate. The lease agreement also includes use of certain furniture, storage space, telephone system, computer equipment, and information technology and other collaborative services. The lease is renewable for three additional ten-year periods ending December 31, 2059. For the year ended June 30, 2020, the lease agreement required monthly payments of approximately $15,700, but may be changed at the Center's discretion.

The Organization leases additional office facilities and equipment under operating lease agreements.

Aggregate future minimum lease payments for all office and equipment leases as of June 30, 2020 are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30,</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$ 212,704</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>203,490</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>200,563</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td>199,094</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td>192,741</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thereafter</td>
<td>850,284</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 1,858,876</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Rental expense under these lease agreements was approximately $1,123,000 for the year ended June 30, 2020.

NOTE 14  FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organizations measures fair value refer to Note 2 – Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets and liabilities the Organization measured at fair value on a recurring basis as of June 30, 2020:

<table>
<thead>
<tr>
<th>Investments:</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of Deposit</td>
<td>$ 4,505,041</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 4,505,041</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>8,947,986</td>
<td>-</td>
<td>-</td>
<td>8,947,986</td>
</tr>
<tr>
<td>Beneficial Interest in Assets</td>
<td>-</td>
<td>-</td>
<td>2,128,723</td>
<td>2,128,723</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 13,453,027</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ 2,128,723</strong></td>
<td><strong>$ 15,581,750</strong></td>
</tr>
</tbody>
</table>
NOTE 15  ENDOWMENT FUNDS

The Organization’s endowment consists of several individual funds established for a variety of purposes that are invested at FFTC. The endowment consists of donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor</td>
<td>$ -</td>
<td>$ 851,146</td>
<td>$ 851,146</td>
</tr>
<tr>
<td>Accumulated Investment Gains</td>
<td>-</td>
<td>225,305</td>
<td>225,305</td>
</tr>
<tr>
<td>Board Quasi-Endowments</td>
<td>1,052,272</td>
<td>-</td>
<td>1,052,272</td>
</tr>
<tr>
<td></td>
<td>$ 1,052,272</td>
<td>$ 1,076,451</td>
<td>$ 2,128,723</td>
</tr>
</tbody>
</table>

The Board of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring, absent explicit donor stipulations to the contrary, that the following amount included in the endowment be classified as net assets with donor restrictions-restricted in perpetuity: a) the original value of gifts donated to the endowment, b) the original value of subsequent gifts to the endowment, and c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA or spent in accordance with the purpose restrictions established by the donor.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowments funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect on inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.
NOTE 15  ENDOWMENT FUNDS (CONTINUED)

FFTC administers the endowed funds of the Legacy Foundation. The Board of Directors of the Legacy Foundation and ultimately the Organization have adopted investment and spending policies for endowment assets that attempt to provide for a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that provide an average annual real rate of return, net of fees, equal to or greater than spending, administrative fees, and inflation (Consumer Price Index). Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Legacy Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Legacy Foundation’s spending policy allows for appropriating for distribution each year a maximum 5% of the average fair value using the prior 3 years’ value at the calendar year-end preceding the fiscal year in which the distribution is planned. This policy is evaluated on an annual basis for prudence. In establishing the spending policy, the expected return on the endowment was taken into consideration. Accordingly, the spending policy is expected to allow the endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

Changes in the investment portion of the endowment net assets for the year ended June 30, 2020 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment Net Assets, July 1, 2019</td>
<td>$ 1,039,545</td>
<td>$ 1,062,681</td>
<td>$ 2,102,226</td>
</tr>
<tr>
<td>Contributions</td>
<td>2,050</td>
<td>-</td>
<td>2,050</td>
</tr>
<tr>
<td>Change in Beneficial Interests in Assets, Net of Expenses</td>
<td>10,677</td>
<td>13,770</td>
<td>24,447</td>
</tr>
<tr>
<td>Endowment Net Assets, June 30, 2020</td>
<td>$ 1,052,272</td>
<td>$ 1,076,451</td>
<td>$ 2,128,723</td>
</tr>
</tbody>
</table>

NOTE 16  RELATED PARTY TRANSACTIONS

The Organization had approximately $114,000 in pledges receivable from board members as of June 30, 2020.
ACCOMPANYING INFORMATION
Management calculates the overhead rate in accordance with the United Way of America Functional Expenses and Overhead Reporting Standards as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Support, Revenue, and Reclassifications</td>
<td>$35,168,134</td>
</tr>
<tr>
<td>Plus Current Campaign Year Donor Designations, Net of Provision for Uncollectibles (2019 Campaign)</td>
<td>$1,959,743</td>
</tr>
<tr>
<td>Plus Unrealized Gains on Investments and Beneficial Interest in Assets</td>
<td>$940,176</td>
</tr>
<tr>
<td></td>
<td><strong>$38,068,053</strong></td>
</tr>
<tr>
<td>Total Supporting Services</td>
<td>$4,937,731</td>
</tr>
<tr>
<td>Plus Investment Expenses</td>
<td>$16,537</td>
</tr>
<tr>
<td></td>
<td><strong>$4,954,268</strong></td>
</tr>
<tr>
<td>Overhead Rate</td>
<td>13.0%</td>
</tr>
</tbody>
</table>