

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

YEARS ENDED JUNE 30, 2020 AND 2019

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
United Way of Monmouth and Ocean Counties
Wall Township, New Jersey**

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Monmouth and Ocean Counties (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Monmouth and Ocean Counties as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
United Way of Monmouth and Ocean Counties
Wall Township, New Jersey

Other Matters

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying Statements of Grants to Agencies and Additional Resources Generated on pages 18-19, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the 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.

Tait, Weller & Baker LLP

Iselin, New Jersey
December 7, 2020

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 And 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 1,054,584	\$ 646,845
Investments <i>(Note 3)</i>	521,464	791,020
Pledges receivable, net <i>(Note 2)</i>	373,956	798,489
Other receivables	29,612	51,636
Gift of Warmth receivable <i>(Note 5)</i>	80,000	80,000
Prepaid expenses	23,253	16,343
Rent security deposits	14,448	16,968
Property and equipment, net <i>(Note 4)</i>	<u>39,572</u>	<u>23,242</u>
Total Assets	<u>\$2,136,889</u>	<u>\$2,424,543</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and payroll related payables	\$ 46,606	\$ 62,774
Deferred revenue	31,521	2,774
Deferred rent <i>(Note 6)</i>	11,793	-
Refundable advance <i>(Note 13)</i>	145,332	-
Designations and grants payable	<u>493,942</u>	<u>711,151</u>
Total Liabilities	<u>729,194</u>	<u>776,699</u>
NET ASSETS		
Without Donor Restrictions <i>(Note 5)</i>		
Available for operations	1,073,121	1,343,892
Investment in property and equipment	<u>39,572</u>	<u>23,242</u>
Total Without Donor Restrictions	1,112,693	1,367,134
With Donor Restrictions <i>(Note 5)</i>	<u>295,002</u>	<u>280,710</u>
Total Net Assets	<u>1,407,695</u>	<u>1,647,844</u>
Total Liabilities and Net Assets	<u>\$2,136,889</u>	<u>\$2,424,543</u>

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Years Ended June 30, 2020 And 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Gross Campaign Results:	\$ 1,460,908	\$ 300,031	\$ 1,760,939	\$ 1,587,323	\$ 245,759	\$ 1,833,082
Less: Donor designations	(609,557)	-	(609,557)	(563,258)	-	(563,258)
Provision for uncollectible	(78,496)	-	(78,496)	(72,120)	-	(72,120)
Campaign contributions revenue	772,855	300,031	1,072,886	951,945	245,759	1,197,704
Other revenue, gains (losses) and other support:						
Government grant revenue	75,053	-	75,053	88,431	-	88,431
Grant income	52,500	-	52,500	123,300	-	123,300
Special events, net of direct costs of \$35,032 and \$76,249 in 2020 and 2019	182,022	-	182,022	102,536	-	102,536
Designations from other United Way's	180,493	-	180,493	204,728	-	204,728
Service fees	3,924	-	3,924	1,697	-	1,697
Donations in-kind (Note 11)	194,026	-	194,026	113,247	-	113,247
Investment income	18,687	-	18,687	20,419	-	20,419
Miscellaneous revenue	6,892	-	6,892	807	-	807
Net assets released from restrictions due to satisfaction of requirements (Note 5)	285,739	(285,739)	-	237,450	(237,450)	-
Total other revenue and gains (losses)	999,336	(285,739)	713,597	892,615	(237,450)	655,165
Total revenue, gains and other support	1,772,191	14,292	1,786,483	1,844,560	8,309	1,852,869
EXPENSES						
Program services:						
Gross funds awarded/distributed	1,031,665	-	1,031,665	1,176,828	-	1,176,828
Less: donor designations	(609,557)	-	(609,557)	(563,258)	-	(563,258)
Net funds awarded/distributed	422,108	-	422,108	613,570	-	613,570
Community Service	326,481	-	326,481	382,775	-	382,775
Volunteer Center	349,637	-	349,637	346,869	-	346,869
Gift of Warmth	284,722	-	284,722	237,450	-	237,450
Total program services	1,382,948	-	1,382,948	1,580,664	-	1,580,664
Supporting services:						
Administrative	278,892	-	278,892	261,639	-	261,639
Fundraising	353,946	-	353,946	356,958	-	356,958
Total supporting services	632,838	-	632,838	618,597	-	618,597
Total expenses	2,015,786	-	2,015,786	2,199,261	-	2,199,261
Excess (deficit) of revenue over expenses	(243,595)	14,292	(229,303)	(354,701)	8,309	(346,392)
OTHER CHANGES						
Realized and unrealized gains (losses)	(10,846)	-	(10,846)	11,061	-	11,061
Increase/(decrease) in net assets	(254,441)	14,292	(240,149)	(343,640)	8,309	(335,331)
NET ASSETS						
Beginning of year	1,367,134	280,710	1,647,844	1,710,774	272,401	1,983,175
End of year	\$ 1,112,693	\$ 295,002	\$ 1,407,695	\$ 1,367,134	\$ 280,710	\$ 1,647,844

See notes to financial statements.

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2020

	PROGRAM				SUPPORTING SERVICES			
	Community Service	Volunteer Center	Gift of Warmth	Total	Administrative	Fund Raising	Total	Grand Total
Awards/Distributions	\$1,031,665	\$ -	\$ -	\$ 1,031,665	\$ -	\$ -	\$ -	\$ 1,031,665
Less Donor Designations	(609,557)	-	-	(609,557)	-	-	-	(609,557)
Subtotal	<u>422,108</u>	<u>-</u>	<u>-</u>	<u>422,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>422,108</u>
Labor and related expenses	203,327	154,772	-	358,099	189,563	241,923	431,486	789,585
Occupancy	33,229	16,450	-	49,679	17,528	30,562	48,090	97,769
Professional Services	4,466	3,522	-	7,988	17,253	6,544	23,797	31,785
Promotion and Marketing	2,000	-	-	2,000	-	39,572	39,572	41,572
United Way Dues	6,186	4,879	-	11,065	5,199	9,065	14,264	25,329
IT and Telephone	12,242	3,928	-	16,170	4,186	7,298	11,484	27,654
Insurance	-	927	-	927	15,197	-	15,197	16,124
Miscellaneous	1,087	815	147	2,049	11,936	4,140	16,076	18,125
Equipment Maintenance and Rentals	3,580	6,824	-	10,404	3,009	5,246	8,255	18,659
Depreciation	3,086	2,434	-	5,520	2,594	4,523	7,117	12,637
Printing and Postage	5,042	1,769	-	6,811	1,885	3,286	5,171	11,982
Program Expenses	-	4,350	-	4,350	-	-	-	4,350
Travel and Conferences	1,219	962	-	2,181	1,025	1,787	2,812	4,993
2-1-1 Information Referral Services	50,000	-	-	50,000	-	-	-	50,000
Donations In-Kind	-	148,005	-	148,005	9,517	-	9,517	157,522
COVID-19 Assistance Grants	1,017	-	-	1,017	-	-	-	1,017
Gift of Warmth Utility Assistance	-	-	<u>284,575</u>	<u>284,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,575</u>
Subtotal	<u>326,481</u>	<u>349,637</u>	<u>284,722</u>	<u>960,840</u>	<u>278,892</u>	<u>353,946</u>	<u>632,838</u>	<u>1,593,678</u>
Total functional expenses	<u>\$ 748,589</u>	<u>\$349,637</u>	<u>\$284,722</u>	<u>\$ 1,382,948</u>	<u>\$278,892</u>	<u>\$353,946</u>	<u>\$632,838</u>	<u>\$ 2,015,786</u>

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

STATEMENT OF FUNCTIONAL EXPENSES – (Continued)

For The Year Ended June 30, 2019

	PROGRAM			SUPPORTING SERVICES			Grand Total	
	Community Service	Volunteer Center	Gift of Warmth	Total	Administrative	Fund Raising		Total
Awards/Distributions	\$1,176,828	\$ -	\$ -	\$ 1,176,828	\$ -	\$ -	\$ -	\$ 1,176,828
Less Donor Designations	<u>(563,258)</u>	<u>-</u>	<u>-</u>	<u>(563,258)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(563,258)</u>
Subtotal	<u>613,570</u>	<u>-</u>	<u>-</u>	<u>613,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613,570</u>
Labor and related expenses	220,929	172,170	-	393,099	168,369	254,249	422,618	815,717
Occupancy	30,477	13,356	-	43,833	14,983	26,384	41,367	85,200
Professional Services	14,577	12,525	-	27,102	25,354	21,313	46,667	73,769
Promotion and Marketing	4,338	120	-	4,458	-	8,791	8,791	13,249
Sponsored Expenses	-	1,638	-	1,638	-	-	-	1,638
United Way Dues	7,140	6,135	-	13,275	5,929	10,440	16,369	29,644
IT and Telephone	10,983	4,268	-	15,251	4,125	7,263	11,388	26,639
Insurance	-	927	-	927	17,755	-	17,755	18,682
Miscellaneous	914	739	-	1,653	10,039	4,892	14,931	16,584
Equipment Maintenance and Rentals	4,367	7,752	-	12,119	3,626	6,385	10,011	22,130
Depreciation	2,641	2,269	-	4,910	2,193	3,862	6,055	10,965
Printing and Postage	11,101	3,946	-	15,047	3,813	6,714	10,527	25,574
Program Expenses	1,750	4,885	-	6,635	-	-	-	6,635
Travel and Conferences	4,558	4,560	-	9,118	3,785	6,665	10,450	19,568
2-1-1 Information Referral Services	69,000	-	-	69,000	-	-	-	69,000
Donations In-Kind	-	111,579	-	111,579	1,668	-	1,668	113,247
Gift of Warmth Utility Assistance	<u>-</u>	<u>-</u>	<u>237,450</u>	<u>237,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,450</u>
Subtotal	<u>382,775</u>	<u>346,869</u>	<u>237,450</u>	<u>967,094</u>	<u>261,639</u>	<u>356,958</u>	<u>618,597</u>	<u>1,585,691</u>
Total functional expenses	<u>\$ 996,345</u>	<u>\$346,869</u>	<u>\$237,450</u>	<u>\$ 1,580,664</u>	<u>\$261,639</u>	<u>\$356,958</u>	<u>\$618,597</u>	<u>\$ 2,199,261</u>

See notes to financial statements.

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

STATEMENTS OF CASH FLOWS

For The Years Ended June 30, 2020 And 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (240,149)	\$ (335,331)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	12,637	10,965
Realized and unrealized gains (losses) on investments	10,846	(11,061)
Change in operating assets and liabilities:		
Pledges receivable	424,533	61,094
Other receivables	22,024	(29,775)
Prepaid expenses	(6,910)	(1,261)
Rent security deposit	2,520	(14,448)
Accounts payable and payroll related payables	(16,168)	(9,800)
Designations payable	(217,209)	(264,348)
Deferred income	28,747	(43)
Deferred rent	<u>11,793</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>32,664</u>	<u>(594,008)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(28,967)	-
Purchase of investments	(58,023)	(243,843)
Sale/maturity of investments	<u>316,733</u>	<u>316,050</u>
Net cash provided by investing activities	<u>229,743</u>	<u>72,207</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from refundable advance	<u>145,332</u>	<u>-</u>
Net cash provided by financing activities	<u>145,332</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	407,739	(521,801)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>646,845</u>	<u>1,168,646</u>
End of year	<u>\$1,054,584</u>	<u>\$ 646,845</u>

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 And 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

United Way of Monmouth and Ocean Counties (***“United Way”***), originally incorporated in 1967 as United Way of Monmouth County, is a not-for-profit organization located in Monmouth and Ocean Counties, New Jersey. While maintaining a service relationship with United Way Worldwide, United Way is autonomous, independent and governed by a local Board of Directors. United Way’s mission is “to mobilize donors, volunteers, and community partners to improve the lives of youth and their families”. United Way has also been active in the recovery from Superstorm Sandy. United Way’s revenues are derived primarily from individual donations, corporate giving and government grants.

On July 1, 2016, United Way of Monmouth County completed its merger with United Way of Ocean County and renamed the organization as United Way of Monmouth and Ocean Counties. Upon execution of the merger, all assets and liabilities of United Way of Ocean County were transferred to United Way of Monmouth and Ocean Counties.

ACCRUAL BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

NET ASSETS

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary mission of United Way.

- ***Available for operations*** – used to account for the general activity of United Way.
- ***Investment in property and equipment*** – represents the net book value of property and equipment.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of United Way or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions of net assets with donor restrictions are reported as net assets released from restriction.

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

REVENUE RECOGNITION

Revenue is derived primarily from contributions and grants. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the condition on which they depend have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, 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. Grant income from restricted grants is recognized in the period when the United Way has incurred the expenditures in compliance with the specific restrictions. United Way accounts for contract revenues, which are exchanged transactions, in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept the legal and contractual requirements of each individual program are used as guidance. All monies not expended in accordance with the grant or contract is recorded as a liability to the grantor as United Way does not maintain any equity in the grant or contract. Funds received under exchange contracts in advance of their usage are classified as amounts due to government agencies and included in accounts payable and other current liabilities in the statement of financial position.

CONTRIBUTED PROPERTY AND SERVICES

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

INCOME TAXES

United Way has adopted the accounting standard relating to accounting for uncertainty in income taxes. The standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Based on its evaluation, United Way has concluded that there are no significant uncertain tax positions requiring recognition in the financial statements. There are no income tax related penalties or interest for the periods presented in these financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost if purchased or fair market value if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Furniture and fixtures	5
Computer equipment and software	3-5
Equipment	5
Leasehold improvements	3

Expenditures for maintenance and repairs are charged to activities as incurred. Expenditures for betterments and major renewals are capitalized in property and equipment.

INVESTMENTS

Investments are reported at their fair value in the statements of financial position and consist of certificates of deposits and mutual funds. Realized and unrealized gains and losses are included in the statements of activities.

CASH EQUIVALENTS

For the purpose of the statements of financial position and the statements of cash flows, United Way considers all cash on hand, cash in banks, and cash in money markets as cash equivalents.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. United Way's payroll, taxes and benefit expenses are allocated based on analysis of time and effort, while other costs are charged directly to the program or department in which the expense was incurred.

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the United Way's audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

ACCOUNTING PRONOUNCEMENTS - ADOPTED

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and determining whether a transaction is conditional. ASU 2018-08 was implemented for the year ended June 30, 2020 and did not have a material effect on the financial statements.

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). This ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP), including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 to fiscal years beginning after December 15, 2018, then further issued ASU 2020-05 in June of 2020 delaying implementation by another year to fiscal years beginning after December 15, 2019. United Way plans to adopt this new ASU at the required implementation date.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The FASB issued ASU 2020-05 in June of 2020 that deferred the effective date of ASU 2016-02 by a year, thus the effective date is for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. United Way plans to adopt this new ASU at the required implementation date.

(2) PLEDGES RECEIVABLE

Campaign receivables are unconditional promises to give by individuals and corporations, and amounts collected by third parties on behalf of United Way and its participating agencies that have not yet been received. Campaign receivables consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
2018 – 2019 Campaign Receivables	\$ -	\$ 870,609
2019 – 2020 Campaign Receivables	<u>452,452</u>	<u>-</u>
	452,452	870,609
Less: Allowance for uncollectible pledges	<u>(78,496)</u>	<u>(72,120)</u>
Pledges receivables, net	<u>\$ 373,956</u>	<u>\$ 798,489</u>

All pledges receivable are due within one year for 2020 and 2019.

The carrying amount of receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance is based on prior years' experience and management's analysis of specific promises made. Payments on pledges are applied to the specific pledges identified on the remittance or, if unspecified, are applied based on management's discretion.

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

(3) INVESTMENTS

At June 30, 2020 and 2019, investments consisted of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Certificates of Deposit	\$ -	\$ -	\$ 241,595	\$ 241,595
Mutual Funds	<u>502,435</u>	<u>521,464</u>	<u>533,672</u>	<u>549,425</u>
Total Investments	<u>\$ 502,435</u>	<u>\$ 521,464</u>	<u>\$ 775,267</u>	<u>\$ 791,020</u>

As of June 30, 2020 and 2019 net unrealized gains consisted of \$19,029 and \$15,753, respectively.

United Way utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that United Way has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing United Way's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities.

All of United Way's securities were classified as Level 1 securities as of June 30, 2020 and 2019.

(4) PROPERTY AND EQUIPMENT

The components of property and equipment are as follows at June 30:

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 56,283	\$ 66,404
Furniture	33,051	44,393
Office equipment	15,517	19,163
Leasehold improvements	<u>44,975</u>	<u>44,975</u>
	149,826	174,935
Less: accumulated depreciation	<u>(110,254)</u>	<u>(151,693)</u>
Total property and equipment, net	<u>\$ 39,572</u>	<u>\$ 23,242</u>

Depreciation included as a charge to expense amounted to \$12,637 and \$10,965 for the years ended June 30, 2020 and 2019, respectively.

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

(5) NET ASSETS

WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are available for the following uses as of June 30:

	<u>2020</u>	<u>2019</u>
Available for operations	\$ 1,073,121	\$ 1,343,892
Investment in property and equipment	<u>39,572</u>	<u>23,242</u>
	<u>\$ 1,112,693</u>	<u>\$ 1,367,134</u>

WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following use of June 30:

	<u>2020</u>	<u>2019</u>
United Way – NJ Natural Gas Gift of Warmth Program	\$ 232,530	\$ 280,710
United Way – COVID-19 Recovery Fund	<u>62,472</u>	<u>-</u>
	<u>\$ 295,002</u>	<u>\$ 280,710</u>

Significant classes of net assets with donor restrictions include:

GIFT OF WARMTH

United Way receives funds and is the trustee for the United Way – NJ Natural Gas Gift of Warmth program (“*Gift of Warmth*”). The program assists customers in paying their heating bills during times of financial hardship. Every dollar donated goes directly to those in need. New Jersey Natural Gas matches 100% of donations made up to \$80,000. The activity for this program is reflected as net assets with donor restrictions. A receivable existed in the amount of \$80,000 at June 30, 2020 and 2019, representing the match for the 2020 and 2019 fiscal years respectively.

COVID-19 RECOVERY FUND

In the spring of 2020, in response to the worldwide pandemic caused by the COVID-19 virus, the United Way of Monmouth and Ocean Counties announced its UWMOC COVID-19 Recovery Fund (the “*Recovery Fund*”) to address the unmet needs of people economically impacted by this crisis. The Recovery Fund will help ensure resources are available to assist residents affected by the COVID-19 pandemic — primarily through the Financial Success Center (FSC) Network. Funds raised are not intended to be directly distributed to the public, but rather to United Way’s partner organizations. Donations to the Recovery Fund were generously matched dollar for dollar up to \$20,000 by the Grunin Foundation and New Jersey Natural Gas. Initial funds of \$1,017 were dispersed for personal protective equipment to the CentraState Healthcare Foundation. The remaining funds will be distributed in the summer and fall of 2020 as needs are identified.

Net assets released from donor restrictions by incurring expenses satisfying the purpose specified by the donors as follows:

	<u>2020</u>	<u>2019</u>
Gift of Warmth Program	\$ 284,722	\$ 237,450
COVID-19 Recovery Fund	<u>1,017</u>	<u>-</u>
	<u>\$ 285,739</u>	<u>\$ 237,450</u>

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

(6) LEASES

OPERATING LEASE

Office Space

United Way had a lease agreement for office space for its main operations which was set to expire November 30, 2018. The lease was extended to July 31, 2019 under the same terms with monthly rent of \$4,550.

In connection with the merger agreement with United Way of Ocean County (See Note 1), United Way had an additional lease for office space under a lease agreement which expires on July 31, 2019, with monthly rent of \$1,250.

On April 15, 2019, United Way entered into a new lease agreement for office space for its main operations. The lease will commence on October 1, 2019 and expires on September 30, 2024, with monthly rent payments of \$7,667 subject to annual increases of 3%. United Way received twelve months of free rent for additional square footage added to the original lease plus one month free rent for the initial square footage. As of June 30, 2020, \$11,793 has been recorded as deferred rent.

Additionally, United Way leases office space for its Financial Success Center under a lease agreement which expires February 28, 2021, with monthly rent of \$696.

Rent expense was \$85,620 and \$77,947 for the years ended June 30, 2020 or 2019, respectively.

Future minimum lease payments under all leases is as follows at June 30, 2020:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 96,507
2022	96,900
2023	99,807
2024	102,801
Thereafter	<u>25,889</u>
Total operating lease obligation	<u>\$ 421,904</u>

Office Equipment

United Way leases various office equipment under agreements scheduled to end in January 2023. Base rent expense for the equipment totaled \$6,523 and \$9,141 for the years ended June 30, 2020 and 2019, respectively. Future minimum lease payments are as follows at June 30, 2020:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 5,176
2022	5,176
2023	<u>3,020</u>
Total operating lease obligation	<u>\$ 13,372</u>

CONTINGENCIES

In early 2020, an outbreak of a novel strain of coronavirus (“**COVID-19**”) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting from an overall decline in economic activity. The ultimate impact of COVID-19 on United Way’s operations is not reasonably estimable at this time.

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

(7) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

United Way strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and certificates of deposit maturing within one year. As part of the United Way's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

The following table reflects United Way's financial assets as of June 30, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions.

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash and cash equivalents	\$ 1,054,584	\$ 646,845
Investments	521,464	791,020
Pledges receivable (due within one year)	373,956	798,489
Other receivables	29,612	51,636
Gift of Warmth receivable	<u>80,000</u>	<u>80,000</u>
Total financial assets	2,059,616	2,367,990
Less:		
Net assets with donor restrictions	<u>(295,002)</u>	<u>(280,710)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,764,614</u>	<u>\$ 2,087,280</u>

(8) CONCENTRATIONS OF CREDIT AND OTHER RISKS

Financial instruments which potentially subject United Way to significant concentrations of credit risk consist principally of cash and equivalents, investments and pledges receivable.

United Way maintains cash and equivalents and certificates of deposit with various financial institutions. These financial institutions are located throughout the region and United Way's policy is designed to limit exposure to any one institution. United Way performs periodic evaluations of the relative credit standing of these financial institutions which are considered in United Way's investment strategy. At times, cash balances may exceed insured limits.

Pledges receivable are evaluated for collectability (*See Note 2*).

In addition, for the year ended June 30, 2020, approximately \$1,051,236 (72%) of gross campaign contributions without donor restrictions were contributed by six major contributors, while for the year ended June 30, 2019, \$887,814 (56%) of unrestricted gross campaign contributions were contributed by four major contributors through company campaigns. A cancellation of any company campaign would have a detrimental effect on United Way's campaign revenue.

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

(9) RETIREMENT SAVINGS PLAN

United Way offers a 401(k) defined contribution retirement savings plan (the “Plan”) through Extensis Group. The Plan enables eligible employees to receive an automatic contribution of 3% of annual compensation and a maximum 2% matching contribution of their elective deferral up to 4% of their annual compensation. Additionally, the Board of Directors has the discretion to grant an extra 1% at the end of the fiscal year. Pension expense for the years ended June 30, 2020 and 2019 was \$30,938 and \$33,145, respectively

(10) GRANTS AND CONTRACTS

United Way entered into a contract with NJ 2-1-1 Partnership, a subsidiary of United Ways of New Jersey to work collaboratively to provide 24 hours, 7 days a week inbound telephone support (live answering and maintenance of local, regional and state service) for residents of Monmouth and Ocean Counties. The cost to United Way was \$50,000 and \$69,000 for the years ended June 30, 2020 and 2019, respectively.

(11) DONATIONS IN-KIND

The following is a summary of donations in-kind which is included as revenue and expense in the statement of activity:

	<u>2020</u>	<u>2019</u>
Warmest Wishes (winter clothing)	\$ 94,170	\$ 90,265
Stuff the Bus Gifts (school supplies)	23,376	8,859
Advertising, books and other	63,696	11,080
Rental space	<u>12,784</u>	<u>3,043</u>
Total donations in-kind	<u>\$ 194,026</u>	<u>\$ 113,247</u>

Donations in-kind distributed to agencies totaled \$144,738 and \$110,204, and those used by United Way totaled \$49,288 and \$3,043 for the years ended June 30, 2020 and 2019, respectively.

(12) COST DEDUCTION STANDARD – UNITED WAY WORLDWIDE

United Way adheres to the following cost deduction standards set by United Way Worldwide on designations (agency transactions):

Fees deducted from donor designated contributions to cover processing costs are based on a percentage of the contribution, which is within United Way Worldwide guidelines. This percentage is lower than the actual cost of processing.

Processing fees are not deducted from designated gifts originating by or from other United Ways.

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2020 And 2019

(13) REFUNDABLE ADVANCE

On April 6, 2020, the United Way received a \$145,332 loan under the Small Business Administration's ("**SBA**") Paycheck Protection Program (the "**PPP Loan**"). The United Way considers this to be a conditional contribution and it expects to meet the criteria for loan forgiveness. The United Way considers the incurrence of eligible expenses and the acceptance of its application for forgiveness by the SBA to be barriers in the PPP Loan agreement and as such, will recognize contribution income when these conditions are substantially met. If such conditions are not met, the United Way is required to repay the PPP Loan in two years from the date of the agreement at a 1% annual interest rate.

(14) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, December 7, 2020, have been evaluated in the preparation of the financial statements.

SUPPLEMENTAL INFORMATION

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

STATEMENTS OF GRANTS TO AGENCIES

For The Years Ended June 30, 2020 And 2019

	<u>2020</u>	<u>2019</u>
Affordable Housing Alliance	\$ 122,500	\$ 63,000
Center for Vocational Rehabilitation	-	35,000
Collier Youth Services	-	21,400
Count Basie Center for the Arts	-	13,000
Fulfill	40,600	37,250
Girl Scouts of the Jersey Shore	-	30,000
Learning Disabilities Organization of Monmouth & Ocean Counties (AMP Zone)	-	15,000
Mental Health Association of Monmouth County	1,000	1,250
Monmouth Day Care Center	-	21,900
Navicore Solutions	38,250	50,000
O.C.E.A.N, Inc.	-	30,000
Ocean County YMCA	30,000	30,000
Social Community Activities Network (SCAN)	27,400	44,000
Saint Francis Community Center	37,652	63,250
The Community YMCA	-	25,000
Toms River Regional Schools	29,893	-
Visiting Nurse Association of Central New Jersey	79,178	133,520
YMCA of Western Monmouth County	<u>15,635</u>	<u>-</u>
Total grants to agencies	<u>\$ 422,108</u>	<u>\$ 613,570</u>

UNITED WAY OF MONMOUTH AND OCEAN COUNTIES

ADDITIONAL RESOURCES GENERATED (UNAUDITED)

For The Years Ended June 30, 2020 And 2019

For the years ended June 30, 2020 and 2019, United Way generated additional resources for the community that is not included in the accompanying financial statements. These resources include funds and in-kind donations distributed directly to participating agencies and through Monmouth and Ocean County pharmacies that meet the criteria to be classified as agency transactions. A summary of these resources is as follows:

The Emergency Food and Shelter Program (“**EFSP**”) provides funds to Monmouth and Ocean Counties, New Jersey, not-for-profit agencies resulting from United Way of Monmouth and Ocean County’s management of that program. EFSP was created by Congress with a \$50 million appropriation in 1983 to help meet the needs of hungry and homeless people throughout the United States and its territories by allocating federal funds for the provision of food and shelter. The program is governed by a national Board; United Way Worldwide is the Secretariat and Fiscal Agent to the Board. Locally, the program is a model for public-private cooperation. Further, the EFSP was appropriated supplemental funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act in fiscal year 2020 in the amount of \$200 million to respond to community needs resulting from the COVID-19 pandemic. For the years ended June 30, 2020 and 2019, funds awarded to agencies totaled \$1,021,681 and \$563,766, respectively.

In fiscal 2020 and 2019, United Way participated in the FamilyWize Prescription Drug Saving Program. The program is a free resource from the FamilyWize Community Service Partnership. As part of the program, United Way distributed prescription discount cards to local pharmacies, agencies and individuals. Since United Way acted in an agent capacity and did not retain variance power over the distribution of these cards, the cards have not been recorded as in-kind donations. FamilyWize has reported as of June 30, 2020 and 2019 the total value redeemed by Monmouth and Ocean County residents amounted to \$1,633,079 and \$1,506,836, respectively.