

United Way of Northeast Florida, Inc.

**Financial Statements and
Supplementary Information**

Years Ended June 30, 2020 and 2019

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Independent Auditors' Report

Board of Trustees
United Way of Northeast Florida, Inc.
Jacksonville, Florida

We have audited the accompanying financial statements of United Way of Northeast Florida, Inc. ("United Way"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Northeast Florida, Inc. as of June 30, 2020 and 2019, and the results of its statements of activities, cash flows, and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Supplementary Information

Our audits were performed for the purpose of forming an opinion on the basic financial statements of United Way taken as a whole. The accompanying Distributions to Agencies and Schedule of Source and Expenditure of City Grant Funds for the year ended June 30, 2020, are presented for purposes of additional analysis and are not a required part of the 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 to prepare the basic financial statements or to the basic 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 basic financial statements taken as a whole.

Dixon Hughes Goodman LLP

**Jacksonville, Florida
November 13, 2020**

United Way of Northeast Florida, Inc.
Statements of Financial Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 9,162,621	\$ 6,144,807
Short-term investments	1,791,013	1,509,262
Pledges receivable		
Gross pledges receivable	10,003,926	8,596,404
Less allowance for uncollectible pledges	<u>(1,121,142)</u>	<u>(1,162,393)</u>
Net pledges receivable	<u>8,882,784</u>	<u>7,434,011</u>
Grants and other receivables	198,059	278,827
Note receivable	160,000	160,000
Prepaid expenses and other assets	51,160	190,868
Long-term investments	2,113,260	2,603,208
Interest in charitable trust	-	946,000
Property and equipment, net	<u>933,106</u>	<u>1,087,839</u>
Total assets	<u><u>\$ 23,292,003</u></u>	<u><u>\$ 20,354,822</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 381,769	\$ 311,688
Designations payable	2,649,015	1,377,621
Designations payable - corporate service	1,335,600	1,001,940
Deferred lease incentive	499,858	550,108
Agency payable	21,887	519,781
Note payable	975,500	-
Accrued expenses	<u>297,992</u>	<u>172,813</u>
Total liabilities	<u>6,161,621</u>	<u>3,933,951</u>
Net assets:		
Without donor restrictions	13,974,341	12,458,046
With donor restrictions	<u>3,156,041</u>	<u>3,962,825</u>
Total net assets	<u>17,130,382</u>	<u>16,420,871</u>
Total liabilities and net assets	<u><u>\$ 23,292,003</u></u>	<u><u>\$ 20,354,822</u></u>

See accompanying notes.

United Way of Northeast Florida, Inc.
Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Gross campaign results (future years)	\$ 302,815	\$ 52,500	\$ 355,315	\$ -	\$ -	\$ -
Less donor designations	-	(37,500)	(37,500)	-	-	-
Net campaign results (future years)	302,815	15,000	317,815	-	-	-
Gross campaign results (2019/2020)	11,899,534	6,381,044	18,280,578	162,430	39,752	202,182
Less donor designations	-	(4,765,902)	(4,765,902)	-	(39,752)	(39,752)
Less provision for uncollectible	(1,418,740)	-	(1,418,740)	-	-	-
Net campaign results (2019/2020)	10,480,794	1,615,142	12,095,936	162,430	-	162,430
Gross campaign results (prior years)	97,505	15,358	112,863	10,877,476	5,576,622	16,454,098
Less donor designations	-	(15,072)	(15,072)	-	(4,468,960)	(4,468,960)
Less provision for uncollectible	-	-	-	(716,587)	(61,923)	(778,510)
Net campaign results (prior years)	97,505	286	97,791	10,160,889	1,045,739	11,206,628
Total net campaign results	10,881,114	1,630,428	12,511,542	10,323,319	1,045,739	11,369,058
Grant/contract revenue	5,086,677	120,489	5,207,166	3,463,114	802,956	4,266,070
Endowment revenue	7,503	18,031	25,534	10,783	25,932	36,715
Other contributions	112,500	-	112,500	194,890	-	194,890
Investment income	68,525	-	68,525	71,339	-	71,339
Service fees	213,894	-	213,894	600,020	-	600,020
Designations from other United Ways	91,239	-	91,239	48,999	-	48,999
Florida First Coast relief funds	3,499,738	-	3,499,738	60,295	-	60,295
SPC licensure fee reimbursement	183,309	-	183,309	267,240	-	267,240
Miscellaneous income	153,381	-	153,381	123,902	-	123,902
Net assets released from restrictions	2,590,678	(2,590,678)	-	3,088,621	(3,088,621)	-
Total public support and revenue	22,888,558	(821,730)	22,066,828	18,252,522	(1,213,994)	17,038,528

See accompanying notes.

United Way of Northeast Florida, Inc.
Statements of Activities
Years Ended June 30, 2020 and 2019

(Continued)

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services:						
Gross funds awarded/distributed	18,202,380	-	18,202,380	15,148,758	-	15,148,758
Less donor designations	(4,818,474)	-	(4,818,474)	(4,949,278)	-	(4,949,278)
Net funds awarded/distributed	13,383,906	-	13,383,906	10,199,480	-	10,199,480
United Way led initiatives & strategies	5,059,982	-	5,059,982	5,153,411	-	5,153,411
Total program services	18,443,888	-	18,443,888	15,352,891	-	15,352,891
Supporting services	2,976,550	-	2,976,550	3,209,242	7,029	3,216,271
Total expenses	21,420,438	-	21,420,438	18,562,133	7,029	18,569,162
Change in net assets before net change in pension benefit obligation and net unrealized gain on investments	1,468,120	(821,730)	646,390	(309,611)	(1,221,023)	(1,530,634)
Net change in pension benefit	(17,879)	-	(17,879)	(231,317)	-	(231,317)
Net unrealized gain on investments	66,054	14,946	81,000	33,901	25,837	59,738
Increase (decrease) in net assets	1,516,295	(806,784)	709,511	(507,026)	(1,195,186)	(1,702,212)
Net assets, beginning of year	12,458,046	3,962,825	16,420,871	12,965,072	5,158,011	18,123,083
Net assets, end of year	\$ 13,974,341	\$ 3,156,041	\$ 17,130,382	\$ 12,458,046	\$ 3,962,825	\$ 16,420,871

See accompanying notes.

United Way of Northeast Florida, Inc.
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 709,511	\$ (1,702,212)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	185,333	181,442
Amortization of deferred lease incentive	(50,250)	(60,738)
Net unrealized gain on investments	(81,000)	(59,738)
Change in provision for uncollectible pledges	41,251	(778,510)
Net change in pension benefit asset	17,879	231,317
Changes in assets and liabilities which used cash:		
Pledges receivable	(1,490,025)	703,207
Grants and other receivables	80,768	(159,587)
Prepaid expenses and other assets	121,829	265,543
Accounts payable and accrued expenses	(302,634)	490,009
Designations payable	1,605,054	348,678
	<u>837,716</u>	<u>(540,589)</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities:		
Purchase of equipment	(30,599)	(3,176)
Proceeds from interest in chartable trust	946,000	-
Proceeds from investments	2,662,244	928,130
Purchase of investments	(2,373,047)	(950,505)
	<u>1,204,598</u>	<u>(25,551)</u>
Net cash provided (used) by investing activities		
Cash flows from financing activities:		
Proceeds from note payable	975,500	-
	<u>975,500</u>	<u>-</u>
Net cash provided by financing activities		
Net increase (decrease) in cash and cash equivalents	3,017,814	(566,140)
Cash and cash equivalents, beginning of year	<u>6,144,807</u>	<u>6,710,947</u>
Cash and cash equivalents, end of year	<u>\$ 9,162,621</u>	<u>\$ 6,144,807</u>

See accompanying notes.

United Way of Northeast Florida, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

	United Way Led Initiatives & Strategies			Supporting Services			Total
	Resource Management Services	All Other Programs	Total	Management and General	Appeal for Financial Support	Total	2020
Salaries	\$ 157,227	\$ 2,165,050	\$ 2,322,277	\$ 702,111	\$ 940,978	\$ 1,643,089	\$ 3,965,366
Employee benefits	7,541	691,899	699,440	69,758	183,686	253,444	952,884
Payroll taxes	10,896	143,625	154,521	46,839	64,852	111,691	266,212
Total salaries and related expenses	175,664	3,000,574	3,176,238	818,708	1,189,516	2,008,224	5,184,462
Professional fees	7,459	772,269	779,728	137,454	88,824	226,278	1,006,006
Supplies	3,168	95,016	98,184	16,177	29,939	46,116	144,300
Telephone	(7,646)	175,936	168,290	1,830	2,379	4,209	172,499
Postage	-	1,716	1,716	1,704	3,096	4,800	6,516
Rents and parking	4,118	161,804	165,922	55,843	34,768	90,611	256,533
Technology improvements	2,665	113,098	115,763	4,755	13,527	18,282	134,045
SPC licensure fee expense	-	-	-	-	187,662	187,662	187,662
Awards	-	187	187	-	40	40	227
Insurance	927	25,114	26,041	7,779	8,970	16,749	42,790
Printing and visual development	500	14,215	14,715	30	17,709	17,739	32,454
Travel	183	12,551	12,734	5,912	7,026	12,938	25,672
Conferences and meetings	621	14,027	14,648	5,083	(345)	4,738	19,386
Relocation, recruitment, and training	-	6,100	6,100	6,126	600	6,726	12,826
Maintenance and repairs	3,023	82,973	85,996	29,015	60,804	89,819	175,815
United Way worldwide membership	2,810	118,218	121,028	44,341	54,142	98,483	219,511
Dues	-	2,114	2,114	14,959	796	15,755	17,869
State support	693	29,028	29,721	10,865	13,145	24,010	53,731
Publications	-	-	-	1,075	91	1,166	1,166
Public awareness campaign	-	74,286	74,286	-	17,313	17,313	91,599
Interest, fees and support service expenses	15,924	224	16,148	15,532	461	15,993	32,141
Special assistance	-	33,989	33,989	-	-	-	33,989
Total United Way led initiatives and strategies and services expenses before depreciation expenses	210,109	4,733,439	4,943,548	1,177,188	1,730,463	2,907,651	7,851,199
Depreciation	4,767	111,667	116,434	28,050	40,849	68,899	185,333
Total United Way led initiatives and strategies and supporting services expenses	\$ 214,876	\$ 4,845,106	\$ 5,059,982	\$ 1,205,238	\$ 1,771,312	\$ 2,976,550	\$ 8,036,532

See accompanying notes.

United Way of Northeast Florida, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019

	United Way Led Initiatives & Strategies			Supporting Services			Total
	Resource Management Services	All Other Programs	Total	Management and General	Appeal for Financial Support	Total	2019
Salaries	\$ 348,056	\$ 2,090,880	\$ 2,438,936	\$ 613,323	\$ 1,116,845	\$ 1,730,168	\$ 4,169,104
Employee benefits	65,391	532,035	597,426	82,357	191,534	273,891	871,317
Payroll taxes	24,651	131,348	155,999	39,538	82,294	121,832	277,831
Total salaries and related expenses	438,098	2,754,263	3,192,361	735,218	1,390,673	2,125,891	5,318,252
Professional fees	21,261	663,623	684,884	134,965	59,521	194,486	879,370
Supplies	1,438	102,592	104,030	12,510	68,579	81,089	185,119
Telephone	195	114,025	114,220	987	1,222	2,209	116,429
Postage	66	1,696	1,762	1,697	3,062	4,759	6,521
Rents and parking	11,670	135,975	147,645	75,052	65,262	140,314	287,959
Technology improvements	271	62,419	62,690	1,608	14,869	16,477	79,167
SPC licensure fee expense	-	-	-	-	125,108	125,108	125,108
Awards	-	2,167	2,167	1,451	2,670	4,121	6,288
Insurance	1,781	36,479	38,260	9,978	12,244	22,222	60,482
Printing and visual development	777	4,040	4,817	539	9,138	9,677	14,494
Travel	1,465	17,967	19,432	6,917	16,908	23,825	43,257
Conferences and meetings	12,203	23,794	35,997	18,378	13,866	32,244	68,241
Relocation, recruitment, and training	5,020	17,573	22,593	1,511	2,250	3,761	26,354
Maintenance and repairs	16,527	86,785	103,312	25,729	81,143	106,872	210,184
United Way worldwide membership	8,328	107,594	115,922	42,091	53,496	95,587	211,509
Dues	100	3,506	3,606	6,318	1,864	8,182	11,788
State support	1,751	25,076	26,827	9,809	11,865	21,674	48,501
Publications	333	452	785	1,363	84	1,447	2,232
Public awareness campaign	-	249,859	249,859	-	90,719	90,719	340,578
Interest, fees and support service expenses	-	256	256	26,938	9,039	35,977	36,233
Special assistance	3,750	106,424	110,174	-	-	-	110,174
Total United Way led initiatives and strategies and services expenses before depreciation expenses	525,034	4,516,565	5,041,599	1,113,059	2,033,582	3,146,641	8,188,240
Depreciation	11,644	100,168	111,812	24,529	45,101	69,630	181,442
Total United Way led initiatives and strategies and supporting services expenses	\$ 536,678	\$ 4,616,733	\$ 5,153,411	\$ 1,137,588	\$ 2,078,683	\$ 3,216,271	\$ 8,369,682

See accompanying notes.

Notes to Financial Statements Notes to Financial Statements

1. Nature of the Organization and Summary of Significant Accounting Policies

Founded in 1924, United Way of Northeast Florida, Inc. ("United Way") has earned a reputation as a respected and efficient philanthropic organization. United Way envisions a community of opportunity where everyone has hope and can reach their full potential. Because change doesn't happen alone, United Way's mission is to solve Northeast Florida's toughest challenges by connecting people, resources and ideas. The nonprofit organization's long tradition of addressing the human-service needs in Duval, Baker, Clay, Nassau and Northern St. Johns counties is made possible through the commitment of thousands of volunteers, donors and community partners. To learn more, visit unitedwaynefl.org or follow @unitedwaynefl on Facebook, Twitter and Instagram.

The accompanying financial statements have been prepared on the accrual basis, and the accounts of United Way are maintained in accordance with the principles of not-for-profit accounting under accounting principles generally accepted in the United States of America.

Net assets and revenue, gains, expenses and losses are required to be classified as without or with donor restrictions based upon the following criteria:

1. Net assets without donor restrictions represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
2. Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.

Public support and revenues

Contributions received are recorded as net without donor restriction or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the Statement of Activities as net assets released from restrictions.

Net assets with donor restrictions are campaign and grant revenues restricted for future years' operations and endowment funds. Earnings from the endowment funds can be used for unrestricted purposes.

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. Significant estimates include the allowance for uncollectible pledges, valuation of pension asset and interest in charitable trust.

United Way of Northeast Florida, Inc.
Notes to Financial Statements

Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less when purchased.

Investments

Investments are recorded at fair value based on quoted market prices. The objective of United Way's Investment Policy is to ensure the safety of investment principal, provide for liquidity and maximize investment income. The Finance Committee continues to assess investments with a goal of ensuring the safety of the principal by investing with quality financial institutions.

Campaign contributions and pledges

United Way conducts a campaign annually that features contributor choice. Contributors may give through United Way's Community Impact Fund ("Community Impact Fund"), in which case, local volunteers review each program and make strategic funding recommendations based on the criticality of the need being addressed by the program, the program's impact on addressing the need, the participants' results in the program, the utilization of the program's capacity and the importance of United Way funding to the success of the program. Funding is granted annually with a formal review process occurring annually or every three years depending on the level of success of the program. Annual reports of performance measures and utilization of capacity are reviewed by staff and volunteers.

Contributions and pledges through the Community Impact Fund are recognized as revenue without donor restriction on the statement of activities in the fiscal year they are made by donors. United Way invests dollars raised through the community campaign toward the resolution of serious community issues in education, income and health. Contributors may designate specific focus areas to which their money will be directed. Contributions and pledges to specific focus areas are recognized as revenue with donor restrictions on the statement of activities in the fiscal year they are made by donors. Contributions and pledges are recorded on the statement of financial position as the commitments are made by the contributors and an allowance is provided for amounts estimated to be uncollectible.

Contributors may give by designating to specific United Way led programs. These contributions and pledges are classified as designations payable on the statement of financial position and are reflected as net campaign revenues (gross revenues net of contra expense) "With donor Restrictions" on the statement of activities.

Contributors may give by designation to a specific not-for-profit agency approved by the Internal Revenue Service as eligible to receive charitable contributions. These agencies' programs are not subject to any United Way oversight. Contributions and pledges designated to specific agencies are classified as "designations payable" on the statement of financial position and are shown as zero net campaign revenues (Gross Revenues less off-setting Donor designations) on the statement of activities.

United Way assists corporations with the distribution of employees' payroll deductions by forwarding funds to multiple United Ways and agencies across the country. These amounts are classified as "designations payables or designations payable – corporate service" on the statement of financial position.

The announced annual campaign differs from the total net campaign results reported on the Statements of Activities. The differences reported in the financial statements include gross and net campaign revenues for the current campaign, the immediate past campaign whose results were reported in the current fiscal year, as well as the future campaign where early results may have been recorded.

Allowance for uncollectible pledges

United Way utilizes an historical average for calculating the provision for uncollectible pledges adjusted by management estimates of current economic factors, applied to individual campaigns and corporate service campaigns, including donor designations. The allowance for uncollectible pledges was \$1,121,142 and \$1,162,393 at June 30, 2020 and 2019, respectively.

United Way of Northeast Florida, Inc.
Notes to Financial Statements

Interest in charitable trust

The interest in charitable trust is recorded at the present value of the expected payments to United Way over the life of the trust. The assumptions used in the calculation are the discount rate of 3.5% and the estimated life of the trust which is based on the 2019 IRS Group Annuity Mortality Table. United Way received the proceeds from this trust during the fiscal year ending June 30, 2020.

Campaign expenses

Campaign expenses related to the appeal for financial support are recognized as incurred during the annual fund raising campaign.

Grants and other receivables

United Way received reimbursement grants from various sources including private donors; federal, state, and local governments; foundations; and other not-for-profit agencies. Operating receivables are funds expended in accordance with the grant agreements for which United Way will be reimbursed by the funder.

Grant / contract revenue

United Way recognizes revenue from various sources including private donors; federal, state, and local governments; foundations; and other not-for-profit agencies as the grant/contract is expended during the fiscal year.

Service fees

Service fees are reimbursements of fundraising and administrative costs incurred by United Way (1) in raising monies designated to other not-for-profit agencies through the annual campaign.

Functional expenses

Expenses are allocated to the various functional categories based on the purpose achieved by each expenditure. Salaries and benefits of cross-functional staff, in addition to certain other indirect expenses, are reported based upon the percentage of time expended by employees in the areas of program services, appeal for financial support, and management and general. The organization reviews and updates these annually to ensure accurate and current allocations of cross functional expense reporting.

Advertising expenses

Advertising costs are expensed as incurred and totaled \$91,599 and \$340,578 for the years ended June 30, 2020 and 2019, respectively.

Property and equipment

Expenditures for property and equipment that qualify for capitalization in excess of \$1,500 are capitalized. Depreciation is computed using the straight-line method with estimated useful lives of the individual assets ranging from 3 to 10 years. Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Furniture, equipment and software	\$ 844,692	\$ 814,093
Leasehold improvements	<u>1,616,922</u>	<u>1,616,922</u>
	2,461,614	2,431,015
Less: accumulated depreciation	<u>(1,528,508)</u>	<u>(1,343,176)</u>
Total property and equipment, net	<u>\$ 933,106</u>	<u>\$ 1,087,839</u>

Deferred lease incentive

United Way entered into a lease agreement for office space on September 29, 2015 for ten years following the build-out period. Under the terms of the lease agreement, the landlord was responsible for a portion of the leasehold improvements during the build-out period. United Way has recognized these leasehold improvements in property and equipment, and has also recorded a deferred lease incentive at the time of the completion of the build-out period. The deferred lease incentive is amortized over the lease term.

Income taxes

United Way is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. United Way has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2020.

United Way Worldwide membership

United Way Worldwide membership is a support payment for which United Way receives, amongst other things, the right to use the national brand in charitable endeavors, national advocacy of issues, member education and training, centralized creation and support for marketing of fundraising campaigns, fostering of relationships with national organizations that support multiple members, establishment and monitoring of compliance with standards of accountability by members, establishment of policies and processes that improve operational efficiencies amongst members, and promotion of the concept of local community impact on a national scale.

Cost deduction standards

Effective July 1, 2004, United Way Worldwide issued Membership Standard M – Cost Deduction Requirements (“Standard”), which sets forth uniform standards for local United Way organizations to calculate the amount of fundraising and management and general expenses to deduct from donor pledges as well as the timing of disbursements of these funds. The organization meets or exceeds all requirements as set forth in this standard in terms of the fees charged as well as the timing of disbursements.

Donated services

A substantial number of volunteer workers have donated periodic solicitation services needed for United Way’s annual appeal for financial support campaign. The activities of volunteer solicitors were not subject to a sufficient degree of operating supervision and control to enable United Way to have a proper basis for measuring and recording the value of time donated. Accordingly, no amounts have been recorded as contributions and expenses for the value of these services in the accompanying financial statements.

Board designated net assets

United Way Board of Trustees has approved the designation of monies from the Community Impact Fund for future disbursement in support of the Year Round Emergency Response Fund, Life: Act 2, Strategic Board Investments, the Emergency Reserve, the Community Impact Capital Reserve, and Agency Allocations.

Endowment fund

As part of its Planned Giving Program, United Way established and will grow Endowment funds to provide income for sustaining operations against fluctuations in the annual campaign revenue; to enhance annual campaign revenue from income generated by the endowed gifts; and to provide program funding flexibility not possible through annual campaign revenue including emergency funding, venture grants, administrative costs, challenge grants and infrastructure needs.

United Way of Northeast Florida, Inc. Notes to Financial Statements

In addition to Endowed funds held by United Way, it also maintains an organizational endowment fund (established in 1991) at The Community Foundation for Northeast Florida. United Way may elect to receive grants from United Way of Northeast Florida Endowment on an annual basis. During the fiscal years ended June 30, 2020 and 2019, United Way did not elect to receive grants and those monies were returned to the Fund balance.

Three donors have established Alexis de Tocqueville Society endowments held at The Community Foundation to benefit and support United Way of Northeast Florida. The Community Foundation maintains variance power over these funds. Annual grants from these Funds are made to United Way of Northeast Florida to maintain the donors' memberships in the Alexis de Tocqueville Society and support United Way's work in basic needs, youth success, financial stability and health.

Concentrations of credit risk

United Way's cash and cash equivalents is concentrated with two financial institutions. United Way regularly monitors its exposure to credit risk and only places its cash and cash equivalents with high credit quality financial institutions.

New accounting standards

Contributions

In June 2018, 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 ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The United Way adopted the new standard effective June 1, 2019, the first day of the United Way's fiscal year, using the modified retrospective approach. No changes were required to previously reported revenues as a result of the adoption.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. United Way adopted the new standard effective June 1, 2019, the first day of United Way's fiscal year, using the modified retrospective method.

As part of the adoption of the ASU, United Way elected to use the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) the United Way used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocated to remaining performance obligations when United Way expects to recognize such revenue for all periods prior to the date of initial application of the ASU; and (iv) United Way has reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price.

United Way's revenue is recognized at a point in time based on the transfer of control. Revenue consists of performance obligations satisfied within one year or less. In addition, United Way's contracts do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients.

The adoption of this ASU did not have any impact on United Way's financial statements. United Way's operating revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on United Way's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

United Way of Northeast Florida, Inc.
Notes to Financial Statements

2. Availability of Financial Assets

The following reflects United Way's financial assets as of the financial position date reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at June 30,	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 9,162,621	\$ 6,144,807
Grants, pledges and other receivables	9,080,843	7,712,838
Investments	<u>3,904,273</u>	<u>4,112,470</u>
	<u>22,147,737</u>	<u>17,970,115</u>
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions with time or purpose restrictions	3,062,687	3,962,825
Board-designated endowment funds	<u>488,173</u>	<u>474,453</u>
	<u>3,550,860</u>	<u>4,437,278</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 18,596,877</u>	<u>\$ 13,532,837</u>

United Way is substantially supported by contributions, as well as contracts and grants that are received on a reimbursement basis. Because a donor's restriction on a contribution requires resources to be used in a particular manner or in a future period, United Way must maintain sufficient resources to meet those responsibilities to its donors. As part of United Way's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. United Way also has a significant degree of flexibility and discretion to manage its costs based on the annual contribution levels and financial assets available.

3. Retirement Plans

Retirement plan

United Way's Board of Trustees establishes and reviews employee benefits. Following an in-depth study the Board of Trustees elected a soft freeze of the non-contributory annuity benefit retirement plan (the "Plan") administered by Mutual of America. All employees hired on or after October 1, 2012 are not eligible to participate in the Plan. The Board of Trustees continued to manage the Plan and elected to move it from a soft freeze to a hard freeze. Effective December 31, 2017, participants no longer accrue benefits.

Participants must have had more than one year of service and have attained the age of 21 years. The final benefits will generally be based upon years of service and final average salary before the December 31, 2017. United Way meets statutory funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and schedules additional contributions based on actuarial valuation calculations.

United Way of Northeast Florida, Inc.
Notes to Financial Statements

The following tables set forth further information about the Plan as of and for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Change in projected benefit obligation:		
Benefit obligation, beginning of year	\$ 3,596,648	\$ 4,607,768
Service cost	7,835	8,420
Interest cost	94,283	161,862
Actuarial return on plan assets	(160,459)	46,029
Benefits paid	(325,379)	(1,568,998)
Other actuarial adjustments	<u>16,662</u>	<u>341,567</u>
Benefit obligation, end of year	<u>\$ 3,470,380</u>	<u>\$ 3,596,648</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	\$ 3,629,262	\$ 4,871,699
Actual return on plan assets	46,072	90,031
Employer contributions	135,160	236,530
Benefits paid	<u>(325,379)</u>	<u>(1,568,998)</u>
Fair value of plan assets, end of year	<u>\$ 3,485,115</u>	<u>\$ 3,629,262</u>
Funded status, end of year:		
Funded status of the plan	<u>\$ 14,735</u>	<u>\$ 32,614</u>
Amount recognized in the statement of financial position:		
Prepaid expenses and other assets	<u>\$ 14,735</u>	<u>\$ 32,614</u>
Net periodic benefit cost	<u>\$ 13,815</u>	<u>\$ 28,396</u>
Other changes recognized in unrestricted net assets:		
Net gain (loss)	\$ (114,387)	\$ 136,060
Amortization of net loss	<u>(50,652)</u>	<u>(49,668)</u>
Total recognized in unrestricted net assets	<u>\$ (165,039)</u>	<u>\$ 86,392</u>
Total recognized in net periodic benefit cost and unrestricted net assets	<u>\$ (151,224)</u>	<u>\$ 114,788</u>

United Way estimates that it will contribute \$50,000 to the Plan for the upcoming fiscal year ending June 30, 2021. The United Way will continue to evaluate the timing of the planned termination of the plan.

The weighted-average assumptions used for determining net periodic pension cost for the years ended June 30, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	3.25%	4.00%
Expected long-term return on plan assets	5.00%	4.50%
Assumed rate of increase in future compensation	0.00%	0.00%

United Way of Northeast Florida, Inc.
Notes to Financial Statements

The weighted-average assumptions used for determining benefit obligations for the years ended June 30, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	2.25%	3.25%
Expected long-term return on plan assets	4.50%	4.50%
Assumed rate of increase in future compensation	0.00%	0.00%

The following benefit payments which reflect future service, as appropriate, are expected to be paid:

<u>Year Ending June 30,</u>	
2021	\$ 1,087,000
2022	316,000
2023	157,000
2024	114,000
2025	216,000
2026 through 2030	297,000

Expected benefit payments are not based on an employee's declared retirement plans but are actuarial calculations that assume all current and former eligible individuals retire at 62 years of age.

The following tables set forth by level, with the fair value hierarchy (see Note 5 for definition), the assets of the Plan as of June 30, 2020 and 2019:

	<u>Assets at Fair Value as of June 30, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ -	\$ 3,485,115	\$ -	\$ 3,485,115
Total plan assets	<u>\$ -</u>	<u>\$ 3,485,115</u>	<u>\$ -</u>	<u>\$ 3,485,115</u>
	<u>Assets at Fair Value as of June 30, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ -	\$ 3,629,262	\$ -	\$ 3,629,262
Total plan assets	<u>\$ -</u>	<u>\$ 3,629,262</u>	<u>\$ -</u>	<u>\$ 3,629,262</u>

The Plan's investments in pooled separate accounts are presented at fair value, which has been determined based on the quoted market values of the underlying investments. The Plan's investment contract (general account) with Mutual of America is valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations.

Expected long-term rate of return on plan assets assumption

The Expected Long-Term Rate of Return on Plan Assets assumption of 4.5% was selected in accordance with Actuarial Standards Board in Actuarial Standards of Practice No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. Based on United Way's investment allocation for the Plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation and investment expense) and for inflation based on long term historical return on applicable asset classes. An average inflation rate within the range equal to 3% was selected and added to the real rate of return range to arrive at a best estimate range of 4.44% to 4.77%. A rate of 4.5% which is within the best estimate range was selected.

Plan investment policy

Plan assets are to be managed in a prudent, conservative yet productive manner for the exclusive benefit of the Plan's participants and their beneficiaries, which is consistent with the provisions of ERISA. United Way has applied for, and Mutual of America Life Insurance Company has issued, a group annuity contract in conjunction with the funding of benefits under the Plan. Following the hard freeze, the Finance Committee elected to invest and monitor amounts under the contract in a more conservative manner to protect them from market downturns.

Thrift plan

United Way also sponsors a 403(b) tax-deferred annuity defined contribution thrift plan (the "Thrift Plan") for eligible employees. Eligible employees must be 21 years of age and completed one year of service. Eligible employees may contribute up to 20% of their salary and any allowable catch-up contributions not to exceed the maximum contribution permitted by Section 403(b) of the Internal Revenue Code. United Way will match employee contributions up to a maximum of 6% of the employee's salary. Employees are immediately fully vested for their individual accumulated contributions and become fully vested for employer contributions at the earlier of reaching the age 65 or completing three years of service. Employees may withdraw amounts from the Thrift Plan upon reaching the age of 59 ½, terminating service or on account of death or disability. Contributions made to the Thrift Plan by United Way for the years ended June 30, 2020 and 2019, totaled approximately \$106,000 and \$107,000 respectively.

Deferred compensation plan

United Way also sponsors a section 457(b) deferred compensation plan for highly compensated employees. Contributions to the plan for the years ended June 30, 2020 and 2019, totaled approximately \$18,328 and \$26,570, respectively.

4. Note Receivable

On January 31, 2017, United Way purchased membership interests in United Way Digital Holdings, LLC ("UW Digital Holdings") for \$400,000 and entered a promissory note with UW Digital Holdings of the same amount. During the fiscal year ending June 30, 2019, United Way and UW Digital Holdings agreed to dissolve the agreement by eliminating any future payments related to the promissory note and UW Digital Holdings agreed to return \$160,000 paid by United Way under the agreement. UW Digital Holdings issued a promissory note to United Way for \$160,000 payable in four annual installments of \$40,000 beginning December 2, 2020. Interest accrues at 2.72%. UW Digital Holdings owed \$160,000 on the promissory note at June 30, 2020 and 2019.

5. Note Payable

In response to the COVID-19 pandemic (see Note 11), the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 17, 2020. One provision of the law included the expansion of the availability of funds by establishing the Paycheck Protection Program (“PPP”), a new loan program under the Small Business Administration’s 7(a) program. A feature of this program is that a portion or all of loans under PPP may effectively be converted to a grant through a special loan forgiveness provision if certain criteria are met.

On April 23, 2020, the United Way was granted a loan of \$975,000 under the Paycheck Protection Program (“PPP”). The loan, which was in the form of a note dated April 23, 2020 issued to the United Way, matures on April 23, 2022. The note may be prepaid by the United Way at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The United Way intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The United Way believes it has used the proceeds of the loan for qualifying expenses under the PPP. However, additional steps must be taken to apply for and receive forgiveness. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for ten months from the end of the United Way’s covered period. While the United Way currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it is uncertain at this time what portion of the PPP loan may be forgiven, if any.

6. Fair Value Measurements

Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped based on significant levels of inputs as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or
- Level 3; Unobservable inputs, such as discounted cash flow models or valuations.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of unobservable inputs.

United Way of Northeast Florida, Inc.
Notes to Financial Statements

The tables below summarize investments, by level, for items measured at fair value on a recurring basis as of June 30, 2020 and 2019:

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Equities:				
Large cap	\$ 599,454	\$ -	\$ -	\$ 599,454
Mid cap	170,984	-	-	170,984
Small cap	148,907	-	-	148,907
International developed	61,447	-	-	61,448
Emerging markets	47,600	-	-	47,600
Fixed income:				
Government obligations	2,293,850	-	-	2,293,850
Investment grade taxable	582,031	-	-	582,031
Total investments	<u>\$ 3,904,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,904,273</u>

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Beneficial interest in charitable trust	\$ 946,000	\$ -	\$ -	\$ 946,000
Equities:				
Large cap	508,635	-	-	508,635
Mid cap	175,432	-	-	175,432
Small cap	153,945	-	-	153,945
International developed	76,750	-	-	76,750
Emerging markets	102,880	-	-	102,880
Fixed income:				
Government obligations	2,511,028	-	-	2,511,028
Investment grade taxable	558,417	-	-	558,417
Global high yield taxable	25,383	-	-	25,383
Total investments	<u>\$ 5,058,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,058,470</u>

7. Board Designated Net Assets without Restrictions

Board designated net assets as of June 30, 2020 and 2019, are designated as follows:

	2020	2019
Year round emergency response fund	\$ 53,314	\$ 53,314
Life: Act 2	144,641	144,641
Strategic board investments, includes capital reserve	1,370,097	1,557,151
Emergency reserve	850,000	850,000
Community impact capital reserve	595,000	595,000
Agency allocations	3,244,304	3,244,304
	<u>\$ 6,257,356</u>	<u>\$ 6,444,410</u>

8. Assets with Donor Restrictions

Donor restricted net assets consist of the following:

	<u>July 1, 2019</u>	<u>Increase / Contributions</u>	<u>Decreases / Uses</u>	<u>June 30, 2020</u>
Contributions	\$ 1,989,141	\$ 6,448,902	\$ (7,137,645)	\$ 1,300,398
Grants and contracts	828,404	120,489	(210,731)	738,162
Donor-restricted endowment funds	<u>1,145,280</u>	<u>32,977</u>	<u>(60,776)</u>	<u>1,117,481</u>
	<u>\$ 3,962,825</u>	<u>\$ 6,602,368</u>	<u>\$ (7,409,152)</u>	<u>\$ 3,156,041</u>
	<u>July 1, 2018</u>	<u>Increase / Contributions</u>	<u>Decreases / Uses</u>	<u>June 30, 2019</u>
Contributions	\$ 2,961,768	\$ 5,611,374	\$ (6,584,001)	\$ 1,989,141
Grants and contracts	1,100,703	802,956	(1,075,255)	828,404
Donor-restricted endowment funds	<u>1,095,540</u>	<u>56,769</u>	<u>(7,029)</u>	<u>1,145,280</u>
	<u>\$ 5,158,011</u>	<u>\$ 6,471,099</u>	<u>\$ (7,666,285)</u>	<u>\$ 3,962,825</u>

9. Endowments

United Way's endowments consist of individual donor-restricted endowment funds established for a variety of purposes and board designated endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Trustees of United Way has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, United Way classifies as net assets with restrictions (a) the original value of the gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation to the fund.

United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of United Way and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments

United Way of Northeast Florida, Inc.
Notes to Financial Statements

6. Other resources of United Way
7. The investment policies of United Way

Return objectives and risk parameters

United Way has adopted investment and spending policies for endowment assets that attempt to maximize long-term results with an acceptable level of risk. Endowment assets include those assets of donor-restricted funds that United Way must hold in perpetuity or for a donor-specified period or purpose. Under this policy, as approved by the Board of Trustees, the endowment assets are invested to maximize long-term results, consistent with an acceptable level of risk. The goal is to produce a return on the assets to support the programmatic purposes, while also achieving growth of principal in order to maintain real purchasing power. This approach helps assure that gifts to endowment funds keep pace with inflation and always support the designated activity.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, United Way relies on a total return strategy in which the investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). United Way targets a diversified asset allocation that balances fixed-income and equity-based investments to achieve its long-term return objectives within acceptable risk constraints.

Spending policy and how the investment objective relate to spending policy

Consistent with United Way's objective to ensure long-term results of its endowments, United Way has adopted the following spending policy for donor-restricted endowments:

1. Annual earnings will be re-invested to build the endowed funds to a projected value of \$2 million.
2. Once the Audit Committee has deemed funds are available for distributions, no more than five percent (5%) of the average portfolio value over the prior three years, using December 31st valuations will be spent annually.
3. Distributions will begin on July 1 of the next fiscal year.

United Way's objective is to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The endowment net asset composition, by type of fund, as of June 30, 2020 and 2019 is as follows:

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Donor-restricted endowment funds	\$ -	\$ 1,117,481	\$ 1,117,481
Board-designated endowment fund	<u>488,174</u>	<u>-</u>	<u>488,174</u>
Total funds	<u>\$ 488,174</u>	<u>\$ 1,117,481</u>	<u>\$ 1,605,655</u>

United Way of Northeast Florida, Inc.
Notes to Financial Statements

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Donor-restricted endowment funds	\$ -	\$ 1,145,280	\$ 1,145,280
Board-designated endowment fund	<u>474,453</u>	<u>-</u>	<u>474,453</u>
Total funds	<u>\$ 474,453</u>	<u>\$ 1,145,280</u>	<u>\$ 1,619,733</u>

The changes in endowment assets as of June 30, 2020 and 2019 is as follows:

Assets	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net</u>
Endowment net assets, June 30, 2019	\$ 474,453	\$ 1,145,280	\$ 1,619,733
Interest and dividend income	7,503	18,031	25,534
Net appreciation (realized and unrealized)	19,149	14,946	34,095
Amounts appropriated for expenditures	<u>(12,931)</u>	<u>(60,776)</u>	<u>(73,707)</u>
Total funds at June 30, 2020	<u>\$ 488,174</u>	<u>\$ 1,117,481</u>	<u>\$ 1,605,655</u>

Assets	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net</u>
Endowment net assets, June 30, 2018	\$ 455,847	\$ 1,095,540	\$ 1,551,387
Contributions	-	5,000	5,000
Interest and dividend income	10,783	25,932	36,715
Net appreciation (realized and unrealized)	10,757	25,837	36,594
Amounts appropriated for expenditures	<u>(2,934)</u>	<u>(7,029)</u>	<u>(9,963)</u>
Total funds at June 30, 2019	<u>\$ 474,453</u>	<u>\$ 1,145,280</u>	<u>\$ 1,619,733</u>

10. Operating Leases

The United Way leases various office and operating spaces under non-cancelable operating leases expiring at various dates from 2021 to 2026. Minimum rental commitments under non-cancelable operating leases with an initial term greater than one year at June 30, 2020, are as follows:

2021	\$ 318,261
2022	326,543
2023	331,886
2024	341,439
2025	351,682
Thereafter	<u>178,440</u>
	<u>\$ 1,848,251</u>

United Way of Northeast Florida, Inc.
Notes to Financial Statements

Total operating lease expense for the years ended June 30, 2020 and 2019, was \$256,535 and \$287,716, respectively.

11. Subsequent Events

United Way has evaluated the effect subsequent events would have on the financial statements through November 13, 2020, which is the date the financial statements were available to be issued.

Subsequent to the statement of financial position date and through the date of this report, the World Health Organization's declaration of the outbreak of COVID-19, a novel strain of Coronavirus, as a pandemic continued. The coronavirus outbreak is affecting operations and revenues across a range of organizations. The extent of the impact of the outbreak on United Way's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the impact on United Way's funding sources, employees and vendors, and governmental, regulatory and private sector responses. United Way is responding to these conditions through a number of measures including the modification of its operating budget. The financial statements do not reflect any adjustments as a result of this economic uncertainty.

Supplementary Information

**United Way of Northeast Florida
Distributions to Agencies
Year ended June 30, 2020**

Agency Name	Community Support	Donor Designations	Other Disbursements	Total
Ability Housing, Inc	\$ 25,000	\$ 2,606	\$ -	\$ 27,606
All Saints Early Learning & Community Care Center	50,531	1,329	-	51,860
American Lung Association	10,925	1,795	-	12,720
American Red Cross Northeast Florida Chapter	218,782	13,915	-	232,697
Angelwood, Inc	25,000	3,736	-	28,736
ARC Jacksonville	79,482	9,328	-	88,810
Ark of Nassau, Inc.	25,235	1,327	-	26,562
Baker County Council on Aging, Inc.	34,141	2,588	-	36,729
Barnabas Center, Inc.	36,616	3,030	-	39,646
BASCA, Inc.	25,000	-	-	25,000
BEAM	25,000	3,921	-	28,921
Big Brothers Big Sisters of Northeast Florida	116,423	8,047	-	124,470
Boy Scouts of America North Florida Council	93,572	42,350	-	135,922
Boys and Girls Clubs of Nassau	23,429	4,176	-	27,605
Boys and Girls Clubs of Northeast Florida	315,392	11,971	-	327,363
Catholic Charities Bureau	74,818	135,765	153,204	363,787
Child Guidance	600,000	1,555	-	601,555
Children's Home Society Florida Buckner Division	335,679	17,423	-	353,102
City Year, Inc	184,166	31	-	184,197
Clara White Mission	84,163	12,463	-	96,626
Clay Behavioral Health Center, Inc.	8,751	1,331	-	10,082
Daniel Memorial, Inc.	818,843	12,426	-	831,269
Delores Barr Weaver Policy Center	25,000	973	-	25,973
DLC Nurse & Learn	59,800	10,988	-	70,788
Downtown Ecumenical Services Council, Inc	25,000	1,603	-	26,603
Early Learning Coalition of Duval (SB6)	1,046,092	1,389	-	1,047,481
Episcopal Children's Services (SB6)	248,036	9,272	-	257,308
Family Foundations of Northeast Florida, Inc.	660,278	511	-	660,789
Family Support Services of North Florida, Inc	25,000	290	-	25,290
Feeding Northeast Florida	-	225,000	-	225,000
Five STAR Veterans Center, Inc.	25,000	3,590	-	28,590
Full Service Schools - Neighborhood Grants	144,896	-	-	144,896
Generation: You Employed, Inc.	130,000	-	-	130,000
Girl Scouts of Gateway Council, Inc.	87,100	3,534	-	90,634
Girls, Incorporated of Jacksonville	94,738	2,335	-	97,073
Hope Haven Children's Clinic and Family Center	13,105	1,490	-	14,595
Hubbard House, Inc.	80,703	15,041	-	95,744
COVID-19 Relief	3,346,375	-	-	3,346,375
Hurricane Dorian Relief	56,171	-	-	56,171
Hurricane Irma Relief	14,900	-	-	14,900
Jacksonville Area Legal Aid, Inc.	71,988	3,901	-	75,889
Jacksonville Public Education Fund (Parent Engagement)	44,200	104,735	-	148,935
Jacksonville Speech and Hearing Center, Inc.	83,759	2,345	-	86,104
Jacksonville Urban League, Inc.	-	2,813	-	2,813
JASMYN	25,000	7,146	-	32,146
Jewish Community Alliance	135,405	8,390	-	143,795
Jewish Family & Community Services	2,001,017	10,540	-	2,011,557
Learn to Read-Literacy Alliance of NEFL	44,661	2,547	-	47,208
LISC Local Initiative Support	-	527	-	527

**United Way of Northeast Florida
Distributions to Agencies
Year ended June 30, 2020**

(Continued)

Agency Name	Community Support	Donor Designations	Other Disbursements	Total
Lutheran Social Services of Northeast Florida, Inc.	62,811	7,555	-	70,366
MaliVai Washington Youth Foundation	25,000	8,078	-	33,078
Muslim American Social Seviles	25,000	-	-	25,000
Nassau County Council on Aging	51,630	3,162	-	54,792
New Heights of Northeast Florida, Inc.	85,257	1,473	-	86,730
North Florida Office of Public Guardian, Inc	25,000	-	-	25,000
Northeast Florida Area Agency on Aging, Inc. d/b/a ElderSource	75,000	1,329	-	76,329
OneJax Institute at UNF	16,091	-	-	16,091
Operation New Hope, Inc.	25,000	3,919	-	28,919
PACE Center for Girls Jacksonville	31,351	21,260	-	52,611
Pine Castle, Inc.	67,384	8,812	-	76,196
Quigley House, Inc.	67,950	6,931	-	74,881
Sanctuary on 8th Street	37,405	37,846	-	75,251
Sulzbacher Center	199,519	32,755	-	232,274
The Carpenter's Shop Center	44,000	-	-	44,000
The Salvation Army	344,828	30,589	-	375,417
United Way of St. Johns County	-	27,418	-	27,418
Vision Is Priceless Council, Inc	25,000	7,675	-	32,675
We Care Jacksonville	148,304	9,263	-	157,567
Womens Center of Jacksonville	25,000	1,830	-	26,830
YMCA of Florida's First Coast, Inc.	195,704	103,950	-	299,654
Youth Crisis Center	107,500	814	-	108,314
Other Agency Designations	-	3,640,538	-	3,640,538
	\$ 13,383,906	\$ 4,665,270	\$ 153,204	\$ 18,202,380

United Way of Northeast Florida, Inc.
Schedule of Source and Expenditure of City Grant Funds
Per Ordinance Code Chapter 118.205 (e)
For Audit Year 2019-2020

CITY OF JACKSONVILLE PUBLIC SERVICE GRANTS FOR UNITED WAY'S 211

Receipt of City Funds	City FY 2018 - 2019 Grant #1	City FY 2019 - 2020 Grant #2
Amount of Award (per City budget ordinance) - Unaudited (1)	\$ 150,000	\$ 150,000
Actual Amount Received from City 7/1/2018-6/30/2019	(100,833)	-
Actual Amount Received from City 7/1/2019-6/30/2020	(49,167)	(86,666)
Actual Amount Received from City 7/1/2020-9/30/2020	-	(51,667)
Actual Amount Invoiced to City 7/1/2019-9/30/2020		(11,667)
Amount Remaining to be Distributed - Unaudited (1)	<u>\$ -</u>	<u>\$ -</u>

Expenditures of City Funds

City FY 2018-2019 Grant #1 - \$150,000

Item	Budgeted (Unaudited) (1)	Actual 10/1/2018 - 6/30/2019	Actual 7/1/2019 - 9/30/2019	Total Actual	Remaining Balance (Unaudited) (1)
Salaries and wages	\$ 140,000	\$ 105,000	\$ 35,000	\$ 140,000	\$ -
Telephone and communications	10,000	7,500	2,500	\$ 10,000	-
Total	<u>\$ 150,000</u>	<u>\$ 112,500</u>	<u>\$ 37,500</u>	<u>\$ 150,000</u>	<u>\$ -</u>

City FY 2019-2020 Grant #2 - \$150,000

Item	Budgeted (Unaudited) (1)	Actual 10/1/2019 - 6/30/2020	Actual 7/1/2020 - 9/30/2020	Remaining Balance (Unaudited) (1)
Salaries and wages	\$ 140,000	\$ 105,000	\$ 35,000	\$ -
Telephone and communications	10,000	5,000	5,000	-
Total	<u>\$ 150,000</u>	<u>\$ 110,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>

United Way of Northeast Florida, Inc.
Schedule of Source and Expenditure of City Grant Funds
Per Ordinance Code Chapter 118.205 (e)
For Audit Year 2019-2020

CITY OF JACKSONVILLE PUBLIC SERVICE GRANTS FOR REAL SENSE

<u>Receipt of City Funds</u>	City FY 2016- 2017 Grant #1	City FY 2017- 2018 Grant #2	City FY 2019- 2020 Grant #3
Amount of Award (per City budget ordinance) - Unaudited	\$ 150,000	\$ 150,000	\$ 150,000
Actual Amount Received from City 7/1/2016-9/30/2016	(102,351)	-	-
Actual Amount Received from City 10/1/2016-9/30/2017	(45,273)	-	-
Actual Amount Received from City 10/1/2017-6/30/2018	-	(113,128)	-
Actual Amount Received from City 7/1/2018-6/30/2019	-	(34,156)	-
Actual Amount Received from City 7/1/2019-6/30/2020	-	-	(78,102)
Actual Amount Invoiced to City 7/1/2019-9/30/2020	-	-	(66,410)
	<u>\$ 2,376</u>	<u>\$ 2,716</u>	<u>\$ 5,488</u>
Amount Remaining to be Distributed - Unaudited	<u>\$ 2,376</u>	<u>\$ 2,716</u>	<u>\$ 5,488</u>

Expenditures of City Funds

City FY 2016-2017 Grant #1 - \$150,000

Item	Budgeted (Unaudited)	Actual 10/1/2016- 6/30/2017	Actual 7/1/2017- 9/30/2017	Total Actual	Remaining Balance (Unaudited)
Salaries and wages	\$ 92,586	\$ 65,491	\$ 25,456	\$ 90,947	\$ 1,639
Taxes and benefits	29,342	20,974	7,631	28,605	737
Office expenses	28,072	27,772	300	28,072	-
Total	<u>\$ 150,000</u>	<u>\$ 114,237</u>	<u>\$ 33,387</u>	<u>\$ 147,624</u>	<u>\$ 2,376</u>

City FY 2017-2018 Grant #2 - \$150,000

Item	Budgeted (Unaudited)	Actual 10/1/2017- 6/30/2018	Actual 7/1/2018- 9/30/2018	Total Actual	Remaining Balance (Unaudited)
Salaries and wages	\$ 83,852	\$ 67,910	\$ 15,942	\$ 83,852	\$ -
Taxes and benefits	29,906	19,330	8,497	27,827	2,079
Office expenses	36,242	35,315	290	35,605	637
Total	<u>\$ 150,000</u>	<u>\$ 122,555</u>	<u>\$ 24,729</u>	<u>\$ 147,284</u>	<u>\$ 2,716</u>

City FY 2019-2020 Grant #3 - \$150,000

Item	Budgeted (Unaudited)	Actual 10/1/2018- 6/30/2019	Actual 7/1/2019- 9/30/2019	Total Actual	Remaining Balance (Unaudited)
Salaries and wages	\$ 94,379	\$ 73,257	\$ 20,122	\$ 93,379	\$ 1,000
Taxes and benefits	33,941	24,953	7,335	32,288	1,653
Office expenses	21,680	1,518	17,327	18,845	2,835
Total	<u>\$ 150,000</u>	<u>\$ 99,728</u>	<u>\$ 44,784</u>	<u>\$ 144,512</u>	<u>\$ 5,488</u>