

United Way of Central Illinois, Inc.

Financial Report
December 31, 2019

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RSM US LLP

Independent Auditor's Report

Board of Directors
United Way of Central Illinois, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Central Illinois, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central Illinois, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Springfield, Illinois
October 26, 2020

United Way of Central Illinois, Inc.

Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Cash	\$ 607,828	\$ 667,521
Contributions receivable, less allowance for uncollectible pledges 2019 \$182,749; 2018 \$186,000	850,519	927,167
Investments	6,402,492	5,711,053
Property and equipment, net	73,328	84,208
Beneficial interest in perpetual trusts	214,661	190,589
Funds held for others	41,094	43,690
	<u>8,189,922</u>	<u>7,624,228</u>
Total assets	\$ 8,189,922	\$ 7,624,228
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ -	\$ 13,136
Accrued expenses	30,941	33,202
Allocations payable	674,887	769,574
Designations payable	268,035	327,846
Funds held for others	41,094	43,690
	<u>1,014,957</u>	<u>1,187,448</u>
Total liabilities	1,014,957	1,187,448
Net assets:		
Without donor restrictions:		
Designated for equipment replacement	28,937	28,937
Designated for Dolly Parton Imagination Library	38,397	29,424
Designated for Continuum of Learning Fund	58,805	58,805
Designated for Needs Assessment Fund	7,000	12,000
Designated for Venture Fund	31,879	37,978
Designated for Community Fund Resources	33,282	-
Undesignated	5,528,274	4,827,564
	<u>5,726,574</u>	<u>4,994,708</u>
Total without donor restrictions	5,726,574	4,994,708
With donor restrictions	1,448,391	1,442,072
	<u>7,174,965</u>	<u>6,436,780</u>
Total net assets	7,174,965	6,436,780
	<u>\$ 8,189,922</u>	<u>\$ 7,624,228</u>
Total liabilities and net assets	\$ 8,189,922	\$ 7,624,228

See notes to financial statements.

United Way of Central Illinois, Inc.

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

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

See notes to financial statements.

United Way of Central Illinois, Inc.

**Statement of Activities
Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Gross campaign results (2017/2018)	\$ 854,719	\$ -	\$ 854,719
Gross campaign results in prior year - released from restriction	1,721,414	(1,721,414)	-
Less donor designations	(453,779)	267,718	(186,061)
(Provision for) recovery of uncollectible	(105,281)	108,000	2,719
Total campaign results (2017/2018)	2,017,073	(1,345,696)	671,377
Gross campaign results (2018/2019)	-	1,581,791	1,581,791
Less donor designations	-	(258,173)	(258,173)
Less provision for uncollectible	-	(78,000)	(78,000)
Net campaign revenue (2018/2019)	-	1,245,618	1,245,618
Investment return, net	(263,808)	-	(263,808)
Change in beneficial interest in perpetual trusts	-	(27,583)	(27,583)
Miscellaneous income	70,903	-	70,903
	(192,905)	(27,583)	(220,488)
Total public support and revenue	1,824,168	(127,661)	1,696,507
Expenses:			
Program services:			
Gross funds allocated to human service agencies, venture grants and community support	2,354,494	-	2,354,494
Less donor designations	(703,421)	-	(703,421)
Net funds allocated to human service agencies	1,651,073	-	1,651,073
Community impact/fund distribution	496,509	-	496,509
Total program services	2,147,582	-	2,147,582
Supporting services:			
Fund raising	218,312	-	218,312
Marketing and communications	17,836	-	17,836
Finance and administration	191,289	-	191,289
Total supporting services	427,437	-	427,437
Total expenses	2,575,019	-	2,575,019
Change in net assets	(750,851)	(127,661)	(878,512)
Net assets:			
Beginning	5,745,559	1,569,733	7,315,292
Ending	\$ 4,994,708	\$ 1,442,072	\$ 6,436,780

See notes to financial statements.

United Way of Central Illinois, Inc.

Statement of Functional Expenses
Year Ended December 31, 2019

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

See notes to financial statements.

United Way of Central Illinois, Inc.

Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services			Other Functional Expenses (or Supporting Services)				Total
	Allocation Services	Community Impact/Fund Distribution	Total	Fund Raising	Marketing and Communications	Finance and Administration	Total	
Salaries	\$ -	\$ 200,114	\$ 200,114	\$ 92,385	\$ 5,169	\$ 82,086	\$ 179,640	\$ 379,754
Payroll taxes	-	14,908	14,908	7,366	441	8,160	15,967	30,875
Employee benefits	-	28,278	28,278	13,972	837	15,477	30,286	58,564
Personnel search	-	3,036	3,036	1,500	90	1,661	3,251	6,287
	-	246,336	246,336	115,223	6,537	107,384	229,144	475,480
Professional fees	-	62,942	62,942	32,812	-	45,406	78,218	141,160
Office supplies	-	1,673	1,673	920	247	1,500	2,667	4,340
SECA budget	-	623	623	8,660	-	159	8,819	9,442
Telephone	-	1,787	1,787	987	316	908	2,211	3,998
Postage	-	1,532	1,532	866	277	1,242	2,385	3,917
Occupancy	-	25,129	25,129	14,278	4,569	8,352	27,199	52,328
Occupancy maintenance and real estate taxes	-	13,853	13,853	7,871	2,519	7,242	17,632	31,485
Equipment maintenance	-	1,178	1,178	669	214	616	1,499	2,677
Subscriptions	-	611	611	120	38	110	268	879
Marketing and advertising	-	17,215	17,215	40	2,506	-	2,546	19,761
Travel	-	1,327	1,327	1,118	-	349	1,467	2,794
Meetings	-	1,736	1,736	111	4	43	158	1,894
Community reports and celebration	-	9,469	9,469	-	-	194	194	9,663
Conference and trainings	-	4,373	4,373	80	-	51	131	4,504
Campaign supplies/printing	-	968	968	9,496	-	371	9,867	10,835
Special events	-	11,202	11,202	9,105	609	-	9,714	20,916
Award supplies	-	541	541	250	-	401	651	1,192
Local organization dues	-	7,397	7,397	115	-	124	239	7,636
State and national dues	-	995	995	498	-	537	1,035	2,030
United Way Worldwide dues	-	15,724	15,724	8,190	-	8,845	17,035	32,759
Digital services	-	50,000	50,000	-	-	-	-	50,000
Software licenses	-	11,341	11,341	2,542	-	2,745	5,287	16,628
Insurance expense	-	3,747	3,747	1,952	-	2,108	4,060	7,807
Bank and filing fees	-	1,355	1,355	610	-	659	1,269	2,624
	-	246,718	246,718	101,290	11,299	81,962	194,551	441,269
Depreciation expense	-	3,455	3,455	1,799	-	1,943	3,742	7,197
Total operations	-	496,509	496,509	218,312	17,836	191,289	427,437	923,946
Allocations to agencies, venture grants and community support	2,354,494	-	2,354,494	-	-	-	-	2,354,494
Less donor designations	(703,421)	-	(703,421)	-	-	-	-	(703,421)
Net funds allocated	1,651,073	-	1,651,073	-	-	-	-	1,651,073
Total expenses	\$ 1,651,073	\$ 496,509	\$ 2,147,582	\$ 218,312	\$ 17,836	\$ 191,289	\$ 427,437	\$ 2,575,019

See notes to financial statements.

United Way of Central Illinois, Inc.

Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 738,185	\$ (878,512)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	12,697	7,197
Net realized and unrealized (gain) loss on investments	(1,046,603)	387,180
Decrease in funds held for others	(2,596)	(13,835)
Reserve for uncollectible pledges	142,681	75,281
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(66,033)	41,913
Other receivables and prepaid expenses	-	12,755
Beneficial interest in perpetual trusts	(24,072)	27,583
(Decrease) increase in:		
Accounts payable and accrued expenses	(15,397)	5,019
Allocations payable	(94,687)	15,922
Designations payable	(59,811)	(21,645)
Net cash used in operating activities	(415,636)	(341,142)
Cash flows from investing activities:		
Proceeds from sales of investments	1,753,862	1,764,391
Purchases of investments	(1,398,698)	(1,503,388)
Purchase of property and equipment	(1,817)	(3,266)
Net cash provided by investing activities	353,347	257,737
Net change in cash and funds held for others	(62,289)	(83,405)
Cash and funds held for others:		
Beginning (2018 restated)	711,211	794,616
Ending	\$ 648,922	\$ 711,211
Reconciliation of cash and funds held for others:		
Cash	\$ 607,828	\$ 667,521
Funds held for others	41,094	43,690
Cash and funds held for others	\$ 648,922	\$ 711,211

See notes to financial statements.

United Way of Central Illinois, Inc.

Notes to Financial Statements

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

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

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

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

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

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

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

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

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

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

United Way of Central Illinois, Inc.

Notes to Financial Statements

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

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

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

Beneficial interest in perpetual trusts: At December 31, 2019, the Organization is the beneficiary of a donor-established perpetual trust, which is administered by a third party. Under the terms of the trust, the Organization has the irrevocable right to receive the income earned on the assets held in the third-party trust in perpetuity, but never receives the assets held in trust. The beneficial interest is reported as net assets with donor restrictions. The trust annually makes distributions of income to the Organization. The Organization's beneficial interest in the trust is carried at the fair value of the underlying assets as provided by the third-party administrator. Subsequent changes in the carrying value of the beneficial interests are reported in the statement of activities for that period.

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

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

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

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

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

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

United Way of Central Illinois, Inc.

Notes to Financial Statements

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

Adopted accounting pronouncements: The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* on January 1, 2019 using the modified retrospective method of transition. This revenue recognition guidance replaced existing guidance, including industry specific guidance, and requires revenue to be recognized in an amount that reflects the consideration that the Organization expects to be entitled in an exchange of goods and services. The adoption of ASU 2014-09 had no impact on the financial statements.

The Organization adopted FASB ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* on January 1, 2019. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. The adoption of ASU 2016-15 had no impact on the financial statements.

The Organization adopted FASB ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* on January 1, 2019. ASU 2016-18 applies to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows. Its provisions require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The adoption of ASU 2016-18 resulted in \$24,685 and \$43,690 of funds held for others being included in the 2019 and 2018 statement of cash flows, respectively, and the restatement of the beginning balance in the fiscal year 2018 statement of cash flows to include \$57,525 of funds held for others.

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

Notes to Financial Statements

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

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

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 removes certain disclosures, modifies certain disclosures and adds additional disclosures. The ASU will be effective for the Organization's December 31, 2020, financial statements. Certain disclosures in ASU 2018-13 would need to be applied on a retrospective basis and others on a prospective basis. The Organization is currently evaluating the effect of the new standard on the financial statements.

Reclassifications: Certain prior-year amounts have been reclassified to conform to the current-year presentation without affecting prior-year net asset balances.

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

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the Organization's operations and pledge base. The operations for the Organization's services could be negatively impacted by the regional and global outbreak of COVID-19. Any quarantines, labor shortages or other disruptions to the Organization's donors, may adversely impact the Organization's pledge revenues which could affect the ability to provide community services. In addition, a significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets in which the Organization operates, resulting in an economic downturn that could affect increased demand for limited resources. The extent to which the coronavirus impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others. In April 2020, the Organization applied for and received a Coronavirus Emergency Loan of approximately \$97,000 through the Small Business Administration program, Paycheck Protection Program. The PPP loan program provides for potential loan forgiveness up to the amount of the loan, provided the Organization meets certain loan stipulations. The loan is expected to be forgiven.

The Organization has evaluated subsequent events through October 26, 2020, the date on which the financial statements were available to be issued.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 2. Concentration of Credit Risk

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

Note 3. Availability and Liquidity

The following represents the Organization's financial assets at December 31, 2019 and 2018:

	2019	2018
Financial assets at year-end:		
Cash	\$ 607,828	\$ 667,521
Contributions receivable	850,519	927,167
Investments	6,402,492	5,711,053
Beneficial interest in perpetual trusts	214,661	190,589
Funds held for others	41,094	43,690
Total financial assets	<u>8,116,594</u>	<u>7,540,020</u>
Less amounts not available to be used within one year:		
Beneficial interest in perpetual trusts	214,661	190,589
Funds held for others	41,094	43,690
Board designations	198,300	167,144
	<u>454,055</u>	<u>401,423</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 7,662,539</u>	<u>\$ 7,138,597</u>

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

Note 4. Contributions Receivable

Contributions receivable as of December 31, 2019 and 2018, are as follows:

	2019			2018		
	Prior Year Campaign	Current Year Campaign	Total	Prior Year Campaign	Current Year Campaign	Total
Contributions receivable	\$ 203,856	\$ 829,412	\$ 1,033,268	\$ 286,748	\$ 826,419	\$ 1,113,167
Allowance for uncollectible pledges	(111,913)	(70,836)	(182,749)	(108,000)	(78,000)	(186,000)
	<u>\$ 91,943</u>	<u>\$ 758,576</u>	<u>\$ 850,519</u>	<u>\$ 178,748</u>	<u>\$ 748,419</u>	<u>\$ 927,167</u>

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 5. Investments

The Organization's investments at fair value as of December 31, 2019 and 2018, are as follows:

	2019	2018
Money market funds	\$ 67,749	\$ 185,424
Equity mutual funds	4,002,023	3,224,628
Fixed income mutual funds	2,332,720	2,301,001
	<u>\$ 6,402,492</u>	<u>\$ 5,711,053</u>

Note 6. Property and Equipment

The Organization's property and equipment as of December 31, 2019 and 2018, are as follows:

	2019	2018
Furnishings and equipment	\$ 128,684	\$ 126,867
Leasehold improvements	112,625	112,625
	<u>241,309</u>	<u>239,492</u>
Less accumulated depreciation	167,981	155,284
	<u>\$ 73,328</u>	<u>\$ 84,208</u>

Note 7. Line of Credit

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

Note 8. Functional Expense

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

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

In 2018, the Organization incurred joint costs of \$11,648 for informational materials and activities, including fund-raising appeals. Of these costs, \$2,696 was allocated to fund-raising expense, \$5,533 was allocated to program service expense and \$3,419 was allocated to finance and administration.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 9. Lease and Other Commitments

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

During 2015, the Organization entered into a new lease agreement for grant management software. This agreement has a monthly payment of \$149 for 60 months.

Aggregate minimum rental commitments under the amended building and grant management lease are as follows:

Year Ending December 31,	Amount
2020	\$ 57,069
2021	55,834
2022	56,673
2023	57,806
2024	58,962
Thereafter	152,461
	\$ 438,805

The Organization outsources a majority of its accounting function to third parties. Effective July 1, 2017, the Organization entered into an agreement with a third party for accounting services, which required a monthly payment of \$3,850 for the services provided. The Organization paid additional fees such as storage overage fee and user fee each month. The agreement for accounting services extended until December 31, 2019. During each of the years ended December 31, 2019 and 2018, service fees paid to third parties for accounting services were \$46,378 and \$57,892, respectively.

The total rental expense included in the statement of activities for the years ended December 31, 2019 and 2018, is \$56,522 and \$56,249, respectively.

Note 10. Net Assets With Donor Restrictions

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

	2019	2018
Subject to the passage of time:		
Campaign results (2019/2020)	\$ 1,233,730	\$ 1,251,483
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trusts	\$ 214,661	\$ 190,589

For the years ended December 31, 2019 and 2018, net assets of \$1,245,618 and \$1,345,696, respectively, were released from donor restrictions by the occurrence of the passage of time.

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 11. Employee Benefit Plan

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

Total expense for the plan amounted to \$38,264 and \$33,095 for the years ended December 31, 2019 and 2018, respectively.

Note 12. Funds Held for Others

The Organization maintains bank accounts for the accumulation of funds to be disbursed only for the benefit of (or upon the instructions of) other organizations. These accounts had a total cash balance held for others of \$41,094 and \$43,690 at December 31, 2019 and 2018, respectively.

Note 13. Allocations to Human Services Agencies and Community Support

The following allocations were made for the years ended December 31, 2019 and 2018:

	2019	2018
Program allocations:		
American Red Cross	\$ 24,000	\$ 24,000
Big Brothers Big Sisters of Illinois Capital Region	119,270	119,270
Boys and Girls Clubs of Central Illinois	113,644	113,644
Catholic Charities of the Diocese of Springfield in Illinois	101,965	101,965
Compass for Kids, Inc.	200,000	200,000
Contact Ministries	81,770	81,770
Family Service Center	-	32,067
Girl Scouts of Central Illinois, Inc.	5,000	5,000
Helping Hands of Springfield Inc.	10,425	10,425
Lutheran Child and Family Services	20,735	20,735
Memorial Behavioral Health	91,320	128,758
M.E.R.C.Y. Communities, Inc.	72,000	72,000
Mini O'Beirne Crisis Nursery	29,555	29,555
One Hope United	15,000	15,000
Senior Services of Central Illinois, Inc.	88,458	88,458
SIU Center for Family Medicine	151,704	151,704
Sojourn Shelter & Services	92,020	92,020
Springfield Urban League	132,985	132,985
The Center of Youth and Family Solutions	-	21,447
United Cerebral Palsy Land of Lincoln	39,515	94,844
	<u>1,389,366</u>	<u>1,535,647</u>
Venture grants	29,311	31,972
Community support	23,435	83,454
	<u>52,746</u>	<u>115,426</u>
Net funds allocated to human service agencies and community support	<u>\$ 1,442,112</u>	<u>\$ 1,651,073</u>

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 14. Fair Value Measurements

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

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

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

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

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

For the years ended December 31, 2019 and 2018, there were no transfers of financial assets between hierarchy levels.

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

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

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

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

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 14. Fair Value Measurements (Continued)

Assets at Fair Value on a Recurring Basis

The following table summarizes assets measured at fair value on a recurring basis as of December 31, 2019 and 2018, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	2019			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Money market funds	\$ 67,749	\$ 67,749	\$ -	\$ -
Equity mutual funds:				
Small cap funds	655,265	655,265	-	-
Mid cap funds	648,749	648,749	-	-
Large cap funds	2,107,286	2,107,286	-	-
International funds	590,723	590,723	-	-
Fixed income mutual funds	2,332,720	2,332,720	-	-
	<u>6,402,492</u>	<u>6,402,492</u>	<u>-</u>	<u>-</u>
Beneficial interest in perpetual trusts	214,661	-	-	214,661
	<u>\$ 6,617,153</u>	<u>\$ 6,402,492</u>	<u>\$ -</u>	<u>\$ 214,661</u>
	2018			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Money market funds	\$ 185,424	\$ 185,424	\$ -	\$ -
Equity mutual funds:				
Small cap funds	524,961	524,961	-	-
Mid cap funds	518,290	518,290	-	-
Large cap funds	1,701,912	1,701,912	-	-
International funds	479,465	479,465	-	-
Fixed income mutual funds	2,301,001	2,301,001	-	-
	<u>5,711,053</u>	<u>5,711,053</u>	<u>-</u>	<u>-</u>
Beneficial interest in perpetual trusts	190,589	-	-	190,589
	<u>\$ 5,901,642</u>	<u>\$ 5,711,053</u>	<u>\$ -</u>	<u>\$ 190,589</u>

United Way of Central Illinois, Inc.

Notes to Financial Statements

Note 14. Fair Value Measurements (Continued)

The Fair Value Measurements and Disclosures topic requires a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring or nonrecurring basis using significant unobservable inputs (Level 3) during the period. For these Level 3 assets, the reconciliation as of December 31, 2019 and 2018, is as follows:

<u>Beneficial interest in perpetual trusts</u>	<u>2019</u>
Beginning balance, January 1, 2019	\$ 190,589
Investment return, net	34,488
Distributions	<u>(10,416)</u>
Ending balance, December 31, 2019	<u>\$ 214,661</u>
<u>Beneficial interest in perpetual trusts</u>	<u>2018</u>
Beginning balance, January 1, 2018	\$ 218,172
Investment return, net	(18,412)
Distributions	<u>(9,171)</u>
Ending balance, December 31, 2018	<u>\$ 190,589</u>