

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.

Savoy, Illinois

Financial Statements

For the Years Ended

June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Finance Committee and Board of Directors
United Way of Champaign County, Illinois, Inc.
Savoy, Illinois

Opinion

We have audited the accompanying financial statements of United Way of Champaign County, Illinois, Inc. (an Illinois nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Champaign County, Illinois, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Champaign County, Illinois, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Champaign County, Illinois, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Martin Hood LLC

Champaign, Illinois
September 29, 2022

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.
 Statements of Financial Position
 June 30, 2022 and 2021

ASSETS

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Current Assets | | |
| Cash and Cash Equivalents | \$ 1,285,849 | \$ 1,474,052 |
| Campaign Promises to Give, Net of Allowance of \$176,679 and \$151,922, Respectively | 705,745 | 731,255 |
| Grants Receivable | 329,107 | 61,070 |
| Other Current Assets | 18,925 | 25,245 |
| Total Current Assets | <u>2,339,626</u> | <u>2,291,622</u> |
| Property and Equipment, Net | <u>766,174</u> | <u>692,886</u> |
| Other Assets | | |
| Investments | 2,798,346 | 2,803,872 |
| Beneficial Interest in Assets Held by Community Foundation | 981,449 | 1,182,251 |
| Endowment Promises to Give, Net | 47,000 | 31,000 |
| Total Other Assets | <u>3,826,795</u> | <u>4,017,123</u> |
| Total Assets | <u>\$ 6,932,595</u> | <u>\$ 7,001,631</u> |

LIABILITIES AND NET ASSETS

| | | |
|---------------------------------------|---------------------|---------------------|
| Current Liabilities | | |
| Accounts Payable and Accrued Expenses | \$ 38,585 | \$ 40,296 |
| Unearned Grant Revenue | 2,006 | 34,562 |
| Designations Payable | 391,192 | 364,470 |
| Allocations Payable | 1,863,755 | 1,595,414 |
| Total Current Liabilities | <u>2,295,538</u> | <u>2,034,742</u> |
| Net Assets | | |
| Without Donor Restrictions | 1,967,268 | 2,430,751 |
| With Donor Restrictions | 2,669,789 | 2,536,138 |
| Total Net Assets | <u>4,637,057</u> | <u>4,966,889</u> |
| Total Liabilities and Net Assets | <u>\$ 6,932,595</u> | <u>\$ 7,001,631</u> |

See Accompanying Notes

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.
 Statements of Activities
 For The Years Ended June 30, 2022 and 2021

| | 2022 | | | 2021 | | |
|---|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue | | | | | | |
| Campaign Contributions | \$ 2,637,046 | \$ 70,394 | \$ 2,707,440 | \$ 2,445,442 | \$ 162,644 | \$ 2,608,086 |
| Future Campaign Contributions | - | 26,986 | 26,986 | - | 30,324 | 30,324 |
| Provision for Uncollectible Promises to Give | (49,343) | (45,380) | (94,723) | (32,815) | (40,829) | (73,644) |
| Net Campaign Contributions | 2,587,703 | 52,000 | 2,639,703 | 2,412,627 | 152,139 | 2,564,766 |
| Non-Campaign Contributions | 29,766 | 112,354 | 142,120 | - | 670,057 | 670,057 |
| Management Fees - Designated Promises to Give | 49,918 | - | 49,918 | 44,461 | - | 44,461 |
| Sponsorships | - | 43,765 | 43,765 | - | 31,665 | 31,665 |
| Grant Support | 220,436 | 250,000 | 470,436 | 205,709 | 128,901 | 334,610 |
| Special Events, Net of Direct Costs of Donor Benefits | 4,215 | 110,930 | 115,145 | - | 71,214 | 71,214 |
| Other Income | 10,367 | - | 10,367 | 4,584 | - | 4,584 |
| Change in Fair Value of Endowment Promise to Give | - | 16,000 | 16,000 | - | (53,000) | (53,000) |
| Investment Income and Gain (Loss) | (225,425) | (104,101) | (329,526) | 380,386 | 144,162 | 524,548 |
| Net Assets Released from Restrictions | 347,297 | (347,297) | - | 1,259,646 | (1,259,646) | - |
| Total Support and Revenue | <u>3,024,277</u> | <u>133,651</u> | <u>3,157,928</u> | <u>4,307,413</u> | <u>(114,508)</u> | <u>4,192,905</u> |
| Expenses | | | | | | |
| Program Services | 2,821,490 | - | 2,821,490 | 3,289,714 | - | 3,289,714 |
| Supporting Services: | | | | | | |
| Resource Development | 436,485 | - | 436,485 | 408,129 | - | 408,129 |
| Administration and General | 229,785 | - | 229,785 | 199,748 | - | 199,748 |
| Total Supporting Services | 666,270 | - | 666,270 | 607,877 | - | 607,877 |
| Total Expenses | <u>3,487,760</u> | <u>-</u> | <u>3,487,760</u> | <u>3,897,591</u> | <u>-</u> | <u>3,897,591</u> |
| Change in Net Assets | (463,483) | 133,651 | (329,832) | 409,822 | (114,508) | 295,314 |
| Net Assets, Beginning of Year | <u>2,430,751</u> | <u>2,536,138</u> | <u>4,966,889</u> | <u>2,020,929</u> | <u>2,650,646</u> | <u>4,671,575</u> |
| Net Assets, End of Year | <u>\$ 1,967,268</u> | <u>\$ 2,669,789</u> | <u>\$ 4,637,057</u> | <u>\$ 2,430,751</u> | <u>\$ 2,536,138</u> | <u>\$ 4,966,889</u> |

See Accompanying Notes

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.
 Statements of Functional Expenses
 For The Years Ended June 30, 2022 and 2021

| | 2022 | | | | | 2021 | | | | |
|--|---------------------|----------------------|----------------------------|---------------------------|---------------------|---------------------|----------------------|----------------------------|---------------------------|---------------------|
| | Program Services | Supporting Services | | | Total | Program Services | Supporting Services | | | Total |
| | | Resource Development | Administration and General | Total Supporting Services | | | Resource Development | Administration and General | Total Supporting Services | |
| <i>Direct Program Costs</i> | | | | | | | | | | |
| Program Funding Allocations | \$ 2,063,114 | \$ - | \$ - | \$ - | \$ 2,063,114 | \$ 1,710,414 | \$ - | \$ - | \$ - | \$ 1,710,414 |
| Special Projects | 189,441 | - | - | - | 189,441 | 1,073,409 | - | - | - | 1,073,409 |
| <i>Personnel Costs</i> | | | | | | | | | | |
| Salaries | 341,555 | 257,989 | 107,006 | 364,995 | 706,550 | 316,777 | 249,158 | 99,834 | 348,992 | 665,769 |
| Employee Benefits | 67,045 | 39,808 | 16,129 | 55,937 | 122,982 | 62,944 | 49,772 | 12,638 | 62,410 | 125,354 |
| Payroll Taxes | 25,861 | 19,483 | 8,191 | 27,674 | 53,535 | 24,094 | 18,972 | 7,549 | 26,521 | 50,615 |
| Contractual Services | - | - | 11,636 | 11,636 | 11,636 | - | - | 8,100 | 8,100 | 8,100 |
| Workers Compensation | 1,434 | 1,083 | 449 | 1,532 | 2,966 | 1,278 | 1,006 | 403 | 1,409 | 2,687 |
| <i>Professional Services</i> | | | | | | | | | | |
| Audit Services | - | - | 16,243 | 16,243 | 16,243 | - | - | 14,800 | 14,800 | 14,800 |
| Legal Services | - | - | 25 | 25 | 25 | - | - | 125 | 125 | 125 |
| <i>Office Expenses</i> | | | | | | | | | | |
| Postage | 2,998 | 2,265 | 939 | 3,204 | 6,202 | 2,497 | 1,964 | 786 | 2,750 | 5,247 |
| Office Supplies | 2,192 | 1,656 | 687 | 2,343 | 4,535 | 1,690 | 1,329 | 532 | 1,861 | 3,551 |
| Stationery/Printing | 491 | 371 | 153 | 524 | 1,015 | 269 | 211 | 85 | 296 | 565 |
| <i>Occupancy Costs</i> | | | | | | | | | | |
| Computer Support Agreement | 14,692 | 21,986 | 4,603 | 26,589 | 41,281 | 10,302 | 15,269 | 3,246 | 18,515 | 28,817 |
| Depreciation | 14,925 | 11,273 | 4,676 | 15,949 | 30,874 | 14,517 | 11,418 | 4,575 | 15,993 | 30,510 |
| Telephone | 7,882 | 5,954 | 2,469 | 8,423 | 16,305 | 4,627 | 3,639 | 1,458 | 5,097 | 9,724 |
| Building Maintenance | 7,133 | 5,388 | 2,235 | 7,623 | 14,756 | 6,199 | 4,876 | 1,954 | 6,830 | 13,029 |
| Utilities | 5,209 | 3,934 | 1,632 | 5,566 | 10,775 | 3,794 | 2,984 | 1,196 | 4,180 | 7,974 |
| Building Insurance | 3,342 | 2,525 | 1,047 | 3,572 | 6,914 | 2,823 | 2,221 | 890 | 3,111 | 5,934 |
| Equipment Maintenance | 1,527 | 1,153 | 478 | 1,631 | 3,158 | 1,544 | 1,214 | 486 | 1,700 | 3,244 |
| <i>Marketing and Communication Costs</i> | | | | | | | | | | |
| Materials - Development and Production | 14,640 | 23,107 | - | 23,107 | 37,747 | 15,775 | 10,955 | - | 10,955 | 26,730 |
| Events and Programs | 18,216 | 6,750 | - | 6,750 | 24,966 | 582 | - | - | - | 582 |
| Recognitions | 1,676 | 831 | - | 831 | 2,507 | 2,020 | 1,265 | - | 1,265 | 3,285 |
| <i>Other Expenses</i> | | | | | | | | | | |
| Affiliation Dues | 32,409 | 24,480 | 10,154 | 34,634 | 67,043 | 30,747 | 24,183 | 9,690 | 33,873 | 64,620 |
| Service Charges | - | 262 | 36,148 | 36,410 | 36,410 | - | - | 26,298 | 26,298 | 26,298 |
| Meals and Events | 2,516 | 2,584 | 2,597 | 5,181 | 7,697 | 722 | 1,066 | 2,168 | 3,234 | 3,956 |
| Dues and Subscriptions | 828 | 1,070 | 1,179 | 2,249 | 3,077 | 750 | 995 | 2,130 | 3,125 | 3,875 |
| Training and Conferences | 573 | 1,265 | 599 | 1,864 | 2,437 | - | 3,907 | 193 | 4,100 | 4,100 |
| Directors/Officers/Programs Insurance | 1,586 | 1,198 | 497 | 1,695 | 3,281 | 1,506 | 1,185 | 475 | 1,660 | 3,166 |
| Mileage | 163 | 39 | - | 39 | 202 | - | 198 | - | 198 | 198 |
| Miscellaneous | 42 | 31 | 13 | 44 | 86 | 434 | 342 | 137 | 479 | 913 |
| Total Expenses | <u>\$ 2,821,490</u> | <u>\$ 436,485</u> | <u>\$ 229,785</u> | <u>\$ 666,270</u> | <u>\$ 3,487,760</u> | <u>\$ 3,289,714</u> | <u>\$ 408,129</u> | <u>\$ 199,748</u> | <u>\$ 607,877</u> | <u>\$ 3,897,591</u> |

See Accompanying Notes

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.
Statements of Cash Flows
For The Years Ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Change in Net Assets | \$ (329,832) | \$ 295,314 |
| Adjustments to Reconcile Change in Net Assets | | |
| to Net Cash Provided by (Used in) Operating Activities: | | |
| Depreciation | 30,874 | 30,510 |
| Net Realized and Unrealized Loss (Gain) on Investments | 238,925 | (224,552) |
| Net Realized and Unrealized Loss (Gain) on Beneficial | | |
| Interest in Assets Held by Community Foundation | 186,382 | (259,331) |
| Change in Fair Value of Endowment Promise to Give | (16,000) | 53,000 |
| Contributions Received in the Form of Investments | (90,823) | (180,618) |
| Contributions to Beneficial Interest in Assets Held by | | |
| Community Foundation | (12,760) | (24,000) |
| Grant Support Resulting From Note Payable Forgiveness | - | (126,300) |
| <i>(Increase) Decrease in Assets:</i> | | |
| Campaign Promises to Give, Net of Allowance | 25,510 | (54,463) |
| Grants Receivable | (268,037) | 19,699 |
| Other Current Assets | 6,320 | (9,042) |
| <i>Increase (Decrease) in Liabilities:</i> | | |
| Accounts Payable and Accrued Expenses | (1,711) | (21,209) |
| Unearned Grant Revenue | (32,556) | 7,920 |
| Designations Payable | 26,722 | 6,956 |
| Allocations Payable | 268,341 | 66,818 |
| Total Adjustments | <u>361,187</u> | <u>(714,612)</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>31,355</u> | <u>(419,298)</u> |
| Cash Flows From Investing Activities | | |
| Purchases of Property and Equipment | (104,162) | (21,979) |
| Purchases of Investments | (884,731) | (245,000) |
| Reinvested Interest and Dividends | (33,845) | (32,819) |
| Proceeds From Sales and Maturities of Investments | 776,000 | 644,330 |
| Distributions from Beneficial Interest in Assets Held by | | |
| Community Foundation | 27,180 | 25,816 |
| Net Cash Provided by (Used in) Investing Activities | <u>(219,558)</u> | <u>370,348</u> |
| Net Decrease in Cash and Cash Equivalents | (188,203) | (48,950) |
| Cash and Cash Equivalents, Beginning of Year | <u>1,474,052</u> | <u>1,523,002</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 1,285,849</u> | <u>\$ 1,474,052</u> |
| Noncash Investing and Financing Activities | | |
| Note Payable Forgiven and Presented as Grant Support | <u>\$ -</u> | <u>\$ 126,300</u> |

See Accompanying Notes

UNITED WAY OF CHAMPAIGN COUNTY, ILLINOIS, INC.
Notes to Financial Statements
June 30, 2022 and 2021

1. Description of Operations

United Way of Champaign County, Illinois, Inc. (the Organization) is a nonprofit corporation organized to bring people and resources together to create positive change and lasting impact for the community. The Organization focuses on the most pressing needs of Champaign County by mobilizing financial, volunteer, and informational resources.

The Organization focuses its resources on three investment areas based on the results of a local community-wide needs assessment. The investment areas are (listed in no particular priority order):

- a. Health – Building healthier, more resilient communities by promoting healthy eating and physical activity; expanding access to quality health care; and integrating health into early childhood development.
- b. Education – Focuses on lifelong education strategies that provide a firm foundation at an early age and continue to develop our children into successful adults who can contribute to their communities.
- c. Income – Empowers people to get on a stable financial ground with proven methods like job training, financial wellness classes, and more.

The Organization’s responsibility is to mobilize the Champaign County community to create sustained changes in community conditions, thereby improving lives on a long-term basis. The Organization’s primary means of positively impacting the community is through funding processes and program funding. Organizations must apply for funding each annual cycle for on-going program support. All funded programs are expected to provide measurable results through clearly defined outcomes.

The Organization’s major source of support and revenue is contributions from employer campaigns as well as individual donors. The Organization also receives support and revenue from special events, grants and sponsorships, and investments.

The Organization also utilizes several other strategies to strengthen the community. The Organization mobilizes volunteer resources, provides management assistance to funded programs, participates in community-wide organizations to develop alliances and networks, promotes public awareness of community needs, and advocates for issues on local, state, and national levels.

2. Significant Accounting Policies

Following is a summary of the significant accounting policies of the Organization:

- a. The financial statements of the Organization have been prepared on the accrual basis of accounting. Net assets and revenue, support, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:
 - *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.
 - *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations. Purpose driven stipulations may be met, either by actions of the Organization and/or the passage of time. Other stipulations may require that the corpus of the contribution be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.
- b. For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.
- c. The Organization's investments are recorded at fair value on the statement of financial position in the other assets section, with the change in fair value during the period recorded in earnings. Investments held for the purpose of long-term capital appreciation are classified as non-current assets on the Statements of Financial Position.

Donated securities are valued at fair value at the time of donation.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near-term and that those changes could materially affect the amounts reported in the financial statements.

- d. Promises to give consist of unconditional promises to give to the Organization for operating and restricted activities. Long-term promises to give are discounted to present value based on expected payment schedules and effective interest rates, if applicable.

The carrying amount of promises to give may be reduced by a valuation allowance based on management's assessment of the collectability of specific promises to give. Campaign promises to give at June 30, 2022, consist of amounts due in the coming year.

- e. Property and equipment are recorded at cost, or if donated, at the fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.
- f. Designations payable consist of pledges that have been directed to other organizations by the donor. The payable is recorded during the campaign year, and it is paid out as the pledges are collected the following fiscal year. The balance has been reduced by an allowance for uncollectible pledges in the amount of \$45,380 and \$40,829 as of June 30, 2022 and 2021, respectively.
- g. Allocations payable reflect the program funds that have been awarded to beneficiary organizations. Allocations payable are paid out the following fiscal year.
- h. Campaign contributions with donor restrictions on Exhibit B relate only to purpose restrictions. Campaign contributions without a purpose restriction scheduled for collection after June 30, but within the next fiscal year are considered without donor restrictions.
- i. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

The Organization has estimated the amount of campaign promises to give that will not be collected based on experience gained from prior years' campaigns. The amount of the allowance is subject to some degree of uncertainty, and it is at least reasonably possible that the actual amount of uncollected campaign promises to give will differ from the estimate.

The Organization has also estimated the amount of a certain future endowment promise to give with unusual payment conditions based on the present value of the amount the Organization expects to receive in the future. The amount reflected as a receivable is subject to some degree of uncertainty and it is at least reasonably possible that the actual amount received will differ from the current estimate.

j. The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The following costs, as summarized on Exhibit C, have been allocated based upon an analysis of time studies completed by employees daily:

- Salaries and other employee related expenses, including insurance
- Office expenses
- Depreciation
- Occupancy costs
- Affiliation Dues
- Miscellaneous

All other expenses are charged to each program based upon direct expenditures incurred.

k. The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

l. The Organization has evaluated subsequent events through September 29, 2022, the date which the financial statements were available to be issued.

3. Grants Receivable

Grants receivable includes \$156,607 due from the Internal Revenue Service for the Employee Retention Credit (ERC) as established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and further modified and extended by the Consolidated Appropriations Act, 2021 (CAA). The Organization has determined that it is qualified to recover amounts previously paid for employee wages and health insurance during fiscal years 2021 and 2022 by claiming the ERC and expects to receive payments during fiscal year 2023.

4. Property and Equipment, Net

Property and equipment consist of the following as of June 30:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------|-------------------|-------------------|
| Land | \$ 20,400 | \$ 20,400 |
| Buildings and Improvements | 801,508 | 702,948 |
| Furniture and Equipment | 105,135 | 99,533 |
| Software | 20,681 | 20,681 |
| Total Property and Equipment | <u>947,724</u> | <u>843,562</u> |
| Less: Accumulated Depreciation | <u>(181,550)</u> | <u>(150,676)</u> |
| Property and Equipment, Net | <u>\$ 766,174</u> | <u>\$ 692,886</u> |

5. Investments

Fair Value Measurements

Financial Accounting Standards Board Accounting Standards Codification (ASC) 820, Fair Value Measurements, establishes a framework for measuring fair value under generally accepted accounting principles. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 Inputs to the valuation methodology are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full-term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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 observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2022.

Investments are valued as follows:

Money Markets and Mutual Funds - quoted market prices, which represent the net asset value of shares held by the Organization at period-end.

United States Treasury Bond - the closing price reported on the active market on which the individual securities are traded.

Negotiable Certificates of Deposit - closing prices for similar assets in inactive markets.

Non-negotiable Certificates of Deposit - original cost plus reinvested interest.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022:

| | <u>Cost</u> | <u>Market</u> | <u>Fair Value Level</u> |
|---|---------------------|---------------------|-------------------------|
| Certificates of Deposit, Non-negotiable | \$ 400,000 | \$ 406,004 | Not Applicable |
| Money Market | 141,328 | 141,328 | 1 |
| Mutual Funds | 1,375,828 | 1,433,405 | 1 |
| United States Treasury Bond | 818,861 | 817,609 | 1 |
| | <u>\$ 2,736,017</u> | <u>\$ 2,798,346</u> | |

The following table sets forth, by level within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

| | <u>Cost</u> | <u>Market</u> | <u>Fair Value Level</u> |
|---|---------------------|---------------------|-------------------------|
| Certificates of Deposit, Negotiable | \$ 475,000 | \$ 478,845 | 2 |
| Certificates of Deposit, Non-negotiable | 500,000 | 500,000 | Not Applicable |
| Money Market | 310,776 | 310,776 | 1 |
| Mutual Funds | 1,258,467 | 1,514,251 | 1 |
| | <u>\$ 2,544,243</u> | <u>\$ 2,803,872</u> | |

Custodial Credit Risk

Of the investment in fixed income securities and negotiable certificates of deposits as of June 30, 2022 and 2021, \$317,609 and \$0, respectively, is subject to custodial credit risk as their value exceeds coverage provided by the Securities Investor Protection Corporation.

At June 30, 2022, the Organization also held cash equivalents totaling \$130,953 that are held in a government portfolio money market fund and certificate of deposit.

6. Beneficial Interest in Assets Held by Community Foundation

Beneficial interests in assets held by Community Foundation consists of endowed funds held and invested by the Community Foundation of Champaign County (the Foundation) on the behalf of the Organization. The endowed funds consist of common stock as well as other pooled investments of which income is distributed, at least annually, to the Organization. The value of the endowed funds is based on the value of the underlying investments as reported by the Foundation. The Organization does not have specific ownership in the underlying investments held by the Foundation. The Organization may terminate the agreement with the Foundation upon which the funds shall be delivered to the Organization or an appointed successor.

The value of the Organization's assets as reported by the Foundation for the years ended June 30, 2022 and 2021 was \$981,449 and \$1,182,251, respectively.

7. Endowment Promises to Give

The Organization's endowment perpetually restricted amount included promises to give of \$47,000 and \$31,000 as of June 30, 2022 and 2021, respectively.

During 2004, a perpetually restricted donation of common stock with a fair value of approximately \$100,000 on the donation date was received along with a promise to contribute an amount equal to the difference between the stock's fair value and \$200,000 as of December 31, 2009. This agreement has been extended indefinitely. Each year, the change in the stock value is reported as a perpetually restricted gain or loss on investments, with an equivalent increase or decrease in the endowment promise to give, which is reported as a perpetually restricted contribution. The fair value of the common stock approximated \$151,000 and \$167,000 as of June 30, 2022 and 2021, respectively.

As of June 30, 2022, the future collection of the endowment promise to give is as follows:

| | |
|--|-------------------------|
| Less than One Year | \$ - |
| One to Five Years | 49,000 |
| Gross Promises to Give | <u>49,000</u> |
| Less: Discount on Long-Term Promises to Give at 4.75 Percent | <u>(2,000)</u> |
| Total Promises to Give, Net | <u><u>\$ 47,000</u></u> |

8. Liquidity and Availability

The following reflects the Organization's financial assets available to meet cash flow needs for general expenditures within one year of June 30:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Financial Assets at Year-End: | | |
| Cash and Cash Equivalents | \$ 1,285,849 | \$ 1,474,052 |
| Campaign Promises to Give, Net | 705,745 | 731,255 |
| Grants Receivable | 329,107 | 61,070 |
| Beneficial Interest in Assets Held by Community Foundation | 981,449 | 1,182,251 |
| Investments | 2,798,346 | 2,803,872 |
| Endowment Promises to Give, Net | 47,000 | 31,000 |
| | <u>6,147,496</u> | <u>6,283,500</u> |
| Less those unavailable for general expenditures within one year due | | |
| Restricted by Donors | (2,669,789) | (2,536,138) |
| Board Designations | (50,000) | (25,333) |
| Designations Payable | <u>(391,192)</u> | <u>(364,470)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | 3,036,515 | 3,357,559 |
| Additional Financial Assets Accessible with Board Approval: | | |
| Board Designations | <u>50,000</u> | <u>25,333</u> |
| Financials Assets Accessible within One Year with Board Approval | <u>\$ 3,086,515</u> | <u>\$ 3,382,892</u> |

The Organization's goal is generally to maintain financial assets sufficient to meet operating expenses. As part of its liquidity plan, excess cash is invested into highly liquid investment instruments, such as certificates of deposit and treasury bills, that can be liquidated upon sufficient notice. The Organization also maintains a line of credit.

9. Line of Credit

The Organization has an established line of credit of \$300,000, which matures November 13, 2023. The line of credit is secured by all assets of the Organization. The line of credit calls for interest payable monthly at the U.S. Prime Rate plus 0.50 percent with a minimum rate of 3.25 percent and a maximum rate at the legal limit in Illinois. The interest rate on the note was 3.75 percent and 4.00 percent as of June 30, 2022 and 2021, respectively. There was no balance outstanding as of June 30, 2022 and 2021.

10. Note Payable

In April 2020, the Organization received a Paycheck Protection Program (PPP) loan from the U.S. Small Business Administration in the amount of \$126,300 in response to the COVID-19 pandemic. This note was fully forgiven on January 6, 2021, thus the transaction has been presented in the Grant Support line on Exhibit B, for the year ended June 30, 2021.

11. Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following at June 30:

| | <u>2022</u> | <u>2021</u> |
|---|----------------------------|----------------------------|
| Board Designated Assets: | | |
| Community Impact | \$ 50,000 | \$ - |
| Building Reserve | - | 25,333 |
| Total Board Designated Assets | <u>50,000</u> | <u>25,333</u> |
| Undesignated Assets | <u>1,917,268</u> | <u>2,405,418</u> |
| Total Net Assets Without Donor Restrictions | <u><u>\$ 1,967,268</u></u> | <u><u>\$ 2,430,751</u></u> |

12. Net Assets With Donor Restrictions

Net assets with donor restrictions consists of funds established by the donors restricted for the following purposes at June 30:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Perpetually Restricted: | | |
| Endowed Funds | \$ 2,174,389 | \$ 2,172,678 |
| Purpose Restricted: | | |
| Victory Over Violence | 231,230 | - |
| Emergency Family Shelter | 104,671 | 115,502 |
| Kindergarten Readiness Initiative | 44,620 | 37,913 |
| Volunteerism | 25,305 | 52,577 |
| Youth | 22,675 | 48,160 |
| Farmers Feeding Families | 22,220 | 18,489 |
| Future Campaign Contributions | 15,486 | 18,824 |
| Leadership | 14,412 | 22,782 |
| Other Program Designations | 14,781 | 49,213 |
| Total Net Assets With Donor Restrictions | <u>\$ 2,669,789</u> | <u>\$ 2,536,138</u> |

During the years ended June 30, 2022 and 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes set forth by the donors as follows:

| | <u>2022</u> | <u>2021</u> |
|-----------------------------------|-------------------|---------------------|
| Emergency Family Shelter | \$ 86,081 | \$ 145,025 |
| Farmers Feeding Families | 65,733 | 27,454 |
| Victory Over Violence | 60,000 | - |
| Kindergarten Readiness Initiative | 34,107 | 53,072 |
| Future Campaign Contributions | 18,824 | 26,550 |
| Leadership | 14,835 | 4,471 |
| Volunteerism | 2,500 | 5,000 |
| Youth | 2,500 | 2,000 |
| COVID-19 Relief | - | 806,228 |
| Diversity, Equity and Inclusion | - | 128,901 |
| Other Program Designations | 62,717 | 60,945 |
| | <u>\$ 347,297</u> | <u>\$ 1,259,646</u> |

13. Endowment Funds

The Organization has endowment funds established for the purpose of the operation and the implementation of the Organization's mission. The endowment consists of donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted by the State of Illinois, 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 this interpretation, the Organization classifies as perpetually restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetually restricted net assets is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The objective of the Organization is to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. Endowment assets, other than the pooled endowment, are invested in a well-diversified asset mix, which includes targets of 65 percent equity and 35 percent fixed income securities that are intended to result in a consistent inflation-protected rate of return. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to expose the fund to acceptable levels of risk.

The Organization may distribute the earnings on endowed funds towards purposes designated by donor or Board stipulations. During the years ended June 30, 2022 and 2021, the Organization took a distribution equivalent to 4.00 percent of the September 30 fair value, based on an average of the previous 16 quarters.

The composition of the endowment funds as of June 30, 2022 and 2021 is summarized as follows:

| | 2022 | | |
|--|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board-Designated Endowment Funds | \$ - | \$ - | \$ - |
| Donor-Restricted Endowment Funds: | | | |
| Original donor restricted gift amount and amount required to be retained by donor. | - | 2,174,389 | 2,174,389 |
| Portion subject to appropriation under UPMIFA | 214,364 | 67,377 | 281,741 |
| | <u>\$ 214,364</u> | <u>\$ 2,241,766</u> | <u>\$ 2,456,130</u> |
| | | | |
| | 2021 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board-Designated Endowment Funds | \$ - | \$ - | \$ - |
| Donor-Restricted Endowment Funds: | | | |
| Original donor restricted gift amount and amount required to be retained by donor. | - | 2,172,678 | 2,172,678 |
| Portion subject to appropriation under UPMIFA | 512,432 | 157,180 | 669,612 |
| | <u>\$ 512,432</u> | <u>\$ 2,329,858</u> | <u>\$ 2,842,290</u> |

Changes in endowment funds by net asset composition as of June 30, 2022 and 2021:

| | Without Donor Restrictions | With Donor Restriction | | Total |
|-------------------------------|-------------------------------|------------------------|---------------------------|--------------------|
| | | Purpose Restricted | Perpetually Restricted | |
| Balance, June 30, 2020 | \$ 157,466 | \$ 62,793 | \$ 2,073,492 | \$2,293,751 |
| Appropriated For Expenditure | (13,783) | (12,863) | - | (26,646) |
| Contributions | - | - | 115,276 | 115,276 |
| Net Realized and Unrealized | | | | |
| Gain (Loss) | 368,749 | 107,250 | (16,090) | 459,909 |
| Balance, June 30, 2021 | <u>512,432</u> | <u>157,180</u> | <u>2,172,678</u> | <u>2,842,290</u> |
| Appropriated For Expenditure | (14,742) | (13,751) | - | (28,493) |
| Contributions | - | - | 12,761 | 12,761 |
| Net Realized and Unrealized | | | | |
| Loss | (283,326) | (76,052) | (11,050) | (370,428) |
| Balance, June 30, 2022 | <u>\$ 214,364</u> | <u>\$ 67,377</u> | <u>\$ 2,174,389</u> | <u>\$2,456,130</u> |

14. Special Events Revenue

The composition of the Organization's special events revenue, net of direct cost of donor benefits, for the year ended June 30 is as follows:

| | 2022 | | |
|-------------------------------|-------------------------------|----------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Gross Receipts | \$ 4,215 | \$ 159,401 | \$ 163,616 |
| Direct Cost of Donor Benefits | - | (48,471) | (48,471) |
| Net Special Events Revenue | <u>\$ 4,215</u> | <u>\$ 110,930</u> | <u>\$ 115,145</u> |

| | 2021 | | |
|-------------------------------|-------------------------------|----------------------------|------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Gross Receipts | \$ - | \$ 88,137 | \$ 88,137 |
| Direct Cost of Donor Benefits | - | (16,923) | (16,923) |
| Net Special Events Revenue | <u>\$ -</u> | <u>\$ 71,214</u> | <u>\$ 71,214</u> |

15. Concentrations

The Organization's campaign results, reported as Campaign Contributions on Exhibit B, consist of the following for the year ended June 30:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Gross Contributions | \$ 3,574,660 | \$ 3,376,051 |
| Less: Contributions Raised on Behalf of Others | <u>(867,220)</u> | <u>(767,965)</u> |
| Campaign Results | <u>\$ 2,707,440</u> | <u>\$ 2,608,086</u> |

The Organization received gross campaign contributions from the employees of one employer of \$476,100 during the year ended June 30, 2022. These contributions represent 13 percent of the Organization's gross campaign contributions for the year ended June 30, 2022. The Organization received gross campaign contributions from the employees of two employers of \$473,230 and \$385,160 during the year ended June 30, 2021. These contributions represent 14 and 11 percent, respectively, of the Organization's gross campaign contributions for the year ended June 30, 2021.

16. Employee Retirement Plan

The Organization has a noncontributory defined contribution plan. Contributions to the plan are made for all regular full-time employees who meet certain age and length-of-service requirements. The Organization contributed 6 percent of the annual compensation of participants to the retirement plan. Employee benefit expense under this plan was \$32,137 and \$37,294 for the years ended June 30, 2022 and 2021, respectively.

17. Related Party

The Organization pays affiliate dues to the national United Way Organization. Total dues paid for the years ended June 30, 2022 and 2021 were \$67,043 and \$64,620, respectively.

Contributions received from members of the Board of Directors during the years ended June 30, 2022 and 2021 were \$30,324 and \$54,365, respectively.

18. Uncertainty

As of June 30, 2022, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government action to mitigate them. Accordingly, it is possible that the Organization's financial position and results of future operations could be adversely affected; however, the extent of the potential impact will depend on the future developments. While the situation with COVID-19 was still unfolding as of September 29, 2022, management has taken measures to prepare for the impact, including the Employee Retention Credits discussed in Note 3 and the receipt of the PPP loan discussed in Note 10.