

Financial Statements

United Way of Treasure Valley, Inc.
(a non profit organization)
Years Ended March 31, 2021 and 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Treasure Valley, Inc.
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Treasure Valley, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk 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 Treasure Valley, Inc. as of March 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United Way of Treasure Valley, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harris CPAs

Meridian, Idaho
June 8, 2021



UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2021
With Comparative Totals as of March 31, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,099,903	\$ 1,278,524
Certificates of deposit	1,502,757	1,500,000
Pledges receivable, net	768,798	890,623
Grants receivable	90,000	131,186
Accrued interest	1,484	18,746
Other current assets	<u>3,130</u>	<u>3,442</u>
Total Current Assets	4,466,072	3,822,521
Property and Equipment, net	1,253	4,324
Noncurrent Assets		
Social impact endowment	67,002	44,461
Beneficial interest in agency endowment fund assets held by Idaho Community Foundation	<u>440,005</u>	<u>298,482</u>
Total Assets	<u>\$ 4,974,332</u>	<u>\$ 4,169,788</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Donor designations payable, net	\$ 155,741	\$ 170,638
Accounts payable and accrued expenses	<u>84,429</u>	<u>87,737</u>
Total Current Liabilities	240,170	258,375
Net Assets		
Without donor restrictions	3,450,787	2,671,841
With donor restrictions	<u>1,283,375</u>	<u>1,239,572</u>
Total Net Assets	<u>4,734,162</u>	<u>3,911,413</u>
Total Liabilities and Net Assets	<u>\$ 4,974,332</u>	<u>\$ 4,169,788</u>

See notes to financial statements.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended March 31, 2021
With Comparative Totals for the Year Ended March 31, 2020

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2021</u> <u>Total</u>	<u>2020</u> <u>Total</u>
Public Support and Revenue				
Campaign results, net of donor designations and provision for uncollectible pledges	\$ 73,396	\$ 1,816,679	\$ 1,890,075	\$ 2,223,066
Investment income (loss), net	18,562	159,450	178,012	(15,607)
Sponsorships and ticket sales	302,342	86,525	388,867	254,356
In-kind revenue	848,654	26,833	875,487	381,139
State campaign administration fee	4,522		4,522	5,115
Grants and initiatives	738,809	279,877	1,018,686	853,523
Other income	<u>63,065</u>	<u> </u>	<u>63,065</u>	<u>26,496</u>
	2,049,350	2,369,364	4,418,714	3,728,088
Net assets released from restriction	<u>2,325,561</u>	<u>(2,325,561)</u>	<u>0</u>	<u>0</u>
Total Public Support and Revenue	4,374,911	43,803	4,418,714	3,728,088
Expenses				
Program Services				
Canyon Co. preschool collaborative	177,600		177,600	206,254
Promise neighborhoods	257,435		257,435	212,828
Transforming communities initiative	181,305		181,305	528,853
Grants, initiatives and projects	98,667		98,667	114,752
Community impact grants	914,162		914,162	904,482
Volunteer and community engagement	<u>1,323,226</u>	<u> </u>	<u>1,323,226</u>	<u>547,972</u>
Total Program Services	2,952,395		2,952,395	2,515,141
Supporting Services				
Management and administration	264,675		264,675	325,191
Fundraising	<u>378,895</u>	<u> </u>	<u>378,895</u>	<u>471,645</u>
Total Supporting Services	<u>643,570</u>	<u> </u>	<u>643,570</u>	<u>796,836</u>
Total Expenses	<u>3,595,965</u>	<u> </u>	<u>3,595,965</u>	<u>3,311,977</u>
Change in Net Assets	778,946	43,803	822,749	416,111
Net Assets				
Beginning of Year	<u>2,671,841</u>	<u>1,239,572</u>	<u>3,911,413</u>	<u>3,495,302</u>
End of Year	<u>\$ 3,450,787</u>	<u>\$ 1,283,375</u>	<u>\$ 4,734,162</u>	<u>\$ 3,911,413</u>

See notes to financial statements.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended March 31, 2021
With Comparative Totals for the Year Ended March 31, 2020

	2021										2020	
	Programs						Support				Grand Total	Grand Total
	Canyon Co. Preschool Collaborative	Promise Neighborhoods	Transforming Communities Initiative	Grants / Initiatives / Projects	Community Impact Grants	Volunteer / Community Engagement	Programs Sub-total	Management & Administration	Fundraising	Support Sub-total		
Community investment	\$ -	\$ 24,800	\$ 46,000	\$ -	\$ 1,261,382	\$ 132,396	\$ 1,464,578	\$ -	\$ -	\$ -	\$ 1,464,578	\$ 1,440,720
Less donor designations					(523,882)		(523,882)				(523,882)	(572,328)
Net distributions		24,800	46,000		737,500	132,396	940,696				940,696	868,392
Salaries	17,120	122,216	55,838	30,388	86,619	242,509	554,690	148,171	191,338	339,509	894,199	883,003
Payroll taxes	1,237	8,705	4,128	2,180	6,237	17,192	39,679	10,685	13,741	24,426	64,105	64,914
Employee benefits	4,043	27,735	14,653	7,119	20,136	55,358	129,044	33,549	44,030	77,579	206,623	220,402
Contracted services	150,586	23,536	45,399	41,045	918	517	262,001	288	367	655	262,656	514,315
Volunteer services				54	32,667	124,644	157,365	13,887	5,712	19,599	176,964	136,106
Insurance	146	883	656	259	740	2,016	4,700	1,267	1,636	2,903	7,603	8,056
Other operating costs	881	6,416	2,805	1,552	5,395	13,071	30,120	24,474	48,053	72,527	102,647	102,535
Occupancy	1,399	9,590	5,069	2,465	7,055	19,361	44,939	12,084	15,480	27,564	72,503	72,504
Travel and meetings	9	105		16	47	999	1,176	1,100	1,466	2,566	3,742	24,949
Advertising and marketing	724	5,081	2,520	1,275	3,648	16,347	29,595	6,599	26,519	33,118	62,713	69,029
Special events		1,000					18,872			-	19,872	40,256
Equipment costs	366	2,419	1,556	646	7,710	5,093	17,790	3,167	4,085	7,252	25,042	17,742
Depreciation	59	406	198	105	299	803	1,870	512	690	1,202	3,072	3,577
Organizational dues									1,655	1,655	1,655	2,275
Sub-total	176,570	232,892	178,822	87,104	908,971	649,178	2,233,537	255,783	354,772	610,555	2,844,092	3,028,055
UWW In-kind advertising												24,564
In-kind community investment		17,029		9,750		659,947	686,726		11,797	11,797	698,523	220,469
United Way Worldwide dues	1,030	7,514	2,483	1,813	5,191	14,101	32,132	8,892	12,326	21,218	53,350	38,889
Total Functional Expense	\$ 177,600	\$ 257,435	\$ 181,305	\$ 98,667	\$ 914,162	\$ 1,323,226	\$ 2,952,395	\$ 264,675	\$ 378,895	\$ 643,570	\$ 3,595,965	\$ 3,311,977

See notes to financial statements.

UNITED WAY OF TREASURE VALLEY, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended March 31, 2021
With Comparative Totals for the Year Ended March 31, 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Received from campaigns	\$ 2,440,244	\$ 2,708,696
Received from sponsorships and donations	420,810	321,549
Received from grants	1,059,873	672,571
Other receipts and payments	31,997	46,428
Payments to employees and fringe benefits	(1,135,698)	(1,138,635)
Payments to vendors	(364,133)	(411,926)
Payments to other local United Ways for out-of-area campaigns	(211,537)	(217,749)
Payments to donor designated Organizations	(263,798)	(247,392)
Payments to annual grant program entities	(737,500)	(709,672)
Payments for program activities	<u>(445,261)</u>	<u>(616,374)</u>
Net Cash Provided (Used) by Operating Activities	794,997	407,496
Cash Flows From Investing Activities		
Purchase of certificates of deposit	(2,757)	(500,000)
Additions to beneficial interest endowments	(4,615)	(5,000)
Interest from short-term investing activities	<u>33,754</u>	<u>23,721</u>
Net Cash Provided (Used) by Investing Activities	<u>26,382</u>	<u>(481,279)</u>
Net Change in Cash and Cash Equivalents	821,379	(73,783)
Cash and Cash Equivalents - Beginning of Year	<u>1,278,524</u>	<u>1,352,307</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,099,903</u>	<u>\$ 1,278,524</u>

See notes to financial statements.

UNITED WAY OF TREASURE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies

Nature of Organization

United Way of Treasure Valley, Inc. is a nonprofit organization incorporated under the laws of the State of Idaho, serving the counties of Ada, Canyon, Gem, and eight surrounding counties in southwest Idaho and southeast Oregon. The Organization fights for the health, education and financial stability of everyone in the Treasure Valley. United Way of Treasure Valley forges unlikely partnerships, finds new solutions to old problems, mobilizes resources and inspires individuals to join the fight against the Treasure Valley's most daunting social crises. The Organization's community impact initiatives focus on the creation and support of policies, systems, and environmental changes that improve the quality of life for all Treasure Valley residents by removing barriers and providing opportunities for success.

The Organization produces a tri-annual community assessment that guides their work and is also used by health systems, school districts, and nonprofits to inform and guide their work. Data and collaboration drive the design and implementation of United Way's 21st century solutions emphasizing long-term policy, systems, and environmental changes that improve the quality of life for all Treasure Valley residents. The Organization provides grant funding for local nonprofit programs that align with the mission and serve the community's low-income families.

United Way of Treasure Valley is a local catalyst and convener for community engagement and volunteerism, bringing together people from corporations, banks, hospitals, schools, government and other individuals to lift up children and families in the Treasure Valley. As a service to the community, the Organization acts as a conduit for donations to other nonprofit entities to allow a single point for an individual or corporation's charitable giving. A majority of the Organization's support consists of corporate and employee giving campaign revenue as well as foundation grants, sponsorships and donations. The Organization's Board of Directors is governed by local volunteers.

Basis of Accounting

The financial statements of United Way of Treasure Valley, Inc. have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization reports net assets and revenues, expenses, gains and losses are classified according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

UNITED WAY OF TREASURE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates

Revenue and Revenue Recognition

Sponsorship and ticket revenue is recognized when the event takes place and typically have a single performance obligation.

Cash and Cash Equivalents

The Organization considers all unrestricted, short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash investments and deposit balances. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation and the National Credit Union Administration for up to \$250,000 and the Securities Investor Protection Corporation for up to \$500,000. At March 31, 2021 and 2020, the Organization's uninsured balances totaled \$3,299,444 and \$904,058, respectively.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when conditions on which they depend are substantially met or promises become unconditional. Unconditional promises to give are shown as pledges receivable, net of allowance on the statements of financial position.

Allowance for Uncollectible Pledges

The allowance for uncollectible pledges is management's estimate of current campaign pledges that will not be collected in subsequent years. Consideration is given to prior collection experience, collection averages, and current economic conditions in determining the allowance.

UNITED WAY OF TREASURE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Allowance for Uncollectible Donor Designated Pledge Payables

The allowance for designations not to be paid is netted against donor designations payable on the statement of financial position. This amount is management's estimate of current campaign designated donor pledges that will not be collected in subsequent years; therefore, will not be paid. Consideration is given to prior collection experience, collection averages, and current economic conditions in determining the allowance.

Property and Equipment

Property and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to ten years. It is the Organization's policy to capitalize assets with a value of at least \$1,000.

Fair Value

The Organization uses fair value for financial assets and liabilities. A hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the statements of financial position, which approximates fair value due to their short term, highly liquid nature.

Compensated Absences

Accrued liabilities include amounts for vacation days, which are earned ratably during the year based upon length of employment. Accrued vacation at March 31, 2021 and 2020, was \$32,281 and \$23,963, respectively, and is included in accounts payable and accrued expenses on the statement of financial position.

Contributions and Donor Imposed Restrictions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, 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 restriction.

UNITED WAY OF TREASURE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Advertising

The Organization uses marketing in the form of mailings, television, radio, and the annual report to promote its programs among the individuals and the community it serves. The production costs of marketing are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries, payroll taxes and benefits, which are allocated on the basis of estimates of time and effort; and occupancy costs and depreciation, which are allocated based on salaries.

General and administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2021 or 2020.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2017.

UNITED WAY OF TREASURE VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Comparative Data

The amounts shown for the year ended March 31, 2020 in the accompanying financial statements are included to provide a basis for comparison with 2021 and present summarized totals only. Accordingly, the 2020 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2020, from which the summarized information was derived.

Note B – Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 2,099,903
Certificates of deposit	1,502,757
Pledges receivable, net	768,798
Grants receivable	90,000
Accrued interest	<u>1,484</u>
Total financial assets available within one year	4,462,942
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	<u>(7,570)</u>
Total amounts unavailable for general expenditures within one year	<u>(7,570)</u>
Total financial assets available within one year after restriction	<u>\$ 4,455,372</u>

Included in the total financial assets available within one year after restriction are \$768,798 of net assets from current year campaign revenue that are time restricted. The time restriction is met on April 1, 2021 and those assets are then available to be used for general expenditures in the 2022 fiscal year.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of weekly requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$200,000 which it could draw upon.

UNITED WAY OF TREASURE VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS

Note C – Certificates of Deposit

At March 31, 2021 and 2020, the Organization had certificates of deposit totaling \$1,502,757 and \$1,500,000, respectively. Those certificates were for various terms ranging between six months and 1 year (maturity dates through March 2022) and annual interest rates from .3% to .55%. These certificates are not readily convertible into cash within ninety (90) days of purchase and are not considered to be cash equivalents. Any penalties for early withdrawal would not have a material effect on the financial statements.

Note D – Pledges Receivable

Pledges receivable consisted of the following at March 31:

	<u>2021</u>	<u>2020</u>
Pledges receivable	\$ 968,798	\$ 1,133,041
Less allowance for uncollectible pledges	<u>(200,000)</u>	<u>(242,418)</u>
Pledges receivable, net	<u>\$ 768,798</u>	<u>\$ 890,623</u>

Note E – Property and Equipment

As of March 31, property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Furniture, fixtures and equipment	\$ 206,869	\$ 206,869
Less accumulated depreciation	<u>(205,616)</u>	<u>(202,545)</u>
	<u>\$ 1,253</u>	<u>\$ 4,324</u>

For the years ended March 31, 2021 and 2020, the Organization recognized \$3,072 and \$3,577 in depreciation expense, respectively.

UNITED WAY OF TREASURE VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS

Note F – Social Impact Endowment

The Organization has a social impact endowment that is included in net assets with donor restriction. Activity of the social impact endowment for the years ended March 31 is as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 44,461	\$ 50,244
Net realized and unrealized gain	22,988	(5,249)
Management fees	<u>(447)</u>	<u>(534)</u>
Total Social Impact Endowment	<u>\$ 67,002</u>	<u>\$ 44,461</u>

Endowment Fund Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original contribution value. Deficiencies of this nature existed in the social impact endowment at March 31, 2020. The endowment has an original value of \$50,000 but had a value of \$44,461, which is a deficiency of \$5,539 as of March 31, 2020. In accordance with U. S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. As of March 31, 2021, the value increased to \$67,002.

Social Impact Investing Strategy

The Organization’s focus is on investing in solutions to global social and environmental challenges and in companies exercising best-in-class practices around managing climate change, preventing pollution, treating workers fairly, upholding human rights, promoting diversity, and acting as responsive corporate citizens throughout global operations. In particular, investments in affordable housing, sustainable transportation, and innovation in healthcare and medicine.

The Organization will seek to avoid investments in manufacturers of unsafe/unhealthy products (tobacco, alcohol, gambling, weapons, guns) and companies with poor track records on treatment of workers, communities, human rights and/or the environment.

Social guidelines will be implemented on a best-effort basis and may be relaxed for any investments in mutual funds and exchange traded funds.

UNITED WAY OF TREASURE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

Note F – Social Impact Endowment (Continued)

Investment Objectives

The primary objective of the social impact endowment is to provide long-term portfolio growth and generation of income to support programs. The secondary objective is to maintain safety of principal of the endowment assets. Investments will emphasize a “total return” approach as measured by the market value increase or decrease in portfolio securities plus interest and dividends received over a stated period of time.

Risk Tolerance

The Organization seeks to accelerate the growth of the principal value of the investments over time and is willing to invest in securities that have historically demonstrated a moderate to above average degree of risk of loss of principal value.

Asset Allocation

Given the balance of investment objectives and moderate to high risk tolerance, the asset allocation guidelines across the portfolio are as follows:

Asset Class	Target	Minimum	Maximum
Global Equity	70%	55%	85%
Fixed Income	25%	10%	40%
Cash	5%	2%	20%

There will be periodic deviations in actual asset weights from targeted weights due to normal market movements, cash flows and varying asset class performance. Public equity securities may include common stocks, stock mutual funds and ETFs, as well as convertible and preferred issues. Public fixed income securities may include U.S. Treasury obligations, federal agency obligations, municipal bonds, marketable corporate bonds, commercial bank certificate of deposit, bond mutual funds and exchange traded funds. Private placements may include social impact-focused private investment vehicles, including promissory notes with community development funds and/or other high social impact entities.

UNITED WAY OF TREASURE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

Note G – Beneficial Interest in Agency Endowment Fund Assets

In 1995 the Organization entered into an agreement with Idaho Community Foundation (the Foundation), an Idaho nonprofit corporation, to establish the United Way of Treasure Valley Gustav Linning Endowment Fund (Linning Fund). In 2010, the Organization entered into an agreement with the Foundation, to establish the Sally Zive United Way Cradle-to-Career Endowment Fund (Zive Fund). The Zive Fund was originally endowed to the Foundation, providing permanent long-term support for educational programs and initiatives geared towards helping lower income children in the Treasure Valley. However, during the year ended March 31, 2014, the Zive Fund became a beneficial interest fund to the Organization and is recognized as a beneficial interest asset on the statement of financial position. Decisions regarding individual programs and initiatives will be made by the UWTV Board of Directors.

The assets of the Linning Fund and the Zive Fund, collectively (the Funds), may be commingled with other Foundation property for investment purposes and are held as component funds of the Foundation's permanent endowment. The Foundation has sole investment and management discretion over the Funds. The agreement permits the foundation to redirect distributions from the Funds for such purposes as will most effectively or closely accomplish the original intent of the agreement if the Organization ceases to exist or is no longer a qualified charitable organization.

The Organization recognizes transfers to the Foundation as an increase in the beneficial interest in assets held at the Foundation. The funds maintained at the Foundation are included in net assets with donor restrictions in the accompanying statements of financial position. The Foundation has sole control over administration of the investments, which are stated at fair value, and a portion of the income earned, if any, is transferred to the Organization annually at the discretion of the Foundation. The income transferred to the Organization by the Foundation is unrestricted.

The beneficial interest in assets held in the Foundation have been valued, as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date, utilizing valuations provided by the investment funds. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The Foundation's investment are composed of approximately 50 percent domestic equities, 25 percent international equities, 10 percent domestic fixed income securities, 5 percent real estate investment trusts and 10 percent Treasury Inflation Protecting Securities.

UNITED WAY OF TREASURE VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS

Note G – Beneficial Interest in Agency Endowment Fund Assets (Continued)

Activity of the Funds for the years ended March 31 is as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 298,482	\$ 335,709
Net realized and unrealized gain (loss)	139,139	(40,161)
Fund contributions	4,615	5,000
Management fees	<u>(2,231)</u>	<u>(2,066)</u>
 Total Beneficial Interest in Agency Endowment Fund Assets Held by Idaho Community Foundation	 <u>\$ 440,005</u>	 <u>\$ 298,482</u>

Note H – Fair Value of Assets and Liabilities

A fair value hierarchy that prioritizes the inputs to valuation techniques is used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Organization holds certificates of deposits at Level 1, and mutual funds at Levels 1 and 2. The Organization does not have the ability to redeem the beneficial interest in the agency endowment fund at the Foundation in the near term therefore it is valued at Level 3, see Note G for further details.

UNITED WAY OF TREASURE VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS

Note H – Fair Value of Assets and Liabilities (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 measured on a recurring basis as of March 31, 2021:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 1,502,757	\$ 1,502,757	\$	\$
Social impact endowment:				
Bank sweep	2,382	2,382		
Mutual funds:				
Fixed income	1,049	1,049		
Bonds	15,691		15,691	
Equities	<u>47,880</u>	<u>47,880</u>		
Social impact endowment	67,002	51,311	15,691	0
Beneficial interest in agency endowment fund assets held by ICF	<u>440,005</u>			<u>440,005</u>
Total	<u>\$ 2,009,764</u>	<u>\$ 1,554,068</u>	<u>\$ 15,691</u>	<u>\$ 440,005</u>

UNITED WAY OF TREASURE VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS

Note H – Fair Value of Assets and Liabilities (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value measured on a recurring basis as of March 31, 2020:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 1,500,000	\$ 1,500,000	\$	\$
Social impact endowment:				
Bank sweep	7,948	7,948		
Mutual funds:				
Fixed income	1,007	1,007		
Bonds	6,122		6,122	
Equities	<u>29,384</u>	<u>29,384</u>		
Social impact endowment	44,461	38,339	6,122	0
Beneficial interest in agency endowment fund assets held by ICF	<u>298,482</u>			<u>298,482</u>
Total	<u>\$ 1,842,943</u>	<u>\$ 1,538,339</u>	<u>\$ 6,122</u>	<u>\$ 298,482</u>

Note I – Donor Designations Payable

Donor designated distributions are funds received during the campaign that were designated by the donor for specific 501(c)(3) agencies net of uncollected pledges. During each of the years ended March 31, 2021 and 2020, over 100 agencies received donor designated contributions.

Donor designations payable consisted of the following at March 31:

	<u>2021</u>	<u>2020</u>
Donor designations, beginning of year	\$ 170,638	\$ 175,759
Donor designated pledges received	256,401	235,071
Donor designated pledges paid	(263,798)	(247,392)
Change in allowance for uncollectible designated pledges	<u>(7,500)</u>	<u>7,200</u>
Donor designations payable	<u>\$ 155,741</u>	<u>\$ 170,638</u>

UNITED WAY OF TREASURE VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS

Note I – Donor Designations Payable (Continued)

The donor designations payable balance is shown net of the allowance for designations not to be paid of \$24,900 and \$17,400 at March 31, 2021 and 2020, respectively.

The Organization receives donor designated pledges that are processed through third party organizations and are not reflected in the donor designations payable balance on the statement of financial position. Donor designations processed by third parties for the years ended March 31, 2021 and 2020 were \$275,072 and \$330,106, respectively.

Note J – Net Assets With Donor Restrictions

United Way World Wide, in its efforts to maintain consistency, requires local United Way organizations to temporarily restrict the entire current campaign contributions for use in the next year. United Way of Treasure Valley, Inc. has complied with this requirement by reporting gross campaign results for the current year as well as gifts of cash and other assets that are restricted by donor stipulations as temporarily restricted net assets. When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities in net assets as net assets released from restriction.

Net assets with donor restrictions are restricted for the following purposes at March 31:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose or period:		
Time restricted current year campaign results	\$ 768,798	\$ 890,623
Restricted for specific purpose	7,570	6,006
Social impact endowment	67,002	44,461
Beneficial interest in agency endowment fund	<u>440,005</u>	<u>298,482</u>
	<u>\$ 1,283,375</u>	<u>\$ 1,239,572</u>

UNITED WAY OF TREASURE VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS

Note K – In-Kind Donations and Services

Non-cash donations and services are included in in-kind revenue in the financial statements consisted of the following for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Advertising	\$ 7,925	\$ 81,973
Donated services	194,629	136,106
Basic needs goods and books	531,521	148,061
Other	<u>141,412</u>	<u>14,999</u>
Total	<u>\$ 875,487</u>	<u>\$ 381,139</u>

Note L – Operating Leases

The Organization has an operating lease for a building that was renewed on January 1, 2019 and expires December 31, 2024. Total rent for the operating lease was \$72,504 and \$72,504 for the years ended March 31, 2021 and 2020, respectively.

Future minimum payments under the operating lease are as follows:

2022	\$ 72,500
2023	72,500
2024	<u>54,375</u>
	<u>\$ 199,375</u>

Note M – Line of Credit

As of March 31, 2021 and 2020, the Organization has a \$200,000 discretionary demand line of credit with a financial institution that is unsecured. Interest on the line is variable and is calculated at prime plus 0% with a 0% floor. At March 31, 2021, the interest rate was 3.25%. There was no balance outstanding on the line of credit at March 31, 2021 and 2020. The line is due on demand.

UNITED WAY OF TREASURE VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS

Note N – Retirement Plan

The Organization has a 403(b) plan agreement that allows employees to participate once they complete 80 hours of service within a 30 day period of employment. Under this plan, all qualifying employees receive a discretionary contribution from the employer. Employees are fully vested in the employer contribution after 3 years. Plan contributions for the years ended March 31, 2021 and 2020 were \$56,993 and \$60,964, respectively.

Note O – Detail of Grants, Initiatives and Projects

	<u>2021</u>	<u>2020</u>
Advocacy Grants	\$ 9,437	\$ 11,401
Bank On	24,617	25,766
Community Assessment	<u>64,613</u>	<u>77,585</u>
Total Grants, Initiatives and Project Expenses	<u>\$ 98,667</u>	<u>\$ 114,752</u>

Note P – Community Investments by Impact Area

During the years ended March 31, 2021 and 2020, net distributions of cash for community investments were paid to support the Organization’s mission by impact area as follows:

	<u>2021</u>	<u>2020</u>
Education programs	\$ 328,118	\$ 344,907
Health programs	442,453	302,035
Financial stability programs	<u>170,125</u>	<u>221,450</u>
Total Community Investment – Net Distributions	<u>\$ 940,696</u>	<u>\$ 868,392</u>

UNITED WAY OF TREASURE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

Note Q – Risks and Uncertainties

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Company's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Company's financial position and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. The Organization obtained a \$155,600 loan under the Paycheck Protection Program to supplement payroll and other costs. See Note R for additional information.

Note R – Paycheck Protection Program Loan

On April 10, 2020, the Organization received loan proceeds in the amount of \$155,600 under the Paycheck Protection Program ("PPP") administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization initially recorded the loan as a refundable advance and recorded the forgiveness in accordance with guidance for conditional contributions when there was no longer a measurable performance or other barrier and a right to return of the PPP loan. Proceeds from the loan were eligible for forgiveness if the Organization maintained employment levels during its 24-week covered period and uses the funds for certain payroll, rent, and utility expenses. During the year ended March 31, 2021, the Organization recorded \$155,600 of revenue related to the forgiveness of the PPP loan which is included with grants on the statement of activities.

Note S – Subsequent Events

The Organization has evaluated subsequent events through June 8, 2021, which is the date the financial statements were available to be issued.