

**United Way of Greater Newark  
[a Non-Profit Organization]**

Financial Statements

Years Ended June 30, 2021 and 2020

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**United Way of Greater Newark  
[a Non-Profit Organization]**

**Financial Statements**

Years Ended June 30, 2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors of United Way of Greater Newark [a Non-Profit Organization]

We have audited the accompanying financial statements of United Way of Greater Newark (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

#### Management'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 Greater Newark as of June 30, 2021 and 2020, 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.

*Levine, Jacobs, & Company, L.L.C.*

Livingston, New Jersey  
November 4, 2021

**United Way of Greater Newark  
[a Non-Profit Organization]**

Statements of Financial Position

	June 30,	
	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,303,028	\$ 3,663,065
Restricted cash	17,424	161,540
Investments	6,315,084	6,603,072
Contributions receivables	74,126	65,556
Grant receivables	547,060	17,326
Prepaid expenses	11,583	9,583
Beneficial interest in trust	67,591	56,188
<b>TOTAL ASSETS</b>	<b>\$ 9,335,896</b>	<b>\$ 10,576,330</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,413,354	\$ 1,734,962
Loan payable - Paycheck Protection Program	-	131,806
Total liabilities	1,413,354	1,866,768
<b>NET ASSETS</b>		
Without donor restrictions	7,046,313	5,922,126
With donor restrictions	876,229	2,787,436
Total net assets	7,922,542	8,709,562
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,335,896</b>	<b>\$ 10,576,330</b>

See Auditor's Report and accompanying Notes to Financial Statements.

**United Way of Greater Newark  
[a Non-Profit Organization]**

Statements of Activities and Changes in Net Assets

Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contribution revenue	\$ 389,444	\$ -	\$ 389,444
Less donor-designated campaign contributions	<u>20,043</u>	<u>-</u>	<u>20,043</u>
Net contribution revenue	369,401	-	369,401
Grants and contracts	3,160,775	132,799	3,293,574
Bequests	296,354	-	296,354
PPP grant income	263,614	-	263,614
Interest and dividend, net of investment expenses of \$20,802	159,159	-	159,159
Net realized and unrealized gain (loss) on investments	1,115,610	-	1,115,610
Other revenue	<u>41,823</u>	<u>-</u>	<u>41,823</u>
	5,406,736	132,799	5,539,535
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>2,044,006</u>	<u>(2,044,006)</u>	<u>-</u>
Total revenues, gains, and other support	<u>7,450,742</u>	<u>(1,911,207)</u>	<u>5,539,535</u>
<b>FUNCTIONAL EXPENSES</b>			
Program services			
Community impact	5,743,911	-	5,743,911
Support services			
Campaign	280,870	-	280,870
Administrative	<u>301,774</u>	<u>-</u>	<u>301,774</u>
Total functional expenses	<u>6,326,555</u>	<u>-</u>	<u>6,326,555</u>
<b>Increase (decrease) in net assets</b>	<b>1,124,187</b>	<b>(1,911,207)</b>	<b>(787,020)</b>
<b>NET ASSETS, beginning of year</b>	<u>5,922,126</u>	<u>2,787,436</u>	<u>8,709,562</u>
<b>NET ASSETS, end of year</b>	<u><b>\$ 7,046,313</b></u>	<u><b>\$ 876,229</b></u>	<u><b>\$ 7,922,542</b></u>

See Auditor's Report and accompanying Notes to Financial Statements.

**United Way of Greater Newark  
[a Non-Profit Organization]**

Statements of Activities and Changes in Net Assets

Year Ended June 30, 2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contribution revenue	\$ 327,453	\$ -	\$ 327,453
Less donor-designated campaign contributions	46,049	-	46,049
Net contribution revenue	281,404	-	281,404
Grants and contracts	4,771,998	2,322,959	7,094,957
Interest and dividend, net of investment expenses of \$19,461	144,795	-	144,795
Net realized and unrealized gain (loss) on investments	325,216	(1,277)	323,939
Other revenue	16,364	-	16,364
	5,539,777	2,321,682	7,861,459
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
	-	-	-
Total revenues, gains, and other support	5,539,777	2,321,682	7,861,459
<b>FUNCTIONAL EXPENSES</b>			
Program services			
Community impact	5,407,652	-	5,407,652
Support services			
Campaign	233,869	-	233,869
Administrative	270,441	-	270,441
	5,911,962	-	5,911,962
<b>Increase (decrease) in net assets</b>	<b>(372,185)</b>	<b>2,321,682</b>	<b>1,949,497</b>
<b>NET ASSETS, beginning of year</b>	6,294,311	465,754	6,760,065
<b>NET ASSETS, end of year</b>	<b>\$ 5,922,126</b>	<b>\$ 2,787,436</b>	<b>\$ 8,709,562</b>

See Auditor's Report and accompanying Notes to Financial Statements.

**United Way of Greater Newark**  
**[a Non-Profit Organization]**

Statement of Functional Expenses – Current Year

Year Ended June 30, 2021

	<u>Program Services</u>	<u>Support Services</u>			<u>Total Functional Expenses</u>
	<u>Community Impact</u>	<u>Campaign</u>	<u>Administrative</u>	<u>Total Support Services</u>	
Salaries	\$ 651,046	\$ 130,209	\$ 86,806	\$ 217,015	\$ 868,061
Employee benefits	46,588	9,318	6,212	15,530	62,118
Payroll taxes	65,570	13,114	8,743	21,857	87,427
Professional fees and contract service payments	389,201	42,863	143,104	185,967	575,168
Marketing/campaign supplies	147,710	29,542	19,694	49,236	196,946
Office supplies	16,735	3,347	2,231	5,578	22,313
Telephone	18,337	3,667	2,445	6,112	24,449
Postage and shipping	1,142	228	152	380	1,522
Occupancy	112,203	22,441	14,960	37,401	149,604
Grants	2,044,006	-	-	-	2,044,006
Program expenses	2,120,669	-	-	-	2,120,669
Building repairs and maintenance	18,786	3,757	2,505	6,262	25,048
Equipment repairs and maintenance	3,958	792	528	1,320	5,278
Local conferences and meetings	491	98	65	163	654
Conferences, conventions, and staff development	15,096	3,019	2,013	5,032	20,128
Subscriptions and publications	32,854	6,571	4,381	10,952	43,806
Insurance	11,408	2,282	1,521	3,803	15,211
Dues	42,840	8,568	5,712	14,280	57,120
Bank charges	5,271	1,054	702	1,756	7,027
	<u>\$ 5,743,911</u>	<u>\$ 280,870</u>	<u>\$ 301,774</u>	<u>\$ 582,644</u>	<u>\$ 6,326,555</u>

See Auditor's Report and accompanying Notes to Financial Statements.

**United Way of Greater Newark  
[a Non-Profit Organization]**

Statement of Functional Expenses – Prior Year

Year Ended June 30, 2020

	<u>Program Services</u>	<u>Support Services</u>			<u>Total Functional Expenses</u>
	<u>Community Impact</u>	<u>Campaign</u>	<u>Administrative</u>	<u>Total Support Services</u>	
Salaries	\$ 532,165	\$ 106,433	\$ 70,955	\$ 177,388	\$ 709,553
Employee benefits	47,813	9,563	6,375	15,938	63,751
Payroll taxes	55,493	11,099	7,399	18,498	73,991
Professional fees and contract service payments	306,235	42,863	143,104	185,967	492,202
Marketing/campaign supplies	76,826	15,365	10,242	25,607	102,433
Office supplies	12,777	2,555	1,704	4,259	17,036
Telephone	15,228	3,046	2,030	5,076	20,304
Postage and shipping	149	30	20	50	199
Occupancy	103,082	20,616	13,744	34,360	137,442
Grants	2,274,480	-	-	-	2,274,480
Program expenses	1,871,905	-	-	-	1,871,905
Building repairs and maintenance	17,950	3,590	2,393	5,983	23,933
Equipment repairs and maintenance	5,796	1,159	773	1,932	7,728
Local conferences and meetings	1,582	316	211	527	2,109
Conferences, conventions, and staff development	8,345	1,669	1,113	2,782	11,127
Subscriptions and publications	23,945	4,789	3,193	7,982	31,927
Insurance	9,260	1,852	1,235	3,087	12,347
Bad debt	7,010	1,402	935	2,337	9,347
Dues	27,347	5,469	3,646	9,115	36,462
Bank charges	10,264	2,053	1,369	3,422	13,686
	<u>\$ 5,407,652</u>	<u>\$ 233,869</u>	<u>\$ 270,441</u>	<u>\$ 504,310</u>	<u>\$ 5,911,962</u>

See Auditor's Report and accompanying Notes to Financial Statements.



**United Way of Greater Newark  
[a Non-Profit Organization]**

Statements of Cash Flows

	<b>Years Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (787,020)	\$ 1,949,497
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities		
PPP grant income	(131,806)	-
Net unrealized and realized gains on investments	(1,115,610)	(323,939)
(Increase) decrease in assets		
Contributions receivables	(8,570)	48,284
Other receivables	(529,734)	502,401
Prepaid expenses	(2,000)	11,914
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(321,608)	1,034,211
	<b>(2,896,348)</b>	<b>3,222,368</b>
 <b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>		
Net proceeds from sale of investments	1,392,195	233,254
	<b>1,392,195</b>	<b>233,254</b>
 <b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>		
Proceeds from loan payable - Paycheck Protection Program	-	131,806
	<b>-</b>	<b>131,806</b>
 <b>Net increase (decrease) in cash, cash equivalents, and restricted cash</b>	<b>(1,504,153)</b>	<b>3,587,428</b>
 <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, <i>beginning of year</i></b>	<b>3,824,605</b>	<b>237,177</b>
 <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, <i>end of year</i></b>	<b>\$ 2,320,452</b>	<b>\$ 3,824,605</b>
 Reconciliation of cash, cash equivalents, and restricted cash balances:		
Cash and cash equivalents	\$ 2,303,028	\$ 3,663,065
Restricted cash	17,424	161,540
Total cash, cash equivalents, and restricted cash	<b>\$ 2,320,452</b>	<b>\$ 3,824,605</b>

See Auditor's Report and accompanying Notes to Financial Statements.

# United Way of Greater Newark [a Non-Profit Organization]

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

### Note 1 - Summary of Significant Accounting Policies

#### a. *Nature of Organization*

United Way of Greater Newark (“UWGN” or the “Organization”) (formerly known as United Way of Essex and West Hudson) is a not-for-profit organization incorporated under the laws of the State of New Jersey. The purpose of the United Way of Greater Newark is to secure, through combined campaign contributions and grants, monies to help support program initiatives and community impact activities for the citizens within the Greater Newark area.

#### b. *Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting and are presented in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, 'Not-for-profit Entities', and the provisions of Accounting Standards Update 2016-14 Not-For-Profit Entities (Topic 958): Presentation of Financial Statement of Not-For-Profit Entities. ASU 2016-14 requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net asset terminology has been revised accordingly and a liquidity and availability disclosure is included to comply with the new ASU.

Assets accumulated, and resources received and expended by the Organization are either without donor restrictions or restricted by the donor for a particular purpose. Net assets with donor restrictions represent contributions to the Organization whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. The designation of net assets for specific purposes by the Organization itself does not constitute a basis for reclassifying them as net assets with donor restrictions.

#### c. *Tax Status*

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”).

Management evaluated the Organization’s tax positions and concluded that the Organization had taken no uncertain tax positions in accordance with Accounting Standards Codification 740 “*Uncertainty in Income Taxes*” that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization files income tax returns in the U.S. Federal jurisdiction, as well as in one state jurisdiction. With few exceptions, the Organization is not subject to income tax examinations by the U.S. federal, state, or local tax authorities unless the Organization was engaged in activities that would generate unrelated business income.

#### d. *Contributed Services and Materials*

The Organization records the value of donated goods or specialized services based upon the fair market value at the date of donation. The donations were included in both revenues and expenses. The amounts were included within campaign contributions and program expenses within the statement of activities.

# United Way of Greater Newark [a Non-Profit Organization]

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

### Note 1 - Summary of Significant Accounting Policies - Continued

#### *e. Support and Revenue*

Unconditional contributions, those that do not include a measurable performance-related or other barrier or are those in which the Organization has limited discretion over how the contribution should be spent, are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions that include a measurable barrier or those for which the Organization has limited discretion over how the contribution should be spent and a right of return or release from future obligations are recorded as conditional contributions. Conditional contributions are not recognized until they become unconditional, that is, when the conditions surrounding the indications of the barrier have been met.

Investment earnings available for distribution are recorded in net assets without donor restrictions. Investment earnings with donor restrictions are recorded in net assets with donor restrictions based on the nature of the restrictions.

#### *f. Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs have been allocated based on the estimated amount of time employees spend between program and support activities.

#### *g. Unrestricted Support*

The Organization's policy is to show restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

#### *h. Contributions*

Donors can choose to designate that their contributions be distributed to a specific organization or another United Way. The collections of these contributions and distribution to specified agencies or United Ways are transactions in which the UWGN is acting as an agent. These transactions are included in campaign contributions in the statements of activities as revenue and expense.

#### *i. Cash and Cash Equivalents*

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Included in cash and cash equivalents are \$1,100,167 and \$-0-, respectively, at June 30, 2021 and 2020.

#### *j. Restricted Cash*

UWGN administers campaigns for other local organizations and holds cash and cash equivalents as custodian. The total amount held as custodian included in restrictive cash at June 30, 2021 and 2020 were \$17,424 and \$161,540, respectively. The corresponding liabilities are included in accounts payable and accrued expenses.

# United Way of Greater Newark [a Non-Profit Organization]

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

### Note 1 - Summary of Significant Accounting Policies - Continued

#### *k. Investments*

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for further discussion of fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income (loss) includes the Organization's gains and losses of investments bought and sold as well as held during the year.

#### *l. Beneficial Interest in Trust*

Beneficial interests in trusts are arrangements whereby a donor establishes and funds a trust, and the assets are held in perpetuity with the income distributed annually to UWGN. UWGN recognizes the contribution as net assets with donor restrictions in the period the trust is established and its present value, which equals the fair value of the underlying assets. The fair value is determined based upon quoted market prices. Adjustments to the assets to reflect changes in fair value are recognized as increases and decreases to net assets with donor restrictions.

#### *m. Property and Equipment*

Property and equipment are stated at cost, except for donated items which are recorded at fair value on the date of donation. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, on a straight-line basis. Property and equipment with a cost over \$1,000 are capitalized, as well as any addition with a cost less than \$1,000 if the property and equipment adds to the useful life of a pre-existing capitalized fixed asset.

#### *n. Use of Estimates*

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

#### *o. COVID Fund*

During the year ended June 30, 2020, the Organization established a COVID Fund (the "Fund") to raise money and provide support to local businesses impacted by the ongoing pandemic. During fiscal years 2021 and 2020, the Organization raised \$132,799 and \$4,597,439, respectively. As the amounts raised were considered unconditional gifts, the Organization recognized the full amount received into revenue in the period the funds were raised. During the fiscal years 2021 and 2020, the Organization expended grant dollars amounting to \$2,044,006 and \$2,274,480, respectively. As of June 30, 2021 and 2020, the Organization had \$400,439 and \$2,322,959, respectively, remaining in the Fund which was included as part of cash and cash equivalents on the statements of financial position.

# United Way of Greater Newark [a Non-Profit Organization]

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

### Note 1 - Summary of Significant Accounting Policies - Continued

#### *p. Recent Accounting Pronouncements*

The Organization adopted ASU 2014-09, *Revenue from Contracts with Customers*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The standard was adopted beginning July 1, 2020. The adoption of the standard had no impact on beginning net assets.

On July 1, 2020, the Organization adopted Accounting Standards Codification Topic 820, *Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"), an accounting pronouncement issued by the FASB. This guidance modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The adoption of ASU 2018-13 does not have a material impact on the financial statements.

#### *q. Pending Pronouncements*

In February 2016, the FASB issued ASU 2016-02, *Leases*, (Topic 842). The guidance in this ASU 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 statements of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In June 2016, FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326). The new ASU replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit-loss estimates. The update requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. For private companies and not-for-profit organizations, the update is effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the effect that this new guidance will have on the financial statements and related disclosures.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Company beginning on January 1, 2022. The Company is currently evaluating the impact of this new guidance on its financial statements.

# United Way of Greater Newark [a Non-Profit Organization]

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

### Note 1 - Summary of Significant Accounting Policies - Continued

*r. Subsequent Events*

The Organization evaluated subsequent events for potential recognition or disclosure through November 4, 2021, the date the financial statements were available to be issued.

### Note 2 - Concentration of Credit Risk

The Organization maintains cash balances in several financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation ("FDIC"). From time to time, the Organization's balances exceed the federal insured limits.

Deposits with broker-dealers are insured by the Securities Investor Protection Corporation. From time to time, the Organization's balances with brokers may exceed the insured limits.

### Note 3 - Investments

Investments are stated at fair market value and summarized as follows at June 30, 2020 and 2019:

	June 30, 2021		
	Cost	Fair Value	Unrealized (Gain)
Fixed income securities	\$ 3,321,687	\$ 3,444,417	\$ (122,730)
Equity securities	1,292,989	2,870,667	(1,577,678)
Total	\$ 4,614,676	\$ 6,315,084	\$ (1,700,408)
	June 30, 2020		
	Cost	Fair Value	Unrealized (Gain)
Fixed income securities	\$ 3,426,070	\$ 3,650,194	\$ (224,124)
Equity securities	1,810,324	2,952,878	(1,142,554)
Total	\$ 5,236,394	\$ 6,603,072	\$ (1,366,678)

There are certain restrictions on the Organization's investments. Those restrictions at June 30, 2021 and 2020 are as follows:

	June 30,	
	2021	2020
Without donor restrictions and board designated	\$ 5,906,795	\$ 6,194,783
With donor restrictions	408,289	408,289
	\$ 6,315,084	\$ 6,603,072

# United Way of Greater Newark [a Non-Profit Organization]

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

### Note 3 - Investments - Continued

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

UWGN values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described on the following page.

Level 1 - Inputs that reflect unadjusted quoted market prices in active exchange markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimate.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lower level of input that is significant to the fair value measurement. UWGN's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Below are the valuation techniques used by UWGN to measure different financial instruments at fair value and the level within the fair value hierarchy in which the financial instrument is categorized.

#### Beneficial Interest in Trust

Valuation inputs utilized to determine the fair value of the beneficial interest in perpetual trusts include the market value of the underlying assets within the trust as provided by the trustee and the Organization's proportionate share of the trust assets. Trust assets are held by a third-party trustee. The Organization does not control the underlying assets of the trust nor does it have the ability to make investment decisions. Accordingly, beneficial interest in perpetual trusts is classified as Level 3.

**United Way of Greater Newark  
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Notes to Financial Statements

Years Ended June 30, 2021 and 2020

**Note 3 - Investments - Continued**

The following fair value hierarchies, based on the definition provided in Fair Value Measurements, for those assets and liabilities that are measured at fair value on a recurring basis at June 30, 2021 and 2020, respectively:

	June 30, 2021			Total
	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
Investments				
Fixed income securities				
U.S. Treasury and other government agency obligations	\$ 1,717,238	\$ -	\$ -	\$ 1,717,238
Corporate bonds	1,727,179	-	-	1,727,179
Equity securities				
Large cap growth and value	2,870,667	-	-	2,870,667
Total investments	<u>\$ 6,315,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,315,084</u>
Perpetual trust held by third party	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,591</u>	<u>\$ 67,591</u>
	June 30, 2020			
	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Investments				
Fixed income securities				
U.S. Treasury and other government agency obligations	\$ 1,805,070	\$ -	\$ -	\$ 1,805,070
Corporate bonds	1,845,124	-	-	1,845,124
Equity securities				
Large cap growth and value	2,952,878	-	-	2,952,878
Total investments	<u>\$ 6,603,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,603,072</u>
Perpetual trust held by third party	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,188</u>	<u>\$ 56,188</u>



# United Way of Greater Newark [a Non-Profit Organization]

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

### Note 4 – Loan Payable – Paycheck Protection Program

On April 18, 2020, the Organization was granted a loan (the "Loan"), which was in the form of a note, from Columbia Bank in the amount of \$131,806, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which was enacted March 27, 2020. The Loan matures on April 18, 2022 unless the Organization and lender mutually agree to extend the maturity of the loan from two years to five years. The Loan bears interest at a rate of 1% per annum. The note may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

On January 27, 2021, the Organization was granted a loan (the "Loan") from Columbia Bank in the aggregate amount of \$131,806, pursuant to the Paycheck Protection Program Second Draw (the "PPP 2") under Section 311 of the Economic Aid to Hard-Hit Small Businesses Act (the "Economic Aid Act") which was signed into law on December 27, 2020 and is part of the original Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which was enacted March 27, 2020.

Section 311 of the Economic Aid Act authorizes the U.S. Small Business Administration ("SBA") to guarantee PPP 2 loans under generally the same terms and conditions available under the original PPP First Draw. The Loan is in the form of a note dated January 27, 2021 issued by the Borrower and matures on January 27, 2026 and bears interest at a rate of 1% per annum. Funds from the Loan may only be used for qualified expenses which include payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, interest on other debt obligations incurred before February 15, 2020, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures. In accordance with the CARES Act and the PPP, if the loan proceeds are fully utilized to pay for qualified expenses, the full principal amount of the loan, along with any accrued interest, may qualify for loan forgiveness, subject to potential reduction based on termination of full-time employees or decrease in salaries during the covered period.

As such, the Organization has decided that the PPP loan should be accounted for as a government grant. As US GAAP does not contain guidance on the accounting for government grants, the Organization is following the guidance in International Accounting Standards, or IAS, 20, Accounting for Government Grants and Disclosure of Government Assistance. Under the provisions of IAS 20, "a forgivable loan from government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan." As discussed above, the Organization believes there is reasonable assurance it will meet the terms of forgiveness. Under IAS 20, government grants are recognized in income as required activities are undertaken. As the Organization believes that it completed the required activities by utilizing PPP proceeds for payroll and other qualified expenditures prior to June 30, 2021, it has recognized PPP grant income for the full amount of the PPP loans, \$263,614, and no liability for the PPP loan is reflected in the statement of financial position as of June 30, 2021.

The Organization has submitted and received approval from the SBA on the first loan of \$131,806. The Organization plans to submit the PPP 2 loan forgiveness application in the near term. Although the Organization believes it is probable that the PPP loan will be forgiven, the Organization's actions and information must be evaluated by the lender and SBA before forgiveness is formally granted.

# United Way of Greater Newark [a Non-Profit Organization]

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

### Note 5 - Board Restricted Net Assets

The Board of Directors has designated the proceeds received from the sale of a building on June 30, 2014. These funds are maintained and invested in a separate brokerage account. Income generated from these funds will be used to subsidize the Organization's rental obligations. Principal withdrawn will be at the discretion of the Board. As of June 30, 2021 and 2020, \$3,105,715 and \$2,737,526, respectively, has been board designated.

During the year ended June 30, 2021, the Board of Directors has designated certain investment appreciation for use as a community impact fund. These funds are maintained and invested as money market funds presented in cash and cash equivalents. Income generated from these funds will be used to subsidize the Organization's community impact programs. Principal withdrawn will be at the discretion of the Board. As of June 30, 2021 and 2020, \$1,100,167 and \$-0-, respectively, has been board designated.

### Note 6 – Net Assets with Donor Restrictions

Donor restricted net assets that are restricted for purpose or time at June 30, 2021 and 2020 are as follows:

	June 30,	
	2021	2020
COVID-19 Fund	\$ 400,349	\$ 2,322,959
Contributions whose principal is time restricted	408,289	408,289
	\$ 808,638	\$ 2,731,248

Donor restricted net assets that are perpetual in nature at June 30, 2021 and 2020 are as follows:

	June 30,	
	2021	2020
Beneficial interest in trust	67,591	56,188
	\$ 67,591	\$ 56,188

Investment income, including unrealized gains and losses on donor restricted contributions are unrestricted to the Organization.

### Note 7 - 401(k) Plan

The Organization sponsors a 401(k) plan which allows eligible employees to make contributions through salary reductions. The Organization also makes certain matching contributions to the plan totaling \$3,724 and \$6,863 for the years ended June 30, 2021 and 2020, respectively.

# United Way of Greater Newark [a Non-Profit Organization]

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

### Note 8 - Commitments

On February 15, 2017, the Organization entered into a lease agreement for new office space. The term of the lease is for five years and six months with an option to renew for an additional five years. The lease has fixed monthly payments of \$9,583.33. Rent expense for the years ended June 30, 2021 and 2020 were \$138,771 and \$127,443, respectively. The future minimum lease payments under the lease agreement are as follows:

For the years ending June 30,		
2022		\$ 115,000
2023		14,375
		\$ 129,375

### Note 9 – Liquidity and Availability

The following reflects UWGN's financial assets as of the statement of financial position date that are available for general expenditures:

	Years Ended June 30,	
	2021	2020
Financial assets, at year-end	\$ 9,324,313	10,566,747
Less those unavailable for general expenditures within one year, due to:		
Purpose restricted grants	400,349	2,322,959
Donations whose principal is restricted	408,289	408,289
Cash held for others	17,424	161,540
Beneficial interest in trust	67,591	56,188
Board designated funds	4,205,882	2,737,526
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,224,778	\$ 4,880,245

The Organization is currently dependent on various granting agencies to fulfill its mission and run its programs. Due to the annual uncertainty surrounding the grants, the Organization attempts to maintain a healthy surplus in order to maintain its programs until grant funds can be obtained.

### Note 10 - Supplemental Cash Flow Information

Cash paid during the years ended June 30, 2021 and 2020 for interest and income taxes was \$0 and \$0, respectively.

# United Way of Greater Newark [a Non-Profit Organization]

## Notes to Financial Statements

Years Ended June 30, 2021 and 2020

### **Note 11 - Risk and Uncertainty**

The Organization's continuing operations have been affected by the recent and ongoing outbreak of the coronavirus (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and the actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical location in which the Organization operates. The Organization experienced a decline in contributions from their annual campaign. However, the Organization was selected to act as an administrator for the city of Newark's COVID-19 Relief Fund in the prior fiscal year. The Organization received an administrative fee of 5% for each dollar raised which helped to offset lost contributions from the campaign. Additionally, the Organization has seen an increase in grants not related to the ongoing pandemic. The Organization's workforce has been fully remote since the start of the pandemic and therefore the Organization did not incur additional costs related to sanitation and protective equipment. However, as COVID-19 is still impacting many regions of the country, there is still uncertainty regarding the future impact on the Organization.

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