

**United Way of Greater Mercer County  
and Affiliate  
[a Non-Profit Organization]**

Combined Financial Statements

Years Ended June 30, 2020 and 2019

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Years Ended June 30, 2020 and 2019

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## Independent Auditor's Report

Board of Directors  
United Way of Greater Mercer County and Affiliate  
[a Non-Profit Organization]

### Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of United Way of Greater Mercer County ("UWGMC") and Affiliate, which comprise the combined statements of financial position as of June 30, 2020 and 2019, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the combined financial statements.

### *Management's Responsibility for the Combined Financial Statements*

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of UWGMC and Affiliate as of June 30, 2020 and 2019, and the results of their operations and their cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information in Relation to Combined Financial Statements as a Whole**

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information, except for that portion marked "unaudited", has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statement or to the combined financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic combined financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for that portion marked "unaudited", the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Sax LLP*

Parsippany, New Jersey  
January 15, 2021

**United Way of Greater Mercer County and Affiliate  
[a Non-Profit Organization]**

Combined Statements of Financial Position

	June 30,	
	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 297,797	\$ 140,071
Investments	595,323	716,231
Pledges receivable (net of allowance)	48,396	182,051
Grants receivable	48,277	109,118
Other assets	562	17,364
Prepaid expenses	19,334	14,645
Bequest receivable	-	17,121
Beneficial interest in assets held by a foundation	116,331	130,646
Property and equipment, net	23,609	121,331
<b>TOTAL ASSETS</b>	<b>\$ 1,149,629</b>	<b>\$ 1,448,578</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 200,785	\$ 190,345
SBA PPP loan payable	155,935	-
Designations payable	12,756	12,740
Line of credit	200,000	200,000
Capital lease obligation	-	60,029
Deferred rent	160,807	168,864
Total liabilities	730,283	631,978
<b>NET ASSETS</b>		
Without donor restrictions	(444,895)	(284,269)
Board designated endowment	732,580	950,977
Investment in property and equipment	21,075	21,075
Total without donor restrictions	308,760	687,783
With donor restrictions	110,586	128,817
Total net assets	419,346	816,600
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,149,629</b>	<b>\$ 1,448,578</b>

See Notes to Combined Financial Statements.

**United Way of Greater Mercer County and Affiliate  
[a Non-Profit Organization]**

Combined Statement of Activities and Changes in Net Assets

	Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Campaign results	\$ 547,549	\$ -	\$ 547,549
Less donor designations	(18,000)	-	(18,000)
Plus prior year campaign collections	890	-	890
Less provision for uncollectible pledge	(150,269)	-	(150,269)
Net campaign results	<u>380,170</u>	<u>-</u>	<u>380,170</u>
<b>SUPPORT</b>			
Grants and contracts	36,851	628,150	665,001
Contributions from estates and trusts	3,882	-	3,882
In-kind gifts	2,500	-	2,500
Rental income	26,856	-	26,856
Other contributions	103,150	8,870	112,020
Special event revenue	1,383	44,532	45,915
Interest and dividend income	19,256	-	19,256
Realized gain (loss) on investments	(182)	-	(182)
Realized gain (loss) on beneficial interest in assets held by a foundation	883	-	883
Unrealized gain (loss) on investments	(23,161)	-	(23,161)
Unrealized gain (loss) on beneficial interest in assets held by a foundation	5,848	-	5,848
Net assets released due to satisfaction of purpose restrictions	<u>699,783</u>	<u>(699,783)</u>	<u>-</u>
Net revenues and support	<u>1,257,219</u>	<u>(18,231)</u>	<u>1,238,988</u>
<b>FUNCTIONAL EXPENSES</b>			
Program Services			
Program and initiative expenses	<u>809,270</u>	<u>-</u>	<u>809,270</u>
Total program services	<u>809,270</u>	<u>-</u>	<u>809,270</u>
Supporting Services			
Management and general	346,127	-	346,127
Resource development	470,289	-	470,289
Total supporting services	<u>816,416</u>	<u>-</u>	<u>816,416</u>
Total functional expenses	<u>1,625,686</u>	<u>-</u>	<u>1,625,686</u>
<b>OTHER CHANGES IN NET ASSETS</b>			
Discontinued operations	<u>(10,556)</u>	<u>-</u>	<u>(10,556)</u>
<b>(Decrease) in net assets</b>	<b>(379,023)</b>	<b>(18,231)</b>	<b>(397,254)</b>
<b>NET ASSETS, beginning of year</b>	<u>687,783</u>	<u>128,817</u>	<u>816,600</u>
<b>NET ASSETS, end of year</b>	<u><b>\$ 308,760</b></u>	<u><b>\$ 110,586</b></u>	<u><b>\$ 419,346</b></u>

See Notes to Combined Financial Statements.

**United Way of Greater Mercer County and Affiliate**  
**[a Non-Profit Organization]**

Combined Statement of Activities and Changes in Net Assets

	Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Campaign results	\$ 758,650	\$ -	\$ 758,650
Less donor designations	(56,755)	-	(56,755)
Plus prior year campaign collections	11,568	-	11,568
Less provision for uncollectible pledge	(223,003)	-	(223,003)
Net campaign results	490,460	-	490,460
<b>SUPPORT</b>			
Grants and contracts	79,560	569,940	649,500
Contributions from estates and trusts	2,527	-	2,527
Rental income	13,285	-	13,285
Miscellaneous revenue	45,876	-	45,876
Special event revenue	43,670	-	43,670
Interest and dividend income	18,455	-	18,455
Realized (loss) on investments	(16,304)	-	(16,304)
Realized (loss) on beneficial interest in assets held by a foundation	(1,032)	-	(1,032)
Unrealized gain on investments	35,114	-	35,114
Unrealized gain on beneficial interest in assets held by a foundation	6,187	-	6,187
Net assets released due to satisfaction of purpose restrictions	691,428	(691,428)	-
Net revenues and support	1,409,226	(121,488)	1,287,738
<b>FUNCTIONAL EXPENSES</b>			
Program Services			
Program and initiative expenses	904,589	-	904,589
Total program services	904,589	-	904,589
Supporting Services			
Management and general	304,123	-	304,123
Resource development	413,662	-	413,662
Total supporting services	717,785	-	717,785
Total functional expenses	1,622,374	-	1,622,374
<b>OTHER CHANGES IN NET ASSETS</b>			
Discontinued operations	255,726	-	255,726
<b>Increase (decrease) in net assets</b>	42,578	(121,488)	(78,910)
<b>NET ASSETS, beginning of year</b>	645,205	250,305	895,510
<b>NET ASSETS, end of year</b>	<b>\$ 687,783</b>	<b>\$ 128,817</b>	<b>\$ 816,600</b>

See Notes to Combined Financial Statements.

**United Way of Greater Mercer County and Affiliate  
[a Non-Profit Organization]**

Combined Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services			Support Services			Total Expenses
	Community Impact	Special Programs and Grants	Total Program Services Expenses	Management and General	Resource Development	Total Supporting Services	
Collaboration funding	\$ 98,688	\$ 3,000	\$ 101,688	\$ -	\$ -	\$ -	\$ 101,688
Payroll	125,750	165,218	290,968	112,785	204,678	317,463	608,431
Payroll taxes and benefits	36,921	48,509	85,430	33,114	60,095	93,209	178,639
Total payroll	<u>162,671</u>	<u>213,727</u>	<u>376,398</u>	<u>145,899</u>	<u>264,773</u>	<u>410,672</u>	<u>787,070</u>
2-1-1 contract expense	15,000	-	15,000	-	-	-	15,000
Program expenses	-	1,628	1,628	-	-	-	1,628
Professional fees	1,000	6,994	7,994	24,107	7,700	31,807	39,801
Consulting services	48,971	72,656	121,627	41,160	94,141	135,301	256,928
Rent	39,718	56,376	96,094	35,623	64,647	100,270	196,364
Utilities	2,957	3,886	6,843	2,652	4,814	7,466	14,309
Equipment expense	2,480	15,886	18,366	26,144	4,457	30,601	48,967
Office supplies	-	2,989	2,989	4,030	356	4,386	7,375
Telecommunications	3,691	7,760	11,451	2,811	5,399	8,210	19,661
Insurance	-	84	84	13,527	-	13,527	13,611
Advertising and promotional	1,400	19,419	20,819	-	8,250	8,250	29,069
Printing and materials	-	6,511	6,511	2,518	2,286	4,804	11,315
Travel expense	816	2,343	3,159	67	1,740	1,807	4,966
Training expense	465	104	569	30	1,595	1,625	2,194
Meetings and events	1,875	1,335	3,210	1,598	1,821	3,419	6,629
Postage	-	6,353	6,353	4,062	689	4,751	11,104
United Way Worldwide dues	3,516	4,619	8,135	3,153	5,723	8,876	17,011
Dues and subscriptions	-	-	-	3,993	1,898	5,891	5,891
Bank and credit card fees	-	120	120	19,856	-	19,856	19,976
Depreciation	-	-	-	2,897	-	2,897	2,897
Storage	-	-	-	12,000	-	12,000	12,000
Special event expenses	-	232	232	-	-	-	232
<b>Total expenses</b>	<b>\$ 383,248</b>	<b>\$ 426,022</b>	<b>\$ 809,270</b>	<b>\$ 346,127</b>	<b>\$ 470,289</b>	<b>\$ 816,416</b>	<b>\$ 1,625,686</b>



**United Way of Greater Mercer County and Affiliate  
[a Non-Profit Organization]**

Combined Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services			Support Services			Total Expenses
	Community Impact	Special Programs and Grants	Total Program Services Expenses	Management and General	Resource Development	Total Supporting Services	
Collaboration funding	\$ 51,078	\$ 41,000	\$ 92,078	\$ -	\$ -	\$ -	\$ 92,078
Payroll	114,304	292,997	407,301	89,949	222,115	312,064	719,365
Payroll taxes and benefits	49,795	21,497	71,292	15,744	38,878	54,622	125,914
Total payroll	164,099	314,494	478,593	105,693	260,993	366,686	845,279
2-1-1 contract expense	15,000	-	15,000	-	-	-	15,000
Program expenses	5,535	31,660	37,195	-	-	-	37,195
Professional fees	-	5,670	5,670	32,256	12,980	45,236	50,906
Consulting services	64,246	10,469	74,715	46,390	48,686	95,076	169,791
Rent	108,363	839	109,202	24,714	57,033	81,747	190,949
Utilities	843	-	843	192	443	635	1,478
Equipment expense	7,103	3,573	10,676	1,620	3,739	5,359	16,035
Office supplies	149	5,211	5,360	8,482	1,004	9,486	14,846
Telecommunications	21,841	3,380	25,221	5,030	12,666	17,696	42,917
Insurance	-	18	18	9,484	-	9,484	9,502
Advertising and promotional	-	10,183	10,183	2,192	1,200	3,392	13,575
Printing and materials	-	8,172	8,172	3,369	53	3,422	11,594
Travel expense	876	3,970	4,846	498	2,022	2,520	7,366
Training expense	466	652	1,118	8,876	2,900	11,776	12,894
Meetings and events	2,486	8,129	10,615	3,234	4,436	7,670	18,285
Postage	14	2,569	2,583	2,666	-	2,666	5,249
United Way Worldwide dues	10,464	-	10,464	2,387	5,507	7,894	18,358
Dues and subscriptions	-	98	98	5,468	-	5,468	5,566
Bank and credit card fees	-	-	-	8,858	-	8,858	8,858
Depreciation	-	-	-	10,258	-	10,258	10,258
Office move and storage	-	-	-	22,456	-	22,456	22,456
Special event expenses	1,939	-	1,939	-	-	-	1,939
<b>Total expenses</b>	<b>\$ 454,502</b>	<b>\$ 450,087</b>	<b>\$ 904,589</b>	<b>\$ 304,123</b>	<b>\$ 413,662</b>	<b>\$ 717,785</b>	<b>\$ 1,622,374</b>

**United Way of Greater Mercer County and Affiliate  
[a Non-Profit Organization]**

Combined Statements of Cash Flows

	<b>Years Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
(Decrease) in net assets	\$ (397,254)	\$ (78,910)
Adjustments to reconcile (decrease) in net assets to net cash provided by (used for) operating activities		
Unrealized loss on investments	23,161	41,301
Realized loss (gain) on investments	182	(16,304)
Bad debt expense	48,000	(71,166)
Depreciation	2,897	10,258
Discontinued operations	-	75,660
Loss on disposal of property and equipment	83,325	-
Forgiveness of capital lease obligation	(24,359)	-
(Increase) decrease in assets		
Pledges receivable	85,655	217,228
Grants receivable	60,841	(50,884)
Other assets	16,802	2,545
Prepaid expenses and other receivables	(4,689)	(5,129)
Bequest receivable	17,121	21,829
Beneficial interest in assets held by a foundation	14,315	(12,387)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	10,440	(241,250)
Due to service providers	-	(22,500)
Designations payable	16	8,687
Deferred rent	(8,057)	(502,396)
	<b>(71,604)</b>	<b>(623,418)</b>
<b>CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	11,500	-
Proceeds from sale of securities	524,856	439,145
Purchase of investments	(427,291)	-
	<b>109,065</b>	<b>439,145</b>
<b>CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>		
Proceeds from SBA PPP Loan	155,935	-
Borrowing from line of credit	-	125,000
Principal repayments on capital lease	(35,670)	(67,891)
	<b>120,265</b>	<b>57,109</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>157,726</b>	<b>(127,164)</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<b>140,071</b>	<b>267,235</b>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<b>\$ 297,797</b>	<b>\$ 140,071</b>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURE</b>		
Cash paid for interest	<b>\$ 11,884</b>	<b>\$ 9,897</b>

See Notes to Combined Financial Statements.

# United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

## Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

### Note 1 - Summary of Significant Accounting Policies

#### a. Principles of Combination

The accompanying combined financial statements include the accounts of United Way of Greater Mercer County ("UWGMC") and Collaboration Sciences, Inc. ("Collaboration Sciences"). Hereinafter, the combined entities are referred to as the "Organization". All inter-company balances and transactions have been eliminated in the combination. Collaboration Sciences was formed during the year ended June 30, 2015 and was dissolved during the year ended June 30, 2020.

UWGMC and Collaboration Sciences shared common board members and management.

#### b. Organization and Purpose

UWGMC is an independent non-profit organization, which has a long history of service to the community of more than 75 years. UWGMC is committed to harnessing, leveraging, and strategically engaging the collective power of donors, advocates, and volunteers to drive measurable results that produce social and economic benefits to the community at large.

UWGMC is an affiliate of United Way Worldwide. United Way Worldwide is a leadership and support organization for the network of 1,800 community based United Ways in 41 countries and territories around the world. United Way recruits people and organizations in communities who bring passion, expertise, and resources needed to create lasting change.

UWGMC contracts with New Jersey 2-1-1 Partnership ("2-1-1") for its information and referral assistance in the community. 2-1-1 connects people with specific human service needs to programs serving the community. Referrals are made to quality programs and follow-up is done to assure satisfaction.

#### c. Basis of Accounting

The combined financial statements of UWGMC and Affiliate have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

#### d. Basis of Presentation

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 was adopted during the year ended June 30, 2019 and 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.

# United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

## Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

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

#### *d. Basis of Presentation - Continued*

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of UWGMC's management and the board of directors.

*Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UWGMC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

For the years ended June 30, 2020 and 2019, the Organization had accounting transactions in both net asset categories.

#### *e. Cash and Cash Equivalents*

The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

#### *f. Pledges Receivable*

Pledges receivable are stated at the amount management expects to collect from outstanding balances. The provision for uncollectible pledges is determined based upon historical experience with donors.

UWGMC closely monitors pledges receivable. The receivables are evaluated and an allowance for doubtful accounts is established based on a history of write-offs and collections and other factors that might result in uncollectible balances. The allowance at June 30, 2020 and 2019 was \$82,000 and \$34,000, respectively.

#### *g. Public Support and Revenue Recognition*

Contributions are recognized when the donor makes a promise to give to UWGMC, that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable values. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present values of their net realizable values, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Contributions of donated non-cash assets are recorded at their fair values in the periods received.

# United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

## Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

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

#### *g. Public Support and Revenue Recognition - Continued*

UWGMC receives donated services from volunteers, officers and directors, and other organizations to support fundraising and administrative efforts. The value of these donated services is not included in these combined financial statements as they do not meet the criteria for recognition. There are also several gift campaigns operated for the benefit of the community where goods are received by the UWGMC and then distributed to recipients. The values of these donations have been recorded as contributions at their fair values at the date of donation and are included on the combined statements of activities under the caption "In-kind gifts". No in-kind contributions were recorded at June 30, 2020 and 2019.

#### *h. Donor Designated Funds*

UWGMC receives funds that are considered pass-through items that have been designated by the donor to other nonprofit entities. These funds have been treated as liabilities until the funds are disbursed as they are not pledges or revenue to UWGMC. These funds also include several charitable giving campaigns run by local companies for which UWGMC is processing the transactions for the employer.

#### *i. Rental Income*

Income derived from the rental of office space is recognized during the period in which the premises are occupied, and rent is due from tenants.

#### *j. Property, Equipment, and Depreciation*

Property and equipment are recorded at cost, except for donated items that are recorded at fair value on the date of donation. Donated property and equipment is recorded as restricted support when donors stipulate how long the assets must be used. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted. Depreciation is provided over the useful life of the underlying asset, ranging between a 3 to 39-year period, using the straight-line method. Depreciation expense amounted to \$2,897 and \$10,258, respectively, for the years ended June 30, 2020 and 2019.

Major replacements and improvements of property and equipment are capitalized. Minor replacements, repairs, and maintenance are charged to expense as incurred. Upon retirement or sale, the cost of the assets disposed, and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in operations.

#### *k. Investments*

UWGMC carries investments at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying combined statements of activities and changes in net assets. Interest and dividend income are recognized when earned.

# United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

## Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

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

#### *l. Fair Value Measurements*

UWGMC 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 instruments, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement dates for identical assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to level 3 inputs.

In determining fair value, UWGMC utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The following is a description of the valuation methodologies used for instruments measured at fair value:

#### Mutual Funds and Asset Backed Securities

The fair value of mutual funds and asset backed securities is the market value based on quoted market prices or market prices provided by recognized broker dealers. Mutual funds and asset backed securities have been classified as Level 1.

#### Beneficial Interest in Trusts

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 trusts have been classified as Level 3.

#### *m. Income Taxes*

UWGMC is a not-for-profit corporation exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes has been recorded in the combined statements of activities and changes in net assets.

# United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

## Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

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

#### *m. Income Taxes - Continued*

GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the combined financial statements to comply with the provisions of this guidance.

#### *n. Functional Allocation of Expenses*

The costs of providing program and support services have been summarized on a functional basis. Expenses are allocated to each function or program based on time spent by the Organization's staff in each of these areas which is consistent with the benefit derived by each program. In recognition of the work in focusing more closely on efforts that support the strategic vision of the Organization to achieve a lasting impact in the community served, all programmatic activity is aligned into what is called Community Impact.

#### *o. Use of Estimates*

The preparation of the combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *p. Recent Accounting Pronouncements*

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard outlines a single comprehensive model for organizations to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time.

This standard will be effective for annual reporting periods beginning after December 15, 2019, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. The Organization has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on the combined financial statements.

# United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

## Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

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

*p. Recent Accounting Pronouncements - Continued*

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 combined statements of activities and changes in net assets. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the Organization's combined financial statements.

*q. Newly Adopted Accounting Pronouncements*

In 2016, the FASB issued ASU 2016-18, *Statements of Cash Flows* (Topic 230): *Restricted Cash*. Per this ASU, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the combined statements of cash flows. This standard was adopted for the fiscal year ended June 30, 2020.

The Organization adopted ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies whether contributions and grants are subject to ASC 605 or ASC 958-605. The standard was adopted for the fiscal year ended June 30, 2020. The Organization does not make significant contributions and the impact of ASU 2018-08 related to contributions did not make a material impact to the combined financial statements or disclosures.

*r. Affiliate*

The Organization decided to cease operations of Collaboration Sciences, Inc. due to significant losses since its inception. In September 2018, Collaboration Sciences, Inc. entered into a settlement agreement with the landlord concerning the lease for the office space that Collaboration Sciences, Inc. held. Pursuant to the Settlement Agreement, the landlord released Collaboration Sciences, Inc., and the Organization from any and all claims arising out of the lease agreement. All remaining assets were transferred to UWGMC. The activity for the year ended June 30, 2020, and 2019 is classified as discontinued operations on the combined statements of activities and changes in net assets. The operations for the affiliate mainly consisted of rent and disposals of leasehold improvements. Collaboration Sciences, Inc was dissolved in December 2019.

*s. Subsequent Events*

The Organization has evaluated subsequent events in Note 17 for the potential recognition and disclosure through January 15, 2021, which is the date these combined financial statements were available to be issued.



**United Way of Greater Mercer County and Affiliate  
[a Non-Profit Organization]**

Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

**Note 2 - Pledges Receivable**

Pledges receivable are the amounts due from individual and corporate contributors in the New York, New Jersey, and Connecticut area as a result of the annual campaign. Campaign pledge contributions are generally paid within one year. UWGMC provides an allowance for uncollectible pledges based on historical collection experience at the time campaign results are recorded.

Details of the pledges receivable are as follows:

	June 30,	
	2020	2019
Corporate and individual pledges receivable	\$ 130,396	\$ 216,051
Less allowance for uncollectible pledges	(82,000)	(34,000)
Total pledges receivable	\$ 48,396	\$ 182,051

**Note 3 - Bequest Receivable**

During the year ended June 30, 2006, UWGMC received a bequest from an estate and is to receive funds as follows per the unit trust agreement:

	June 30,	
	2020	2019
Receivable in less than one year	\$ -	\$ -
Receivable in one to five years	-	18,267
Total bequest receivable	-	18,267
Less discount to net present value	-	1,146
Net bequest receivable	\$ -	\$ 17,121

The final payment was received during the year ended June 30, 2020. The present value of the future benefits expected to be received by UWGMC is estimated based on the donor life expectancy and the use of a 5% discount rate.

**United Way of Greater Mercer County and Affiliate  
[a Non-Profit Organization]**

Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

**Note 4 - Investments**

Investments are reported at fair value. All investments held by UWGMC at June 30, 2020 and 2019 are classified in Level 1 since their fair value is determined based on quoted prices in an active market exchange. Fair values and unrealized appreciation (depreciation) by investment type are summarized as follows:

	June 30, 2020		
	Cost	Fair Value	Unrealized (Depreciation)
Operating Endowment	\$ 711,654	\$ 595,323	\$ (116,331)
	<u>\$ 711,654</u>	<u>\$ 595,323</u>	<u>\$ (116,331)</u>
	June 30, 2019		
	Cost	Fair Value	Unrealized (Depreciation)
Operating Endowment	\$ 846,877	\$ 716,231	\$ (130,646)
	<u>\$ 846,877</u>	<u>\$ 716,231</u>	<u>\$ (130,646)</u>

Investment income is comprised of the following for the fiscal years ended June 30, 2020 and June 30, 2019:

	Year Ended June 30, 2020		
	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 19,256	\$ -	\$ 19,256
Net realized and unrealized (loss)	(16,612)	-	(16,612)
Total investment return	<u>\$ 2,644</u>	<u>\$ -</u>	<u>\$ 2,644</u>
	Year Ended June 30, 2019		
	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 18,455	\$ -	\$ 18,455
Net realized and unrealized gain	23,965	-	23,965
Total investment return	<u>\$ 42,420</u>	<u>\$ -</u>	<u>\$ 42,420</u>

**United Way of Greater Mercer County and Affiliate  
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Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

**Note 5 - Property and Equipment**

Property and equipment consist of the following:

	Estimated Useful Lives	June 30,	
		2020	2019
Equipment held under capital lease	5 years	\$ -	\$ 126,433
Furniture and fixtures	3-7 years	138,238	106,630
Total cost		138,238	233,063
Less accumulated depreciation		114,629	111,732
Property and equipment, net		<u>\$ 23,609</u>	<u>\$ 121,331</u>

**Note 6 - Beneficial Interest In Assets Held By A Foundation**

In 1997, UWGMC established a Designated Fund with the Princeton Area Community Foundation of New Jersey (the "Foundation" or "PACF NJ") through a transfer of unrestricted funds. Under the Fund Agreement, the Board of Trustees of the Foundation has full authority and discretion as to the investment of the assets of the fund. Gifts may be made at any time by UWGMC and both the principal and the net income are available for the charitable purposes of UWGMC. The fair value of the Designated Fund at June 30, 2020 and 2019 was \$116,331 and \$130,646, respectively.

**Note 7 - Recurring Fair Value Measurements**

UWGMC has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets which have been accounted for at fair value on a recurring basis, as of June 30, 2020 and 2019, by valuation hierarchy.

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Bond	\$ 197,800	\$ -	\$ -	\$ 197,800
Mid cap	52,906	-	-	52,906
Large cap	323,167	-	-	323,167
Precious metals	-	-	-	-
Real estate	21,450	-	-	21,450
Beneficial interest in assets held by foundation (PACF)	-	-	116,331	116,331
Total	<u>\$ 595,323</u>	<u>\$ -</u>	<u>\$ 116,331</u>	<u>\$ 711,654</u>

# United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

## Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

### Note 7 - Recurring Fair Value Measurements - Continued

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Bond	\$ 110,293	\$ -	\$ -	\$ 110,293
Mid cap	73,557	-	-	73,557
Large cap	459,658	-	-	459,658
Precious metals	36,237	-	-	36,237
Real estate	36,486	-	-	36,486
Beneficial interest in assets held by foundation (PACF)	-	-	130,646	130,646
Total	\$ 716,231	\$ -	\$ 130,646	\$ 846,877

The following is a summary of changes in the fair value of UWGMC's Level 3 investments for the year June 30, 2020:

Balance, beginning of year	\$	130,646
Realized gains included in earnings		821
Unrealized (losses) included in earnings		(15,586)
Income net of expenses		450
Balance, end of year		\$ 116,331

The following is a summary of changes in the fair value of UWGMC's Level 3 investments for the year ended June 30, 2019:

Balance, beginning of year	\$	124,446
Realized gains included in earnings		6,187
Unrealized (losses) included in earnings		(1,032)
Income net of expenses		1,045
Balance, end of year		\$ 130,646

### Note 8 - Endowment

The assets held by PACF NJ consist of publicly traded corporate bond funds, domestic equity funds, international equity funds, privately held companies, and closely held limited partnerships, and investment companies. The fair value of this interest is provided by PACF NJ based upon the underlying valuation of each fund in the portfolio.

UWGMC's endowment consists of various individual funds established for community service programs. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments (Quasi-endowments). Net assets associated with endowment funds, including Quasi-endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

**United Way of Greater Mercer County and Affiliate  
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Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

**Note 8 - Endowment - Continued**

Interpretation of Relevant Law

UWGMC has interpreted the New Jersey Uniform Prudent Management of Institutional Funds Act (“NJUPMIFA”) as requiring the preservations of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, UWGMC classifies as donor restricted net assets (a) the original value of gift 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 donor restricted net assets is classified as without donor restricted net assets until those amounts are appropriated for expenditure by UWGMC in a manner consistent with the standard of prudence prescribed by NJUPMIFA.

In accordance with NJUPMIFA, UWGMC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of UWGMC and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of UWGMC.
7. Investment policies of UWGMC.

Endowment Net Asset Composition by Type of Fund

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2019	\$ 950,977	\$ 26,022	\$ 976,999
Contributions	6,089	-	6,089
Expenses	(2,500)	-	(2,500)
Distributions	(125,000)	-	(125,000)
Investment (loss)	(96,986)	-	(96,986)
Endowment net assets, June 30, 2020	\$ 732,580	\$ 26,022	\$ 758,602

**United Way of Greater Mercer County and Affiliate  
[a Non-Profit Organization]**

Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

**Note 8 - Endowment - Continued**

	June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2018	\$ 1,377,200	\$ 26,022	\$ 1,403,222
Contributions	25,606	-	25,606
Expenses	(2,500)	-	(2,500)
Distributions	(542,500)	-	(542,500)
Investment income	93,171	-	93,171
Endowment net assets, June 30, 2019	\$ 950,977	\$ 26,022	\$ 976,999

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Board of Trustees has elected to pursue a conservative spending policy that enables long-term growth of the endowment's real purchasing power while providing ongoing support to various aspects of the UWGMC's community service programs. Spending from the endowment will not exceed 4% on a rolling 12 quarter basis with only 2% being paid until the fund reaches three quarters of \$1 million, and 3% being spent when the fund reaches three quarters of \$1 million but before the fund reaches \$2 million. Funds from earnings on donor restricted net assets appropriated for expenditure under the spending policy are expended according to donor restrictions and are classified as net assets released due to satisfaction of purpose restriction on the accompanying combined statements of activities and changes in net assets. During the years ended June 30, 2020 and 2019, The Organization was not able to meet its operating expenses mainly due to termination costs paid to cease operations of Collaboration Sciences Inc., so the Board elected to allow distributions from the endowment of \$125,000 and \$542,500, respectively.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NJUPMIFA requires UWGMC to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in net assets without donor restrictions were \$-0- as of June 30, 2020 and 2019.

Endowment Investment

The Board of Trustees has adopted the long-term investment objective of preserving the endowment's purchasing power by seeking long-term rates of total return that, over time, either match or exceed the spending rate plus inflation, while minimizing the portfolio's risk posture or volatility. The total return includes dividends, interest, and capital gains less any capital losses and expenses. The funds asset allocation should be 80% equities and 20% bonds and cash. The portfolio is reviewed quarterly and rebalances when there is a 5% plus or minus deviation.

# United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

## Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

### **Note 9 - Concentrations of Credit Risk**

UWGMC's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, receivables, and investments. UWGMC's financial instruments are placed with a wide array of institutions that have high credit ratings, interest bearing accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 and brokerage accounts are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. Cash equivalents and investments are in certificates of deposit, treasury bills, money market funds, and high-quality equities. This investment policy limits UWGMC's exposure to concentrations of credit risk. UWGMC occasionally has cash in excess of FDIC limitations and investments in excess of SIPC limitations. UWGMC has a long-standing history of collecting its pledges receivable, which are from campaign pledges from numerous donors over the tri-state area. An allowance for uncollectible has been established for amounts whose collection is questionable.

### **Note 10 - Retirement Plans and Other Retirement Benefits**

UWGMC sponsors an employer funded defined contribution retirement plan (the "Plan") which covers all eligible employees over the age of twenty-one.

Effective November 1, 2011, UWGMC terminated the employer funded contribution plan with Mutual of America and transferred the funds to an employer funded defined contribution 401k plan with Fidelity. On July 1, 2012, the plan was transitioned to an employer match whereby UWGMC matches employee donations, fifty cents on the dollar up to five percent of eligible compensation.

The expenses for the plans for the years ended June 30, 2020 and 2019 was \$27,745 and \$14,053, respectively. It is UWGMC's policy to fund the Plan at least yearly.

UWGMC provides noncontributory health care benefits to certain retired employees. These benefits apply only to former employees of Delaware Valley United Way and United Way-Princeton Area Communities who retired and were qualified under grandfather provisions of the former organizations. UWGMC's liability for post-retirement benefits in the amount of \$-0- and \$1,249 for the year ended June 30, 2020 and 2019, respectively, have recorded in the combined statements of financial position under the caption "accounts payable and accrued expenses." During the year ended June 30, 2020 and 2019, \$1,249 and \$5,621, respectively, have been paid to provide benefits for one retired employee. The retiree passed away in May 2019. The remaining liability of \$25,090 was written off at June 30, 2019.

**United Way of Greater Mercer County and Affiliate  
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Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

**Note 11 - Commitments**

*a. Rental Leases*

In September 2011, UWGMC entered into a lease agreement for new office facilities and subsequently moved into the new location. The lease calls for future minimum lease payments totaling \$2.2 million and is for a period of approximately twelve (12) years ending on March 31, 2023. During the period August 15, 2011 through March 31, 2013, no payments were due. The value of the free rent was recorded as an expense and a deferred rent payable was recorded to be amortized using the straight-line method, over the remainder of the lease term. During the fiscal year ended June 30, 2020, the lease agreement was modified to include a rent abatement of fifty percent of monthly minimum rent due from April 1, 2020 through July 31, 2020. The lease modification also included a deferment of fifty percent of monthly minimum rent from August 1, 2020 through December 31, 2020.

Minimum lease payments under the lease are as follows:

For the years ending June 30,

2021	\$ 199,466
2022	262,208
2023	<u>181,673</u>
	<u>\$ 643,347</u>

UWGMC's occupancy expense for office space, including operating expense charges paid in accordance with the lease agreement and the amortization of deferred rent, amounted to \$196,364 and \$190,949, respectively, for the years ended June 30, 2020 and 2019.



**United Way of Greater Mercer County and Affiliate  
[a Non-Profit Organization]**

Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

**Note 11 - Commitments - Continued**

*b. Capital Lease Obligation*

On April 24, 2015, UWGMC entered into a capital lease in order to finance the purchase of furniture for use by Collaboration Sciences, Inc. The capital lease is for the amount of \$316,083. In November 2011, UWGMC was released from the obligation. The financing carried a fixed interest rate of 6.49% for the life of the lease. The loan was collateralized by the purchased furniture. The assets and liabilities under the capital lease were recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets were depreciated over the lesser of the lease term or the estimated productive useful life. During the year ended June 30, 2019, the furniture was transferred to UWGMC from Collaboration Sciences Inc. at its net book value. A portion of the furniture was put into storage and was sold and donated at the end of the lease. The capital lease liability was paid off during the year ended June 30, 2020.

**Note 12 - Net Assets**

Components of net assets were as follows at June 30, 2020 and 2019:

	June 30,	
	2020	2019
<b>WITHOUT DONOR RESTRICTIONS</b>		
Undesignated, available for general operations	\$ (444,895)	\$ (284,269)
Board designated reserves		
Quasi-endowment contributions	116,330	130,877
Quasi-endowment (estates and trusts) contributions	616,250	820,100
Total board designated	732,580	950,977
Investment in property and equipment	21,075	21,075
Total without donor restrictions	308,760	687,783
<b>WITH DONOR RESTRICTIONS</b>		
Bequest receivable for use in subsequent years	-	17,121
Campaign pledges and grants for use in subsequent year	84,564	85,674
Permanently restricted-donor endowed principal	26,022	26,022
Total with donor restrictions	110,586	128,817
<b>TOTAL NET ASSETS</b>	<b>\$ 419,346</b>	<b>\$ 816,600</b>

# United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

## Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

### **Note 13 - Line of Credit**

Effective July 6, 2017, the Organization maintains a \$200,000 line of credit with a Bank. The line of credit agreement has a maturity date of September 1, 2021 and bears an interest rate computed daily at a fluctuating rate of interest per annum equal to the Prime Rate, not less than 4%. The agreement is collateralized by United Way of Greater Mercer's investments. As of June 30, 2020, and 2019, the outstanding balance was \$200,000.

### **Note 14 - Paycheck Protection Program ("PPP") Loan Payable**

On May 4, 2020, the Organization entered into a promissory note evidencing an unsecured loan in the amount of \$155,935 made to the Organization under the Paycheck Protection Program (the "Loan"). The Paycheck Protection Program ("PPP") was established under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and is administered by the U.S. Small Business Administration ("SBA"). The Loan to the Organization is being made through Investors Bank (the "Lender").

Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loan granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payment of payroll costs and any covered payments of mortgage interest, rent, and utilities. In the event the PPP Loan, or any portion thereof, is forgiven pursuant to the PPP, the amount forgiven is applied to outstanding principal and interest. The Organization intends to use all proceeds from the PPP Loan to maintain payroll, make lease and utility payments.

Interest on the loan accrues at 1.00% beginning the date the loan proceeds were received by the Organization. In the event the Loan is not forgiven, principal payments are not required to be made until a recommendation is made by the Lender to the SBA to not forgive all or portion of the loan. If the Loan were not to be forgiven, then the Organization would have two years from that date to repay the loan. The Organization does have the ability to ask to the bank for an extension of loan maturity to five years if needed consistent with the terms of Paycheck Protection Program Flexibility Act.

### **Note 15 - Liquidity**

The following reflects the Organizations financial assets as of June 30, 2020, reduced by amounts not available for general use due to donor-imposed restrictions, board designations, and management designations (for investment in property and equipment).

# United Way of Greater Mercer County and Affiliate [a Non-Profit Organization]

## Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

### Note 15 - Liquidity - Continued

	June 30,	
	2020	2019
Financial assets, at year-end:	\$ 1,106,686	\$ 1,300,238
Less: Contractual restrictions, donor-imposed restrictions, and designation funds:		
Board designated - quasi endowment	732,580	950,977
Donor restricted - endowment principal	26,022	26,022
Bequest receivable for use in subsequent years	-	17,121
Campaign and grants for use in subsequent year	84,564	85,674
Total	843,166	1,079,794
Financial Assets available to meet cash needs for general expenditures within one year:	\$ 263,520	\$ 220,444

As part of UWGMC's liquidity management, it has a goal to maintain cash and short-term investments on hand to meet 30 days of normal operating expenses, which are on average approximately \$131,500. In addition, any cash in excess of daily requirements is invested in short-term investments, certificates of deposit, or money market funds. To help manage unanticipated liquidity needs, UWGMC also could draw upon \$200,000 of available line of credit. UWGMC was approved for an Economic Injury Disaster Loan for \$150,000 in November 2020. Occasionally, the Board designates a portion of any operating surplus to its board-designated reserve endowment. During the year ended June 30, 2020, UWGMC was not able to meet normal operating expenses, therefore \$125,000 was withdrawn from the Board designated endowment.

### Note 16 - Risks 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 COVID-19 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 and states, including New Jersey. Some of the Organization's programs were suspended. The Organization did receive emergency grants which provided some relief from the coronavirus. However, as COVID-19 is still impacting many regions of the country, there is still uncertainty regarding the future impact on the Organization's programming and finances.

**United Way of Greater Mercer County and Affiliate  
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Notes to Combined Financial Statements

Years Ended June 30, 2020 and 2019

**Note 17 - Subsequent Events**

On November 2, 2020, the Organization (the "Borrower") was granted a loan (the "Loan") in the amount of \$150,000, pursuant to the Economic Injury Disaster Loan (the "EIDL") of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which was enacted March 27, 2020.

The Loan, which is in the form of a note dated November 2, 2020 issued by the Borrower, matures on November 2, 2050, and bears interest at a rate of 2.75% per annum, payable monthly commencing on November 2, 2021. The note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for working capital to alleviate economic injury such as reduced working capital, increased expenses, cash shortage due to frozen inventory, or receivables, accelerated debt, etc. The Organization intends to use the entire Loan amount for qualifying expenses.

**United Way of Greater Mercer County and Affiliate  
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Supplementary Information - Additional Resources Generated by United Way of Greater  
Mercer County that are not included in the Combined Financial Statements

*(Unaudited)*

June 30, 2020

For the years ended June 30, 2020 and 2019, UWGMC generated additional resources for the community that are not included in the accompanying combined financial statements. These resources include funds and in-kind donations directly to participating agencies and through Mercer County pharmacies that meet the criteria to be classified as agency transactions. A summary of these resources is as follows:

The Emergency Food and Shelter Program (“EFSP”) provides funds to Mercer County, New Jersey, not-for-profit agencies resulting from UWGMC’s management of that program. EFSP was created by Congress with a \$50 million appropriation in 1983 to help meet the needs of hungry and homeless people throughout the United States and its territories by allocating federal funds for the provision of food and shelter. The program is governed by a National Board; United Way Worldwide is the Secretariat and Fiscal Agent to the Board. Locally, the program is a model for public-private cooperation. For the years ended June 30, 2020 and 2019, funds paid directly to agencies totaled \$173,779 and \$151,066, respectively.

In fiscal year 2020 and 2019, the UWGMC participated in the FamilyWize Prescription Drug Saving Program. The program is a free resource from the FamilyWize Community Service Partnership. As part of the program, UWGMC distributed prescription discount cards to local pharmacies, agencies, and individuals. Since the UWGMC acted in an agency capacity and did not retain variance power over the distribution of these cards, the cards have not been recorded as in-kind donations. FamilyWize reported as of June 30, 2020 and 2019 the total value redeemed by Mercer County residents amounts to \$521,283 and \$328,604, respectively.