



United Way of Greater Richmond & Petersburg

Financial Statements

June 30, 2021 and 2020



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UNITED WAY OF GREATER RICHMOND & PETERSBURG

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
United Way of Greater Richmond & Petersburg
Richmond, Virginia:

Report on the Financial Statements

We have audited the accompanying financial statements of the United Way of Greater Richmond & Petersburg (the "Organization"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows and functional expenses 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; 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. Those standards require that we plan and perform the audits 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 the United Way of Greater Richmond & Petersburg, as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Prior Period Adjustment

As described in Note 18 to the financial statements, management has determined that the Organization has a beneficial interest in two trusts and had not recorded the trust assets. In addition, management determined that the financial statements as originally issued had certain net assets classified as with donor restrictions that should have been classified as without donor restrictions. As a result, the 2020 financial statements as originally issued did not properly reflect the assets and net assets of the United Way of Greater Richmond & Petersburg. The accompanying 2020 financial statements have been restated to increase assets by \$760,401, net assets with donor restrictions by \$460,987 and net assets without donor restrictions by \$299,414 as of July 1, 2019 to correct for this error. Our opinion is not modified with respect to this matter.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information provided on pages 29 through 32 is presented for the purpose of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



December 9, 2021
Glen Allen, Virginia

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Financial Position
June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020 (Restated)</u>
Current assets:		
Cash and cash equivalents	\$ 10,206,508	\$ 6,381,127
Pledges receivable:		
Campaign 18/19 - net of allowance of \$191,439	-	135,581
Campaign 19/20 - net of allowance of \$150,710	-	1,909,169
Campaign 20/21 - net of allowance of \$300,851	1,416,535	-
Other receivables	70,476	64,334
Other assets	<u>46,601</u>	<u>64,722</u>
Total current assets	11,740,120	8,554,933
Beneficial interest in trusts, as restated (Note 2)	5,007,490	760,401
Investments (Note 3)	5,128,910	4,848,242
Leasehold improvements and equipment at cost less accumulated depreciation (Note 4)	<u>208,143</u>	<u>65,137</u>
Total assets	<u>\$ 22,084,663</u>	<u>\$ 14,228,713</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Financial Position, Continued
June 30, 2021 and 2020

<u>Liabilities and Net Assets</u>	<u>2021</u>	<u>2020 (Restated)</u>
Current liabilities:		
Allocations payable	\$ 1,439,999	\$ 1,452,502
Designations payable	10,110,189	5,251,863
Accrued expenses	196,773	173,198
Deferred revenue	387,447	200,000
Accounts payable	-	344
Funds held for others (Note 5)	<u>14,130</u>	<u>276,662</u>
Total current liabilities	12,148,538	7,354,569
PPP loans (Note 10)	<u>485,872</u>	<u>494,717</u>
Total liabilities	<u>12,634,410</u>	<u>7,849,286</u>
Net Assets:		
Without donor restrictions, as restated (Note 6):		
Beneficial interest in trusts	4,100,000	-
Board designated:		
Reserves	1,879,149	2,610,163
Pension plan obligation	360,344	390,344
United Way operations	1,519,362	1,295,888
Leasehold improvements and equipment	<u>208,146</u>	<u>65,136</u>
Total board designated	<u>3,967,001</u>	<u>4,361,531</u>
Total without donor restrictions	<u>8,067,001</u>	<u>4,361,531</u>
With donor restrictions, as restated (Note 7):		
Annual campaign designated for future periods	169,287	745,759
Beneficial interest in trusts	907,490	760,401
Other with donor restrictions	<u>306,475</u>	<u>511,736</u>
Total with donor restrictions	<u>1,383,252</u>	<u>2,017,896</u>
Total net assets	<u>9,450,253</u>	<u>6,379,427</u>
Total liabilities and net assets	<u>\$ 22,084,663</u>	<u>\$ 14,228,713</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Activities Year Ended June 30, 2021, with Comparative Totals for 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total (Restated)
Revenues, gains and other support:				
Gross campaign pledges 2020 / 2022	\$ -	\$ 7,677,280	\$ 7,677,280	\$ 8,839,961
Less donor designations	-	(3,401,675)	(3,401,675)	(3,805,756)
Less provision for uncollectible pledges	-	(593,335)	(593,335)	(357,806)
Subtotal campaign revenue 2020 / 2022	-	3,682,270	3,682,270	4,676,399
Energy Share contributions	-	11,548,478	11,548,478	6,128,366
Less donor designations - Energy Share	-	(11,548,478)	(11,548,478)	(6,128,366)
Subtotal Energy Share contribution 2020 / 2021	-	-	-	-
Gross campaign pledges prior year's:				
Contributions received	-	-	-	49,924
Less donor designations	-	-	-	(3,099)
Subtotal prior year's campaign revenue	-	-	-	46,825
Contributions received released from				
restrictions	19,225,758	(19,225,758)	-	-
Donor designations	(14,950,153)	14,950,153	-	-
Net current period campaign	4,275,605	(4,275,605)	-	-
Gross campaign pledges future year	-	169,067	169,067	745,758
Total campaign revenue	4,275,605	(424,268)	3,851,337	5,468,982
Contributions	-	168,405	168,405	529,664
Memorials and bequests	4,100,000	-	4,100,000	83,780
Net public support	8,375,605	(255,863)	8,119,742	6,082,426
Grants from governmental agencies	-	623,920	623,920	129,370
Other revenue:				
Third party processing fees	275,402	-	275,402	233,354
PPP loan forgiveness	494,717	-	494,717	-
Sponsorships	5,750	-	5,750	-
Investment income, net	279,718	-	279,718	185,557
Trust income	32,224	-	32,224	32,264
Unrealized gain (loss), investments	715,271	-	715,271	(94,104)
Unrealized gain (loss), beneficial interest in trusts	147,089	-	147,089	(8,447)
Endowment income	245,079	-	245,079	191,037
Designations from other United Ways	7,735	-	7,735	7,825
Fees from donor designations	16,434	-	16,434	26,926
Net other revenue	2,219,419	-	2,219,419	574,412
Net assets released from restrictions (Note 8)	1,002,701	(1,002,701)	-	-
Net public support and other revenue	11,597,725	(634,644)	10,963,081	6,786,208

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Activities, Continued
Year Ended June 30, 2021, with Comparative Totals for 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total (Restated)
Allocations and expenses:				
Program services:				
Gross allocations	\$ 17,830,153	\$ -	\$ 17,830,153	\$ 12,842,000
Less donor designations	<u>(14,950,153)</u>	<u>-</u>	<u>(14,950,153)</u>	<u>(9,937,000)</u>
Net allocations	2,880,000	-	2,880,000	2,905,000
Community planning and allocations	1,963,862	-	1,963,862	1,125,370
Community initiatives	<u>815,155</u>	<u>-</u>	<u>815,155</u>	<u>929,446</u>
Total program services	<u>5,659,017</u>	<u>-</u>	<u>5,659,017</u>	<u>4,959,816</u>
Supporting services:				
Fundraising	1,568,442	-	1,568,442	1,782,578
Management and general	<u>664,796</u>	<u>-</u>	<u>664,796</u>	<u>783,911</u>
Total supporting services	<u>2,233,238</u>	<u>-</u>	<u>2,233,238</u>	<u>2,566,489</u>
Total expenses	<u>7,892,255</u>	<u>-</u>	<u>7,892,255</u>	<u>7,526,305</u>
Change in net assets	3,705,470	(634,644)	3,070,826	(740,097)
Net assets, beginning of year (as restated)	<u>4,361,531</u>	<u>2,017,896</u>	<u>6,379,427</u>	<u>7,119,524</u>
Net assets, end of year	<u>\$ 8,067,001</u>	<u>\$ 1,383,252</u>	<u>\$ 9,450,253</u>	<u>\$ 6,379,427</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Activities Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total (Restated)
Revenues, gains and other support:			
Gross campaign pledges 2019 / 2020	\$ -	\$ 8,839,961	\$ 8,839,961
Less donor designations	-	(3,805,756)	(3,805,756)
Less provision for uncollectible pledges	-	(357,806)	(357,806)
Subtotal campaign revenue 2019 / 2020	<u>-</u>	<u>4,676,399</u>	<u>4,676,399</u>
Energy Share contributions	-	6,128,366	6,128,366
Less donor designations - Energy Share	-	(6,128,366)	(6,128,366)
Subtotal Energy Share contribution 2019 / 2020	<u>-</u>	<u>-</u>	<u>-</u>
Gross campaign pledges prior year's:			
Contributions received	49,924	-	49,924
Less donor designations	-	(3,099)	(3,099)
Subtotal prior year's campaign revenue	<u>49,924</u>	<u>(3,099)</u>	<u>46,825</u>
Contributions received released from restrictions			
	14,764,689	(14,764,689)	-
Donor designations	(9,937,000)	9,937,000	-
Net current period campaign	<u>4,827,689</u>	<u>(4,827,689)</u>	<u>-</u>
Gross campaign pledges future year	-	745,758	745,758
Total campaign revenue	<u>4,877,613</u>	<u>591,369</u>	<u>5,468,982</u>
Contributions	-	529,664	529,664
Memorials and bequests	83,780	-	83,780
Net public support	<u>4,961,393</u>	<u>1,121,033</u>	<u>6,082,426</u>
Grants from governmental agencies	<u>-</u>	<u>129,370</u>	<u>129,370</u>
Other revenue:			
Third party processing fees	233,354	-	233,354
Investment income, net	185,557	-	185,557
Unrealized loss	(94,104)	-	(94,104)
Unrealized loss, beneficial interest in trusts, as restated	-	(8,447)	(8,447)
Endowment income	223,301	-	223,301
Designations from other United Ways	7,825	-	7,825
Fees from donor designations	26,926	-	26,926
Net other revenue	<u>582,859</u>	<u>(8,447)</u>	<u>574,412</u>
Net assets released from restrictions (Note 8)	<u>846,856</u>	<u>(846,856)</u>	<u>-</u>
Net public support and other revenue	<u>6,391,108</u>	<u>395,100</u>	<u>6,786,208</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Activities, Continued
Year Ended June 30, 2020

	Without Donor <u>Restrictions</u>	With Donor Restrictions	Total (Restated)
Allocations and expenses:			
Program services:			
Gross allocations	\$ 12,842,000	\$ -	\$ 12,842,000
Less donor designations	<u>(9,937,000)</u>	<u>-</u>	<u>(9,937,000)</u>
Net allocations	2,905,000	-	2,905,000
Community planning and allocations	1,125,370	-	1,125,370
Community initiatives	<u>929,446</u>	<u>-</u>	<u>929,446</u>
Total program services	<u>4,959,816</u>	<u>-</u>	<u>4,959,816</u>
Supporting services:			
Fundraising	1,782,578	-	1,782,578
Management and general	<u>783,911</u>	<u>-</u>	<u>783,911</u>
Total supporting services	<u>2,566,489</u>	<u>-</u>	<u>2,566,489</u>
Total expenses	<u>7,526,305</u>	<u>-</u>	<u>7,526,305</u>
Change in net assets	(1,135,197)	395,100	(740,097)
Net assets, beginning of year, as restated	<u>5,496,728</u>	<u>1,622,796</u>	<u>7,119,524</u>
Net assets, end of year, as restated	<u>\$ 4,361,531</u>	<u>\$ 2,017,896</u>	<u>\$ 6,379,427</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u> (Restated)
Cash flows from operating activities:		
Change in net assets	\$ 3,070,826	\$ (740,097)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Unrealized and realized net investment gain	(994,989)	(91,453)
Loss on disposal of equipment	18,636	-
Unrealized (gain) loss on trusts	(147,089)	8,447
Depreciation	35,914	44,561
PPP loan forgiveness	(494,717)	-
Changes in operating assets and liabilities:		
Pledges receivable	628,215	141,112
Other receivables	(6,142)	118,745
Beneficial interest in trusts	(4,100,000)	-
Other assets	18,121	(4,947)
Allocations payable	(12,503)	(245,162)
Designations payable	4,858,326	1,884,547
Accrued expenses	23,575	57,929
Deferred revenue	187,447	200,000
Accounts payable	(344)	(18,766)
Funds held for others	<u>(262,532)</u>	<u>(201,077)</u>
Net cash provided by operating activities	<u>2,822,744</u>	<u>1,153,839</u>
Cash flows from investing activities:		
Net proceeds from sale of investments	714,321	1,204,737
Purchase of leasehold improvements and equipment	<u>(197,556)</u>	<u>(16,083)</u>
Net cash provided by investing activities	<u>516,765</u>	<u>1,188,654</u>
Cash flows provided by financing activities:		
Proceeds from PPP loans (Note 10)	<u>485,872</u>	<u>494,717</u>
Net change in cash and cash equivalents	3,825,381	2,837,210
Cash and cash equivalents, beginning of year	<u>6,381,127</u>	<u>3,543,917</u>
Cash and cash equivalents, ending of year	<u>\$ 10,206,508</u>	<u>\$ 6,381,127</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Functional Expenses Year Ended June 30, 2021, with Comparative Totals for 2020

	Program Services			Support Services			2021 Total	2020 Total
	Community Planning and Allocations	Community Initiatives (see Supplemental Schedule)	Total	Fundraising	Management and General	Total		
Gross allocations	\$ 17,830,153	\$ -	\$ 17,830,153	\$ -	\$ -	\$ -	\$ 17,830,153	\$ 12,842,000
Less donor designations	(14,950,153)	-	(14,950,153)	-	-	-	(14,950,153)	(9,937,000)
Subtotal	2,880,000	-	2,880,000	-	-	-	2,880,000	2,905,000
Salaries	668,952	341,495	1,010,447	751,283	317,978	1,069,261	2,079,708	2,277,767
Health and retirement benefits	117,560	90,221	207,781	128,048	57,543	185,591	393,372	401,796
Payroll taxes	44,196	18,111	62,307	54,691	22,289	76,980	139,287	173,848
Contract labor	-	-	-	-	-	-	-	655
Moving and recruitment	-	-	-	-	152	152	152	1,147
Specific program expenses	798,860	185,063	983,923	1,169	-	1,169	985,092	348,515
Pension plan contributions	86,293	32,360	118,653	102,473	48,540	151,013	269,666	291,420
Professional fees	60,897	29,592	90,489	174,135	54,231	228,366	318,855	110,689
Supplies	2,842	16,034	18,876	47,236	4,428	51,664	70,540	70,595
Telephone	4,706	2,029	6,735	3,928	4,402	8,330	15,065	28,578
Postage and shipping	3,061	2,830	5,891	9,272	3,007	12,279	18,170	15,368
Occupancy	89,390	33,521	122,911	106,151	41,657	147,808	270,719	383,742
Equipment maintenance	46,010	23,163	69,173	54,451	35,844	90,295	159,468	133,584
Printing and publications	2,517	114	2,631	59,446	-	59,446	62,077	152,985
Travel and related expenses	1,450	1,474	2,924	3,576	40	3,616	6,540	21,576
Conferences, conventions, and meetings	245	1,815	2,060	346	2,608	2,954	5,014	29,778
Depreciation expense	7,901	7,901	15,802	13,647	6,465	20,112	35,914	44,561
Dues and subscriptions	-	450	450	1,745	12,495	14,240	14,690	10,123
Subtotal	1,934,880	786,173	2,721,053	1,511,597	611,679	2,123,276	4,844,329	4,496,727
Total before UWA dues and loss on disposal	4,814,880	786,173	5,601,053	1,511,597	611,679	2,123,276	7,724,329	7,401,727
Loss on disposal of equipment	4,100	4,100	8,200	7,082	3,354	10,436	18,636	-
United Way Worldwide dues	24,882	24,882	49,764	49,763	49,763	99,526	149,290	124,578
Total functional expenses	<u>\$ 4,843,862</u>	<u>\$ 815,155</u>	<u>\$ 5,659,017</u>	<u>\$ 1,568,442</u>	<u>\$ 664,796</u>	<u>\$ 2,233,238</u>	<u>\$ 7,892,255</u>	<u>\$ 7,526,305</u>

Note: Specific program expenses mainly include external program related costs including contracting for Youth Program Quality Intervention (“YPQI”), payments to energy vendors and other specific program activities.

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services			Support Services			Total
	Community Planning and Allocations	Community Initiatives (see Supplemental Schedule)	Total	Fundraising	Management and General	Total	
Gross allocations	\$ 12,842,000	\$ -	\$ 12,842,000	\$ -	\$ -	\$ -	\$ 12,842,000
Less donor designations	(9,937,000)	-	(9,937,000)	-	-	-	(9,937,000)
Subtotal	2,905,000	-	2,905,000	-	-	-	2,905,000
Salaries	615,810	342,645	958,455	980,450	338,862	1,319,312	2,277,767
Health and retirement benefits	87,539	87,190	174,729	156,661	70,406	227,067	401,796
Payroll taxes	41,002	24,274	65,276	73,713	34,859	108,572	173,848
Contract labor	-	-	-	-	655	655	655
Moving and recruitment	-	-	-	-	1,147	1,147	1,147
Specific program expenses	-	348,513	348,513	-	2	2	348,515
Pension plan contributions	110,419	30,138	140,557	93,727	57,136	150,863	291,420
Professional fees	9,627	14,133	23,760	8,629	78,300	86,929	110,689
Supplies	869	4,991	5,860	57,893	6,842	64,735	70,595
Telephone	12,404	1,235	13,639	10,037	4,902	14,939	28,578
Postage and shipping	5,272	294	5,566	6,179	3,623	9,802	15,368
Occupancy	147,925	8,537	156,462	126,593	100,687	227,280	383,742
Equipment maintenance	55,420	10,465	65,885	49,831	17,868	67,699	133,584
Printing and publications	1,163	2,818	3,981	149,004	-	149,004	152,985
Travel and related expenses	3,508	5,465	8,973	10,750	1,853	12,603	21,576
Conferences, conventions, and meetings	5,926	19,343	25,269	-	4,509	4,509	29,778
Depreciation expense	7,442	7,442	14,884	14,838	14,839	29,677	44,561
Miscellaneous	281	1,200	1,481	2,747	5,895	8,642	10,123
Subtotal	1,104,607	908,683	2,013,290	1,741,052	742,385	2,483,437	4,496,727
Total before UWA dues	4,009,607	908,683	4,918,290	1,741,052	742,385	2,483,437	7,401,727
United Way Worldwide dues	20,763	20,763	41,526	41,526	41,526	83,052	124,578
Total functional expenses	\$ 4,030,370	\$ 929,446	\$ 4,959,816	\$ 1,782,578	\$ 783,911	\$ 2,566,489	\$ 7,526,305

Note: Specific program expenses mainly include external program related costs including contracting for YPQI, payments to energy vendors and other specific program activities.

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements

1. Nature of Activities and Significant Accounting Policies:

Nature of Organization: United Way of Greater Richmond & Petersburg (the “Organization”) helps build capacity in critical programs and services to prepare children, help families and individuals achieve financial stability, and support the health and wellness of older adults. Working together with organizations and individuals throughout greater Richmond and Petersburg, the Organization is changing and improving lives not only in the moment of need, but for the long-term. The majority of the revenues come from the annual campaign. The campaign raises both funds with donor restrictions and funds without donor restrictions. The funds without donor restrictions are allocated by local volunteers, who serve on the allocation panels of the Organization’s Planning and Allocations Division, and the allocations are approved by the Board of Directors.

Basis of Accounting: The accompanying financial statements are presented in accordance with the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“GAAP”) as determined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification.

Classifications of Net Assets: The financial statements are presented in accordance with FASB accounting guidance for financial statements of not-for-profit organizations, which establishes standards for financial statements issued by nonprofit organizations. It requires that net assets and related revenue and expenses be classified in two classes of net assets – net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Net Assets Without Donor Restrictions: Net assets without donor restrictions are not subject to donor-imposed restrictions. Net assets without donor restrictions include the revenues and expenses of the primary operations of the Organization. Board designated funds as assessed by the Board of Directors are a component of net assets without donor restrictions and consists of amounts included within the endowment for use of future mission related projects. Additions and disbursements to the board designated funds occur at the discretion of the Board of Directors. The following describes the purpose of each board designation:

- Reserves – funds designated for future operating needs
- Pension plan obligation – funds designated for multiagency pension plan to cover out of business affiliates
- United Way operations– funds designated for current operating needs
- Building and equipment– funds designated for future capital purchases and projects.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

1. Nature of Activities and Significant Accounting Policies, Continued:

Classifications of Net Assets, Continued:

Net Assets With Donor Restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include donor-imposed stipulations for specific operating purposes. When a donor restriction expires, net assets with donor restrictions may be reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that they be maintained permanently by the Organization to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation. Net assets with permanent donor restrictions consist of beneficial interest in trusts of \$907,490 as of June 30, 2021 and \$760,401 as of June 30, 2020.

Pledges and Allocations: Pledges to the Organization, net of estimated uncollectible amounts, are recognized as revenue or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of benefits received. Allocations to agencies approved prior to the allocation year are deducted from annual campaign support designated for future periods and are reported as liabilities until paid. All contributions are considered available for use without restrictions unless specifically restricted by the donor. Pledges are recorded in the Statements of Financial Position when received, and allowances are provided for amounts estimated to be uncollectible. All uncollected pledges are charged off at the end of the second year following the year in which they were pledged. The amounts estimated to be uncollectible are determined by historical trends and current economic and environmental factors and approved by the Board of Directors. Pledges that are raised by the Organization but paid directly to the designated agency by the company or a third party, totaled \$1,393,644 and \$2,019,964 for the years ended June 30, 2021 and 2020, respectively.

Cash and Cash Equivalents: For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and equivalents.

Use of Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual events and circumstances could alter those estimates.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

1. Nature of Activities and Significant Accounting Policies, Continued:

Investments: Investments are comprised of a mutual fund and money market fund and are reported in the statements of financial position at their fair values based on quoted market prices (see Note 3). Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the financial statements.

Leasehold Improvements and Equipment: Leasehold improvements and equipment are recorded at cost for purchased assets and at fair market value at the date of receipt for contributed assets. Depreciation is computed by the straight-line method over the estimated useful lives of the assets ranging from 5 to 10 years using the straight-line and MACRS methods. Expenditures for maintenance and repairs are charged to expense, while expenses for major improvements are capitalized. The cost and accumulated depreciation are removed from the accounts for property sold or retired and any resulting gain or loss is included in operations.

Paycheck Protection Program (“PPP”) Loan: The Organization’s policy is to account for the PPP loan as debt (see Note 10). The Organization will continue to record the loan as debt until either (1) the loan is partially or entirely forgiven and the debtor has been legally released, at which point the amount forgiven would be recorded into income, or (2) the Organization pays off the loan. The loan is included as note payable on the accompanying Statements of Financial Position.

Donated Services: No amounts have been reflected in the financial statements for donated services because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization’s program services and fund raising campaigns.

Tax Status: United Way of Greater Richmond & Petersburg is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined to be a charitable organization, which qualifies contributions, bequests and legacies as deductions by the donor for income, estate and gift tax purposes.

Income Tax Uncertainties: The Organization has adopted FASB guidance related to accounting for uncertainty in income taxes, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Organization’s financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

1. Nature of Activities and Significant Accounting Policies, Continued:

Income Tax Uncertainties, Continued: In accordance with the guidance, the Organization discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts and the Organization's position and records unrecognized tax benefits or liabilities for known, or anticipated tax issues based on the Organization's analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Organization accrues interest and penalties related to unrecognized tax benefits as other noncurrent liabilities and recognizes the related changes in the Organization's assessments as a component of income tax expense. The Organization has completed its assessment and determined that there were no tax positions, which would require recognition under the guidance. The Organization is not currently under audit by any tax jurisdiction.

Deferred Revenue: Deferred revenue consists of income which has been received in advance for administrative services provided as part of the Energy Share campaign (see Note 5). The income is recognized and transferred to the appropriate income accounts upon completion of the services provided.

Concentration of Credit Risk: Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and unsecured receivables.

Management believes the Organization's cash balances are maintained with quality financial institutions in order to offset the risk of loss that may occur when balances exceed the Federal Deposit Insurance Corporation insured limits on each account of \$250,000. The ability to collect pledges resulting from fund raising efforts is affected by general economic conditions in the Richmond-Petersburg, Virginia metropolitan area.

Functional Allocation of Expenses: The cost of providing various program and support activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas, while indirect costs that benefit multiple functional areas have been allocated among various functional areas on several bases and estimates. Costs related to personnel are allocated amongst functions based upon the percentage of time each employee spends performing each function. Certain supplies and services have been allocated based on usage. Most other costs are evaluated on a per invoice basis to determine what functions have been served.

Reclassifications: Certain prior year balances have been reclassified to conform with the current year presentation.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

2. Beneficial Interest in Trusts:

The Organization is currently the partial beneficiary of two perpetual trusts established by split interest agreements. Split interest agreements are trust agreements established by donors under which the Organization receives benefits that are shared with other beneficiaries. The trust agreements established by the donors provide for a third party to hold the assets. The Organization's share of the market value, which approximates the present value of expected future cash receipts from the trust assets, was \$907,490 on June 30, 2021, and \$760,401 on June 30, 2020, which is classified as net assets with donor restrictions. Income received from these trusts was \$32,224 for the year ended June 30, 2021 and \$32,264 for the year ended June 30, 2020 and is classified as net assets without donor restrictions in the financial statements. In addition, the Organization was notified as being a beneficiary of a charitable remainder trust during the year ended June 30, 2021. The Organization's share of the market value recorded in June 2021, upon notification by the trustee, was \$4,100,000. The Organization received approximately 75% of its share in the trust in September 2021, and is expected to receive the remaining 25% once the underlying real estate held by the trust is sold. The \$4,100,000 is without donor restrictions.

3. Fair Value Measurements:

The Organization follows FASB guidance on fair value measurements. The provisions of the guidance provide a framework for measuring fair value under GAAP and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance requires that valuation techniques maximize the use of observable inputs and minimizes the use of unobservable inputs. This guidance also established a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date. The Organization's Level 1 assets include cash and cash equivalents, money market funds and mutual fund shares.

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

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

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

3. Fair Value Measurements, Continued:

The Organization does not hold Level 2 assets or liabilities at fair value on the Statements of Financial Position.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management’s estimates of market participant assumptions.

Mutual funds: Valued at the closing price reported on the active market on which the funds are traded

Real estate: Valued based on appraisals, broker opinions and tax values

Assets measured at fair value on a recurring basis at June 30, 2021 include the following:

	Fair Value Using			Assets at Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Investments:				
Cash equivalents	\$ 12,417	\$ -	\$ -	\$ 12,417
Mutual funds	<u>5,116,493</u>	<u>-</u>	<u>-</u>	<u>5,116,493</u>
Total investments	5,128,910	-	-	5,128,910
Assets held in trusts:				
Cash equivalents	4,059,118	-	-	4,059,118
Mutual funds	876,383	-	-	876,383
Real estate	<u>-</u>	<u>-</u>	<u>71,989</u>	<u>71,989</u>
Total assets held in trusts	4,935,501	-	71,989	5,007,490
Total	<u>\$10,064,411</u>	<u>\$ -</u>	<u>\$ 71,989</u>	<u>\$ 10,136,400</u>

There was no level 3 activity during 2021.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

3. Fair Value Measurements, Continued:

Assets measured at fair value on a recurring basis at June 30, 2020 include the following:

	Fair Value Using			Assets at Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Investments:				
Cash equivalents	\$ 792,211	\$ -	\$ -	\$ 792,211
Mutual funds	<u>4,056,031</u>	<u>-</u>	<u>-</u>	<u>4,056,031</u>
Total investments	4,848,242	-	-	4,848,242
Assets held in trusts:				
Cash equivalents	28,159	-	-	28,159
Mutual funds	<u>732,242</u>	<u>-</u>	<u>-</u>	<u>732,242</u>
Total assets held in trusts	760,401	-	-	760,401
 Total	 <u>\$ 5,608,643</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 5,608,643</u>

4. Leasehold Improvements and Equipment:

Leasehold improvements and equipment consisted of the following:

	2021	2020
Leasehold improvements	\$ 85,735	\$ 175,549
Furniture, equipment and software	<u>421,661</u>	<u>1,456,925</u>
	507,396	1,632,474
Less accumulated depreciation	<u>299,253</u>	<u>1,567,337</u>
 Total	 <u>\$ 208,143</u>	 <u>\$ 65,137</u>

Depreciation expense amounted to \$35,914 and \$44,561 for the years ended June 30, 2021 and 2020, respectively.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

5. Funds Held for Energy Share and Others:

Energy Share:

Energy Share is a fuel assistance program that pays for the heating and cooling services of those individuals who cannot financially secure these services on their own. The Organization collects and distributes these contributions.

Effective July 1, 2017, United Way of Greater Richmond & Petersburg and Dominion Energy (“DE”) executed an Energy Share agreement whereby DE makes a designated contribution to the Organization to manage the Energy Share program’s funds. These designated contributions are shown as gross Energy Share Funds on the Statements of Activities.

Others:

The Organization is also an independent processor for third-party campaigns. Amounts collected, but not remitted at year end are reflected in funds held for others.

Funds held for Energy Share and others are reflected as revenues and expenses in the Statements of Activities.

Transactions for funds held for others consisted of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Balance, beginning	\$ 276,662	\$ 477,739
Amounts received	398,980	1,466,574
Amounts disbursed	<u>(661,508)</u>	<u>\$ (1,667,651)</u>
Balance, ending	<u>\$ 14,130</u>	<u>\$ 276,662</u>

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

6. Net Assets without Donor Restrictions:

Net assets without donor restrictions as of June 30 consisted of the following:

	<u>2021</u>	<u>2020</u>
Edmund A Saunders Trust	\$ 4,100,000	\$ -
Designated by the Board of Directors:		
Capital Replacement Reserve Fund	-	72,867
Community Reserve Fund	1,879,149	2,537,296
Pension Plan obligation	360,344	390,344
United Way operations	1,519,362	1,295,888
Building and equipment net assets	<u>208,146</u>	<u>65,136</u>
Total without donor restrictions	<u>\$ 8,067,001</u>	<u>\$ 4,361,531</u>

7. Net Assets With Donor Restrictions:

Net assets with donor restrictions as of June 30 are available for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Education/Early Care:		
Youth Program Quality Initiative	\$ 222,690	\$ 203,954
Youth Housing Stability	-	46,202
Kindergarten Countdown Camp	15,332	-
Income/Financial Stability:		
WomenRise	22,065	-
VITA	-	45,001
Workforce Development	46,388	160,286
Health		
Beyond ACES	-	21,887
Bridging Richmond	-	34,406
Trusts		
Frank Brown Trust	596,577	493,845
Laura J Harris Trust	<u>310,913</u>	<u>266,556</u>
	1,213,965	1,272,137
Annual campaign desig. for future periods	<u>169,287</u>	<u>745,759</u>
	<u>\$ 1,383,252</u>	<u>\$ 2,017,896</u>

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

7. Net Assets With Donor Restrictions, Continued:

Net assets with donor restrictions to be held in perpetuity include the trusts at June 30, 2021 and 2020. Such net assets are restricted to investment in perpetuity, the income of which is without donor restrictions.

8. Net Assets Released from Restrictions:

Net assets released for expenses satisfying the restricted purposes of grants were as follows:

	2021	2020
Expenses satisfying restricted purposes:		
Education/Early Care:		
Youth Program Quality Initiative	\$ 82,464	\$ 206,088
Youth Housing Stability	40,053	66,138
Kindergarten Countdown Camp	4,668	2,428
Petersburg City Schools	93,029	124,968
Income/Financial Stability:		
WomenRise	15,234	55,225
VITA	200,770	137,013
Metrocare	15,000	-
Workforce Development	113,998	77,081
2-1-1	96,464	91,974
Health		
Beyond ACES	21,887	16,855
Bridging Richmond	34,406	69,086
Other		
Hanover CARES	500,000	
Publix	13,752	
Strategic Engagement	46,548	-
Reclassifications	(275,572)	-
	\$ 1,002,701	\$ 846,856

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

9. Retirement Plans:

Defined Benefit Plan:

United Way of Greater Richmond & Petersburg administers and sponsors a multiple employer noncontributory defined benefit plan (as defined by ERISA and IRS code), the Defined Benefit Pension Plan of United Way of Greater Richmond & Petersburg and Affiliated Agencies (the "Plan"), which covered substantially all employees of the Organization until the Plan was frozen. Each year, the Organization sets the rate of contribution for covered salaries for all affiliated agencies.

The Plan funds the employee benefits of the Organization and affiliated agencies as if the employees worked for one entity. As such the actuarial calculations are not determined for the individual organizations participating in this Plan. GAAP considers the current year contribution for this type of plan to be the pension costs, and no Plan asset or obligation for benefits is recorded in the Organization's financial statements.

The Organization's contributions to the Plan amounted to \$302,027 in fiscal year 2021 and \$297,558 in fiscal year 2020.

As of January 1, 2021 and 2020, the most recent measurement dates for the Plan, the fair value of Plan assets amounted to \$35,490,126 and \$36,470,455 respectively, and the present value of accumulated Plan benefits amounted to \$31,766,569 and \$36,369,013 respectively. As of June 30, 2021 and 2020, the fair value of Plan assets amounted to approximately \$37,693,248 and \$35,489,870, respectively. Based on actuarial assumptions, current interest rates, market conditions, requirements of the Pension Protection Act, and other factors, the Organization and affiliated agencies are likely to be required to make future contributions to the Plan. At June 30, 2021 and 2020, the Organization had \$360,344 and \$390,344, respectively, of net assets designated for future obligations related to the Plan.

On September 26, 2008, the Board of Directors of United Way of Greater Richmond & Petersburg approved a resolution to freeze the Plan, effective December 31, 2008. The Organization set funding requirements from the Organization and affiliated agencies amounting to \$1,500,000 for the year ended June 30, 2021 and June 30, 2020, which is allocated according to the respective benefit liability of each agency. This amount is subject to revision based on changes in legislation and other related factors. Since the Organization is the Plan Sponsor, should the participating entities not fulfill their funding responsibilities, the Organization could be exposed to additional risk.

During May 2021, the Plan's investments were de-risked, by way of duration matching, in order to minimize an increase in the Plan's unfunded liability.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

9. Retirement Plans, Continued:

Defined Benefit Plan, Continued:

In September 2021, the Board of Directors of United Way of Greater Richmond & Petersburg approved a resolution to terminate the Plan effective as of November 30, 2021 with a late 2022 expected payout of benefits to all eligible participants in accordance with the Plan document. In connection with the termination, the Plan Sponsor will be required to contribute the difference between the accumulated benefit obligation and the Plan's investment balance, if any.

Defined Contribution Plan:

In addition, the Organization sponsors a defined contribution retirement plan which covers all employees who meet eligibility requirements. The plan enables participants to make contributions, and the Organization may make matching contributions. The Organization's contributions to the plan amounted to \$157,272 for the year ended June 30, 2021 and \$170,455 for the year ended June 30, 2020.

10. Line of Credit and PPP loans:

The Organization has available an unsecured line of credit of \$2,000,000. The line of credit has an interest rate of one-month LIBOR plus 2.0% per annum, is due on demand and renews annually. The next renewal will be on February 24, 2022. There have not been any borrowings against this line.

As a result of the COVID-19 pandemic, in April 2020 the Organization applied for and received a loan through the Paycheck Protection Program in the amount of \$494,717. The loan incurred fixed interest at 1%. In February 2021, the Organization received full forgiveness of the loan and recognized the full amount of \$494,717 as unrestricted revenue. In addition, the Organization applied for and received a second PPP loan in the amount of \$485,872 in February 2021. The second PPP loan incurs fixed interest at 1% and matures in February 2024. As of June 30, 2021, the Organization had not yet received forgiveness for the second PPP loan but expects full forgiveness to be given. The loans are recorded as notes payable on the statements of financial position until forgiven.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

11. Lease Commitments:

The Organization leases office space through December 2025 and equipment under non-cancelable operating leases. As of June 30, 2021 future combined equipment and office lease payments are as follows:

2022	\$	215,142
2023		213,173
2024		219,493
2025		226,003
2026		<u>114,602</u>
	\$	<u>988,413</u>

Rent expense for the years ended June 30, 2021 and 2020 was \$253,197 and \$366,511 respectively.

12. Related Party Transactions:

Fund:

The United Way of Greater Richmond & Petersburg Endowment and E. Claiborne Robins Endowment were organized to support the charitable and educational activities consistent with the mission of United Way of Greater Richmond & Petersburg. The endowment assets are held by the Community Foundation and are not reflected in the financial statements of the Organization. The Board of Directors has the right to request that The Community Foundation return the funds to the Organization. The Community Foundation would then need to take a vote and approve or deny that request. The funds are without donor restriction.

Summary financial information as of June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Fund balance	\$ 7,640,654	\$ 5,711,664

The Organization received grants totaling \$245,079 and \$191,037 during the years ending June 30, 2021 and 2020, respectively.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

13. Overhead:

United Way of Greater Richmond & Petersburg provides an overhead measure for analytical review and comparison with other United Ways as established by United Way Worldwide membership standards. The percentage is based on gross revenues less allowance for uncollectible pledges. Overhead expenses include fundraising, management, and general expenses including depreciation, and United Way Worldwide membership dues. The percentages for 2021 and 2020 are as follows:

	2021	2020
Net public support and revenue	\$ 10,963,081	\$ 6,786,208
Unrealized (gain) loss on investments, net	(715,271)	94,104
Provision for (recovery of) shrinkage for prior years	(9,613)	4,419
Donor designations	14,950,153	9,937,000
Provision for uncollectible pledges	593,335	357,806
Gross revenues	25,781,685	17,179,537
Less provision for uncollectible pledges	(593,335)	(357,806)
Net revenues	\$ 25,188,350	\$ 16,821,731
Fundraising	\$ 1,568,442	\$ 1,782,578
Management and general	664,796	783,911
Total overhead	\$ 2,233,238	\$ 2,566,489
Percent of net revenues:		
Fundraising	6.23%	10.60%
Management and general	2.64%	4.66%
Total overhead, net method	8.87%	15.26%

14. Indemnification:

The Organization has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was, serving, at the Organization's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia, and the Organization's insurance policies also serve to further limit its exposure. The Organization is not aware of any such obligations.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

15. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statements of Financial Position date, comprise the following:

	2021	2020
Financial assets available within one year:		
Cash and cash equivalents	\$ 10,206,508	\$ 6,381,127
Pledges receivable, net of allowance	1,416,535	2,044,750
Other receivables	70,476	64,334
Investments, short-term and liquid	5,128,910	4,848,242
Total financial assets available within one year	16,822,429	13,338,453
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	475,762	1,257,495
Board Designated reserves	2,447,639	3,065,643
Total amounts unavailable for general expenditures within one year	2,923,401	4,323,138
Financial assets available within one year for general expenditure	\$ 13,899,028	\$ 9,015,315

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of \$2,000,000 at June 30, 2021 and 2020 which it could draw upon. Net assets with donor restrictions includes \$169,067 and \$745,759 of funds that are restricted to purposes that support various annual operating initiatives of the Organization as of June 30, 2021 and 2020, respectively (see Note 7). The Organization also has investments held at the Community Foundation in the United Way of Greater Richmond and Petersburg Endowment and E. Claiborne Robins Endowment, which could be used if certain conditions are met as described in Note 12. In addition, under certain conditions, board designated reserves totaling \$2,447,639 and \$3,065,643 as of June 30, 2021 and 2020, respectively, could be made available for operations.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

16. Subsequent Events:

Management has evaluated subsequent events through December 9, 2021, the date the financial statements were available to be issued, and other than the event described in Note 9, has determined there are no subsequent events to be reported in the accompanying financial statements.

17. New Accounting Guidance:

Leases: In February 2016, the FASB issued new guidance over leases which requires that all leasing activity with initial terms in excess of twelve months be recognized on the statement of financial position with a right of use asset and a lease liability. The standards will require entities to classify leases as either a finance or operating lease based upon the contractual terms. For finance leases, the right to use asset and lease liability will be calculated based upon the present value of the lease payments. The asset will then be amortized and the interest on the obligation will be recognized separately within the statement of activities. On the statement of cash flows, the principal portion of the financing lease payments will be classified as a financing activity. For operating leases, the right to use asset and lease liability will also be calculated based upon the present value of the lease payments. However, the cost of the lease will generally be allocated over the lease term on a straight-line basis and presented as a single expense on the statement of activities. On the statement of cash flows, all cash payments for operating leases will be classified as an operating activity. The new standard will be effective for periods beginning after December 15, 2021, and will require entities to use a modified retrospective approach to the earliest period presented. The Organization has elected not to early adopt this ASU and intends to adopt it prior to the required transition date.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

17. New Accounting Guidance, Continued:

Gifts In-Kind: In September 2020, the FASB issued ASU 2020-07, "Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets." The standard provides additional guidance to nonprofit organizations on how to record and disclose in-kind contributions. The overall purpose of the update is to provide more transparency in how organizations are receiving and valuing in-kind contributions. The ASU requires nonprofit organizations to present in-kind contributions as a separate line item in the statement of activities and to provide additional disclosures in the notes covering the following areas:

- A description of the organization's policy for monetizing or utilizing in-kind contributions;
- A listing of in-kind contributions categorized by type with a description about whether each type was monetized or utilized during the reporting period;
- For in-kind contributions that were utilized during the reporting period, the nonprofit must include a description of the programs or activities in which those contributions were used; and
- A description of the valuation process utilized by the organization to determine the fair value of the in-kind contributions.

The ASU is effective for periods beginning after June 15, 2021. The Organization is currently evaluating the reporting and economic implications of the new standard.

18. Prior Period Adjustment – Correction of Error:

During 2021, the Organization determined that the 2020 financial statements did not properly reflect in accordance with GAAP the existence of two trusts by which the Organization is a beneficiary. As a result, the Organization posted adjustments to record the value of the beneficial interests in the trusts. In addition, during 2021, the Organization determined that the 2020 financial statements mis-classified certain net assets without donor restrictions as net assets with donor restrictions. Accordingly, beginning net asset balances and activity for the year ending June 30, 2020 have been adjusted to reflect these adjustments.

19. Uncertainties Related to COVID-19:

In March 2020, COVID-19 was declared a worldwide health pandemic and has had a significant impact on the national and global economy. As a result of the pandemic, the Organization experienced disruption in its operations and programs. Management implemented certain cost-cutting techniques and obtained two PPP loans (see Note 10). While only one of the PPP loans has been formally forgiven as of the date of the financial statements, the Organization believes it has met the requirements for full forgiveness of both loans. The ultimate impact of the pandemic on the Organization's future financial state is unknown.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule of Net Assets
Year Ended June 30, 2021

	Balance 6/30/2020 (Restated)	Support and Revenue	Allocations and Expenses	Reclassifications	Balance 6/30/2021
Net assets without donor restrictions:					
Undesignated	\$ -	\$ 1,743,763	\$ -	\$ (1,743,763)	\$ -
Edmund A Saunders Trust	-	4,100,000	-	-	4,100,000
Designated net assets:					
Capital Replacement Reserve	72,867	-	-	(72,867)	-
Community Reserve Fund	2,537,296	60,371	-	(718,518)	1,879,149
Pension Plan Obligation	390,344	-	30,000	-	360,344
United Way Operations	<u>1,295,888</u>	<u>274,497</u>	<u>3,199,765</u>	<u>3,148,742</u>	<u>1,519,362</u>
Total designated net assets	4,296,395	6,178,631	3,229,765	613,594	7,858,855
Leasehold improvements and equipment net assets	<u>65,136</u>	-	<u>54,549</u>	<u>197,559</u>	<u>208,146</u>
Total net assets without donor restrictions	<u>\$ 4,361,531</u>	<u>\$ 6,178,631</u>	<u>\$ 3,284,314</u>	<u>\$ 811,153</u>	<u>\$ 8,067,001</u>

See report of independent accountants.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule of Net Assets, Continued
Year Ended June 30, 2021

	Balance 6/30/2020 <u>Restated</u>	Support and Revenue	Allocations and Expenses	Reclassifications	Balance 6/30/2021
Net assets with donor restrictions:					
Education/Early Care:					
Kindergarten Countdown Camp	\$ -	\$ 20,000	\$ 4,668	\$ -	\$ 15,332
Petersburg City Schools	-	-	93,029	93,029	-
Youth Program Quality Initiative	203,954	86,285	82,464	14,915	222,690
Youth Housing Stability	46,202	14,820	40,053	(20,969)	-
Income/Financial Stability:					
2-1-1	-	56,920	96,464	39,544	-
Workforce Development	160,286	100	113,998	-	46,388
Metrocare	-	15,000	15,000	-	-
WomenRise	-	22,065	15,234	15,234	22,065
VITA	45,001	82,000	200,770	73,769	-
Health					
Beyond ACES	21,887	-	21,887	-	-
Bridging Richmond	34,406	-	34,406	-	-
Trusts					
Frank Brown Trust	493,845	102,732	-	-	596,577
Laura J Harris Trust	266,556	44,357	-	-	310,913
Other					
Hanover CARES	-	500,000	500,000	-	-
Publix	-	-	13,752	13,752	-
Strategic Engagement	-	250	46,548	46,298	-
	<u>1,272,137</u>	<u>944,529</u>	<u>1,278,273</u>	<u>275,572</u>	<u>1,213,965</u>
Annual Campaign designated for future periods	<u>745,759</u>	<u>3,839,921</u>	<u>3,329,668</u>	<u>(1,086,725)</u>	<u>169,287</u>
	<u>2,017,896</u>	<u>4,784,450</u>	<u>4,607,941</u>	<u>(811,153)</u>	<u>1,383,252</u>
Total net assets with donor restrictions	<u>\$ 6,379,427</u>	<u>\$ 10,963,081</u>	<u>\$ 7,892,255</u>	<u>\$ -</u>	<u>\$ 9,450,253</u>

See report of independent accountants.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule of Summary of Community Initiatives
Year Ended June 30, 2021

	Education / Children and Youth					Income / Financial Stability					Misc Programs*	Program Expenses
	Kindergarten Countdown Camp	Youth Program Quality Initiative	Petersburg Schools	Youth Housing Stability	Total	VITA	2-1-1	Workforce Development	WomenRise	Total	Other	Total
	Salaries	\$ -	\$ 34,568	\$ 46,901	\$ 3,679	\$ 85,148	\$ 112,168	\$ 50,660	\$ 56,394	\$ -	\$ 219,222	\$ 37,125
Health and retirement benefits	-	5,685	26,053	784	32,522	20,958	14,945	15,396	-	51,299	6,400	90,221
Payroll taxes	-	-	-	-	-	7,885	3,419	3,916	-	15,220	2,891	18,111
Specific program expenses	4,617	40,561	19,125	35,590	99,893	-	-	125	-	125	85,045	185,063
Pension obligation	-	-	-	-	-	16,180	8,090	8,090	-	32,360	-	32,360
Professional fees	-	1,650	-	-	1,650	9,571	4,786	13,585	-	27,942	-	29,592
Supplies	-	-	-	-	-	6,997	264	265	8,458	15,984	50	16,034
Telephone	-	-	-	-	-	620	910	499	-	2,029	-	2,029
Postage and shipping	-	-	-	-	-	549	275	275	1,731	2,830	-	2,830
Occupancy	-	-	-	-	-	16,761	8,380	8,380	-	33,521	-	33,521
Equipment maintenance	-	-	-	-	-	8,622	4,298	5,198	5,045	23,163	-	23,163
Marketing materials and advertising	-	-	-	-	-	-	114	-	-	114	-	114
Travel and related expenses	51	-	950	-	1,001	270	121	-	-	391	82	1,474
Conferences, conventions and meetings	-	-	-	-	-	189	126	1,500	-	1,815	-	1,815
Depreciation expense	-	-	-	-	-	-	-	-	-	-	7,901	7,901
Dues and subscriptions	-	-	-	-	-	-	75	375	-	450	-	450
Total before UW Worldwide dues	4,668	82,464	93,029	40,053	220,214	200,770	96,463	113,998	15,234	426,465	139,494	786,173
Loss on disposal of equipment	-	-	-	-	-	-	-	-	-	-	4,100	4,100
United Way Worldwide dues	-	-	-	-	-	-	-	-	-	-	24,882	24,882
Total functional expenses	\$ 4,668	\$ 82,464	\$ 93,029	\$ 40,053	\$ 220,214	\$ 200,770	\$ 96,463	\$ 113,998	\$ 15,234	\$ 426,465	\$ 168,476	\$ 815,155

*Misc programs includes labor and a prorated portion of depreciation and United Way Worldwide dues.

Note: The Organization distributes allocable expenses based on the number of full-time employees amongst the various functional areas.

See report of independent accountants.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Schedule of Summary of Community Initiatives
Year Ended June 30, 2020

	Education / Children and Youth					Income / Financial Stability					Misc Programs*	Program Expenses
	Kindergarten Countdown Camp	Youth Program Quality Initiative	Petersburg Schools	Youth Housing Stability	Total	VITA	2-1-1	Workforce Development	Thrive	Total	Other	Total
Salaries	\$ -	\$ 32,934	\$ 56,111	\$ 25,410	\$ 114,455	\$ 93,113	\$ 50,938	\$ 55,814	\$ -	\$ 199,865	\$ 28,325	\$ 342,645
Health and retirement benefits	-	5,885	29,693	5,802	41,380	21,832	14,231	9,747	-	45,810	-	87,190
Payroll taxes	-	2,451	3,720	1,918	8,089	6,638	3,485	4,000	-	14,123	2,062	24,274
Specific program expenses	1,541	154,074	30,771	29,588	215,974	550	-	1,690	55,225	57,465	75,074	348,513
Pension obligation	-	-	-	-	-	-	6,139	-	-	6,139	23,999	30,138
Professional fees	-	5,273	200	-	5,473	858	446	-	-	1,304	7,356	14,133
Supplies	650	132	-	82	864	3,920	140	67	-	4,127	-	4,991
Telephone	-	-	-	-	-	-	1,189	46	-	1,235	-	1,235
Postage and shipping	-	-	-	-	-	14	280	-	-	294	-	294
Occupancy	-	-	-	-	-	-	8,537	-	-	8,537	-	8,537
Equipment maintenance	-	-	-	-	-	6,506	3,060	899	-	10,465	-	10,465
Marketing materials and advertising	-	-	-	-	-	318	-	-	-	318	2,500	2,818
Travel and related expenses	153	209	1,258	776	2,396	377	2,395	297	-	3,069	-	5,465
Conferences, conventions and meetings	84	4,808	3,215	2,562	10,669	2,887	1,001	3,776	-	7,664	1,010	19,343
Depreciation expense	-	-	-	-	-	-	-	-	-	-	7,442	7,442
Dues and subscriptions	-	322	-	-	322	-	133	745	-	878	-	1,200
Total before UW Worldwide dues	2,428	206,088	124,968	66,138	399,622	137,013	91,974	77,081	55,225	361,293	147,768	908,683
United Way Worldwide dues	-	-	-	-	-	-	-	-	-	-	20,763	20,763
Total functional expenses	\$ 2,428	\$ 206,088	\$ 124,968	\$ 66,138	\$ 399,622	\$ 137,013	\$ 91,974	\$ 77,081	\$ 55,225	\$ 361,293	\$ 168,531	\$ 929,446

*Misc programs includes labor and a prorated portion of depreciation and United Way Worldwide dues.

Note: The Organization distributes allocable expenses based on the number of full-time employees amongst the various functional areas.

See report of independent accountants.