

**UNITED WAY OF NORTHERN ARIZONA, INC.**

**Financial Statements  
and  
Supplementary Information  
June 30, 2020  
(with comparative totals for 2019)**

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## Independent Auditors' Report

To the Board of Directors of  
United Way of Northern Arizona, Inc.  
Flagstaff, Arizona

### **Report on the Financial Statements**

We have audited the accompanying financial statements of United Way of Northern Arizona, Inc. (UWNA, a nonprofit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 UWNA as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited UWNA's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, in the year ended June 30, 2020, UWNA adopted new accounting guidance Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and made by not-for-profit organizations. Our opinion is not modified with respect to this matter.

## **Other Matter**

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying overhead ratio and community investment payments schedules are presented for the purposes of additional analysis and are 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Fester & Chapman, PLLC*

January 7, 2021

UNITED WAY OF NORTHERN ARIZONA, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2020

(with comparative financial information as of June 30, 2019)

|   | <u>2020</u>         | <u>2019</u>         |
|---|---------------------|---------------------|
| ASSETS  |                     |                     |
| Current assets:   |                     |                     |
| Cash and cash equivalents   | \$ 988,894          | \$ 168,575          |
| Investments   | 292,578             | 292,859             |
| Grants receivable   | 21,009              | 30,630              |
| Pledges receivable, net   | <u>747,701</u>      | <u>885,604</u>      |
| Total current assets  | 2,050,182           | 1,377,668           |
| Land, building and equipment, net   | <u>360,225</u>      | <u>385,644</u>      |
| Total assets  | <u>\$ 2,410,407</u> | <u>\$ 1,763,312</u> |
| LIABILITIES AND NET ASSETS  |                     |                     |
| Current liabilities:  |                     |                     |
| Accounts payable  | \$ 166,588          | \$ 286,836          |
| Payroll and related liabilities   | 35,403              | 44,715              |
| Refundable advances   | 312,627             | 8,083               |
| Amounts designated by donors for specific organizations, net of<br>administration fees retained | <u>272,344</u>      | <u>289,581</u>      |
| Total current liabilities   | 786,962             | 629,215             |
| Net assets:   |                     |                     |
| Without donor restrictions:   |                     |                     |
| Undesignated  | 692,022             | 62,218              |
| Board designated reserves   | 133,722             | 136,275             |
| Board designated community emergency fund   | <u>50,000</u>       | <u>50,000</u>       |
| Total without donor restrictions  | 875,744             | 248,493             |
| With donor restrictions   | <u>747,701</u>      | <u>885,604</u>      |
| Total net assets  | <u>1,623,445</u>    | <u>1,134,097</u>    |
| Total liabilities and net assets  | <u>\$ 2,410,407</u> | <u>\$ 1,763,312</u> |

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF NORTHERN ARIZONA, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

(with comparative financial information for the year ended June 30, 2019)

|  | <u>2020</u>                               |                                    |                     |                     |
|--|---|------------------------------------|---------------------|---------------------|
|  | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        | <u>2019</u>         |
| Public support and revenue:                              |   |                                    |                     |                     |
| Total campaign results                                   |   | \$ 1,548,404                       | \$ 1,548,404        | \$ 1,681,925        |
| Less: amounts designated by donors                       |   | <u>(534,503)</u>                   | <u>(534,503)</u>    | <u>(609,595)</u>    |
| Net contributions  |   | 1,013,901                          | 1,013,901           | 1,072,330           |
| Uncollectible pledges                                    |   | (103,245)                          | (103,245)           |                     |
| Grants and contributions revenue                         | \$ 868,534                                |                                    | 868,534             | 484,338             |
| In-kind donations  | 15,518                                    |                                    | 15,518              | 35,025              |
| Initiative contributions                                 | 484,826                                   |                                    | 484,826             | 180,660             |
| Administrative fees - designated by donors               | 38,018                                    |                                    | 38,018              | 53,172              |
| Sponsorships and events                                  | <u>19,454</u>                             |                                    | <u>19,454</u>       | <u>23,945</u>       |
| Total public support and revenue                         | 1,426,350                                 | 910,656                            | 2,337,006           | 1,849,470           |
| Net assets released from restrictions:                   |   |                                    |                     |                     |
| Satisfaction of pledge restrictions                      | <u>1,048,559</u>                          | <u>(1,048,559)</u>                 |                     |                     |
| Total public support, revenue and net<br>assets released | 2,474,909                                 | (137,903)                          | 2,337,006           | 1,849,470           |
| Expenses:  |   |                                    |                     |                     |
| Program services   | 1,636,609                                 |                                    | 1,636,609           | 1,647,551           |
| Management and general                                   | 99,856                                    |                                    | 99,856              | 84,187              |
| Fundraising  | <u>113,758</u>                            |                                    | <u>113,758</u>      | <u>161,863</u>      |
| Total expenses   | 1,850,223                                 |                                    | 1,850,223           | 1,893,601           |
| Other income:  |   |                                    |                     |                     |
| Net investment income                                    | <u>2,565</u>                              |                                    | <u>2,565</u>        | <u>18,922</u>       |
| Total other income                                       | <u>2,565</u>                              |                                    | <u>2,565</u>        | <u>18,922</u>       |
| Change in net assets                                     | 627,251                                   | (137,903)                          | 489,348             | (25,209)            |
| Net assets, beginning of year                            | <u>248,493</u>                            | <u>885,604</u>                     | <u>1,134,097</u>    | <u>1,159,306</u>    |
| Net assets, end of year                                  | <u>\$ 875,744</u>                         | <u>\$ 747,701</u>                  | <u>\$ 1,623,445</u> | <u>\$ 1,134,097</u> |

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF NORTHERN ARIZONA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

(with comparative financial information for the year ended June 30, 2019)

|  | 2020               |                        |                   | Total              | 2019               |
|--|--------------------|------------------------|-------------------|--------------------|--------------------|
|  | Program Services   | Management and General | Fundraising       |                    |                    |
| Community investment payments                    | \$1,464,737        |                        |                   | \$1,464,737        | \$1,363,426        |
| Less: Payments funded by donor designations      | <u>(513,722)</u>   |                        |                   | <u>(513,722)</u>   | <u>(485,036)</u>   |
| Net community investment payments                | 951,015            |                        |                   | 951,015            | 878,390            |
| Salaries   | 298,859            | \$ 50,778              | \$ 46,953         | 396,590            | 489,708            |
| Consulting fees                                  | 42,120             | 3,412                  | 4,324             | 49,856             | 34,378             |
| Employee benefits                                | 54,987             | 9,652                  | 7,555             | 72,194             | 89,341             |
| Payroll taxes                                    | 21,967             | 3,512                  | 3,445             | 28,924             | 36,919             |
| Printing, publishing and postage                 | 4,813              | 728                    | 736               | 6,277              | 5,889              |
| Professional fees                                | 23,454             | 3,703                  | 3,711             | 30,868             | 32,106             |
| Campaign expenses                                | 3,790              | 82                     | 22,309            | 26,181             | 23,564             |
| Travel   | 1,365              | 42                     | 743               | 2,150              | 3,731              |
| Advertising and promotion                        | 27,136             | 3,039                  | 3,039             | 33,214             | 31,308             |
| Rent   | 60                 |                        |                   | 60                 | 25,695             |
| United Way Worldwide fee                         | 16,777             | 2,649                  | 2,649             | 22,075             | 22,017             |
| Information technology                           | 22,072             | 3,316                  | 3,316             | 28,704             | 31,034             |
| Repair and maintenance                           | 13,139             | 2,074                  | 2,074             | 17,287             | 15,804             |
| Telephone  | 10,383             | 1,260                  | 1,260             | 12,903             | 13,787             |
| Conferences, committees, and community education | 1,066              | 126                    | 126               | 1,318              | 4,104              |
| Utilities  | 6,252              | 987                    | 987               | 8,226              | 9,676              |
| Supplies   | 78,626             | 7,664                  | 2,039             | 88,329             | 81,791             |
| Insurance  | 9,455              | 1,493                  | 1,493             | 12,441             | 11,977             |
| Dues and subscriptions                           | <u>22,213</u>      | <u>3,147</u>           | <u>4,221</u>      | <u>29,581</u>      | <u>13,735</u>      |
| Total expenses before depreciation               | 1,609,549          | 97,664                 | 110,980           | 1,818,193          | 1,854,954          |
| Depreciation                                     | <u>27,060</u>      | <u>2,192</u>           | <u>2,778</u>      | <u>32,030</u>      | <u>38,647</u>      |
| Total expenses, year ended June 2020             | <u>\$1,636,609</u> | <u>\$ 99,856</u>       | <u>\$ 113,758</u> | <u>\$1,850,223</u> | <u>\$1,893,601</u> |
| Total expenses, year ended June 2019             | <u>\$1,647,551</u> | <u>\$ 84,187</u>       | <u>\$ 161,863</u> | <u>\$1,893,601</u> |                    |

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF NORTHERN ARIZONA, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

(with comparative financial information for the year ended June 30, 2019)

|   | <u>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| Cash flows from operating activities:   |                   |                   |
| Change in net assets  | \$ 489,348        | \$ (25,209)       |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                   |                   |
| Depreciation  | 32,030            | 38,647            |
| Net loss (gain) on investments  | 2,607             | (11,895)          |
| Uncollectible pledges   | 103,245           |                   |
| Change in:  |                   |                   |
| Grants receivable   | 9,621             | 168               |
| Pledges receivable  | 34,658            | (226,605)         |
| Accounts payable  | (120,248)         | 215,362           |
| Payroll and related liabilities   | (9,312)           | 1,420             |
| Refundable advances   | 304,544           |                   |
| Amounts designated by donors for specific organizations                                     | <u>(17,237)</u>   | <u>71,387</u>     |
| Net cash provided by operating activities   | 829,256           | 63,275            |
| Cash flows from investing activities:   |                   |                   |
| Purchases of land, building and equipment   | (6,611)           | (11,278)          |
| Net purchases of investments  | <u>(2,326)</u>    | <u>(3,351)</u>    |
| Net cash used by investing activities   | <u>(8,937)</u>    | <u>(14,629)</u>   |
| Net change in cash and cash equivalents   | 820,319           | 48,646            |
| Cash and cash equivalents, beginning of year  | <u>168,575</u>    | <u>119,929</u>    |
| Cash and cash equivalents, end of year  | <u>\$ 988,894</u> | <u>\$ 168,575</u> |

The accompanying notes are an integral part of these financial statements.



UNITED WAY OF NORTHERN ARIZONA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(with comparative financial information as of and for the year ended June 30, 2019)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

United Way of Northern Arizona, Inc. (UWNA) is an Arizona nonprofit corporation, exempt from income tax under Internal Revenue Code Section 501(c)(3). UWNA is a local nonprofit organization that brings the community together and focuses resources on the most critical human-care needs in Northern Arizona. Although UWNA is part of the network of United Ways across the country, UWNA is governed by a local volunteer Board of Directors. UWNA has partnerships with local governments, businesses, the faith community, educational organizations, other nonprofits and individuals.

Since 1967, UWNA has been a trusted community leader because UWNA sets high standards for conduct - not just for themselves, but also for their partners and collaborators. UWNA maximizes donor investments by combining contributions and strategically supporting local programs.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*, requiring the UWNA 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 Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and a community emergency fund.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents: For purposes of the statement of cash flows, UWNA considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments: Investments are recorded at estimated fair value. Unrealized gains and losses are accounted for as investment income.

UNITED WAY OF NORTHERN ARIZONA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(with comparative financial information as of and for the year ended June 30, 2019)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Grants Receivable: Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts as necessary. UWNA provides for losses on grants receivable using the allowance method. The allowance is based on experience, third-party contracts, knowledge of the grantors and the industry and other circumstances, which may affect the ability of the grantors to meet their obligations. It is UWNA's policy to charge off grants receivable against the allowance when management determines the receivable will not be collected. The allowance for grants receivable at June 30, 2020 and 2019, was \$0.

Pledges Receivable, Net: Pledges receivable consist of amounts due from companies and individuals for charitable giving campaigns, net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based upon collection rates in previous years and current circumstances. Once a campaign has been completed, remaining balances in pledges receivable, net of allowances for doubtful accounts and estimated future collections or distributions, are netted with campaign results revenue.

Land, Building and Equipment, Net: Land, building and equipment costing \$500 or more is stated at cost, or if donated, at the estimated fair value on the date received. UWNA depreciates its property and equipment over the estimated useful lives of the assets using the straight-line method as follows:

|                                   |               |
|-----------------------------------|---------------|
| Building and improvements         | 10 - 40 years |
| Furniture, equipment and software | 5 - 10 years  |

Refundable Advances: UWNA records funds received from grant awards classified as exchange transactions as refundable advances until the related funds are expended and/or the services related to the awards are performed, at which time funds are recognized as revenue.

Revenue Recognition: The annual campaign is conducted in the fall of each year to obtain funds for member agencies and operating expenses for the coming year. Campaign pledges are recognized in the accompanying statement of financial position at the time of the pledge as revenue with donor restrictions. As pledges are collected and expended for operations and community investment payments, in accordance with donor stipulations, the restrictions on net assets are released.

Income Taxes: UWNA is exempt from federal and state income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

UNITED WAY OF NORTHERN ARIZONA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(with comparative financial information as of and for the year ended June 30, 2019)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Functional Expenses: The costs of providing program, supporting, and fundraising activities have been presented on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to programs and supporting services. Certain costs have been allocated among the program and supporting services benefited based on management's estimate of employee hours and other factors devoted to each activity.

In-kind Contributions/Expenses: Donated goods and services are recorded at their estimated fair value at the date of contribution, and shown as revenues and expenses in the financial statements. Donated services are recognized in the financial statements at their estimated fair value if the following criteria are met:

- i) The services require specialized skills and the services are provided by individuals possessing those skills, and the services would typically need to be purchased if not donated, or
- ii) The services enhance or create an asset.

Advertising: Advertising costs are expensed in the period incurred. Advertising and promotion expenses for the years ended June 30, 2020 and 2019, were \$33,214 and \$31,308, respectively.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prior Year Summarized Information: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should only be read in conjunction with UWNA's financial statements for the year ended June 30, 2019 from which the summarized information was derived.

UNITED WAY OF NORTHERN ARIZONA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(with comparative financial information as of and for the year ended June 30, 2019)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Change in Accounting Principle: On June 21, 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction by clarifying how a not-for-profit organization determines whether a resource provider is participating in an exchange transaction.

Financial Impact of COVID-19: UWNA's operations have been, and continue to be affected by the recent and ongoing outbreak of the Coronavirus disease (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. While the disruption is expected to be temporary, there is considerable uncertainty around the duration and the related financial impact. However, the financial impact and duration cannot be reasonably estimated at this time.

NOTE 2 - LIQUIDITY AND AVAILABILITY

UWNA monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. UWNA has the following financial assets that could readily be made available within one year of each fiscal year end to fund expenses without limitations:

|  | <u>2020</u>         | <u>2019</u>       |
|--|---------------------|-------------------|
| Financial assets included in current assets:   |                     |                   |
| Cash and cash equivalents  | \$ 988,894          | \$ 168,855        |
| Investments  | 292,578             | 292,859           |
| Grants receivable  | 21,009              | 30,630            |
| Pledges receivable, net  | <u>747,701</u>      | <u>885,604</u>    |
| Total financial assets included in current assets  | 2,050,182           | 1,377,948         |
| Less amounts unavailable for general expenditure within one year:                            |                     |                   |
| Board-designated reserves  | 133,722             | 136,275           |
| Board-designated community emergency fund  | 50,000              | 50,000            |
| Donor restricted net assets  | <u>747,701</u>      | <u>885,604</u>    |
| Total financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,118,759</u> | <u>\$ 306,069</u> |

UNITED WAY OF NORTHERN ARIZONA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(with comparative financial information as of and for the year ended June 30, 2019)

NOTE 2 - LIQUIDITY AND AVAILABILITY (CONTINUED)

In addition to financial assets available to meet general expenditures over the year, UWNA operates with a balanced budget and anticipates covering its general expenditures by collecting contributions, grants, and other revenues; and by utilizing donor-restricted resources from current and prior years gifts. UWNA has board-designated net assets (included in net assets without donor restrictions) set aside for operating needs and community emergencies.

NOTE 3 - CONCENTRATION OF CREDIT RISK

UWNA maintains its cash and cash equivalents and investment balances, other than those held at Arizona Community Foundation, at financial institutions which are insured by Federal Deposit Insurance Corporation (FDIC) and covered by the Securities Investor Protection Corporation (SIPC). At times the balances may exceed the federally insured or SIPC-covered limits. UWNA believes it is not exposed to any significant credit risk on its cash and investment balances.

NOTE 4 - CONCENTRATION OF REVENUES

UWNA raised gross campaign contributions from two companies and their employees representing 63% and 55% of their campaign revenues during the years ended June 30, 2020 and 2019, respectively. These contributions comprised 42% and 50% of UWNA's total public support and revenues for the years ended June 30, 2020 and 2019, respectively.

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 inputs are unadjusted quoted market prices in active markets for similar or identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

UNITED WAY OF NORTHERN ARIZONA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(with comparative financial information as of and for the year ended June 30, 2019)

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 inputs are significant observable inputs for assets or liabilities. UWNA currently does not have any financial instruments it values based on Level 3 inputs.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value of assets measured on a recurring basis at June 30, 2020, was as follows:

|   | <u>Total</u>      | <u>Level 1</u>    | <u>Level 2</u>    |
|---|-------------------|-------------------|-------------------|
| Domestic equity mutual funds                      | \$ 152,795        | \$ 152,795        |                   |
| Domestic common stocks                            | 6,061             | 6,061             |                   |
| Investment pool - Arizona<br>Community Foundation | <u>133,722</u>    |                   | <u>\$ 133,722</u> |
|   | <u>\$ 292,578</u> | <u>\$ 158,856</u> | <u>\$ 133,722</u> |

Fair value of assets measured on a recurring basis at June 30, 2019, was as follows:

|   | <u>Total</u>      | <u>Level 1</u>    | <u>Level 2</u>    |
|---|-------------------|-------------------|-------------------|
| Domestic equity mutual funds                      | \$ 152,905        | \$ 152,905        |                   |
| Domestic common stock                             | 3,679             | 3,679             |                   |
| Investment pool - Arizona<br>Community Foundation | <u>136,275</u>    |                   | <u>\$ 136,275</u> |
|   | <u>\$ 292,859</u> | <u>\$ 156,584</u> | <u>\$ 136,275</u> |

NOTE 6 - PLEDGES RECEIVABLE

Pledges made during the 2019-2020 campaign were \$1,548,404, of which \$744,256 had been received as of June 30, 2020. The balance is reflected as pledges receivable of \$747,701, which is net of an allowance for uncollectible pledges of \$56,447. These funds were reserved for 2019-2020 operations and community investment payments, and are reflected as net assets with donor restrictions until the pledges are received.

Pledges made during the 2018-2019 campaign were \$1,681,925, of which \$772,301 had been received as of June 30, 2019. The balance is reflected as pledges receivable of \$885,604, which is net of an allowance for uncollectible pledges of \$24,020. These funds were reserved for 2018-2019 operations and community investment payments, and are reflected as net assets with donor restrictions until the pledges are received.

UNITED WAY OF NORTHERN ARIZONA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(with comparative financial information as of and for the year ended June 30, 2019)

NOTE 7 - LAND, BUILDING AND EQUIPMENT, NET

Land, building and equipment at June 30, 2020 and 2019, is as follows:

|                                   | <u>2020</u>       | <u>2019</u>       |
|-----------------------------------|-------------------|-------------------|
| Land                              | \$ 55,090         | \$ 55,090         |
| Building                          | 445,724           | 445,724           |
| Building improvements             | 181,433           | 181,433           |
| Office equipment and software     | 95,425            | 88,814            |
| Furniture                         | 1,611             | 1,611             |
| Less: accumulated depreciation    | <u>(419,058)</u>  | <u>(387,028)</u>  |
| Land, building and equipment, net | <u>\$ 360,225</u> | <u>\$ 385,644</u> |

NOTE 8 - LINE-OF-CREDIT

On August 30, 2019 UWNA opened an unsecured \$85,000 line-of-credit with a bank. The line-of-credit does not have a predetermined expiration date and charges interest of prime plus 6.75% (10% at June 30, 2020). There was no balance due on the line-of-credit at June 30, 2020.

NOTE 9 - AMOUNTS DESIGNATED BY DONORS FOR SPECIFIC ORGANIZATIONS

Donor specified pledges are recorded as a receivable and as a liability to the designated beneficiary until paid. Donor designated pledge revenue was \$534,503 and \$609,595 for the years ended June 30, 2020 and 2019, respectively. Administrative fees retained on donor designated pledges are recognized as revenue and a contra-liability. Administrative fees retained for the years ended June 30, 2020 and 2019, were \$38,018 and \$53,172, respectively.

NOTE 10 - IN-KIND DONATIONS

UWNA received in-kind donations in the form of facilities and supplies used for programs. Details of in-kind donations for the years ended June 30, 2020 and 2019, are as follows:

|                         | <u>2020</u>      | <u>2019</u>      |
|-------------------------|------------------|------------------|
| Facilities              |                  | \$ 25,285        |
| Supplies                | <u>\$ 15,518</u> | <u>9,740</u>     |
| Total in-kind donations | <u>\$ 15,518</u> | <u>\$ 35,025</u> |

UNITED WAY OF NORTHERN ARIZONA, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(with comparative financial information as of and for the year ended June 30, 2019)

NOTE 11 - PENSION PLAN

UWNA sponsors a 401(k) plan for its employees. Under the plan agreement, UWNA matches employee contributions up to 4% of their salaries. Matching expense for the years ended June 30, 2020 and 2019, was \$15,677 and \$16,382, respectively.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 and 2019, were time-restricted for campaign pledges and totaled \$747,701 and \$885,604, respectively.

NOTE 13 - SUBSEQUENT EVENTS

UWNA evaluated all events or transactions that occurred after June 30, 2020, through January 7, 2021, the date UWNA issued these financial statements and has determined that there are no additional adjustments or disclosures required.



## SUPPLEMENTARY INFORMATION

UNITED WAY OF NORTHERN ARIZONA, INC.

OVERHEAD RATIO

Years Ended June 30, 2020 and 2019

|  | <u>2020</u>     | <u>2019</u>     |
|--|-----------------|-----------------|
| Numerator: Management and general              | \$ 99,856       | \$ 84,187       |
| Fundraising                                    | <u>113,758</u>  | <u>161,863</u>  |
| Total overhead                                 | 213,614         | 246,050         |
| Denominator: Public support and revenue        | 2,337,006       | 1,849,470       |
| Add amounts designated by donors               | 534,503         | 609,595         |
| Less administrator fees - designated by donors | <u>(38,018)</u> | <u>(53,172)</u> |
| Amounts raised and other revenue               | \$ 2,833,491    | \$ 2,405,893    |
| Overhead ratio expressed as a percentage       | 7.54%           | 10.23%          |

UNITED WAY OF NORTHERN ARIZONA, INC.

COMMUNITY INVESTMENT PAYMENTS

Years Ended June 30, 2020 and 2019

|   | 2020     | 2019     |
|---|----------|----------|
| Alice's Place                               | \$ 2,863 | \$ 3,000 |
| American Red Cross - Flagstaff              | 11,190   | 12,309   |
| American Red Cross - Northeast              | 1,943    | 2,375    |
| American Red Cross - Page                   | 2,955    | 2,955    |
| Arizona Girl Scouts Cactus Pine - Flagstaff | 6,584    | 8,046    |
| Arizona Girl Scouts Cactus Pine - NC        | 1,636    | 2,000    |
| Arizona Girl Scouts Cactus Pine - Page      | 1,050    | 1,000    |
| Association for Supportive Child Care       | 9,240    | 10,164   |
| Big Brothers/Big Sisters of Flagstaff       | 39,599   | 43,559   |
| Boys and Girls Club of Flagstaff            | 8,893    | 9,782    |
| Bread of Life Mission                       | 1,818    | 2,000    |
| Catholic Charities                          | 50,037   | 52,419   |
| ChangePoint Integrated Health               | 3,750    | (6,986)  |
| Circle of Page                              |          | 1,000    |
| Coconino County Community Services          | 4,818    | 6,624    |
| Coconino County - Teen Wellness Clinics     | 5,265    | 7,239    |
| Community Information and Referral          |          | 6,231    |
| Crisis Response Network, Inc.               | 5,665    |          |
| CUDDLE Outreach Ministry                    | 3,600    | 4,000    |
| DNA People's Legal Services                 | 8,392    | 10,256   |
| Feeding Northern Arizona's Future           |          | 7,612    |
| Flagstaff Family Food Center                | 62,184   | 65,736   |
| Flagstaff Shelter Services                  | 26,703   | 29,373   |
| Friends of Camp Colton                      | 11,295   | 12,424   |
| Grand Canyon Youth                          | 1,000    | 1,601    |
| The Guidance Center                         |          | 6,776    |
| Habitat for Humanity of Northern Arizona    |          | 10,256   |
| Housing Solutions of Northern Arizona       | 29,735   | 31,441   |
| Hozhoni Foundation                          | 13,895   | 15,284   |
| The Literacy Center                         |          | 12,669   |
| Literacy Volunteers of Coconino County      | 11,517   |          |
| Native Americans for Community Action       | 16,170   | 16,940   |
| NAU Civic Service - Flagstaff               | 16,460   | 19,856   |
| NAU Civic Service - Northeast               | 2,946    | 3,600    |
| New Hope Ranch                              |          | 1,250    |
| North Country HealthCare, Inc.              | 17,768   | 21,235   |
| Northland Family Help Center                | 70,970   | 77,676   |
| Page Regional Domestic Violence Services    | 10,000   | 10,000   |

UNITED WAY OF NORTHERN ARIZONA, INC.

COMMUNITY INVESTMENT PAYMENTS

Years Ended June 30, 2020 and 2019

|   | <u>2020</u>         | <u>2019</u>         |
|---|---------------------|---------------------|
| Parenting Arizona - Flagstaff                             | 13,164              | 14,481              |
| Parenting Arizona - Winslow                               |                     | 5,000               |
| Plaza Vieja Neighborhood Association                      | 4,280               | 5,230               |
| Quality Connections                                       | 1,698               | 1,779               |
| Round Valley Senior Center                                | 7,273               | 8,000               |
| Salvation Army Flagstaff Chapter                          | 14,030              | 15,433              |
| SEDI Sustainable Economic Development                     |                     | 4,447               |
| Shadows Foundation  | 300                 |                     |
| Southside Community Foundation                            | 6,166               | 8,403               |
| Sun Sounds Radio Reading Service                          | 3,060               | 3,740               |
| Sunnyside Neighborhood Association                        | 30,238              | 37,808              |
| Tynkertopia, Inc.   | 2,000               |                     |
| Victim Witness Services for Coconino County               | 16,632              | 18,295              |
| Vista Hospice (fka Northland Hospice and Palliative Care) | 19,350              | 21,285              |
| Winslow Council on Aging                                  | 1,636               | 2,000               |
| YMCA - Flagstaff  | 5,434               | 6,642               |
| Contract Agreements and Community Initiative Projects     | 411,191             | 174,462             |
| Donor Designated  | <u>468,344</u>      | <u>514,719</u>      |
| Total community investment payments                       | <u>\$ 1,464,737</u> | <u>\$ 1,363,426</u> |