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**United Way of Frederick County,  
Incorporated**

**Financial Statements, Supplementary  
Information and  
Independent Auditors' Report**

**For the Years Ended  
June 30, 2021 and 2020**

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**LSWG**

**CERTIFIED PUBLIC ACCOUNTANTS  
& BUSINESS ADVISORS**



## **Independent Auditors' Report**

To the Board of Directors of  
United Way of Frederick County, Incorporated

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

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Frederick County, Incorporated as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of community impact grants is presented for purposes 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*LSWG, P.A.*

Frederick, Maryland  
November 11, 2021

**United Way of Frederick County, Incorporated**  
**Statements of Financial Position**  
**June 30,**

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 18,518	\$ 49,129
Restricted cash - CCC	1,845	7,924
Marketable securities	506,649	463,923
Pledges receivable - current, net	163,418	191,153
Grants receivable	12,500	-
Allocations due from CCC	78,152	81,671
Prepaid expenses	<u>12,703</u>	<u>22,119</u>
Total Current Assets	793,785	815,919
Property and Equipment - net	3,934	2,094
Other Assets		
Pledges receivable - noncurrent, net	23,697	46,158
Timeshare interest	<u>3,500</u>	<u>3,500</u>
Total Other Assets	<u>27,197</u>	<u>49,658</u>
<b>Total Assets</b>	<b><u>\$ 824,916</u></b>	<b><u>\$ 867,671</u></b>
 <u>Liabilities and Net Assets</u> 		
Current Liabilities		
Line of credit	\$ 90,000	\$ -
Notes payable - Paycheck Protection Program	98,900	98,900
Accounts payable and accrued expenses	39,020	27,979
Allocations/designations payable:		
Agencies and other organizations	66,001	108,637
Community Impact Partners	-	22,148
Other United Way agencies	547	3,358
Due to CCC	1,845	7,924
Deferred revenue	<u>8,526</u>	<u>89,293</u>
Total Current Liabilities	304,839	358,239
Net Assets		
Without donor restrictions		
Undesignated	89,568	8,399
Board designated	376,338	351,862
With donor restrictions	<u>54,171</u>	<u>149,171</u>
Total Net Assets	<u>520,077</u>	<u>509,432</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 824,916</u></b>	<b><u>\$ 867,671</u></b>

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

**United Way of Frederick County, Incorporated**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Current Year Campaigns and Public Support:			
Workplace campaign pledges and contributions	\$ 295,945	\$ -	\$ 295,945
Less estimated uncollectible pledges	(35,513)	-	(35,513)
Unity campaign contributions	660,793	-	660,793
Special campaign contributions	103,944	-	103,944
Share of CCC allocations	73,754	-	73,754
Donor designations to agencies, including Unity and special campaigns	(696,167)	-	(696,167)
Individual and corporate donors	145,031	-	145,031
In-kind contributions	79,658	-	79,658
Net Contributions	627,445	-	627,445
Prior Year Campaigns and Public Support:			
Workplace campaign pledges and contributions	4,632	-	4,632
Grants	213,356	-	213,356
Total Support	845,433	-	845,433
Revenue:			
Interest and dividend income	8,810	-	8,810
Realized/unrealized gain on investments	61,915	-	61,915
Special events, net	578	-	578
Other income	245	-	245
Total Revenue	71,548	-	71,548
Net assets released from restrictions	95,000	(95,000)	-
<b>Total Support and Revenue</b>	<b>1,011,981</b>	<b>(95,000)</b>	<b>916,981</b>
<b>EXPENSES</b>			
Program services	565,348	-	565,348
Supporting Services:			
Fundraising	187,513	-	187,513
Management and general	153,475	-	153,475
Total Supporting Services	340,988	-	340,988
<b>Total Expenses</b>	<b>906,336</b>	<b>-</b>	<b>906,336</b>
<b>Changes in Net Assets</b>	<b>105,645</b>	<b>(95,000)</b>	<b>10,645</b>
Net Assets, beginning of year	360,261	149,171	509,432
<b>Net Assets, end of year</b>	<b>\$ 465,906</b>	<b>\$ 54,171</b>	<b>\$ 520,077</b>

The accompanying notes are an integral part of this financial statement.

**United Way of Frederick County, Incorporated**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Current Year Campaigns and Public Support:			
Workplace campaign pledges and contributions	\$ 342,224	\$ -	\$ 342,224
Less estimated uncollectible pledges	(41,067)	-	(41,067)
Unity campaign contributions	559,385	-	559,385
Special campaign contributions	313,915	-	313,915
Share of CCC allocations	81,672	-	81,672
Donor designations to agencies, including Unity Campaign	(946,364)	-	(946,364)
Individual and corporate donors	140,766	50,000	190,766
In-kind contributions	191,018	-	191,018
Net Contributions	641,549	50,000	691,549
Prior Year Campaigns and Public Support:			
Workplace campaign pledges - uncollectible	(19,164)	-	(19,164)
Grants	167,650	-	167,650
Total Support	790,035	50,000	840,035
Revenue:			
Interest and dividend income	11,789	-	11,789
Realized/unrealized gain on investments	12,990	-	12,990
Special events, net	28,548	-	28,548
Other income	3,881	-	3,881
Total Revenue	57,208	-	57,208
Net assets released from restrictions	179,500	(179,500)	-
<b>Total Support and Revenue</b>	<b>1,026,743</b>	<b>(129,500)</b>	<b>897,243</b>
<b>EXPENSES</b>			
Program services	794,324	-	794,324
Supporting Services:			
Fundraising	219,744	-	219,744
Management and general	164,224	-	164,224
Total Supporting Services	383,968	-	383,968
<b>Total Expenses</b>	<b>1,178,292</b>	<b>-</b>	<b>1,178,292</b>
<b>Changes in Net Assets</b>	<b>(151,549)</b>	<b>(129,500)</b>	<b>(281,049)</b>
Net Assets, beginning of year	511,810	278,671	790,481
<b>Net Assets, end of year</b>	<b>\$ 360,261</b>	<b>\$ 149,171</b>	<b>\$ 509,432</b>

The accompanying notes are an integral part of this financial statement.

**United Way of Frederick County, Incorporated**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2021**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>Fundraising</b>	<b>Management and General</b>	
Salaries	\$ 206,774	\$ 125,981	\$ 93,144	\$ 425,899
Employee benefits	20,405	12,432	9,192	42,029
Retirement plan contributions	12,215	7,442	5,503	25,160
Payroll taxes	16,373	9,975	7,375	33,723
<b>Total salaries and benefits</b>	<b>255,767</b>	<b>155,830</b>	<b>115,214</b>	<b>526,811</b>
Grants	58,000	-	-	58,000
United Way Worldwide membership	-	-	19,222	19,222
Resource development - campaign	-	5,932	-	5,932
Unity campaign	27,651	-	-	27,651
Rent	8,739	5,324	3,937	18,000
Telephone	4,470	2,723	2,013	9,206
Professional fees	87,854	3,698	2,734	94,286
Bank service charges & fees	7,955	-	-	7,955
Supplies & office expense	938	572	421	1,931
Computer expenses	13,949	6,068	4,487	24,504
Postage & printing	1,594	779	576	2,949
Equipment rent & maintenance	8,214	3,564	2,635	14,413
Intern stipend / Americorp	243	148	109	500
Travel, meals, meetings & training	2,246	29	22	2,297
Membership dues - other	3,399	-	-	3,399
Insurance	3,957	2,411	1,783	8,151
Interest	56	34	25	115
In-kind expenses	79,658	-	-	79,658
<b>Total expenses before depreciation</b>	<b>564,690</b>	<b>187,112</b>	<b>153,178</b>	<b>904,980</b>
Depreciation	658	401	297	1,356
<b>Total functional expenses</b>	<b>\$ 565,348</b>	<b>\$ 187,513</b>	<b>\$ 153,475</b>	<b>\$ 906,336</b>

The accompanying notes are an integral part of this financial statement.

**United Way of Frederick County, Incorporated**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2020**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>Fundraising</b>	<b>Management and General</b>	
Salaries	\$ 190,154	\$ 134,357	\$ 103,378	\$ 427,889
Employee benefits	23,144	16,353	12,582	52,079
Retirement plan contributions	13,132	9,279	7,140	29,551
Payroll taxes	13,798	9,749	7,501	31,048
<b>Total salaries and benefits</b>	<b>240,228</b>	<b>169,738</b>	<b>130,601</b>	<b>540,567</b>
Grants	112,553	-	-	112,553
United Way Worldwide membership	-	-	10,718	10,718
Resource development - campaign	-	20,242	-	20,242
Unity campaign	17,680	-	-	17,680
Rent	7,999	5,652	4,349	18,000
Telephone	3,986	2,816	2,167	8,969
Professional fees	79,069	3,925	3,020	86,014
Bank service charges & fees	10,537	-	-	10,537
Supplies & office expense	1,655	479	371	2,505
Computer expenses	13,766	6,604	5,081	25,451
Postage & printing	5,275	634	488	6,397
Equipment rent & maintenance	5,463	3,596	2,767	11,826
Intern stipend / Americorp	3,900	1,099	846	5,845
Travel, meals, meetings & training	4,645	627	483	5,755
Membership dues - other	2,658	-	-	2,658
Insurance	3,801	2,686	2,067	8,554
Interest	1,667	1,178	906	3,751
Prosperity - matching funds	87,762	-	-	87,762
In-kind expenses	191,018	-	-	191,018
<b>Total expenses before depreciation</b>	<b>793,662</b>	<b>219,276</b>	<b>163,864</b>	<b>1,176,802</b>
Depreciation	662	468	360	1,490
<b>Total functional expenses</b>	<b>\$ 794,324</b>	<b>\$ 219,744</b>	<b>\$ 164,224</b>	<b>\$ 1,178,292</b>

The accompanying notes are an integral part of this financial statement.

**United Way of Frederick County, Incorporated**  
**Statements of Cash Flows**  
**For the Years Ended June 30,**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$ 10,645	\$ (281,049)
Adjustments to reconcile changes in net assets to net cash (used in) operating activities:		
Depreciation	1,356	1,490
Provision for uncollectible pledges	(5,554)	2,588
Realized/unrealized (gain) on investments	(61,915)	(12,990)
Change in operating assets and liabilities		
Pledges receivable	55,750	97,190
Grants receivable	(12,500)	-
Net due to/from CCC	(2,560)	(8,347)
Prepaid expenses	9,416	(6,595)
Accounts payable and accrued expenses	11,041	(7,113)
Allocations/designations payable	(67,595)	38,448
Deferred revenue	(80,767)	(134,173)
Net cash (used in) operating activities	(142,683)	(310,551)
<b>Cash flows from investing activities:</b>		
Proceeds from sale of marketable securities	53,801	141,383
Purchase of marketable securities	(34,612)	(23,414)
Purchase of equipment	(3,196)	-
Net cash provided by investing activities	15,993	117,969
<b>Cash flows from financing activities:</b>		
Net borrowings (repayments) of line of credit	90,000	(125,000)
Borrowing under PPP note payable	-	98,900
Net cash provided by (used in) financing activities	90,000	(26,100)
Net (decrease) in cash and cash equivalents	(36,690)	(218,682)
Cash and cash equivalents, beginning of year	57,053	275,735
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 20,363</b>	<b>\$ 57,053</b>
<b>Reconciliation of Cash, Cash Equivalents and Restricted Cash:</b>		
Amounts reported within the Statements of Financial Position that sum to the total above:		
Cash and cash equivalents	\$ 18,518	\$ 49,129
Restricted cash - CCC	1,845	7,924
Total Cash, Cash Equivalents and Restricted Cash	\$ 20,363	\$ 57,053
<b>Supplemental Disclosure:</b>		
Cash paid for interest	\$ 115	\$ 3,751
Cash paid for income taxes	\$ -	\$ -

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

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**(1) NATURE OF ORGANIZATION**

United Way of Frederick County, Incorporated (UWFC) is a non-profit organization formed to support community, charitable, benevolent, and educational undertakings that give aid, relief, and comfort primarily to the people of Frederick County, Maryland, by increasing general knowledge and promoting public interest in such undertakings, and by collecting and distributing money and services for these purposes. UWFC begins its annual campaign in the fall of each year, and continues it through the spring of the following year.

UWFC is a community impact organization and grants funds to organizations focused on measurable outcomes in the areas of education, income, and health. UWFC routinely recruits and engages volunteers and expert leaders to advance the common good through community forums, on-going summer service projects, and other service activities.

UWFC (a local United Way) is a member of United Way Worldwide (UWW). UWW is an international organization dedicated to leading the United Way movement. Local United Ways create long-lasting community change by addressing the underlying causes of the most significant local issues; specifically, education health, and income. Membership allows local United Ways to use the name and service marks owned by UWW, during the period of membership. Membership support calculations are based on a formula driven process. As a member, UWFC is subject to financial and membership accountability standards established by UWW.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** - The financial statements of UWFC have been prepared on the accrual basis of accounting. UWFC reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other asset or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions whose restrictions are satisfied in the same year as contributed are reported as net assets without donor restrictions.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Cash Equivalents** – All short-term highly liquid investments with a maturity date within 90 days of purchase are considered cash equivalents.

**Restricted Cash** – Restricted cash – CCC includes cash maintained in a separate account for the Combined Charity Campaigns (see Note 10).

**Pledges Receivable** – UWFC uses the allowance method to determine uncollectible pledges and the allowance is based on prior years' experience. Pledges to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows.

**Public Support** – Contributions are recognized when the donor makes a promise (pledge) to give UWFC that is, in substance, unconditional. All contributions are considered to be available for the general programs of UWFC unless specifically restricted by the donor.

**Grants** – Revenue from unrestricted grants is recognized in the period received or pledged. Revenue from restricted grants is deemed to be earned and is recognized when UWFC has incurred expenditures in compliance with the specific restrictions. Such amounts received, but not earned, are reported as deferred revenue.

**Designated Pledges** – Some pledges to UWFC are donor-designated for UWFC member/partner agencies, other United Way agencies or Non-United Way agencies. Because UWFC's role consists of collecting, holding, and remitting these pledges to the designated organization without having variance power to transfer the assets to another beneficiary, such amounts are deducted from total support on the Statements of Activities and Changes in Net Assets.

UWFC is the third-party intermediary of the Unity Campaign, an organization that raises funds to benefit specified local nonprofit organizations. As pledges for the Unity Campaign are designated with no variance power, they will also be deducted from total support as described above.

**Donated Services and In-Kind Contributions** – Contributions of donated services that meet the definition for recognition under generally accepted accounting principles are recorded at their fair values in the period received. For the years ended June 30, 2021 and 2020, donated services and materials that advanced many of UWFC's programs totaled \$79,658 and \$191,018, respectively, of which approximately \$22,975 and \$25,208, respectively, related to public service announcements and advertising. Donated services from unpaid volunteers who assist in fundraising and special projects are not recognized in the Statements of Activities and Changes in Net Assets because the criteria for recognition under accounting standards have not been satisfied.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Functional Allocation of Expenses** – UWFC’s operating costs have been allocated between program, fundraising and management and general expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. The significant expenses that are allocated are salaries and benefits, rent, professional fees, computer expenses, and equipment rent and maintenance, all of which are allocated on the basis of estimates of time and effort.

**Advertising** – Advertising costs are expensed as incurred. Advertising costs were \$2,055 and \$3,236 for the years ended June 30, 2021 and 2020, respectively.

**Use of Estimates** – The preparation of financial statements in conformity with U.S. 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.

**(3) PLEDGES RECEIVABLE**

Pledges receivable consist of the following as of June 30:

	<b>2021</b>	<b>2020</b>
Pledges receivable in less than one year	\$ 201,470	\$ 237,103
Pledges receivable in one to five years	25,000	50,000
	226,470	287,103
Less allowance for uncollectible pledges	(35,513)	(41,067)
Less discounts to net present value	(3,842)	(8,725)
Pledges receivable, net	<b>\$ 187,115</b>	<b>\$ 237,311</b>

Pledges receivable in more than one year are discounted at 5.5%. The allowance is calculated as 12% of the prior year’s annual campaign pledges and contributions.

**(4) INVESTMENTS AND FAIR VALUE MEASUREMENT**

Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides 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 or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The input levels used for valuing the assets and liabilities are not necessarily an indication of risk.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**(4) INVESTMENTS AND FAIR VALUE MEASUREMENT (continued)**

The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that UWFC has the ability to access.

Level 2            Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation of methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

*Cash and equivalents, fixed income securities other than corporate bonds and equities* – valued at the closing price reported on the active market on which the individual securities are traded.

*Fixed income securities: corporate bonds* – valued at the last reported sales price on the day of valuation.

*Pledges receivable* – valued at the amount management expects to collect from the outstanding balance.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although UWFC believes its valuation methods are appropriate and consistent with the other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**(4) INVESTMENTS AND FAIR VALUE MEASUREMENT (continued)**

The following table sets forth UWFC's assets by level, within the fair value hierarchy as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & equivalents	\$ 14,043	\$ -	\$ -	\$ 14,043
Fixed income securities	247,713	36,765	-	284,478
Equities	<u>208,128</u>	<u>-</u>	<u>-</u>	<u>208,128</u>
Total marketable securities	469,884	36,765	-	506,649
Pledges receivable, net	<u>-</u>	<u>-</u>	<u>187,115</u>	<u>187,115</u>
Total	<u><b>\$ 469,884</b></u>	<u><b>\$ 36,765</b></u>	<u><b>\$ 187,115</b></u>	<u><b>\$ 693,764</b></u>

The following table sets forth UWFC's assets by level, within the fair value hierarchy as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & equivalents	\$ 52,674	\$ -	\$ -	\$ 52,674
Fixed income securities	190,451	49,108	-	239,559
Equities	<u>171,690</u>	<u>-</u>	<u>-</u>	<u>171,690</u>
Total marketable securities	414,815	49,108	-	463,923
Pledges receivable, net	<u>-</u>	<u>-</u>	<u>237,311</u>	<u>237,311</u>
Total	<u><b>\$ 414,815</b></u>	<u><b>\$ 49,108</b></u>	<u><b>\$ 237,311</b></u>	<u><b>\$ 701,234</b></u>

The following table provides a summary of changes in fair value of UWFC's Level 3 financial assets:

	<u>2021</u>	<u>2020</u>
Balance - beginning of year	\$ 237,311	\$ 337,089
Contributions:		
Pledge payments	(306,786)	(392,210)
New pledges	295,945	342,224
Allowance account	(35,513)	(41,067)
Discounts to net present value	<u>(3,842)</u>	<u>(8,725)</u>
Balance - end of year	<u><b>\$ 187,115</b></u>	<u><b>\$ 237,311</b></u>

Included in revenue on the Statements of Activities and Changes in Net Assets for the years ended June 30, 2021 and 2020 are \$8,810 and \$11,789, respectively, of interest and dividend income and \$61,915 and \$12,990, respectively, of net realized and unrealized gain on marketable securities.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**(5) PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30:

	2021	2020
Office equipment	\$ 61,199	\$ 58,003
Less: accumulated depreciation	<u>(57,265)</u>	<u>(55,909)</u>
Total	<u><u>\$ 3,934</u></u>	<u><u>\$ 2,094</u></u>

Property and equipment having a unit cost of \$500 or more and an estimated useful life of more than three years are capitalized at cost if purchased and at estimated fair value if donated. Depreciation is recognized on the straight-line method over estimated useful lives of three to seven years. Depreciation expense for the years ended June 30, 2021 and 2020 was \$1,356 and \$1,490, respectively.

**(6) DEBT**

**Line of Credit** - On January 25, 2019, UWFC obtained a \$200,000 line of credit with a local bank. The interest rate is calculated at the prime rate, initially set at 5.50%. The line of credit is secured by UWFC's marketable securities accounts. The balance on the line of credit as of June 30, 2021 and 2020 was \$90,000 and \$-0-, respectively.

**Paycheck Protection Program** - UWFC applied for and was approved a \$98,900 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. In July 2021, UWFC met the requirements for loan forgiveness and was granted forgiveness of \$93,649 of the loan balance. The remaining \$5,251 will be paid in monthly installments of \$593, including interest of 1%, through April 2022.

**(7) ALLOCATIONS/DESIGNATIONS PAYABLE TO AGENCIES**

Allocations/designations payable at June 30, 2021 were \$66,548. The policy is to pay-out the allocations/designations based on actual amounts collected. At June 30, 2020 and 2019, accrued allocations/designations were \$134,143 and \$95,695, respectively. These were the actual amounts paid, based on collections in the subsequent fiscal year.

Annually, adjustments may be reflected in the Statements of Activities and Changes in Net Assets for payments based on collections.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**(8) BOARD DESIGNATED NET ASSETS**

Board designated net assets consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Laughlin fund - volunteer appreciation	\$ 333,828	\$ 301,789
Rensburg fund - leadership	28,060	35,623
Frederick County - home buyers program	<u>14,450</u>	<u>14,450</u>
Total	<u><u>\$ 376,338</u></u>	<u><u>\$ 351,862</u></u>

**(9) NET ASSETS WITH DONOR RESTRICTIONS**

Net assets were donor restricted for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Laughlin Family Foundation designations	\$ -	\$ 50,000
Chaney Community Foundation designations	16,542	36,542
Marion P. Lee Trust designations	<u>37,629</u>	<u>62,629</u>
Total	<u><u>\$ 54,171</u></u>	<u><u>\$ 149,171</u></u>

**(10) OTHER CAMPAIGNS**

In addition to its own campaign, UWFC manages the campaigns of several other unrelated organizations. As fiscal agent, UWFC is the custodian of the funds and is responsible for the administration and disbursement of funds for which it receives a commissioned administrative fee.

Combined Charity Campaigns (CCC)

UWFC is the Principal Combined Fund Organization for the following Combined Charity Campaigns: Frederick County Government Employees, The City of Frederick Employees, and Board of Education of Frederick County Employees. Donations are collected by UWFC for the Combined Charity Campaigns and are deposited in separate cash accounts and distributed quarterly to participating agencies and UWFC.

The gross pledges and expenses of these other campaigns are not reflected in these financial statements. The only amounts included in the accompanying Statements of Activities and Changes in Net Assets related to these campaigns are UWFC's share of the pledges and the commissioned administrative fees.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**(10) OTHER CAMPAIGNS (continued)**

The following amounts are included in the accompanying Statements of Financial Position:

Restricted cash – CCC – Represents undisbursed collections in CCC restricted bank accounts over which UWFC has control.

Allocations due from CCC – Represents UWFC’s share of the CCC campaign pledges not yet paid to UWFC.

Due to CCC – Represents the portion of restricted cash that is payable to agencies other than UWFC.

**(11) RETIREMENT PLAN**

UWFC maintains a 403(b) Thrift Plan, classified as a defined contribution plan, for all employees meeting minimum age and service requirements. Employees can contribute any percentage of their salary provided that they do not contribute more than the maximum permitted by law. Each plan year, an employer based contribution up to 10% of eligible employees’ compensation will be made. The value of an employee’s account attributable to employer contributions is fully vested after four years of service. The employer contribution for the years ended June 30, 2021 and 2020 was \$25,160 and \$29,551, respectively.

**(12) LEASE COMMITMENTS**

During the year ended June 30, 2021, UWFC had a month-to-month lease for office space at the Bernard W. Brown Community Center. The monthly lease payment was \$1,500. On July 1, 2021, UWFC entered into a five-year lease for the above mentioned office space beginning on July 1, 2021 and ending on June 30, 2026. The monthly lease payment is \$1,950 with 5% annual increases. UWFC also leases office equipment. The postage machine lease requires quarterly payments of \$212 through May 2022. A copier lease effective July 2021 requires monthly payments of \$219 through June 2026.

Future minimum lease payments under these agreements are as follows for the years ended June 30:

2022	\$	26,079
2023		27,204
2024		28,428
2025		29,712
2026		31,068

Rent expense for the above leases for the years ended June 30, 2021 and 2020 totaled \$21,065 and \$20,818, respectively.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**(13) INCOME TAXES**

UWFC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the years ended June 30, 2021 and 2020, UWFC has determined that no income tax is due for its activities. Accordingly, no provision for income tax has been recorded in the accompanying financial statements. UWFC is not considered a private foundation.

UWFC previously adopted the recognition requirements for uncertain income tax positions as required by U.S. generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. UWFC believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on UWFC's financial condition, results of operations, or cash flows. Accordingly, UWFC has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at June 30, 2021 and 2020.

UWFC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. UWFC believes it is no longer subject to U.S. Federal, state, and local income tax examinations for years prior to 2017.

**(14) CONCENTRATIONS**

Credit Risk

Cash held by UWFC in bank accounts may at times exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit. Management believes UWFC is not exposed to any significant credit risk related to cash.

Sources of Revenue

UWFC received approximately 24% of its 2020 workplace campaign support from two local businesses. At June 30, 2021, approximately 10% of pledges receivable were from one local business. UWFC received approximately 18% of individual and corporate donations from one organization for the year ended June 30, 2021. At June 30, 2021, approximately 38% of pledges receivable were from one donor.

UWFC received approximately 14% of its 2019 workplace campaign support from one local business. They received approximately 34% of individual and corporate donations from one organization for the year ended June 30, 2020. At June 30, 2020, approximately 37% of pledges receivable were from two donors.

The current level of operations and program services may be impacted if this funding were discontinued.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**(15) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects UWFC's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long term investment as board designated endowments. The board designated net assets can be drawn upon if the board approves that action.

Financial Assets:	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 18,518	\$ 49,129
Restricted cash	1,845	7,924
Marketable securities	506,649	463,923
Pledges receivable, net	187,115	237,311
Grants receivable	12,500	-
Allocations due from CCC	78,152	81,671
Financial assets, at year end	<u>804,779</u>	<u>839,958</u>
Donor-imposed restrictions:		
Restricted cash	(1,845)	(7,924)
Donor designated funds	<u>(54,171)</u>	<u>(149,171)</u>
Net financial assets after donor-imposed restrictions	748,763	682,863
Less those unavailable for general expenditure within one year, due to:		
Pledges receivable collectible beyond one year	(23,697)	(46,158)
Board designated net assets	<u>(376,338)</u>	<u>(351,862)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 348,728</u>	<u>\$284,843</u>

As part of its liquidity management, UWFC structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. UWFC applies for grants to cover specific programs and other expenses and considers undesignated contributions and fundraising campaigns to cover general mission and operating expenses. UWFC also has a line of credit available to meet short-term needs.

**United Way of Frederick County, Incorporated**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**(16) SUBSEQUENT EVENTS**

In preparing these financial statements, UWFC has evaluated events and transactions for potential recognition or disclosure through November 11, 2021, the date the financial were available to be issued. Except for the matters noted below, management has determined that no other subsequent events require disclosure in these financial statements.

As discussed in Note 6, subsequent to year-end, UWFC met the requirements for loan forgiveness and was granted forgiveness of \$93,649 of their PPP loan balance. The remaining \$5,251 will be paid in monthly installments of \$593, including interest of 1%, through April 2022. The entire PPP loan balance has been included in current liabilities.

As discussed in Note 12, subsequent to year-end, UWFC entered into a five-year lease for office space beginning on July 1, 2021 and ending on June 30, 2026. The monthly lease payment is \$1,950 with 5% annual increases. This lease has been included in the future minimum lease payments schedule reported in Note 12.

**SUPPLEMENTARY INFORMATION**

**United Way of Frederick County, Incorporated**  
**Schedule of Community Impact Grants**  
**For the Year Ended June 30, 2021**

<b>Community Impact Grants:</b>	
Advocates for Homeless Families	\$ 15,000
Mental Health Association of Frederick County	5,000
Religious Coalition for Emergency Human Needs	2,500
SHIP-Student Homeless Initiative Partnership	15,000
Spanish Speaking Community of Maryland	<u>20,000</u>
<b>Total Community Impact Grants</b>	<b><u>\$ 57,500</u></b>

See independent auditors' report.

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