

UNITED WAY OF CENTRAL JERSEY, INC.

***FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT***

YEAR ENDED DECEMBER 31, 2021

UNITED WAY OF CENTRAL JERSEY, INC.

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SECTION 1

UNITED WAY OF CENTRAL JERSEY, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2021

UNITED WAY OF CENTRAL JERSEY, INC.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
United Way of Central Jersey, Inc.
Milltown, New Jersey**

Opinion

We have audited the accompanying financial statements of the United Way of Central Jersey, Inc., which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Central Jersey, Inc.'s as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the United Way of Central Jersey, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the United Way of Central Jersey, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**To the Board of Directors
United Way of Central Jersey, Inc.
Milltown, New Jersey**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Central Jersey, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the United Way of Central Jersey, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited United Way of Central Jersey, Inc.'s December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of state awards is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 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 audit 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.

To the Board of Directors
United Way of Central Jersey, Inc.
Milltown, New Jersey

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2022, on our consideration of United Way of Central Jersey, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Central Jersey, Inc.'s internal control over financial reporting and compliance.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
August 15, 2022

UNITED WAY OF CENTRAL JERSEY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$2,392,742	\$1,042,386
Investments <i>(Note 3)</i>	2,858,051	3,366,522
Accrued interest	29	2,324
Pledge receivables, net of allowance for uncollectible pledges of \$102,081 and \$109,407 in 2021 and 2020, respectively <i>(Note 2)</i>	51,622	161,969
Grant receivable	77,250	182,660
Prepaid expenses and other assets	47,079	35,540
Property and equipment, net <i>(Note 4)</i>	890,223	959,385
Investments – beneficial interest in perpetual trust <i>(Note 5)</i>	<u>318,968</u>	<u>301,341</u>
Total Assets	<u>\$6,635,964</u>	<u>\$6,052,127</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Allocations payable	\$ 14,750	\$ 44,173
Designations payable <i>(Note 6)</i>	62,726	71,720
Accounts payable and accrued expenses	401,651	173,324
Deferred revenue	<u>44,476</u>	<u>-</u>
Total Liabilities	<u>523,603</u>	<u>289,217</u>
Net Assets		
Without donor restrictions <i>(Note 7)</i>		
Undesignated	3,131,935	2,884,404
Designated for endowment fund	467,610	466,610
Designated for building repairs and improvements	<u>62,795</u>	<u>62,795</u>
	3,662,340	3,413,809
With donor restrictions <i>(Note 7)</i>	<u>2,450,021</u>	<u>2,349,101</u>
Total Net Assets	<u>6,112,361</u>	<u>5,762,910</u>
Total Liabilities and Net Assets	<u>\$6,635,964</u>	<u>\$6,052,127</u>

UNITED WAY OF CENTRAL JERSEY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2021 With Summarized Information For 2020

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Campaign pledges	\$ 476,682	\$ 101,255	\$ 577,937	\$ 640,704
Less:				
Amounts designated by donors for specific organizations	146,884	2,130	149,014	211,894
Allowance and write-offs for uncollectible pledges	<u>41,948</u>	<u>3,329</u>	<u>45,277</u>	<u>42,261</u>
Campaign pledges, net	287,850	95,796	383,646	386,549
Grant income	1,111,312	-	1,111,312	1,213,671
Investment income	3,859	-	3,859	25,346
Distributions from perpetual trust	13,492	-	13,492	11,400
Rental income	18,382	-	18,382	73,529
Service fee revenue	4,981	-	4,981	18,693
Community program income	-	1,047,558	1,047,558	1,179,800
Contributions of clothes and equipment	35,267	-	35,267	23,745
Miscellaneous	11,560	-	11,560	5,073
Net assets released from restrictions	<u>1,060,061</u>	<u>(1,060,061)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,546,764</u>	<u>83,293</u>	<u>2,630,057</u>	<u>2,937,806</u>
Program Services				
Allocations and grants				
Allocated distributions to agencies	239,764	-	239,764	335,009
Less donor designated contributions	<u>(149,014)</u>	<u>-</u>	<u>(149,014)</u>	<u>(211,894)</u>
Net distributions to agencies in Central Jersey	90,750	-	90,750	123,115
Community investment and impact	2,119,999	-	2,119,999	2,232,535
Support Services				
General and administrative expenses	201,886	-	201,886	248,483
Resource development/fund-raising	150,341	-	150,341	142,768
Other				
Building expense attributed to rental portion	<u>4,420</u>	<u>-</u>	<u>4,420</u>	<u>41,329</u>
Total expenses	<u>2,567,396</u>	<u>-</u>	<u>2,567,396</u>	<u>2,788,230</u>
Change in net assets	(20,632)	83,293	62,661	149,576
Non-Operating Changes				
Realized and change in unrealized gains	269,163	-	269,163	115,772
Net gain (loss) on beneficial interest in perpetual trust	<u>-</u>	<u>17,627</u>	<u>17,627</u>	<u>15,029</u>
Change in net assets	248,531	100,920	349,451	280,377
Net Assets				
Beginning of year	<u>3,413,809</u>	<u>2,349,101</u>	<u>5,762,910</u>	<u>5,482,533</u>
End of year	<u>\$3,662,340</u>	<u>\$ 2,450,021</u>	<u>\$6,112,361</u>	<u>\$5,762,910</u>

UNITED WAY OF CENTRAL JERSEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021 With Summarized Information For 2020

	2021						2020
	PROGRAM SERVICES			SUPPORT SERVICES			Total Expenses
	Community Investment	Community Impact	Total Program Expenses	Management And General	Resource Development	Total Expenses	
Allocated distributions to agencies	\$ -	\$ 90,750	\$ 90,750	\$ -	\$ -	\$ 90,750	\$ 123,115
Payroll and employee benefits							
Payroll	77,300	480,000	557,300	115,410	87,660	760,370	790,327
Payroll taxes	6,331	39,312	45,643	9,420	7,179	62,242	64,384
Employee benefits	<u>7,923</u>	<u>49,200</u>	<u>57,123</u>	<u>11,812</u>	<u>8,985</u>	<u>77,920</u>	<u>92,641</u>
	91,554	568,512	660,066	136,642	103,824	900,532	947,352
Professional fees	-	102,706	102,706	3,680	7,216	113,602	182,311
Advertising & Promotion	-	25	25	39	2,239	2,303	5,988
Office expense	170	41,931	42,101	11,394	5,033	58,528	45,211
Information Technology	3,000	21,360	24,360	14,685	6,562	45,607	40,126
Occupancy	2,066	12,830	14,896	3,085	2,343	20,324	18,005
Travel	212	2,560	2,772	802	81	3,655	4,133
Payments to Affiliates (UWW)	-	20,242	20,242	7,140	4,496	31,878	45,218
Insurance	3,090	19,187	22,277	4,613	3,504	30,394	28,928
Community program expense	-	1,134,913	1,134,913	-	-	1,134,913	1,193,919
Repairs and maintenance	3,729	23,157	26,886	5,568	4,228	36,682	56,705
Miscellaneous	<u>1,830</u>	<u>11,361</u>	<u>13,191</u>	<u>2,731</u>	<u>2,075</u>	<u>17,997</u>	<u>4,081</u>
	105,651	2,049,534	2,155,185	190,379	141,601	2,487,165	2,695,092
Depreciation	<u>7,707</u>	<u>47,857</u>	<u>55,564</u>	<u>11,507</u>	<u>8,740</u>	<u>75,811</u>	<u>51,809</u>
	<u>\$ 113,358</u>	<u>\$ 2,097,391</u>	<u>\$ 2,210,749</u>	<u>\$ 201,886</u>	<u>\$ 150,341</u>	2,562,976	2,746,901
Building expense attributed to rental portion						<u>4,420</u>	<u>41,329</u>
						<u>\$ 2,567,396</u>	<u>\$ 2,788,230</u>

The notes to financial statements are an integral part of this statement.

UNITED WAY OF CENTRAL JERSEY, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 349,451	\$ 280,377
<i>Adjustments to reconcile the net change in net assets to net cash provided by operating activities</i>		
Depreciation expense	75,811	77,187
Provision for uncollectible pledges	(7,326)	(39)
Realized gain on investments	(16,330)	(28,012)
Unrealized gain on investments	(252,833)	(87,760)
Change in net assets of beneficial interest in perpetual trust	(17,627)	(15,029)
Changes in		
Accrued interest	2,295	1,832
Pledge receivables	117,673	36,241
Grant receivable	105,410	(112,660)
Prepaid expenses and other assets	(11,539)	57,545
Allocations payable	(29,423)	(93,620)
Designations payable	(8,994)	34,723
Accounts payable and accrued expenses	228,327	(137,487)
Deferred revenue	44,476	-
Net cash provided by operating activities	<u>579,371</u>	<u>13,298</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(996,041)	(1,806,245)
Sales and maturities of investments	1,773,675	2,077,927
Purchases of property and equipment	<u>(6,649)</u>	<u>(3,825)</u>
Net cash provided by investing activities	<u>770,985</u>	<u>267,857</u>
Net change in cash and cash equivalents	1,350,356	281,155
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,042,386</u>	<u>761,231</u>
End of year	<u>\$ 2,392,742</u>	<u>\$ 1,042,386</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 And 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF THE ORGANIZATION

The United Way of Central Jersey, Inc. (the “*United Way*” or the “*Organization*”) assesses on a continuing basis the need for human service programs within the community by fostering cooperation among local, state and national agencies, while developing a means to deploy financial resources to meet those needs. The United Way is primarily supported by donor contributions through its local campaign and is governed by a volunteer board of trustees.

ACCOUNTING METHOD

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

BASIS OF PRESENTATION

The Organization is required 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. The net assets without donor restrictions category represents net assets that are not subject to donor imposed restrictions, the net asset with donor restrictions category represents net assets that are subject to donor imposed time or purpose restrictions, and includes resources whereby donors have stipulated that the gift be invested and maintained in perpetuity. Income earned from such gifts is generally available for expenditures according to donor-imposed restriction, if any.

NET ASSETS

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary mission of the Organization.

- ***Undesignated*** – Net assets attributable to operations include the revenues and expenses associated with the principal mission of the Organization.
- ***Designated for endowment*** – Board designated net assets include gifts and Board of Directors designations to funds functioning as endowment, and realized and unrealized gains and reinvested income on all endowment funds.
- ***Designated for building repairs and improvements*** – Net assets designated by the Board for repairs and improvements to the building.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts, endowment, pledges and investment returns on “true” endowment funds. Expirations of restrictions of net assets with donor restrictions are reported as net assets released from restriction.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts wherein donors stipulate that the corpus of the gift be held in perpetuity (primarily gifts for endowment) and that only the income be made available for operations or other purposes.

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

REVENUE RECOGNITION

The United Way recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met. The United Way reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as “net assets released from restriction”. Restricted contributions and grants, whose restrictions expire in the year received are recorded as revenue without donor restrictions.

A portion of the United Way’s revenue is derived from cost-reimbursable federal and state grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the United Way has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances/deferred revenue in the statement of financial position.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

INCOME TAXES

The United Way is a not-for-profit corporation that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and New Jersey taxation codes. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

Management has reviewed the tax positions for each of the open tax years (2018 – 2020) or expected to be taken in United Way’s 2021 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

USE OF ESTIMATES

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

CONCENTRATION OF CREDIT RISK

United Way of Central Jersey occasionally maintains deposits in excess of federally insured limits. ASC 825, “**Financial Instruments**”, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

For the years ended December 31, 2021 and 2020, 36% and 35% of revenues, respectively, were derived from cost reimbursement type state grants. The loss of the grants would result in a corresponding decrease in expenses, therefore it would not have a material impact on the Organization.

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows presentation, the United Way considers all unrestricted highly liquid investments with maturity of less than three months at the date of acquisition to be cash equivalents.

COMPARATIVE 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 be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or fair market value at the date of donation. Depreciation charges with respect to property and equipment have been made by the United Way using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Building and improvements	15-40
Furniture and fixtures	5
Computer equipment and software	3
Equipment	5

Expenditures for maintenance and repairs are charged to activities as incurred. Expenditures for betterments and major renewals are capitalized and, therefore, would be included in property and equipment.

ALLOCATED DISTRIBUTIONS TO AGENCIES

Distributions are recorded as expenses when they are approved by the Board of Trustees and communicated to the respective agencies and are generally payable within one year.

FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, benefits and related payroll expenses are allocated based on analysis of time and effort, occupancy, repairs and maintenance, miscellaneous and depreciation expenses are allocated based on salaries while all other expenses, are directly allocated to the appropriate department or cost center.

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

FINANCIAL INSTRUMENTS

The carrying value of financial instruments including cash, pledges receivable, accounts and grant receivable, allocations and designations payable and accounts payable approximate their fair value due to the relatively short maturity of these instruments.

VALUATION OF LONG-LIVED ASSETS

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the period presented in these financial statements.

NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. The Organization plans to adopt the new ASU at the required implementation date.

(2) PLEDGE RECEIVABLES

Campaign receivables consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
2018 – 2019 Campaign Receivables	\$ -	\$ 52,603
2019 – 2020 Campaign Receivables	47,130	73,534
2020 – 2021 Campaign Receivables	59,021	145,239
2021 – 2022 Campaign Receivables	<u>47,552</u>	<u>-</u>
	153,703	271,376
Less: Allowance for uncollectible pledges	<u>(102,081)</u>	<u>(109,407)</u>
Pledge receivables, net	<u>\$ 51,622</u>	<u>\$ 161,969</u>

Amounts due in less than one year were \$51,622 and \$161,969 at December 31, 2021 and 2020, respectively.

Campaign receivables are unconditional promises to give by individuals and corporations, and amounts collected by third parties on behalf of the United Way and its member agencies that have not yet been received.

The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance is based on prior years' experience and management's analysis of specific promises made. In addition, amounts collected by third parties on behalf of the United Way and its member agencies are reduced by amounts deemed to be uncollectible by the third party collector.

Payments on pledges are applied to the specific pledges identified on the remittance or, if unspecified, are applied based on management's discretion.

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

(3) INVESTMENTS

At December 31, 2021 and 2020, investments consisted of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Certificates of Deposit	\$ 400,000	\$ 399,758	\$1,000,000	\$1,000,032
Money Market Funds	700,000	700,000	750,011	750,011
Common Stock	13,324	34,214	13,324	31,475
Corporate Bonds	-	-	98,694	98,700
Mutual Funds – Equity	741,170	1,426,195	728,984	1,163,423
U.S. Government	<u>298,057</u>	<u>297,884</u>	<u>322,842</u>	<u>322,881</u>
Total Investments	<u>\$2,152,551</u>	<u>\$2,858,051</u>	<u>\$2,913,855</u>	<u>\$3,366,522</u>

As of December 31, 2021 and 2020, net unrealized gains consist of \$705,500 and \$452,667, respectively.

The following summarizes the investment return on long-term investments for the year ended December 31:

	<u>2021</u>	<u>2020</u>
Dividends and interest, net of investment expenses of \$18,841 and \$16,019, respectively	\$ 3,859	\$ 25,346
Realized gains	16,330	28,012
Change in unrealized gains	<u>252,833</u>	<u>87,760</u>
Total investment income on long-term investments	<u>\$273,022</u>	<u>\$141,118</u>

United Way utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that United Way has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the United Way’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

The summary of inputs used to value United Way’s investments and beneficial interest in perpetual trust at December 31, 2021 and 2020 are as follows:

<u>Investments</u>	<u>2021</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposit	\$ 399,758	\$ -	\$ 399,758	\$ -
Money Market Funds	700,000	700,000	-	-
Common Stock	34,214	34,214	-	-
Mutual Funds - Equity	1,426,195	1,426,195	-	-
U.S. Government	<u>297,884</u>	<u>-</u>	<u>297,884</u>	<u>-</u>
Totals	<u>\$2,858,051</u>	<u>\$2,160,409</u>	<u>\$ 697,642</u>	<u>\$ -</u>
Beneficial interest in Perpetual Trust	<u>\$ 318,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318,968</u>

<u>Investments</u>	<u>2020</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposit	\$1,000,032	\$ -	\$ 1,000,032	\$ -
Money Market Funds	750,011	750,011	-	-
Common Stock	31,475	31,475	-	-
Corporate Bonds	98,700	-	98,700	-
Mutual Funds - Equity	1,163,423	1,163,423	-	-
U.S. Government	<u>322,881</u>	<u>-</u>	<u>322,881</u>	<u>-</u>
Totals	<u>\$3,366,522</u>	<u>\$1,944,909</u>	<u>\$ 1,421,613</u>	<u>\$ -</u>
Beneficial interest in Perpetual Trust	<u>\$ 301,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,341</u>

The changes in financial instruments for which United Way used Level 3 inputs to determine fair value are as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 301,341	\$ 286,312
Unrealized gains – change in valuation	<u>17,627</u>	<u>15,029</u>
Balance, end of year	<u>\$ 318,968</u>	<u>\$ 301,341</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

(4) PROPERTY AND EQUIPMENT

The components of property and equipment are as follows at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 40,000	\$ 40,000
Building and improvements	2,153,818	2,153,818
Furniture and fixtures	66,674	60,024
Equipment	<u>105,697</u>	<u>105,697</u>
	2,366,189	2,359,539
Less: Accumulated depreciation	<u>(1,475,966)</u>	<u>(1,400,154)</u>
Property and equipment, net	<u>\$ 890,223</u>	<u>\$ 959,385</u>
Depreciation expense	<u>\$ 75,811</u>	<u>\$ 77,187</u>

Depreciation included as a charge to expense amounted to \$75,811 and \$77,187 for the years ended December 31, 2021 and 2020, respectively.

(5) BENEFICIAL INTEREST IN PERPETUAL TRUST

The United Way of Central Jersey, Inc. is the beneficiary of a trust created by a donor, the assets of which are not in the possession of the United Way. The United Way has legally enforceable rights and claims to such assets, including the right to a 1/3 interest in the income generated, which is to be used for the benefit of the citizens of South River, New Jersey. Net realized and unrealized gains and losses related to the beneficial interest are reported as changes in net assets with donor restriction. The fair value of the United Way's share in the beneficial interest at December 31, 2021 and 2020 is \$318,968 and \$301,341, respectively.

(6) ASSETS HELD FOR OTHERS (DONOR-CHOICE DESIGNATIONS)

At December 31, 2021 and 2020, the United Way, acting as an intermediary organization, had \$62,726 and \$71,720, respectively, in unspent contributions received on behalf of other member agencies. These amounts will be spent on behalf of, or transferred to, the respective member agencies based upon requests or when restrictions imposed by the donor have been satisfied and in accordance with United Way Worldwide Guidelines.

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

(7) NET ASSETS

Net assets designated by the Board consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Designated for endowment fund	\$ 467,610	\$ 466,610
Designated for building repairs and improvements	<u>62,795</u>	<u>62,795</u>
Total designated by the Board	<u>\$ 530,405</u>	<u>\$ 529,405</u>

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
<u>Subject to expenditure for a special purpose:</u>		
Abriendo Puertas	\$ 34,698	\$ 34,548
Adopt-a-Family	12,469	9,151
Back to School Supplies	3,656	9,055
Child Success – Research	37,788	53,655
COVID-19 Relief and Recovery	97,296	111,371
Early Grade Reading Fund	59,557	55,515
Homeless Kitchens	2,448	2,448
IBM Grants (In-Kind donations)	-	1,889
Kjeldsen Children’s Fund	28,503	25,091
Make it Count (Homeless) Fund	3,626	1,157
MIHOPE	-	3,185
Middlesex County Long Term Recovery Group (MCLTRG)	5,655	5,655
Nurse Family Partnership	522,350	586,831
Oral Health Project	29,521	23,138
Parent-Child Home Program	227,950	155,136
Place Based Child Success Projects	383,767	405,090
September 11 Disaster Relief	15,021	17,021
STEM Programs	16,441	16,441
Super Storm Sandy Recovery	65,438	65,438
Voluntary Income Tax Assistance (VITA)	437,604	298,833
Women’s Initiatives	<u>51,469</u>	<u>49,249</u>
	<u>2,035,257</u>	<u>1,929,897</u>
<u>Subject to the passage of time:</u>		
Time restricted campaign pledges	<u>95,796</u>	<u>117,863</u>
	<u>95,796</u>	<u>117,863</u>
<u>Perpetual in nature:</u>		
Beneficial interest in perpetual trust	<u>318,968</u>	<u>301,341</u>
	<u>\$ 2,450,021</u>	<u>\$ 2,349,101</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows for the year ended December 31:

	<u>2021</u>
Net assets released	
Adopt-a-Family	\$ 12,342
September 11 Disaster Relief	2,000
IBM Grants (In-Kind donations)	1,889
Back to School Supplies	8,755
Child Success – Research	75,868
COVID-19 Relief and Recovery	36,673
Make it Count (Homeless) Fund	5,865
MIHOPE	3,185
Nurse Family Partnership	367,153
Oral Health Project	617
Parent-Child Home Program	79,841
Place Based Child Success Projects	168,673
Time restricted campaign pledges	117,863
Voluntary Income Tax Assistance (VITA)	178,908
Women’s Initiatives	<u>429</u>
	<u>\$ 1,060,061</u>

(8) RETIREMENT PLAN

The United Way maintains a defined contribution pension plan that covers all eligible full time employees. The employer’s contribution is based on five percent of employees’ annual salary. The pension expense for the years ended December 31, 2021 and 2020 was \$28,547 and \$28,589, respectively. The employees may also make voluntary contributions into a separate employer sponsored defined contribution plan.

(9) COMMITMENTS

EQUIPMENT LEASES

The United Way leases office equipment under non-cancelable lease commitments expiring through 2025. Total rent expense on office equipment amounted to \$9,100 and \$9,698 in 2021 and 2020, respectively. The approximate minimal annual rental commitments, under all non-cancelable leases with terms of one year or more for the periods set forth below, are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 8,376
2023	8,376
2024	8,376
2025	<u>6,282</u>
	<u>\$31,410</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

SUBLEASE REVENUE

The United Way subleased a portion of its office to another organization under a two-year, non-cancellable lease that ran from January 1, 2019, through December 31, 2020. The sublease agreement was not renewed but continued on a month-to-month basis until March 31, 2021. Annual rental income from the sublease is \$18,382 and \$73,529 as of December 31, 2021, and 2020, respectively.

(10) ADMINISTRATIVE COST RATIO (UNAUDITED)

The United Way calculates the ratio of support services to total revenue using the data on the IRS Form 990. This form is readily accessible and universally used to calculate the ratio for a nonprofit organization. The calculation method utilized is as follows:

	<u>2021</u>	<u>2020</u>
Supporting Services		
Administrative (management and general) expenses (IRS Form 990, Part IX, Line 25, Column C)	\$ 201,886	\$ 248,483
Fundraising expenses (IRS Form 990, Part IX, Line 25, Column D)	<u>150,341</u>	<u>142,768</u>
Total supporting services	<u>\$ 352,227</u>	<u>\$ 391,251</u>
Revenue (IRS Form 990, Part I, Line 12)	<u>\$ 2,793,099</u>	<u>\$ 3,152,401</u>
Administrative cost ratio	13%	12%

(11) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The United Way strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in certificates of deposit and other short-term investments. As part of the United Way's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following table reflects the United Way's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year may include net assets with donor restrictions.

Financial Assets	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,392,742	\$ 1,042,386
Investments	2,858,051	3,366,522
Accrued interest	29	2,324
Grants receivable	77,250	182,660
Pledges receivable	<u>51,622</u>	<u>161,969</u>
	5,379,694	4,755,861
Less:		
Board designated endowment fund	(467,610)	(466,610)
Designated for building repairs and investments	(62,795)	(62,795)
Net assets with donor restrictions	<u>(2,035,257)</u>	<u>(1,929,897)</u>
Total financial assets available within one year	<u>\$ 2,814,032</u>	<u>\$ 2,296,559</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

Although the United Way does not intend to spend from its Board designated endowment fund of \$467,610 and \$466,610 as of December 31, 2021 and 2020, respectively, amounts from the Board designated endowment fund could be made available, if necessary, with Board approval.

(12) COVID-19 AND PAYROLL PROTECTION PROGRAM

In December 2019, a novel strain of the coronavirus (“COVID-19”) was reported in China. The World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern”. This outbreak has affected virtually every industry and has created volatility in stock markets throughout the world. Many federal and state governments have implemented numerous restrictions, mandated various closures and quarantine requirements in connection with the COVID-19 outbreak. The extent of the impact of COVID-19 on the United Way’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on the United Way’s funders, donors, employees and vendors, all of which are uncertain and cannot be predicted.

On April 24, 2020, United Way received \$180,077 in funds from the federal Paycheck Protection Program (PPP). The PPP loan was designed to provide a direct incentive for small businesses to keep their workers on the payroll. The Small Business Administration (SBA) would forgive loans if all employees were kept on the payroll for a specific period of time and the money was used for certain allowable costs. Any amounts not forgiven at the end of the program period convert into a loan with 1% interest, payable over 24 months. The AICPA released guidance on recording options and the United Way has decided to record these funds under the government grant model (FASB ASC 958-605). The cash received under the PPP is recorded as a liability until the conditions are substantially met. When the United Way had substantially met the conditions of the program and qualifying expenses were incurred, the cancellation of the liability was recorded as revenue. As of December 31, 2020, United Way had met conditions and incurred expense in the amount of \$180,077 and this, the amount has been included in the Statement of Activities with grant revenue. On April 15, 2021, the United Way was notified that the loan was forgiven by the SBA.

On April 5, 2021, United Way received a \$159,292 loan under the Small Business Administration’s (“SBA”) Paycheck Protection Program Second Draw Loan (“**PPP Second Draw Loan**”) under the Consolidated Appropriations Act 2021, Additional Coronavirus Response and Relief provisions. PPP Second Draw Loans are eligible for forgiveness if United Way incurs qualifying expenses over a period of time not to exceed 24 weeks. The period of time in which qualifying expenses may be incurred commences upon receipt of the loan. Any portion of the loan not forgiven is payable over a 5-year period at an interest rate of 1%. United Way considered the incurrence of eligible expenses and the acceptance of its application for forgiveness to be barriers in the PPP Second Draw Loan agreement and as such, would recognize contribution income when these conditions were substantially met. As of December 31, 2021, United Way believes it has met conditions and incurred expense in the amount of \$159,292 and this amount has been included in the Statement of Activities with grant revenue. On February 22, 2022, United Way was notified by the SBA that the loan was forgiven.

(13) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, August 15, 2022, have been evaluated in the preparation of the financial statements.

SUPPLEMENTAL INFORMATION

UNITED WAY OF CENTRAL JERSEY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2021

	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services			
Maternal, Infant and Early Childhood Home Visiting Grant Program			
Passed through State of New Jersey Department of Children and Families			
Nurse Family Partnership	DCF 21 APMP	93.870	\$ 311,340
COVID ARP – Home Visiting Grant	DCF21 APMP	93.870	<u>9,273</u>
			<u>320,613</u>
U.S. Department of the Treasury			
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21VITA0306	21.009	<u>75,000</u>
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program	37-5994-00	97.024	2,795
Emergency Food and Shelter National Board Program	38-5994-00	97.024	<u>8,285</u>
			<u>11,080</u>
Total Federal Expenditures			<u>\$406,693</u>

UNITED WAY OF CENTRAL JERSEY, INC.

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended December 31, 2021

<u>State Grantor/ Pass-Through Grantor/Program Title</u>	<u>Contract Number</u>	<u>Grant Award Amount</u>	<u>Grant Period</u>	<u>Expenditures</u>
State of New Jersey Department of Children & Families Nurse Family Partnership	DCF 21 APMP	\$1,243,466	1/1/21 – 6/30/22	\$ 500,327
State of New Jersey Department of State Office of Faith Based Initiatives – Social Innovation 2022	OFBI22SI-049	10,000	7/1/21 – 6/30/22	10,000
Office of Faith Based Initiatives – Special Projects 2022	OFBI22SP-030	10,000	7/1/21 – 6/30/22	<u>10,000</u>
				<u>20,000</u>
State of New Jersey Economic Development Authority Small Business Emergency Assistance Grant Phase 4 Program	N/A	15,000	3/1/20 – 7/15/21	<u>15,000</u>
Total Expenditures				<u>\$ 535,327</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended December 31, 2021

(1) BASIS OF PRESENTATION

The accompanying schedule of federal and state expenditures of awards includes the federal and state grant activity of United Way of Central Jersey, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Government Auditing Standards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SECTION 2

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
 OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
 OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
 PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Directors
 United Way of Central Jersey, Inc.
 Milltown, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Central Jersey, Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 15, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Central Jersey, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Central Jersey, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Central Jersey, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Central Jersey, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Board of Directors
United Way of Central Jersey, Inc.
Milltown, New Jersey**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of Central Jersey, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
August 15, 2022**