

UNITED WAY OF CENTRAL JERSEY, INC.

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

YEAR ENDED DECEMBER 31, 2020

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, 2020

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**

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Central Jersey, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, of functional expenses and of cash flows for the year then ended, and the related notes to the financial statements.

Management 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 audit. 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. 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 Central Jersey, Inc. as of December 31, 2020, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Report on Summarized Comparative Information

We have previously audited United Way of Central Jersey, Inc.'s December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards, as required by the State of New Jersey Office of Management and Budget Circular 15-08-OMB, ***Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid***, is presented for purposes of additional analysis and is not a required part of the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August __, 2021 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
July 26, 2021

UNITED WAY OF CENTRAL JERSEY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$1,042,386	\$ 761,231
Investments <i>(Note 3)</i>	3,366,522	3,522,432
Accrued interest	2,324	4,156
Pledge receivables, net of allowance for uncollectible pledges of \$109,407 and \$109,446 in 2020 and 2019, respectively <i>(Note 2)</i>	161,969	198,171
Grant receivable	182,660	70,000
Prepaid expenses and other assets	35,540	93,085
Property and equipment, net <i>(Note 4)</i>	959,385	1,032,747
Investments – beneficial interest in perpetual trust <i>(Note 5)</i>	<u>301,341</u>	<u>286,312</u>
Total Assets	<u>\$6,052,127</u>	<u>\$5,968,134</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Allocations payable	\$ 44,173	\$ 137,793
Designations payable <i>(Note 6)</i>	71,720	36,997
Accounts payable and accrued expenses	<u>173,324</u>	<u>310,811</u>
Total Liabilities	<u>289,217</u>	<u>485,601</u>
Net Assets		
Without donor restrictions <i>(Note 7)</i>		
Undesignated	2,884,404	2,794,286
Designated for endowment fund	466,610	452,007
Designated for building repairs and improvements	<u>62,795</u>	<u>62,795</u>
	3,413,809	3,309,088
With donor restrictions <i>(Note 7)</i>	<u>2,349,101</u>	<u>2,173,445</u>
Total Net Assets	<u>5,762,910</u>	<u>5,482,533</u>
Total Liabilities and Net Assets	<u>\$6,052,127</u>	<u>\$5,968,134</u>

UNITED WAY OF CENTRAL JERSEY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2020 With Summarized Information For 2019

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Campaign pledges	\$ 474,057	\$ 166,647	\$ 640,704	\$ 768,058
Less:				
Amounts designated by donors for specific organizations	173,277	38,617	211,894	104,902
Allowance and write-offs for uncollectible pledges	<u>32,094</u>	<u>10,167</u>	<u>42,261</u>	<u>3,589</u>
Campaign pledges, net	268,686	117,863	386,549	659,567
Grant income	1,213,671	-	1,213,671	848,655
Investment income	25,264	82	25,346	58,041
Distributions from perpetual trust	11,400	-	11,400	10,040
Rental income	73,529	-	73,529	73,529
Service fee revenue	18,693	-	18,693	18,487
Community program income	-	1,179,800	1,179,800	1,257,326
Contributions of clothes and equipment	23,745	-	23,745	290,485
Miscellaneous	5,073	-	5,073	2,796
Net assets released from restrictions	<u>1,137,118</u>	<u>(1,137,118)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,777,179</u>	<u>160,627</u>	<u>2,937,806</u>	<u>3,218,926</u>
Program Services				
Allocations and grants				
Allocated distributions to agencies	335,009	-	335,009	352,144
Less donor designated contributions	<u>(211,894)</u>	<u>-</u>	<u>(211,894)</u>	<u>(104,902)</u>
Net distributions to agencies in Central Jersey	123,115	-	123,115	247,242
Community investment and impact	2,232,535	-	2,232,535	2,136,622
Support Services				
General and administrative expenses	248,483	-	248,483	241,594
Resource development/fund-raising	142,768	-	142,768	158,105
Other				
Building expense attributed to rental portion	<u>41,329</u>	<u>-</u>	<u>41,329</u>	<u>53,763</u>
Total expenses	<u>2,788,230</u>	<u>-</u>	<u>2,788,230</u>	<u>2,837,326</u>
Change in net assets	(11,051)	160,627	149,576	381,600
Non-Operating Changes				
Realized and change in unrealized gains (losses)	115,772	-	115,772	227,653
Net gain (loss) on beneficial interest in perpetual trust	<u>-</u>	<u>15,029</u>	<u>15,029</u>	<u>35,340</u>
Change in net assets	104,721	175,656	280,377	644,593
Net Assets				
Beginning of year	<u>3,309,088</u>	<u>2,173,445</u>	<u>5,482,533</u>	<u>4,837,940</u>
End of year	<u>\$3,413,809</u>	<u>\$2,349,101</u>	<u>\$5,762,910</u>	<u>\$5,482,533</u>

UNITED WAY OF CENTRAL JERSEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020 With Summarized Information For 2019

	2020						2019
	PROGRAM SERVICES			SUPPORT SERVICES			Total Expenses
	Community Investment	Community Impact	Total Program Expenses	Management And General	Resource Development	Total Expenses	
Allocated distributions to agencies	\$ -	\$ 123,115	\$ 123,115	\$ -	\$ -	\$ 123,115	\$ 247,242
Payroll and employee benefits							
Payroll	105,764	457,021	562,785	149,976	77,566	790,327	766,326
Payroll taxes	8,620	37,247	45,867	12,195	6,322	64,384	67,981
Employee benefits	<u>12,396</u>	<u>53,563</u>	<u>65,959</u>	<u>17,591</u>	<u>9,091</u>	<u>92,641</u>	<u>97,532</u>
	126,780	547,831	674,611	179,762	92,979	947,352	931,839
Professional fees	13,698	139,473	153,171	18,979	10,161	182,311	109,861
Advertising & Promotion	288	2,000	2,288	124	3,576	5,988	3,192
Office expense	15,595	17,847	33,442	8,170	3,599	45,211	47,179
Information Technology	13,575	14,317	27,892	6,862	5,372	40,126	26,470
Occupancy	9,656	3,150	12,806	2,971	2,228	18,005	19,674
Travel	231	3,355	3,586	470	77	4,133	16,474
Payments to Affiliates (UWW)	27,825	275	28,100	10,788	6,330	45,218	75,008
Insurance	10,047	10,047	20,094	4,312	4,522	28,928	28,876
Community program expense	83	1,191,425	1,191,508	164	2,247	1,193,919	1,182,840
Repairs and maintenance	20,228	30,342	50,570	3,506	2,629	56,705	31,098
Miscellaneous	<u>255</u>	<u>721</u>	<u>976</u>	<u>1,786</u>	<u>1,319</u>	<u>4,081</u>	<u>7,055</u>
	238,261	2,083,898	2,322,159	237,894	135,039	2,695,092	2,726,808
Depreciation	<u>13,396</u>	<u>20,095</u>	<u>33,491</u>	<u>10,589</u>	<u>7,729</u>	<u>51,809</u>	<u>56,755</u>
	<u>\$251,657</u>	<u>\$2,103,993</u>	<u>\$2,355,650</u>	<u>\$248,483</u>	<u>\$142,768</u>	2,746,901	2,783,563
Building expense attributed to rental portion						<u>41,329</u>	<u>53,763</u>
						<u>\$2,788,230</u>	<u>\$2,837,326</u>

UNITED WAY OF CENTRAL JERSEY, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 280,377	\$ 644,593
<i>Adjustments to reconcile the net change in net assets to net cash provided by operating activities</i>		
Depreciation expense	77,187	85,132
Provision for uncollectible pledges	(39)	(15,580)
Realized gain on investments	(28,012)	(48,152)
Unrealized gain on investments	(87,760)	(179,501)
Change in net assets of beneficial interest in perpetual trust	(15,029)	(35,340)
Changes in		
Accrued interest	1,832	511
Pledge receivables	36,241	(54,862)
Grant receivable	(112,660)	-
Prepaid expenses and other assets	57,545	(72,067)
Allocations payable	(93,620)	(79,103)
Designations payable	34,723	(91,020)
Accounts payable and accrued expenses	<u>(137,487)</u>	<u>169,467</u>
Net cash provided by operating activities	<u>13,298</u>	<u>324,078</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,806,245)	(4,247,636)
Sales and maturities of investments	2,077,927	3,556,420
Purchases of property and equipment	<u>(3,825)</u>	<u>(60,105)</u>
Net cash provided by (used for) investing activities	<u>267,857</u>	<u>(751,321)</u>
Net change in cash and cash equivalents	281,155	(427,243)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>761,231</u>	<u>1,188,474</u>
End of year	<u>\$ 1,042,386</u>	<u>\$ 761,231</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 And 2019

(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, 2020 And 2019

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 (2017 – 2019) or expected to be taken in United Way’s 2020 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, 2020 and 2019, 35% and 25% 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, 2020 And 2019

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, 2019, 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.

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.

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

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>2020</u>	<u>2019</u>
2017 – 2018 Campaign Receivables	\$ -	\$ 42,299
2018 – 2019 Campaign Receivables	52,603	87,048
2019 – 2020 Campaign Receivables	73,534	178,270
2020 – 2021 Campaign Receivables	<u>145,239</u>	<u>-</u>
	271,376	307,617
Less: Allowance for uncollectible pledges	<u>(109,407)</u>	<u>(109,446)</u>
Pledge receivables, net	<u>\$ 161,969</u>	<u>\$ 198,171</u>

Amounts due in less than one year were \$161,969 and \$198,171 at December 31, 2020 and 2019, 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, 2020 And 2019

(3) INVESTMENTS

At December 31, 2020 and 2019, investments consisted of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Certificates of Deposit	\$ 1,000,000	\$ 1,000,032	\$ 1,200,000	\$ 1,199,416
Money Market Funds	750,011	750,011	850,207	850,207
Common Stock	13,324	31,475	13,324	29,174
Corporate Bonds	98,694	98,700	100,506	100,512
Mutual Funds – Equity	728,984	1,163,423	719,122	1,068,681
U.S. Government	<u>322,842</u>	<u>322,881</u>	<u>274,366</u>	<u>274,442</u>
Total Investments	<u>\$ 2,913,855</u>	<u>\$ 3,366,522</u>	<u>\$ 3,157,525</u>	<u>\$ 3,522,432</u>

As of December 31, 2020 and 2019, net unrealized gains consist of \$452,667 and \$364,907, respectively.

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

	<u>2020</u>	<u>2019</u>
Dividends and interest, net of investment expenses of \$16,019 and \$15,055, respectively	\$ 25,346	\$ 58,041
Realized gains	28,012	48,152
Change in unrealized gains	<u>87,760</u>	<u>179,501</u>
Total investment income on long-term investments	<u>\$ 141,118</u>	<u>\$ 285,694</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, 2020 And 2019

The summary of inputs used to value United Way’s investments and beneficial interest in perpetual trust at December 31, 2020 and 2019 are as follows:

<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>

<u>Investments</u>	<u>2019</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposit	\$1,199,416	\$ -	\$ 1,199,416	\$ -
Money Market Funds	850,207	850,207	-	-
Common Stock	29,174	29,174	-	-
Corporate Bonds	100,512	-	100,512	-
Mutual Funds - Equity	1,068,681	1,068,681	-	-
U.S. Government	<u>274,442</u>	<u>-</u>	<u>274,442</u>	<u>-</u>
Totals	<u>\$3,522,432</u>	<u>\$1,948,062</u>	<u>\$ 1,574,370</u>	<u>\$ -</u>
Beneficial interest in Perpetual Trust	<u>\$ 286,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,312</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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 286,312	\$ 250,972
Unrealized gains – change in valuation	<u>15,029</u>	<u>35,340</u>
Balance, end of year	<u>\$ 301,341</u>	<u>\$ 286,312</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

(4) PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Land	\$ 40,000	\$ 40,000
Building and improvements	2,153,818	2,153,818
Furniture and fixtures	60,024	56,199
Equipment	<u>105,697</u>	<u>197,613</u>
	2,359,539	2,447,630
Less: Accumulated depreciation	<u>(1,400,154)</u>	<u>(1,414,883)</u>
Property and equipment, net	<u>\$ 959,385</u>	<u>\$ 1,032,747</u>
Depreciation expense	<u>\$ 77,187</u>	<u>\$ 85,132</u>

Depreciation included as a charge to expense amounted to \$77,187 and \$85,132 for the years ended December 31, 2020 and 2019, 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, 2020 and 2019 is \$301,341 and \$286,312, respectively.

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

At December 31, 2020 and 2019, the United Way, acting as an intermediary organization, had \$71,720 and \$36,997, 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, 2020 And 2019

(7) NET ASSETS

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

	<u>2020</u>	<u>2019</u>
Designated for endowment fund	\$ 466,610	\$ 452,007
Designated for building repairs and improvements	<u>62,795</u>	<u>62,795</u>
Total designated by the Board	<u>\$ 529,405</u>	<u>\$ 514,802</u>

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

	<u>2020</u>	<u>2019</u>
<u>Subject to expenditure for a special purpose:</u>		
Abriendo Puertas	\$ 34,548	\$ 32,778
Adopt-a-Family	9,151	7,042
Baby Bundles	-	1,710
Back to School Supplies	9,055	4,920
Child Success – Research	53,655	88,771
COVID-19 Relief and Recovery	111,371	-
Disaster Relief	-	1,350
Early Grade Reading Fund	55,515	49,170
Homeless Kitchens	2,448	2,448
IBM Grants (In-Kind donations)	1,889	8,374
JFK School	-	47,709
Kjeldsen Children’s Fund	25,091	23,423
Make A Difference	-	2,048
Make it Count (Homeless) Fund	1,157	-
MIHOPE	3,185	6,263
Middlesex County Long Term Recovery Group (MCLTRG)	5,655	5,655
Nurse Family Partnership	586,831	615,087
Oral Health Project	23,138	16,433
Parent-Child Home Program	155,136	78,972
Partnership with Jamesburg	-	98,294
Place Based Child Success Projects	405,090	272,350
September 11 Disaster Relief	17,021	16,939
STEM Programs	16,441	-
Super Storm Sandy Recovery	65,438	65,438
Voluntary Income Tax Assistance (VITA)	298,833	173,117
Women’s Initiatives	<u>49,249</u>	<u>48,209</u>
	<u>1,929,897</u>	<u>1,666,500</u>
<u>Subject to the passage of time:</u>		
Time restricted campaign pledges	117,863	193,133
Time restricted grants	<u>-</u>	<u>27,500</u>
	<u>117,863</u>	<u>220,633</u>
<u>Perpetual in nature:</u>		
Beneficial interest in perpetual trust	<u>301,341</u>	<u>286,312</u>
	<u>\$ 2,349,101</u>	<u>\$ 2,173,445</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

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>2020</u>
Net assets released	
Baby Bundles	\$ 1,710
Child Success – Research	95,116
COVID-19 Relief and Recovery	32,227
Disaster Relief	1,350
Early Grade Reading Fund	439
HFA Voter Mobilization	9,750
Immigration Integration	522
Make a Difference	2,048
MIHOPE	3,078
Nurse Family Partnership	367,995
Oral Health Project	294
Parent-Child Home Program	76,804
Place Based Child Success Projects	160,613
Technological Grants	6,485
Time restricted campaign pledges	193,133
Time restricted grants	27,500
Voluntary Income Tax Assistance (VITA)	157,993
Women’s Initiatives	<u>61</u>
	<u>\$1,137,118</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, 2020 and 2019 was \$28,589 and \$34,840, 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 \$9,698 and \$9,942 in 2020 and 2019, 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>
2021	\$ 8,376
2022	8,376
2023	8,376
2024	8,376
2025	<u>6,282</u>
	<u>\$39,786</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

SUBLEASE REVENUE

The United Way subleases 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. Annual rental income from the sublease is \$73,529 per year. The sublease agreement was not renewed.

(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>2020</u>	<u>2019</u>
Supporting Services		
Administrative (management and general) expenses (IRS Form 990, Part IX, Line 25, Column C)	\$ 248,483	\$ 241,594
Fundraising expenses (IRS Form 990, Part IX, Line 25, Column D)	<u>142,768</u>	<u>158,105</u>
Total supporting services	<u>\$ 391,251</u>	<u>\$ 399,699</u>
Revenue (IRS Form 990, Part I, Line 12)	<u>\$ 3,152,401</u>	<u>\$ 3,288,809</u>
Administrative cost ratio	12%	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, 2020 and 2019, 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,042,386	\$ 761,231
Investments	3,366,522	3,522,432
Accrued interest	2,324	4,156
Grants receivable	182,660	70,000
Pledges receivable	<u>161,969</u>	<u>198,171</u>
	4,755,861	4,555,990
Less:		
Board designated endowment fund	(466,610)	(452,007)
Designated for building repairs and investments	(62,795)	(62,795)
Net assets with donor restrictions	<u>(1,929,897)</u>	<u>(1,666,500)</u>
Total financial assets available within one year	<u>\$ 2,296,559</u>	<u>\$ 2,374,688</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

Although the United Way does not intend to spend from its Board designated endowment fund of \$466,610 and \$452,077 as of December 31, 2020 and 2019, 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, the Foundation received \$180,077 in funds from the federal Paycheck Protection Program (PPP). The PPP loan is designed to provide a direct incentive for small businesses to keep their workers on the payroll. The Small Business Administration (SBA) will forgive loans if all employees are kept on the payroll for a specific period of time and the money is 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 has substantially met the conditions of the program and qualifying expenses are incurred, the cancellation of the liability is recorded as revenue. As the United Way had met conditions and incurred expense in the amount of \$180,077 as of December 31, 2020, 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.

(13) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, July 26, 2021, have been evaluated in the preparation of the financial statements.

On April 5, 2021, the United Way received a \$159,292 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 the 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%.

SUPPLEMENTAL INFORMATION

UNITED WAY OF CENTRAL JERSEY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2020

	<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 20 APMP	93.870	\$ 311,340
U.S. Department of the Treasury			
Volunteer Income Tax Assistance (VITA) Matching Grant Program	19VITA0209	21.009	54,600
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program	36-5994-00	97.024	76,764
Department of Health and Human Services – Centers for Disease Control			
Passed through the State of New Jersey Department of Health via Family Health Services (FHI) Healthy Communities	N/A	93.758	<u>10,000</u>
Total Federal Expenditures			<u>\$452,704</u>

UNITED WAY OF CENTRAL JERSEY, INC.

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended December 31, 2020

<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 20 APMP	\$787,230	1/1/20 – 12/31/20	<u>\$ 475,890</u>
State of New Jersey Department of State Census 2020	DOS2020C3-NP-030	45,000	11/1/20 – 6/30/20	45,000
Office of Faith Based Initiatives – 2021 Social Innovation Mentoring Mothers: Achieving Post-Secondary Schooling For UWCJ NFP Mothers	OFBI21SI-021	15,000	7/1/20 – 6/30/21	<u>15,000</u>
				<u>60,000</u>
State of New Jersey Economic Development Authority Small Business Emergency Assistance Grant Phase 3 Program	N/A	10,000	3/1/20 – 11/18/20	<u>10,000</u>
Total Expenditures				<u>\$ 545,890</u>

UNITED WAY OF CENTRAL JERSEY, INC.

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended December 31, 2020

(1) BASIS OF PRESENTATION

The accompanying schedule of state expenditures of awards includes the 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, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 26, 2021.

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
July 26, 2021**