



**United Way  
of Washington County, MD**

CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors

**United Way of Washington County, Maryland, Inc. and  
United Way Foundation of Washington County, Maryland, Inc.**  
Hagerstown, Maryland

### *Opinion*

We have audited the consolidated financial statements of **United Way of Washington County, Maryland, Inc. and Affiliated Organization, United Way Foundation of Washington County, Maryland, Inc.** (Not-for-Profit Organizations) which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of United Way of Washington County, Maryland, Inc. and Affiliated Organization as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 United Way of Washington County, Maryland, Inc. and Affiliated Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, in 2021, the entity adopted new accounting guidance FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Washington County, Maryland, Inc. and Affiliated Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 United Way of Washington County, Maryland, Inc. and Affiliated Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Washington County, Maryland, Inc. and Affiliated Organization'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.

*Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

*Albright Crumbacker Moul & Itell, LLC*

Hagerstown, Maryland  
October 20, 2021

**UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC.  
AND AFFILIATED ORGANIZATION**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 417,233	\$ 356,770
Campaign pledges receivable	212,096	266,876
Less allowance for uncollectible pledges	(53,000)	(33,000)
Other receivables	31,248	40,602
Prepaid expenses	2,330	1,291
Investments	1,068,992	784,690
Property and equipment, net of accumulated depreciation of \$48,725 and \$59,040, respectively	12,703	14,683
	<b>\$ 1,691,602</b>	<b>\$ 1,431,912</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 4,387	\$ 4,654
Accrued payroll	12,564	11,448
Designations payable	33,820	35,386
Deferred revenue	29,947	8,000
SBA Paycheck Protection Program payable	53,042	58,400
	133,760	117,888
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	462,253	511,056
Board designated	1,058,112	773,810
	1,520,365	1,284,866
With donor restrictions	37,477	29,158
	1,557,842	1,314,024
	<b>\$ 1,691,602</b>	<b>\$ 1,431,912</b>

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

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## CONSOLIDATED STATEMENTS OF ACTIVITIES

<i>Years ended June 30,</i>			2021	2020
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
<b>CHANGES IN NET ASSETS</b>				
<b>CAMPAIGN REVENUE AND SUPPORT</b>				
Gross campaign results	\$ 515,676	\$ -	\$ 515,676	\$ 648,539
Less donor designations	(70,922)	-	(70,922)	(75,743)
Less provisions for uncollectible	(32,000)	-	(32,000)	(33,000)
<b>NET CAMPAIGN REVENUE AND SUPPORT</b>	<b>412,754</b>	<b>-</b>	<b>412,754</b>	<b>539,796</b>
<b>OTHER REVENUE AND SUPPORT</b>				
In-kind contributions	11,639	-	11,639	217,241
Contribution - Mathias Trust	55,780	-	55,780	70,170
Contributions - COVID Emergency Relief Fund	7,270	1,229	8,499	100,747
Contributions and grants - other	100,562	14,141	114,703	58,862
Designations from other United Ways	43,678	-	43,678	17,047
Paycheck Protection Program gain on extinguished debt	58,400	-	58,400	-
Net investment return (loss)	284,368	-	284,368	(34,785)
Event revenue, net	41,078	-	41,078	3,100
<b>OTHER REVENUE AND SUPPORT</b>	<b>602,775</b>	<b>15,370</b>	<b>618,145</b>	<b>432,382</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>7,051</b>	<b>(7,051)</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE AND SUPPORT</b>	<b>1,022,580</b>	<b>8,319</b>	<b>1,030,899</b>	<b>972,178</b>
<b>EXPENSES</b>				
Program services				
Gross funds awarded/distributed	419,259	-	419,259	433,549
Less donor designations	(70,922)	-	(70,922)	(75,743)
COVID Emergency Relief awards	7,918	-	7,918	99,026
Net funds awarded/distributed	356,255	-	356,255	456,832
Other program services	271,096	-	271,096	481,263
<b>TOTAL PROGRAM SERVICES</b>	<b>627,351</b>	<b>-</b>	<b>627,351</b>	<b>938,095</b>
Supporting services				
Fundraising	26,532	-	26,532	36,564
Management and general	122,079	-	122,079	136,709
United Way Worldwide dues	11,119	-	11,119	8,899
<b>TOTAL SUPPORTING SERVICES</b>	<b>159,730</b>	<b>-</b>	<b>159,730</b>	<b>182,172</b>
<b>TOTAL EXPENSES</b>	<b>787,081</b>	<b>-</b>	<b>787,081</b>	<b>1,120,267</b>
<b>CHANGES IN NET ASSETS</b>	<b>235,499</b>	<b>8,319</b>	<b>243,818</b>	<b>(148,089)</b>
<b>NET ASSETS BEGINNING OF PERIOD</b>	<b>1,284,866</b>	<b>29,158</b>	<b>1,314,024</b>	<b>1,462,113</b>
<b>NET ASSETS END OF PERIOD</b>	<b>\$ 1,520,365</b>	<b>\$ 37,477</b>	<b>\$ 1,557,842</b>	<b>\$ 1,314,024</b>

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

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended June 30,

2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>CHANGES IN NET ASSETS</b>			
<b>CAMPAIGN REVENUE AND SUPPORT</b>			
Gross campaign results	\$ 648,539	\$ -	\$ 648,539
Less donor designations	(75,743)	-	(75,743)
Less provisions for uncollectible	(33,000)	-	(33,000)
<b>NET CAMPAIGN REVENUE AND SUPPORT</b>	<b>539,796</b>	<b>-</b>	<b>539,796</b>
<b>OTHER REVENUE AND SUPPORT</b>			
In-kind contributions	217,241	-	217,241
Contribution - Mathias Trust	70,170	-	70,170
Contributions - COVID Emergency Relief Fund	98,178	2,569	100,747
Contributions and grants - other	51,255	7,607	58,862
Designations from other United Ways	17,047	-	17,047
Net investment return (loss)	(34,785)	-	(34,785)
Event revenue, net	3,100	-	3,100
<b>OTHER REVENUE AND SUPPORT</b>	<b>422,206</b>	<b>10,176</b>	<b>432,382</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>167</b>	<b>(167)</b>	<b>-</b>
<b>TOTAL REVENUE AND SUPPORT</b>	<b>962,169</b>	<b>10,009</b>	<b>972,178</b>
<b>EXPENSES</b>			
Program services			
Gross funds awarded/distributed	433,549	-	433,549
Less donor designations	(75,743)	-	(75,743)
COVID Emergency Relief awards	99,026	-	99,026
Net funds awarded/distributed	456,832	-	456,832
Other program services	481,263	-	481,263
<b>TOTAL PROGRAM SERVICES</b>	<b>938,095</b>	<b>-</b>	<b>938,095</b>
Supporting services			
Fundraising	36,564	-	36,564
Management and general	136,709	-	136,709
United Way Worldwide dues	8,899	-	8,899
<b>TOTAL SUPPORTING SERVICES</b>	<b>182,172</b>	<b>-</b>	<b>182,172</b>
<b>TOTAL EXPENSES</b>	<b>1,120,267</b>	<b>-</b>	<b>1,120,267</b>
<b>CHANGES IN NET ASSETS</b>	<b>(158,098)</b>	<b>10,009</b>	<b>(148,089)</b>
<b>NET ASSETS BEGINNING OF PERIOD</b>	<b>1,442,964</b>	<b>19,149</b>	<b>1,462,113</b>
<b>NET ASSETS END OF PERIOD</b>	<b>\$ 1,284,866</b>	<b>\$ 29,158</b>	<b>\$ 1,314,024</b>

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



# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

<i>Years ended June 30,</i>					<b>2021</b>	<b>2020</b>	
	PROGRAM		MANAGEMENT				
	SERVICES	FUNDRAISING	AND GENERAL	UWW DUES	TOTAL	TOTAL	
Gross funds awarded/distributed	\$ 419,259	\$ -	\$ -	\$ -	\$ 419,259	\$	433,549
Less donor designations	(70,922)	-	-	-	(70,922)		(75,743)
COVID Emergency Relief awards	7,918	-	-	-	7,918		99,026
<b>SUB-TOTAL</b>	<b>356,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>356,255</b>		<b>456,832</b>
Salaries	109,610	15,830	65,286	-	190,726		244,267
Payroll taxes	8,591	1,241	5,116	-	14,948		18,523
Health insurance	4,040	583	2,406	-	7,029		15,758
Retirement	2,461	355	1,466	-	4,282		8,307
<b>SUB-TOTAL</b>	<b>124,702</b>	<b>18,009</b>	<b>74,274</b>	<b>-</b>	<b>216,985</b>		<b>286,855</b>
Advertising	1,762	4,632	339	-	6,733		27,111
Bad debt expense	58,260	-	-	-	58,260		3,051
Bank charges	3,275	624	1,950	-	5,849		6,740
Computer	11,050	1,323	5,458	-	17,831		19,528
Depreciation	1,138	164	678	-	1,980		1,980
Dues and subscriptions	1,225	177	730	-	2,132		5,114
Insurance	2,748	2,226	1,636	-	6,610		4,844
Office expense	3,907	564	2,327	-	6,798		5,306
Printing and postage	2,418	349	1,440	-	4,207		8,821
Professional development	-	-	-	-	-		3,240
Professional fees	10,580	1,528	21,052	-	33,160		34,701
Rent, net	9,120	5,461	5,433	-	20,014		16,551
Supplies	40,911	15,466	6,762	-	63,139		231,606
Travel and mileage	-	-	-	-	-		923
<b>SUB-TOTAL</b>	<b>146,394</b>	<b>32,514</b>	<b>47,805</b>	<b>-</b>	<b>226,713</b>		<b>369,516</b>
United Way Worldwide dues	-	-	-	11,119	11,119		8,899
<b>TOTAL EXPENSES</b>	<b>627,351</b>	<b>50,523</b>	<b>122,079</b>	<b>11,119</b>	<b>811,072</b>		<b>1,122,102</b>
Less: event expenses included with revenue in the consolidated statement of activities	-	(23,991)	-	-	(23,991)		(1,835)
	<b>\$ 627,351</b>	<b>\$ 26,532</b>	<b>\$ 122,079</b>	<b>\$ 11,119</b>	<b>\$ 787,081</b>	<b>\$</b>	<b>1,120,267</b>

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

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

*Year ended June 30,*

**2020**

	PROGRAM		MANAGEMENT		TOTAL
	SERVICES	FUNDRAISING	AND GENERAL	UWW DUES	
Gross funds awarded/distributed	\$ 433,549	\$ -	\$ -	\$ -	\$ 433,549
Less donor designations	(75,743)	-	-	-	(75,743)
COVID Emergency Relief awards	99,026	-	-	-	99,026
<b>SUB-TOTAL</b>	<b>456,832</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>456,832</b>
Salaries	146,267	22,155	75,845	-	244,267
Payroll taxes	11,092	1,680	5,751	-	18,523
Health insurance	9,436	1,429	4,893	-	15,758
Retirement	4,974	753	2,580	-	8,307
<b>SUB-TOTAL</b>	<b>171,769</b>	<b>26,017</b>	<b>89,069</b>	<b>-</b>	<b>286,855</b>
Advertising	20,120	2,443	4,548	-	27,111
Bad debt expense	3,051	-	-	-	3,051
Bank charges	4,036	611	2,093	-	6,740
Computer	12,549	1,578	5,401	-	19,528
Depreciation	1,186	180	614	-	1,980
Dues and subscriptions	3,143	446	1,525	-	5,114
Insurance	2,901	439	1,504	-	4,844
Office expense	3,186	479	1,641	-	5,306
Printing and postage	5,306	795	2,720	-	8,821
Professional development	1,940	294	1,006	-	3,240
Professional fees	11,946	1,810	20,945	-	34,701
Rent, net	9,432	2,229	4,890	-	16,551
Supplies	230,145	994	467	-	231,606
Travel and mileage	553	84	286	-	923
<b>SUB-TOTAL</b>	<b>309,494</b>	<b>12,382</b>	<b>47,640</b>	<b>-</b>	<b>369,516</b>
United Way Worldwide dues	-	-	-	8,899	8,899
<b>TOTAL EXPENSES</b>	<b>938,095</b>	<b>38,399</b>	<b>136,709</b>	<b>8,899</b>	<b>1,122,102</b>
Less: event expenses included with revenue in the consolidated statement of activities	-	(1,835)	-	-	(1,835)
	<b>\$ 938,095</b>	<b>\$ 36,564</b>	<b>\$ 136,709</b>	<b>\$ 8,899</b>	<b>\$ 1,120,267</b>

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

**UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC.  
AND AFFILIATED ORGANIZATION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

<i>Years ended June 30,</i>	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 243,818	\$ (148,089)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	1,980	1,980
Bad debt expense	90,260	36,051
Paycheck Protection Program gain on extinguished debt	(58,400)	-
Interest and dividends reinvested	(24,761)	(29,004)
Unrealized (gain) loss on investments	(270,963)	52,442
Investment fees	11,422	11,392
(Increase) decrease in operating assets		
Campaign pledges receivable	(15,480)	84,970
Other receivables	9,354	(2,346)
Prepaid expenses	(1,039)	2,045
Increase (decrease) in operating liabilities		
Accounts payable	(267)	(13,435)
Accrued payroll	1,116	(126)
Designations payable	(1,566)	(6,813)
Deferred income	21,947	(9,540)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>7,421</b>	<b>(20,473)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Distributions from investments	-	43,351
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>43,351</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from SBA Paycheck Protection Program	53,042	58,400
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>53,042</b>	<b>58,400</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>60,463</b>	<b>81,278</b>
Cash and cash equivalents, beginning	356,770	275,492
Cash and cash equivalents, ending	<b>\$ 417,233</b>	<b>\$ 356,770</b>

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

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of **United Way of Washington County, Maryland, Inc. and Affiliated Organization** (“the Organization”) is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity.

**Nature of activity:** United Way of Washington County, Maryland, Inc. (“UWWC”) was incorporated in March of 1957 as a nonprofit organization that was formed to support community, charitable, benevolent, and educational undertakings that give aid, relief, and comfort primarily to the people of Washington County, Maryland, by increasing general knowledge and promoting public interest in such undertakings, and by collecting and donating money and services for these purposes. UWWC is governed by a volunteer board of directors.

United Way Foundation of Washington County, Maryland, Inc. (“the Foundation”) was incorporated in March of 1968 as a nonprofit organization that was formed to support the mission of UWWC.

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

**Basis of consolidation and presentation:** UWWC and the Foundation have common Boards of Directors. Accordingly, management has determined that consolidated financial statements represent the most informative presentation in conformity with FASB Accounting Standards Codification (ASC) 958-810-55. Therefore, the accompanying consolidated financial statements include the accounts of UWWC and the Foundation. Intercompany transactions have been eliminated in the consolidation.

The Organization reports information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management. In addition, the Organization's Board of Directors may designate resources for specific purposes, for example, a particular program activity or capital addition. Such amounts are reported as board designated without donor restrictions and have been designated for investment.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and limit the use of funds to a specific time period and/or purpose. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Estimates:** The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the collectability of receivables, valuation of conditional promises to give, and fair value measurements.

**Cash and cash equivalents:** The Organization considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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**Pledges receivable:** Promises to give are recognized as revenues when the donor makes an unconditional promise to give to the Organization. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. The Organization believes that all pledges will be collected within one year. Contributions are considered to be available for the general programs of the Organization, unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Conditional promises to give received prior to the satisfaction of the barriers to entitlement are accounted for as deferred revenue. Donor-restricted contributions, such as campaign support, are reported as increases in net assets with donor restrictions unless the restriction is satisfied in the same fiscal year as the contribution, in which case the contribution is reported as without donor restrictions. When a donor restriction expires via the passage of time or fulfillment of the intended purpose, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization utilizes the allowance method to determine the estimated uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises to give.

**Exchange revenue recognition:** The Organization recognizes revenue from exchange transactions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2019-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. Under FASB ASU 2014-09, revenue from exchange transactions is allocated and recognized for each performance obligation included in the customer contract or similar arrangement. The Organization's exchange transaction revenue streams are as follows:

**Special events:** The Organization conducts special fundraising events whose gross proceeds include both a contribution and an exchange transaction component. The exchange transaction component is the fair value of the benefit received by the participant, typically the meals and entertainment provided at the event. Unless another objective means is available to provide evidence of the fair value of the donor benefit, the fair value is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the donor benefit. See Note 9 for the allocation of special event revenue between exchange and contribution components. Event fees received in advance of the event are initially recorded as a deferred revenue liability and recognized as revenue at the time of the event. For event fees received before fiscal year-end for an event to occur after fiscal year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

FASB ASU 2014-09 allows for certain practical expedients which the Organization has elected to apply as follows:

**Portfolio approach:** The Organization has applied the portfolio approach to those contracts within a revenue stream that have similar characteristics, as management has determined that this would produce the same results if each contract within a portfolio was analyzed individually.

**Contract costs:** The Organization has elected to expense all incremental contract acquisition costs as they are incurred, as the amortization period of the asset that the Organization would have recognized is one year or less.

**Financing component:** The Organization does not adjust the promised amount of consideration from customers for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a customer and the time the customer pays for the service will be one year or less.

**Fair value measurements:** The Organization conforms with FASB ASC 820, *Fair Value Measurements and Disclosures*, which provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

**Level 2:** Inputs to the valuation methodology include: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

The Organization reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. These investment funds are held as units or interest in institutional funds or limited partnerships, which are stated at net asset value (NAV) or its equivalent. The Organization uses the NAV as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different than NAV. Pursuant to FASB ASU 2015-07, the Organization has not categorized these investments in levels within the fair value hierarchy table (Note 4).

**Investments:** The Organization's investment in units of the Community Foundation of Washington County, Inc. (CFWC), is stated at the Organization's proportionate share of the fair value of the CFWC fund units. Changes in unrealized gains and losses are included in net investment income and recognized in the statements of activities. Realized gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by the donor or by law, and are included in net investment return. Also included in net investment return is other investment income, such as dividends and interest, which is recognized in the period earned as increases in net assets without donor restrictions unless the use is limited by donor restrictions.

**Property and equipment:** Property and equipment are recorded at cost, if purchased, or fair market value, if donated. Maintenance and repairs are charged to expense as incurred. Major improvements that increase the useful lives of the assets are capitalized, subject to a property and equipment capitalization threshold of \$2,500. Upon sale or retirement of a capitalized asset, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets ranging from three to ten years.

**Compensated absences:** Employees are permitted to carry over a predetermined maximum number of unused vacation hours from one employment contract year to the next. Employees receive payment for any earned vacation hours, up to a separate predetermined maximum, at termination. Accordingly, the Organization has established a liability for unused vacation hours. As of June 30, 2021 and 2020, the liability for unused vacation hours

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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approximated \$7,700 and \$4,700, respectively. These amounts are included in accrued payroll on the consolidated statements of financial position.

**Agency grants:** The Organization raises funds primarily through its annual campaign. Based on the annual campaign, pledges receivable and corresponding contributions revenue are recognized, net of (a) designations to agencies, (b) designations to other United Way organizations, and (c) an allowance for uncollectible pledges receivable. After consideration of its projected operating expenses, capital expenditures, and cash flows from pledges, management develops an estimate of the Organization's projected grants to its member agencies. The grants are paid in twelve equal monthly payments.

**Designations payable:** Some pledges are designated by donors to be distributed to either member agencies or other United Way organizations. Accordingly, such amounts are reported as campaign pledges receivable with a corresponding liability to the designated agencies and deducted from gross campaign support on the consolidated statements of activities.

**In-kind contributions:** Donated assets are recorded as support at their estimated fair values on the dates of the gift and are depreciated, if appropriate, over their estimated useful lives. Such donations are reported as support without donor restrictions unless the donor placed specific restrictions on the donated asset. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service and reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Contributions of donated services that create or enhance non-financial assets, which would typically need to be purchased from individuals with specialized skills if not provided by donation, are recorded at their fair value in the period received. No amounts have been reflected in the financial statements for donated services by volunteers who donated their time to the Organization's service or fundraising campaigns since there is no objective basis available to measure the value of services received, and the conditions for recognition have not been met.

During the years ended June 30, 2021 and 2020, in-kind donations of \$11,639 and \$217,241, respectively, have been recorded as contribution revenue with a corresponding charge to expenses. In-kind contributions consist of services and supplies for the year ended June 30, 2021 and of advertising, services, and supplies for the year ended June 30, 2020. Additional in-kind donations totaling \$14,214 related to special events were received for the year ended June 30, 2021 and are included in event revenue and expense. No additional in-kind donations for special events were received for the year ended June 30, 2020.

**Functional allocation of expenses:** Certain costs have been allocated among the programs and supporting services benefitted. Where possible, allocations of costs by function are based on specific identification of costs to program, management and general, or fundraising. Non-specifically identified costs are determined by management on an equitable basis. All expenses except funds awarded / distributed and bad debt expense are in part or in whole allocated to their applicable functional categories. Salaries and wages are allocated based on analysis of time and effort by function; other expenses are allocated to each function as a percentage of total salaries and wages.

**Advertising and marketing costs:** Advertising and marketing costs are expensed as incurred. Advertising costs, including in-kind contributions, approximated \$6,700 and \$27,000, respectively, for the years ended June 30, 2021 and 2020.

**Income tax status:** Both UWWC and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The entities comply with ASC 740-10, *Income Taxes*, which established a threshold for determining when an income tax benefit of a tax position can be recognized. Under ASC 740-10, a tax position includes, among other things, (a) a decision not to file a tax return, (b) an allocation or a shift of income between jurisdictions, (c) the characterization of income or a decision to exclude reporting taxable income in a tax return, (d)

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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a decision to classify a transaction, entity, or other position in a tax return as tax exempt, and (e) an entity's status, including its status as a tax-exempt not-for-profit entity. Based on its interpretation of the requirements of ASC 740-10, management believes that the entities have no uncertain tax positions that qualify for either recognition or disclosure. The entities are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. UWWC and the Foundation believe they are no longer subject to income tax examinations for years prior to 2017.

**Recently adopted accounting guidance:** In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which together with related, subsequently issued guidance, replaces most existing revenue recognition guidance in U.S. GAAP. The core principle of ASU 2014-09 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive in exchange for those goods or services. To that end, the guidance establishes a five-step model which requires an entity to (1) identify the customer contract, (2) identify the performance obligation(s) included in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation(s), and (5) recognize revenue when or as the performance obligations are satisfied. The update also requires additional disclosures to enable readers of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The Organization adopted the new standard as of July 1, 2020 using the modified retrospective approach in which the new guidance is applied to the most current period presented, including certain contracts not completed as of June 30, 2020, with an adjustment to beginning net assets recognized for the cumulative effect of the adoption change. The Organization has determined that there was no material impact to revenue recognition on exchange revenue transactions; consequently, no cumulative adjustment to beginning net assets was necessary. Balances reported for fiscal year 2021 under Topic 606 are substantially equivalent to amounts that would have been recognized had the previous revenue recognition guidance been in effect.

**Accounting guidance not yet adopted:** In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the identification, measurement, recognition, presentation, and disclosure of leases. The FASB issued a number of subsequent updates to the standard. Collectively, the new guidance is intended to increase transparency and comparability by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. The standard becomes effective for annual reporting periods beginning after December 15, 2021, as delayed by ASU 2020-05. The use of a modified retrospective transition approach is required and there are numerous optional practical expedients that entities may elect to apply. The Organization is still evaluating the impact of adoption and the available practical expedients of this standard. Upon adoption, the Organization expects to record right-of-use assets and lease liabilities as well as a cumulative-effect adjustment to net assets without donor restrictions. The materiality of the impact of the new requirements to consolidated financial position and changes in net assets is unknown. The adoption is not expected to have a material impact on cash flows.

## 2. RISKS AND UNCERTAINTIES

The Organization has a cash sweep account agreement with a local bank whereby balances are transferred daily to mutual funds that invest in securities issued or guaranteed as to principal and interest by the U.S. Government or its agencies. These money market funds are not FDIC insured. However, the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash.

The Organization invests in a portfolio that contains a variety of investment types. Such investments are exposed to various risks, such as market, credit and interest rate risk. Due to the level of risk associated with such investments, it is at least reasonably possible that such risk may change in the near term and that such changes could materially affect the fair values of those investments as reported in the Organization's financial statements. In addition, recent economic uncertainty and market events have led to unprecedented volatility in the currency, commodity, debt and equity markets that have resulted in the bankruptcy and/or failure of some financial institutions. Such events have highlighted the level



# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

of risk inherent in any investment portfolio. Management believes that there has been no significant reduction of fair value since June 30, 2021.

### 3. AVAILABILITY AND LIQUIDITY

As of June 30, 2021 and 2020, the Organization has working capital of approximately \$1,600,000 and \$1,360,000, respectively, and average days (based on normal expenditures) cash on hand of approximately 203 and 117 days, respectively. As part of the Organization's liquidity management plan, cash is evaluated on a regular basis and invested in short-term investments and money market funds.

The following represents the Organization's financial assets available within one year as of June 30:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 417,233	\$ 356,770
Campaign pledges receivable, net	159,096	233,876
Other receivables	31,248	40,602
Investments	1,068,992	784,690
Total financial assets available at year end	1,676,569	1,415,938
Less amounts not available to be used within one year:		
Net assets with donor restrictions	37,477	29,158
Less net assets with restrictions to be met in less than a year	(18,000)	(14,176)
Board designated fund	1,058,112	773,810
	1,077,589	788,792
Financial assets available to meet general expenditures over the next twelve months	\$ 598,980	\$ 627,146

The Board designated fund may be drawn upon, if necessary, with Board approval.

The Organization also has a \$100,000 line of credit available to meet cash flow needs (Note 7).

### 4. INVESTMENTS

The Organization has an agreement with CFWC whereby the Organization invests in units of CFWC investment portfolio. As of June 30, 2021 and 2020, the units valued at net asset value are reported at fair value on the statements of financial position, at \$1,068,992 and \$784,690, respectively.

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Net investment return (loss) consisted of the following for the years ended June 30:

	2021	2020
Dividend and interest income	\$ 24,827	\$ 29,049
Unrealized gain (loss) on investments	270,963	(52,442)
	295,790	(23,393)
Less: investment expense	(11,422)	(11,392)
	\$ 284,368	\$ (34,785)

### 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2021	2020
Furniture and fixtures	\$ 41,624	\$ 53,919
Leasehold improvements	19,804	19,804
	61,428	73,723
Less accumulated depreciation	(48,725)	(59,040)
	\$ 12,703	\$ 14,683

Depreciation expense totaled \$1,980 for each of the years ended June 30, 2021 and 2020.

### 6. FUNDS HELD BY OTHERS

The Organization entered into an agreement with CFWC whereby the Organization collects third-party contributions and remits such donations to CFWC. These third party donations, together with matching contributions by the Waltersdorf/Henson Endowment Challenge Campaign (to a maximum of \$100,000, which has been achieved), become the sole property of CFWC to be held and invested by CFWC in the Waltersdorf/Henson United Way Foundation Endowment Fund (the CFWC "Sub-fund"). Accordingly, the aforementioned Sub-fund is not recognized as an asset of the Organization. Under the terms of the agreement, the Organization is entitled to receive on an annual basis (at the discretion of CFWC's Board of Trustees) the lesser of 5% of a rolling quarterly average value of the Sub-fund or the excess of the fair value of the Sub-fund over its historic dollar value, as defined in the agreement. Such amounts, which are included in other revenue and support, approximated \$13,600 and \$13,800 in 2021 and 2020, respectively.

UWWC is a beneficiary of a permanent endowment fund held by CFWC. The UWWC is entitled to the earnings of the fund on an annual basis, as long as the fair market value of the fund, as of June 30 of each year, does not drop below its original historical cost. Because UWWC has granted variance power and the fund is the sole property of CFWC, the aforementioned fund is not recognized as an asset of UWWC. In 2021 and 2020, UWWC received income, which is included in other revenue and support, approximating \$925 and \$950, respectively.

UWWC is an irrevocable beneficiary of a split-interest agreement relating to the Mathias Washington County Charitable Trust (the Trust). Under the terms of the agreement, UWWC is entitled to an annual distribution of 12% of the net income of the Trust as long as the trust continues to exist. The timing of the distribution is at the discretion of the Trustees of the Trust, and is to be used for the general welfare of UWWC. Management believes that the Trustee

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

has the power to terminate the trust at any time and distribute the principal to organizations of the trustee's choosing. Because the Trustee has variance power over the Trust, it does not meet the criteria to be recognized as an asset of UWWC as defined by ASC 958-30. The annual distribution of UWWC's 12% distributive share of the Trust is recognized as contribution income without donor restrictions in the accompanying consolidated statements of activities.

### 7. LINE OF CREDIT

The Organization has available a \$100,000 line of credit with a local bank. The line of credit has a maturity date of September 26, 2021 and any draws bear interest at 5.25%. As of June 30, 2021 and 2020 the line of credit was unused.

### 8. SBA PAYCHECK PROTECTION PROGRAM

In April 2020, pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), the Organization obtained a loan (the "PPP Loan") totaling \$58,400. In December 2020 the loan was wholly forgiven. Accordingly, the Organization recognized a gain on the extinguishment of debt for the year ended June 30, 2021.

In March 2021, pursuant to the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the "Economic Aid Act"), the Organization obtained a second draw PPP loan totaling \$53,042. The second draw PPP loan has a five-year term, bears interest at a rate of 1.0% per annum, and contains events of default and other provisions customary for a loan of this type. Monthly principal and interest payments are deferred for ten months after the close of the covered period which the Organization elected to be 24 weeks. Consequently, payments are deferred until August 2022. The second draw PPP loan may be prepaid at any time prior to maturity with no prepayment penalties. The second draw Paycheck Protection Program provides that the loan may be partially or wholly forgiven if the funds are used for certain qualifying expenses, as described in the Economic Aid Act. The Organization intends to use the proceeds for qualifying expenses and to apply for forgiveness of the second draw PPP loan in accordance with the terms of the Economic Aid Act; however, there is no guarantee that any portion of the second draw PPP loan proceeds will be forgiven.

Aggregate future principal payments for the years ending June 30 are as follows:

2022	\$	-
2023		12,542
2024		14,597
2025		14,744
2026		11,159
		<hr/>
	\$	53,042
		<hr/> <hr/>

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 9. EVENT REVENUE

Gross receipts from special fundraising events consist of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU 2014-09, the Organization is required to separately present the components of this revenue. For the year ended June 30, 2021, the components of event revenue were as follows:

Contributions	\$	55,292
Event revenue		<u>9,777</u>
		65,069
Less: event expenses		<u>(23,991)</u>
	\$	<u><u>41,078</u></u>

Net revenue from events for the year ended June 30, 2020 was as follows:

Gross revenues	\$	4,935
Less: event expenses		<u>(1,835)</u>
	\$	<u><u>3,100</u></u>

### 10. RETIREMENT PLAN

The Organization sponsors a contributory defined contribution pension plan under section 403(b) of the Internal Revenue Service code covering all employees meeting certain eligibility requirements. Contributions by the Organization are 5% of the participating employee's salary. Such contributions were \$4,282 and \$8,307 for 2021 and 2020, respectively.

**UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC.  
AND AFFILIATED ORGANIZATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**11. NET ASSETS**

Net assets with donor restrictions as of June 30, consisted of the following:

	<b>2021</b>			
	<b>BALANCE AT</b>		<b>SATISFACTION</b>	<b>BALANCE AT</b>
	<b>6/30/20</b>	<b>CONTRIBUTIONS</b>	<b>OF</b>	<b>6/30/21</b>
			<b>RESTRICTIONS</b>	
Subject to purpose restrictions:				
CEO Breakfast	\$ 2,661	\$ -	\$ -	\$ 2,661
Day of Caring	2,291	11,473	2,291	11,473
Born Learning	2,716	-	-	2,716
Youth United Way	3,001	-	2,191	810
ARC	5,000	-	-	5,000
COVID Emergency Relief Fund	2,569	1,229	2,569	1,229
Miscellaneous	40	2,668	-	2,708
Not subject to appropriations or expenditure:				
Howard S Kaylor Fund	10,880	-	-	10,880
	<b>\$ 29,158</b>	<b>\$ 15,370</b>	<b>\$ 7,051</b>	<b>\$ 37,477</b>

	<b>2020</b>			
	<b>BALANCE AT</b>		<b>SATISFACTION</b>	<b>BALANCE AT</b>
	<b>6/30/19</b>	<b>CONTRIBUTIONS</b>	<b>OF</b>	<b>6/30/20</b>
			<b>RESTRICTIONS</b>	
Subject to purpose restrictions:				
CEO Breakfast	\$ 61	\$ 2,600	\$ -	\$ 2,661
Day of Caring	-	2,291	-	2,291
Born Learning	-	2,716	-	2,716
Youth United Way	3,168	-	167	3,001
ARC	5,000	-	-	5,000
COVID Emergency Relief Fund	-	2,569	-	2,569
Miscellaneous	40	-	-	40
Not subject to appropriations or expenditure:				
Howard S Kaylor Fund	10,880	-	-	10,880
	<b>\$ 19,149</b>	<b>\$ 10,176</b>	<b>\$ 167</b>	<b>\$ 29,158</b>

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 12. ENDOWMENT

The Board of Directors (BOD) of the Organization has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets not subject to appropriations or expenditure: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gifts instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets not subject to appropriations or expenditure is classified as net assets without donor restrictions. In accordance with MUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds; (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The endowment fund consists of the Howard S. Kaylor Endowment Fund. Earnings on the endowment are not donor-restricted and are included in net investment income without donor restrictions. As of June 30, 2021 and 2020, no additional contributions were made in regards to the endowment fund and the balance remained \$10,880 for each year.

The Organization has adopted an investment and spending policy approved and monitored by the trustees of CFWC. The policy attempts to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix.

The Organization expects its endowment assets, over time, to produce an average rate of return of 7% to 8%, with the assumption of an annual inflation rate of 3% and to outperform the Standard & Poor's 500 Index and the Barclays Capital U.S. Government/Credit Index. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

### 13. COMMITMENTS

Beginning in December 2017, the Organization leases its facilities under a ten year operating lease with two renewal options of five years each. Under the terms of the lease, the initial monthly payments are \$1,291, increasing 1% annually thereafter.

Rental expense was \$15,870 and \$15,751 for the years ended June 30, 2021 and 2020, respectively. Future minimum lease payments for the years ending June 30 are as follows:

2022	\$	16,041
2023		16,202
2024		16,364
2025		16,527
2026		16,693
Thereafter		25,331
	\$	<u>107,158</u>

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 14. CONDITIONAL PROMISES TO GIVE

The Organization allocates funding to agencies based on a one, two, and three year grant model. The funding is contingent on the grantee organizations completing required reports and obtaining certain performance measures prior to the grants becoming earned by the grantee. Therefore, the grants are not reported as a liability on the consolidated statements of financial position at June 30, 2021 and 2020. As of June 30, 2021, the Organization has conditionally promised grant funding to support various agencies as follows:

	2022	2023	2024
Education	\$ 110,329	\$ 110,329	\$ 110,329
Financial stability	73,300	73,300	-
Basic needs	107,141	-	-
Health	30,780	-	-
	\$ 321,550	\$ 183,629	\$ 110,329

### 15. COST DEDUCTION STANDARD

The expenses associated with processing donor designated pledges are recovered by an assessment for both fundraising and management and general expenses based on actual historical costs in accordance with the United Way Worldwide Membership Standards as outlined in their publication titled United Way Worldwide Cost Deduction Requirements for Membership Standard M.

### 16. RECLASSIFICATIONS

Certain accounts in the prior-year consolidated financial statement have been reclassified for comparative purposes to conform to the presentation in the current-year consolidated financial statements.

### 17. SUBSEQUENT EVENTS

The Organization has evaluated events and transactions subsequent to June 30, 2021 through October 20, 2021, the date these consolidated financial statements were available to be issued. Based on the definitions and requirements of generally accepted accounting principles in the United States of America, management has not identified any events that have occurred subsequent to June 30, 2021 through October 20, 2021, that require recognition or disclosure in the consolidated financial statements except that the COVID-19 outbreak in the United States has caused economic uncertainties which are expected to be temporary. These uncertainties may negatively impact operating results, however, such financial impacts are unknown at this time.

## **SUPPLEMENTARY INFORMATION**



# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

<i>June 30, 2021</i>	UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC.	UNITED WAY FOUNDATION OF WASHINGTON COUNTY, MARYLAND, INC.	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 417,233	\$ -	\$ -	\$ 417,233
Campaign pledges receivable	212,096	-	-	212,096
Less allowance for uncollectible pledges	(53,000)	-	-	(53,000)
Other receivables	31,248	-	-	31,248
Prepaid expenses	2,330	-	-	2,330
Investments	-	1,068,992	-	1,068,992
Net property and equipment	12,703	-	-	12,703
	<b>\$ 622,610</b>	<b>\$ 1,068,992</b>	<b>\$ -</b>	<b>\$ 1,691,602</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 4,387	\$ -	\$ -	\$ 4,387
Accrued payroll	12,564	-	-	12,564
Designations payable	33,820	-	-	33,820
Deferred revenue	29,947	-	-	29,947
SBA Paycheck Protection Program payable	53,042	-	-	53,042
	133,760	-	-	133,760
<b>NET ASSETS</b>				
Without donor restrictions				
Undesignated	462,253	-	-	462,253
Board designated	-	1,058,112	-	1,058,112
	462,253	1,058,112	-	1,520,365
With donor restrictions	26,597	10,880	-	37,477
	488,850	1,068,992	-	1,557,842
	<b>\$ 622,610</b>	<b>\$ 1,068,992</b>	<b>\$ -</b>	<b>\$ 1,691,602</b>

*See independent auditor's report.*

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

<i>June 30, 2020</i>	UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC.	UNITED WAY FOUNDATION OF WASHINGTON COUNTY, MARYLAND, INC.	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 313,420	\$ 43,350	\$ -	\$ 356,770
Campaign pledges receivable	266,876	-	-	266,876
Less allowance for uncollectible pledges	(33,000)	-	-	(33,000)
Other receivables	40,602	-	-	40,602
Intercompany balances	39,754	(39,754)	-	-
Prepaid expenses	1,291	-	-	1,291
Investments	-	784,690	-	784,690
Net property and equipment	14,683	-	-	14,683
	<b>\$ 643,626</b>	<b>\$ 788,286</b>	<b>\$ -</b>	<b>\$ 1,431,912</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 4,654	\$ -	\$ -	\$ 4,654
Accrued payroll	11,448	-	-	11,448
Designations payable	35,386	-	-	35,386
Deferred revenue	8,000	-	-	8,000
SBA Paycheck Protection Program payable	58,400	-	-	58,400
	117,888	-	-	117,888
<b>NET ASSETS</b>				
Without donor restrictions				
Undesignated	507,460	3,596	-	511,056
Board designated	-	773,810	-	773,810
	507,460	777,406	-	1,284,866
With donor restrictions	18,278	10,880	-	29,158
	525,738	788,286	-	1,314,024
	<b>\$ 643,626</b>	<b>\$ 788,286</b>	<b>\$ -</b>	<b>\$ 1,431,912</b>

*See independent auditor's report.*

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## CONSOLIDATING SCHEDULE OF ACTIVITIES

<i>Year ended June 30, 2021</i>	UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC.			UNITED WAY FOUNDATION OF WASHINGTON COUNTY, MARYLAND, INC.			CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTALS
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL		
<b>CHANGES IN NET ASSETS</b>								
<b>CAMPAIGN REVENUE AND SUPPORT</b>								
Gross campaign results	\$ 515,676	\$ -	\$ 515,676	\$ -	\$ -	\$ -	\$ -	\$ 515,676
Less donor designations	(70,922)	-	(70,922)	-	-	-	-	(70,922)
Less provisions for uncollectible	(32,000)	-	(32,000)	-	-	-	-	(32,000)
<b>NET CAMPAIGN REVENUE AND SUPPORT</b>	<b>412,754</b>	<b>-</b>	<b>412,754</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>412,754</b>
<b>OTHER REVENUE AND SUPPORT</b>								
In-kind contributions	11,639	-	11,639	-	-	-	-	11,639
Contributions - Mathias Trust	55,780	-	55,780	-	-	-	-	55,780
Contributions - COVID Emergency Relief Fund	7,270	1,229	8,499	-	-	-	-	8,499
Contributions and grants - other	100,562	14,141	114,703	-	-	-	-	114,703
Designations from other United Ways	43,678	-	43,678	-	-	-	-	43,678
Paycheck Protection Program gain on extinguished debt	58,400	-	58,400	-	-	-	-	58,400
Net investment return (loss)	66	-	66	284,302	-	284,302	-	284,368
Event revenue, net	41,078	-	41,078	-	-	-	-	41,078
<b>OTHER REVENUE AND SUPPORT</b>	<b>318,473</b>	<b>15,370</b>	<b>333,843</b>	<b>284,302</b>	<b>-</b>	<b>284,302</b>	<b>-</b>	<b>618,145</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>7,051</b>	<b>(7,051)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE AND SUPPORT</b>	<b>738,278</b>	<b>8,319</b>	<b>746,597</b>	<b>284,302</b>	<b>-</b>	<b>284,302</b>	<b>-</b>	<b>1,030,899</b>
<b>EXPENSES</b>								
<b>Program services</b>								
Gross funds awarded/distributed	419,259	-	419,259	-	-	-	-	419,259
Less donor designations	(70,922)	-	(70,922)	-	-	-	-	(70,922)
COVID Emergency Relief awards	7,918	-	7,918	-	-	-	-	7,918
Net funds awarded/distributed	356,255	-	356,255	-	-	-	-	356,255
Other program services	271,096	-	271,096	-	-	-	-	271,096
<b>TOTAL PROGRAM SERVICES</b>	<b>627,351</b>	<b>-</b>	<b>627,351</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>627,351</b>
<b>Supporting services</b>								
Fundraising	26,532	-	26,532	-	-	-	-	26,532
Management and general	118,483	-	118,483	3,596	-	3,596	-	122,079
United Way Worldwide dues	11,119	-	11,119	-	-	-	-	11,119
<b>TOTAL SUPPORTING SERVICES</b>	<b>156,134</b>	<b>-</b>	<b>156,134</b>	<b>3,596</b>	<b>-</b>	<b>3,596</b>	<b>-</b>	<b>159,730</b>
<b>TOTAL EXPENSES</b>	<b>783,485</b>	<b>-</b>	<b>783,485</b>	<b>3,596</b>	<b>-</b>	<b>3,596</b>	<b>-</b>	<b>787,081</b>
<b>CHANGES IN NET ASSETS</b>	<b>(45,207)</b>	<b>8,319</b>	<b>(36,888)</b>	<b>280,706</b>	<b>-</b>	<b>280,706</b>	<b>-</b>	<b>243,818</b>
<b>NET ASSETS BEGINNING OF PERIOD</b>	<b>507,460</b>	<b>18,278</b>	<b>525,738</b>	<b>777,406</b>	<b>10,880</b>	<b>788,286</b>	<b>-</b>	<b>1,314,024</b>
<b>NET ASSETS END OF PERIOD</b>	<b>\$ 462,253</b>	<b>\$ 26,597</b>	<b>\$ 488,850</b>	<b>\$ 1,058,112</b>	<b>\$ 10,880</b>	<b>\$ 1,068,992</b>	<b>\$ -</b>	<b>\$ 1,557,842</b>

*See independent auditor's report.*

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## CONSOLIDATING SCHEDULE OF ACTIVITIES

<i>Year ended June 30, 2020</i>	UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC.			UNITED WAY FOUNDATION OF WASHINGTON COUNTY, MARYLAND, INC.			CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTALS
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL		
<b>CHANGES IN NET ASSETS</b>								
<b>CAMPAIGN REVENUE AND SUPPORT</b>								
Gross campaign results	\$ 648,539	\$ -	\$ 648,539	\$ -	\$ -	\$ -	\$ -	\$ 648,539
Less donor designations	(75,743)	-	(75,743)	-	-	-	-	(75,743)
Less provisions for uncollectible	(33,000)	-	(33,000)	-	-	-	-	(33,000)
<b>NET CAMPAIGN REVENUE AND SUPPORT</b>	<b>539,796</b>	<b>-</b>	<b>539,796</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>539,796</b>
<b>OTHER REVENUE AND SUPPORT</b>								
In-kind contributions	217,241	-	217,241	-	-	-	-	217,241
Contributions - Mathias Trust	70,170	-	70,170	-	-	-	-	70,170
Contributions - COVID Emergency Relief Fund	98,178	2,569	100,747	-	-	-	-	100,747
Contributions and grants - other	97,035	7,607	104,642	-	-	-	(45,780)	58,862
Designations from other United Ways	17,047	-	17,047	-	-	-	-	17,047
Net investment return	45	-	45	(34,830)	-	(34,830)	-	(34,785)
Event revenue, net	3,100	-	3,100	-	-	-	-	3,100
<b>OTHER REVENUE AND SUPPORT</b>	<b>502,816</b>	<b>10,176</b>	<b>512,992</b>	<b>(34,830)</b>	<b>-</b>	<b>(34,830)</b>	<b>(45,780)</b>	<b>432,382</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>167</b>	<b>(167)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE AND SUPPORT</b>	<b>1,042,779</b>	<b>10,009</b>	<b>1,052,788</b>	<b>(34,830)</b>	<b>-</b>	<b>(34,830)</b>	<b>(45,780)</b>	<b>972,178</b>
<b>EXPENSES</b>								
<b>Program services</b>								
Gross funds awarded/distributed	433,549	-	433,549	-	-	-	-	433,549
Less donor designations	(75,743)	-	(75,743)	-	-	-	-	(75,743)
COVID Emergency Relief awards	99,026	-	99,026	-	-	-	-	99,026
Net funds awarded/distributed	456,832	-	456,832	-	-	-	-	456,832
Other program services	481,251	-	481,251	45,792	-	45,792	(45,780)	481,263
<b>TOTAL PROGRAM SERVICES</b>	<b>938,083</b>	<b>-</b>	<b>938,083</b>	<b>45,792</b>	<b>-</b>	<b>45,792</b>	<b>(45,780)</b>	<b>938,095</b>
<b>Supporting services</b>								
Fundraising	36,562	-	36,562	2	-	2	-	36,564
Management and general	133,202	-	133,202	3,507	-	3,507	-	136,709
United Way Worldwide dues	8,899	-	8,899	-	-	-	-	8,899
<b>TOTAL SUPPORTING SERVICES</b>	<b>178,663</b>	<b>-</b>	<b>178,663</b>	<b>3,509</b>	<b>-</b>	<b>3,509</b>	<b>-</b>	<b>182,172</b>
<b>TOTAL EXPENSES</b>	<b>1,116,746</b>	<b>-</b>	<b>1,116,746</b>	<b>49,301</b>	<b>-</b>	<b>49,301</b>	<b>(45,780)</b>	<b>1,120,267</b>
<b>CHANGES IN NET ASSETS</b>	<b>(73,967)</b>	<b>10,009</b>	<b>(63,958)</b>	<b>(84,131)</b>	<b>-</b>	<b>(84,131)</b>	<b>-</b>	<b>(148,089)</b>
<b>NET ASSETS BEGINNING OF PERIOD</b>	<b>581,427</b>	<b>8,269</b>	<b>589,696</b>	<b>861,537</b>	<b>10,880</b>	<b>872,417</b>	<b>-</b>	<b>1,462,113</b>
<b>NET ASSETS END OF PERIOD</b>	<b>\$ 507,460</b>	<b>\$ 18,278</b>	<b>\$ 525,738</b>	<b>\$ 777,406</b>	<b>\$ 10,880</b>	<b>\$ 788,286</b>	<b>\$ -</b>	<b>\$ 1,314,024</b>

*See independent auditor's report.*

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## CONSOLIDATING SCHEDULE OF CASH FLOWS

<i>Year ended June 30, 2021</i>	UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC.	UNITED WAY FOUNDATION OF WASHINGTON COUNTY, MARYLAND, INC.	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Changes in net assets	\$ (36,888)	\$ 280,706	\$ -	\$ 243,818
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities				
Depreciation	1,980	-	-	1,980
Bad debt expense	90,260	-	-	90,260
Paycheck Protection Program - forgiven loan	(58,400)	-	-	(58,400)
Interest and dividends reinvested	-	(24,761)	-	(24,761)
Unrealized (gain) loss on investments	-	(270,963)	-	(270,963)
Investment fees	-	11,422	-	11,422
(Increase) decrease in operating assets				
Campaign pledges receivable	(15,480)	-	-	(15,480)
Other receivables	9,354	-	-	9,354
Intercompany balances	39,754	(39,754)	-	-
Prepaid expenses	(1,039)	-	-	(1,039)
Increase (decrease) in operating liabilities				
Accounts payable	(267)	-	-	(267)
Accrued payroll	1,116	-	-	1,116
Designations payable	(1,566)	-	-	(1,566)
Deferred income	21,947	-	-	21,947
<b>NET CASH PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES</b>	50,771	(43,350)	-	7,421
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from SBA Paycheck Protection Program	53,042	-	-	53,042
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	53,042	-	-	53,042
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	103,813	(43,350)	-	60,463
Cash and cash equivalents, beginning	313,420	43,350	-	356,770
Cash and cash equivalents, ending	\$ 417,233	\$ -	\$ -	\$ 417,233

*See independent auditor's report.*

# UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC. AND AFFILIATED ORGANIZATION

## CONSOLIDATING SCHEDULE OF CASH FLOWS

<i>Year ended June 30, 2020</i>	UNITED WAY OF WASHINGTON COUNTY, MARYLAND, INC.	UNITED WAY FOUNDATION OF WASHINGTON COUNTY, MARYLAND, INC.	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Changes in net assets	\$ (63,958)	\$ (84,131)	\$ -	\$ (148,089)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities				
Depreciation	1,980	-	-	1,980
Bad debt expense	36,051	-	-	36,051
Interest and dividends reinvested	-	(29,004)	-	(29,004)
Unrealized (gain) loss on investments	-	52,442	-	52,442
Investment fees	-	11,392	-	11,392
(Increase) decrease in operating assets				
Campaign pledges receivable	84,970	-	-	84,970
Other receivables	(2,346)	-	-	(2,346)
Intercompany balances	(2,825)	2,825	-	-
Prepaid expenses	2,045	-	-	2,045
Increase (decrease) in operating liabilities				
Accounts payable	(13,435)	-	-	(13,435)
Accrued payroll	(126)	-	-	(126)
Designations payable	(6,813)	-	-	(6,813)
Deferred income	(9,540)	-	-	(9,540)
<b>NET CASH PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES</b>	26,003	(46,476)	-	(20,473)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Distributions from investments	-	43,351	-	43,351
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	-	43,351	-	43,351
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from SBA Paycheck Protection Program	58,400	-	-	58,400
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	58,400	-	-	58,400
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	84,403	(3,125)	-	81,278
Cash and cash equivalents, beginning	229,017	46,475	-	275,492
Cash and cash equivalents, ending	\$ 313,420	\$ 43,350	\$ -	\$ 356,770

*See independent auditor's report.*

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