

United Way of Central New Mexico

FINANCIAL STATEMENTS

June 30, 2019 and 2018

INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Central New Mexico

We have audited the accompanying financial statements of United Way of Central New Mexico (UWCNM) (a non-profit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to UWCNM'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 UWCNM'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 UWCNM as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

October 23, 2019


Pulakos CPAs, PC

United Way of Central New Mexico
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

| <u>Assets</u> | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| Current assets | | |
| Cash | \$ 1,161,750 | \$ 1,287,473 |
| Certificates-of-deposit | 298,930 | 412,009 |
| Investment held with Albuquerque Community Foundation | 2,304,778 | 2,263,236 |
| Pledges receivable, net of allowance for uncollectible pledges of \$354,359 and \$297,177 as of June 30, 2019 and 2018, respectively. | 5,449,718 | 5,779,063 |
| Non-campaign receivable, amounts processed on behalf of others, net of allowance for uncollectible pledges of \$29,127 and \$29,127 as of June 30, 2019 and 2018 | 191,660 | 163,999 |
| Other receivables | 136,712 | 414,376 |
| Prepaid expenses and other current assets | 139,265 | 139,332 |
| Total current assets | 9,682,813 | 10,459,488 |
| Pledge - operating facility (land and building) | 1,800,000 | 1,800,000 |
| Property and equipment, net | 125,079 | 178,249 |
| Planned giving assets | 1,509,322 | 1,417,667 |
| Other assets | 305,454 | 349,480 |
| Total assets | <u>\$ 13,422,668</u> | <u>\$ 14,204,884</u> |
| <u>Liabilities and Net Assets</u> | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 580,520 | \$ 487,841 |
| Deferred revenue | - | - |
| Donor options payable | 2,994,504 | 3,525,158 |
| Non-campaign payable, amounts processed on behalf of others | 225,784 | 158,534 |
| Total current liabilities | 3,800,808 | 4,171,533 |
| Planned giving liability | 305,424 | 370,014 |
| Total liabilities | <u>4,106,232</u> | <u>4,541,547</u> |
| Net assets | | |
| Without donor restrictions | 2,807,368 | 3,015,859 |
| With donor restrictions | 6,509,068 | 6,647,478 |
| Total net assets | <u>9,316,436</u> | <u>9,663,337</u> |
| Total liabilities and net assets | <u>\$ 13,422,668</u> | <u>\$ 14,204,884</u> |

United Way of Central New Mexico

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---------------------------------------|------------------------------------|--------------|
| Campaign results | | | |
| 2017 campaign | \$ - | \$ 450,154 | \$ 450,154 |
| 2018 campaign | - | 13,978,518 | 13,978,518 |
| 2019 campaign | - | 1,388,960 | 1,388,960 |
| 2020 campaign | - | 253,347 | 253,347 |
| 2022 campaign | - | 45,931 | 45,931 |
| Total campaign | - | 16,116,910 | 16,116,910 |
| Estimated uncollectible pledges | - | (479,082) | (479,082) |
| Net campaign | - | 15,637,828 | 15,637,828 |
| Donor option amounts (designations) | - | (9,129,709) | (9,129,709) |
| Campaign contributions released from restriction | 6,630,262 | (6,630,262) | - |
| Total campaign revenue after release | 6,630,262 | (122,143) | 6,508,119 |
| Other revenues and support | | | |
| In-kind contributions | 1,128,736 | - | 1,128,736 |
| Programmatic and grant revenue | 718,495 | 138,955 | 857,450 |
| Interest | 4,960 | - | 4,960 |
| Contribution/gain on planned gifts | 229,267 | 51,964 | 281,231 |
| Other revenue released from restriction | 207,186 | (207,186) | - |
| Total revenues | 8,918,906 | (138,410) | 8,780,496 |
| Support service expenses | | | |
| Fundraising | 1,570,746 | - | 1,570,746 |
| Management | 1,175,418 | - | 1,175,418 |
| Total support service expenses | 2,746,164 | - | 2,746,164 |
| Program | | | |
| Grants and distributions | | | |
| Education, health, and financial stability | 1,923,930 | - | 1,923,930 |
| Community impact projects | 684,505 | - | 684,505 |
| Basic Needs | 395,854 | - | 395,854 |
| Other | 155,945 | - | 155,945 |
| Mission: Graduate | 661,226 | - | 661,226 |
| Center for Non-Profit Excellence | 255,406 | - | 255,406 |
| Other initiatives | 383,648 | - | 383,648 |
| Program services | 716,755 | - | 716,755 |
| Total program expenses | 5,177,269 | - | 5,177,269 |
| Other expenses | | | |
| In-kind expenses | 1,128,736 | - | 1,128,736 |
| Co-branding and event sponsorships | 75,228 | - | 75,228 |
| Total other expenses | 1,203,964 | - | 1,203,964 |
| Total distributions and expenses | 9,127,397 | - | 9,127,397 |
| Change in net assets | (208,491) | (138,410) | (346,901) |
| Net assets, beginning of year | 3,015,859 | 6,647,478 | 9,663,337 |
| Net assets, end of year | \$ 2,807,368 | \$ 6,509,068 | \$ 9,316,436 |

United Way of Central New Mexico

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

| | <u>Without Donor Restrictions</u> | <u>With Donor Restriction</u> | <u>Total</u> |
|--|---------------------------------------|-----------------------------------|---------------------|
| Campaign results | | | |
| 2016 campaign | \$ - | \$ 147,288 | \$ 147,288 |
| 2017 campaign | - | 16,055,788 | 16,055,788 |
| 2018 campaign | - | 1,323,263 | 1,323,263 |
| 2019 campaign | - | 195,344 | 195,344 |
| 2020 campaign | - | 85,895 | 85,895 |
| 2021 campaign | - | 35,453 | 35,453 |
| Total campaign | - | 17,843,031 | 17,843,031 |
| Estimated uncollectible pledges | - | (666,224) | (666,224) |
| Net campaign | - | 17,176,807 | 17,176,807 |
| Donor option amounts (designations) | - | (8,921,217) | (8,921,217) |
| Campaign contributions released from restriction | 7,627,838 | (7,627,838) | - |
| Total campaign revenue after release | 7,627,838 | 627,752 | 8,255,590 |
| Other revenues and support | | | |
| In-kind contributions | 937,865 | - | 937,865 |
| Programmatic and grant revenue | 426,079 | 722,810 | 1,148,889 |
| Interest | 3,829 | - | 3,829 |
| Contribution/gain on planned gifts | 193,841 | 251,172 | 445,013 |
| Other revenue released from restriction | 625,519 | (625,519) | - |
| Total revenues | 9,814,971 | 976,215 | 10,791,186 |
| Support service expenses | | | |
| Fundraising | 1,806,724 | - | 1,806,724 |
| Management | 916,440 | - | 916,440 |
| Total support service expenses | 2,723,164 | - | 2,723,164 |
| Program | | | |
| Grants and distributions | | | |
| Education, health, and financial stability | 2,983,664 | - | 2,983,664 |
| Community impact projects | 707,303 | - | 707,303 |
| Other | 5,557 | - | 5,557 |
| Mission: Graduate | 791,430 | - | 791,430 |
| Center for Non-Profit Excellence | 366,449 | - | 366,449 |
| Other initiatives | 333,498 | - | 333,498 |
| Program services | 846,236 | - | 846,236 |
| Total program expenses | 6,034,137 | - | 6,034,137 |
| Other expenses | | | |
| In-kind expenses | 937,865 | - | 937,865 |
| Co-branding and event sponsorships | 80,361 | - | 80,361 |
| Total other expenses | 1,018,226 | - | 1,018,226 |
| Total distributions and expenses | 9,775,527 | - | 9,775,527 |
| Change in net assets | 39,444 | 976,215 | 1,015,659 |
| Net assets, beginning of year | 2,976,415 | 5,671,263 | 8,647,678 |
| Net assets, end of year | <u>\$ 3,015,859</u> | <u>\$ 6,647,478</u> | <u>\$ 9,663,337</u> |

United Way of Central New Mexico

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|---|--------------|--------------|
| Operating activities | | |
| Change in net assets | \$ (346,901) | \$ 1,015,659 |
| Adjustments to reconcile change in net assets to net cash used by operating activities | | |
| Net realized and unrealized gain on investments | (174,242) | (63,850) |
| Depreciation | 61,900 | 63,839 |
| Loss on disposal of assets | 3,329 | - |
| Provision for uncollectible pledges | 374,198 | (326,304) |
| Donation of investments | - | - |
| Net change in planned gift activity | (76,668) | (230,546) |
| Changes in operating assets and liabilities | | |
| Receivables | 205,150 | (469,959) |
| Other assets | 67 | - |
| Accounts payable and accrued expenses | 92,679 | (50,916) |
| Donor option payables | (463,404) | (897,308) |
| | (323,892) | (959,385) |
| Net cash used by operating activities | | |
| Investing activities | | |
| Purchase of property and equipment | (12,059) | (37,486) |
| Redemption of certificates-of-deposit | 112,647 | 580,912 |
| Sales of investments | 97,581 | - |
| Purchase of investments | - | (2,174) |
| | 198,169 | 541,252 |
| Net cash provided by investing activities | | |
| Change in cash | (125,723) | (418,133) |
| Cash, beginning of year | 1,287,473 | 1,705,606 |
| Cash, end of year | \$ 1,161,750 | \$ 1,287,473 |

United Way of Central New Mexico

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

| | Program | | | | | Total Program | Fundraising | Management | Total |
|---|-------------------------------------|------------------------------|---|------------------------------|-----------------------------|--------------------------|---------------------|---------------------|---------------------|
| | Grants and Distributions | Mission: Graduate | Center for Non-Profit Excellence | Other Initiatives | Program Services | | | | |
| Grants and distributions | | | | | | | | | |
| Education, health, and financial stability | \$ 1,923,930 | \$ - | \$ - | \$ - | \$ - | \$ 1,923,930 | \$ - | \$ - | \$ 1,923,930 |
| Community impact projects | 684,505 | - | - | - | - | 684,505 | - | - | 684,505 |
| Basic needs | 395,854 | - | - | - | - | 395,854 | - | - | 395,854 |
| Other | 120,145 | 35,800 | - | - | - | 155,945 | - | - | 155,945 |
| Total grants and distributions | 3,124,434 | 35,800 | - | - | - | 3,160,234 | - | - | 3,160,234 |
| Operating expenses | | | | | | | | | |
| Bank service charges | - | - | - | - | 14,379 | 14,379 | 12,941 | 1,438 | 28,758 |
| Credit card charges | - | - | - | - | 15,340 | 15,340 | 13,806 | 1,534 | 30,680 |
| D&O and dishonesty insurance | - | - | - | - | 11,097 | 11,097 | 9,987 | 1,110 | 22,194 |
| Depreciation | - | 5,450 | 2,176 | - | 10,563 | 18,189 | 36,026 | 7,685 | 61,900 |
| | - | 8,622 | 1,503 | 500 | 7,267 | 17,892 | 6,541 | 727 | 25,160 |
| Equipment rental | - | 4,926 | 492 | 1,223 | 6,591 | 13,232 | 5,932 | 659 | 19,823 |
| Events | - | 32,378 | 193 | 806 | 40 | 33,417 | 36 | 4 | 33,457 |
| Occupancy | - | 19,053 | 12,086 | - | 75,008 | 106,147 | 67,507 | 7,501 | 181,155 |
| Office supplies | - | 3,936 | 668 | 13,805 | 11,776 | 30,185 | 10,598 | 1,178 | 41,961 |
| Payroll taxes and fringe benefits | - | 62,141 | 45,418 | 33,897 | 53,908 | 195,364 | 216,299 | 241,052 | 652,715 |
| Postage | - | 39 | 359 | 36 | 7,684 | 8,118 | 9,043 | 2,951 | 20,112 |
| Printing and marketing | - | 16,620 | 915 | 2,212 | 26,411 | 46,158 | 23,770 | 2,641 | 72,569 |
| Professional fees | - | 56,525 | 19,027 | 103,781 | 116,043 | 295,376 | 138,418 | 11,604 | 445,398 |
| Salaries and temporary labor | - | 431,553 | 170,454 | 190,548 | 199,670 | 992,225 | 874,966 | 879,236 | 2,746,427 |
| Telephone | - | 1,259 | 86 | 11,357 | 16,077 | 28,779 | 14,469 | 1,608 | 44,856 |
| Travel/meals | - | 13,877 | 1,809 | 14,723 | 30,811 | 61,220 | 27,730 | 3,081 | 92,031 |
| United Way Worldwide dues | - | - | - | - | 93,516 | 93,516 | 84,164 | 9,352 | 187,032 |
| Miscellaneous | - | 4,823 | 220 | 7,318 | 6,272 | 18,633 | 5,641 | 627 | 24,901 |
| Volunteer/staff recognition | - | 24 | - | 3,442 | 14,302 | 17,768 | 12,872 | 1,430 | 32,070 |
| Total operating expenses | - | 661,226 | 255,406 | 383,648 | 716,755 | 2,017,035 | 1,570,746 | 1,175,418 | 4,763,199 |
| Total functional expenses | \$ 3,124,434 | \$ 697,026 | \$ 255,406 | \$ 383,648 | \$ 716,755 | \$ 5,177,269 | \$ 1,570,746 | \$ 1,175,418 | \$ 7,923,433 |

See Notes to Financial Statements and Independent Auditors' Report.

United Way of Central New Mexico

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

| | Program | | | | | Total Program | Fundraising | Management | Total |
|--|---------------------------------|--------------------------|---|--------------------------|-------------------------|----------------------|---------------------|-------------------|---------------------|
| | Grants and Distributions | Mission: Graduate | Center for Non-Profit Excellence | Other Initiatives | Program Services | | | | |
| Grants and distributions | | | | | | | | | |
| Education, health, and financial stability | \$ 2,983,664 | \$ - | \$ - | \$ - | \$ - | \$ 2,983,664 | \$ - | \$ - | \$ 2,983,664 |
| Community impact projects | 707,303 | - | - | - | - | 707,303 | - | - | 707,303 |
| Other | - | - | - | 5,557 | - | 5,557 | - | - | 5,557 |
| Total grants and distributions | 3,690,967 | - | - | 5,557 | - | 3,696,524 | - | - | 3,696,524 |
| Operating expenses | | | | | | | | | |
| Bank service charges | - | - | - | - | 15,592 | 15,592 | 14,033 | 1,559 | 31,184 |
| Credit card charges | - | - | 63 | - | 18,595 | 18,658 | 16,736 | 1,860 | 37,254 |
| D&O and dishonesty insurance | - | - | - | - | 15,829 | 15,829 | 14,246 | 1,583 | 31,658 |
| Depreciation | - | 5,551 | 2,176 | - | 9,785 | 17,512 | 38,041 | 8,286 | 63,839 |
| Dues and subscriptions | - | 9,371 | 3,646 | 888 | 6,403 | 20,308 | 5,762 | 640 | 26,710 |
| Equipment rental | - | 6,460 | 1,760 | - | 8,034 | 16,254 | 7,231 | 803 | 24,288 |
| Life insurance matching gifts | - | - | - | 72,669 | - | 72,669 | - | - | 72,669 |
| Occupancy | - | 19,138 | 14,777 | - | 75,877 | 109,792 | 68,290 | 7,588 | 185,670 |
| Office supplies | - | 5,942 | - | 6,722 | 3,698 | 16,362 | 3,328 | 5,892 | 25,582 |
| Payroll taxes and fringe benefits | - | 59,687 | 56,985 | 17,946 | 99,203 | 233,821 | 274,552 | 176,649 | 685,022 |
| Postage | - | 57 | 404 | 123 | 4,192 | 4,776 | 7,044 | 2,195 | 14,015 |
| Printing and marketing | - | 26,525 | 13,415 | 5,136 | 18,536 | 63,612 | 16,682 | 1,854 | 82,148 |
| Professional fees | - | 265,681 | 21,908 | 70,263 | 110,952 | 468,804 | 164,255 | 11,095 | 644,154 |
| Salaries and temporary labor | - | 375,304 | 248,949 | 104,732 | 313,305 | 1,042,290 | 1,041,922 | 681,481 | 2,765,693 |
| Telephone | - | 2,635 | 536 | 14,242 | 13,633 | 31,046 | 12,270 | 1,363 | 44,679 |
| Travel/meals | - | 12,050 | 1,693 | 13,837 | 20,240 | 47,820 | 21,206 | 2,356 | 71,382 |
| United Way Worldwide dues | - | - | - | - | 104,432 | 104,432 | 93,988 | 10,443 | 208,863 |
| Miscellaneous | - | 3,029 | 137 | 26,940 | - | 30,106 | - | - | 30,106 |
| Volunteer/staff recognition | - | - | - | - | 7,930 | 7,930 | 7,138 | 793 | 15,861 |
| Total operating expenses | - | 791,430 | 366,449 | 333,498 | 846,236 | 2,337,613 | 1,806,724 | 916,440 | 5,060,777 |
| Total functional expenses | \$ 3,690,967 | \$ 791,430 | \$ 366,449 | \$ 339,055 | \$ 846,236 | \$ 6,034,137 | \$ 1,806,724 | \$ 916,440 | \$ 8,757,301 |

See Notes to Financial Statements and Independent Auditors' Report.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – ORGANIZATION AND ADMINISTERED PROGRAMS

Organization

United Way of Central New Mexico (UWCNM) serves the people of four New Mexico counties: Bernalillo, Sandoval, Torrance and Valencia. Its mission is to bring people and resources together to measurably improve lives and strengthen our communities. UWCNM brings together donors, businesses, nonprofits, government and others to create better solutions to our community's challenges. Our programs and donor dollars ensure that individuals and families in Central New Mexico have the opportunity to achieve potential through education, that they are healthy and safe, are financially stable and live life with dignity.

Administered Programs

UWCNM administers the following programs:

Community Impact Fund

The Community Impact Fund improves our community by providing program grants to qualifying health and human services agencies in Central New Mexico. The Community Fund advances the common good and works to create a stronger community. We provide grants in three areas:

- 1) **Impact Grants** that focus on education/youth development and family stability.
- 2) **Basic Needs Grants** support emergent needs, such as food and emergency shelter.
- 3) **Capacity Building Grants** improve a nonprofit's ability to fulfill its mission.

UWCNM invests in EDUCATIONAL programs to create Central New Mexico communities where all children are born healthy and develop on track and are fully prepared to enter the educational system; where all students progress successfully through elementary school, progress successfully through middle school, and graduate high school within 5 years, ready for school, life or work; and where all individuals have an opportunity to utilize some form of post-secondary education, from trade schools to 4-year universities.

UWCNM invests in FAMILY STABILITY to create Central New Mexican communities where all individuals and families have adequate and sustainable resources to support their needs; and have the skills, knowledge, and relationships they need to build resiliency.

UWCNM invests in BASIC NEEDS programs to create Central New Mexican communities where vulnerable populations are safe, socially engaged, and live with dignity.

UWCNM invests in CAPACITY BUILDING GRANTS which are smaller grants awarded to organizations to support their ability to fulfill their missions more effectively.

Community Impact Fund expenses are presented under the Impact Grants, Basic Needs Grants, and Capacity Building Grants headings in the statements of activities.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – ORGANIZATION AND ADMINISTERED PROGRAMS – CONTINUED

Administered Programs – Continued

Mission: Graduate

Mission: Graduate is a cradle-to-career community initiative that has the goal of adding 60,000 certificates and degrees to our region by the year 2020. This multi-sector partnership is committed to a vision for a world-class, seamless, and coordinated education system that provides equitable opportunities for all citizens to excel and succeed from early childhood through high school; graduate with a postsecondary degree or certificate; and enter a career of their choosing in Central New Mexico.

Mission: Families

Mission: Families is UWCNM's initiative with a vision for resilient children and families so that more families have opportunities that allow them to thrive. Mission: Families has a goal of reducing the number of adverse childhood experiences by 50% by the year 2030 in Central New Mexico.

Center for Nonprofit Excellence

The Center for Nonprofit Excellence (CNPE) strengthens the capabilities and capacity of New Mexico nonprofits so they can more effectively achieve their missions. CNPE does this by providing organizational and professional development resources to nonprofit professionals and volunteers through the CNPE Education Program and website (www.cnpenm.org). In FY18-19, CNPE provided 25 nonprofit professional development trainings and 12 information sessions to 621 individuals, reaching 286 organizations in 24 communities around New Mexico. We also continued to provide matchmaking and communication services to nonprofits throughout the state; CNPE currently has 2,405 Facebook followers, 2,122 followers on Twitter, and 5,731 recipients of our CNPE newsletter.

Tax Help New Mexico

Tax Help New Mexico provides free assistance in preparing and filing income tax returns for New Mexico residents with an annual household income of less than \$56,000 or who are over the age of 65 regardless of income. Volunteers prepared 32,716 returns last filing season, saving New Mexico filers more than \$5.2 million in tax preparation fees; 17,501 people obtained over \$22.5 million in tax refunds through the program. Tax Help New Mexico expenses are presented under the Other Initiatives heading in the statements of activities.

2-1-1

2-1-1 is the national abbreviated dialing code for free access to health and human services information and referral. United Way 2-1-1 is a comprehensive source for information about health and human services, government agencies, and community-based organizations. UWCNM's 2-1-1 service experienced more than 24,000 contacts in 2019. (This includes those through the online database.) United Way 2-1-1 (or 245-1735) is accessible 7 days a week, 8AM to Midnight, 365 days a year. UWCNM is the best source of information on where you can get the services you, or someone you know, might need. 2-1-1 expenses are presented under the Other Initiatives heading in the statements of activities.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – ORGANIZATION AND ADMINISTERED PROGRAMS – CONTINUED

Administered Programs – Continued

Donor Group Initiatives

UWCNM also administers other initiatives through Hispano Philanthropic Society, Young Leaders Society, Women United, and Guys Give. Donor Group members have identified women's self-sufficiency, middle-school youth, youth transitioning to adulthood, and preventing family violence as areas for giving. Donor Group Grant Initiatives are gifts to the Community Impact Fund. Donor Group Initiatives expenses are presented under the Co-branding and Event Sponsorships heading in the statements of activities.

Donor Option Program

Donors have the option to designate contributions to any organization that is tax-exempt under Internal Revenue Code Section 501(c)(3). UWCNM remits collected contributions on a monthly basis to the designated organizations. Donor option program expenses are presented under the Program Services heading in the statements of activities.

Family Advocacy Center

UWCNM helped establish the Family Advocacy Center In 2007 to change the system of care for domestic violence victims. The result of that work is a "one-stop" shop for victims of domestic violence; it is a safe, secure and caring environment that focuses on the needs of victims of interpersonal crime. The Family Advocacy Center (FAC) is many different agencies working together under one roof. The unique design of the facility dramatically reduces the stress and trauma often placed on victims and their families by giving them access to a wide range of support services all at a single location. Services include medical care, advocacy, legal and financial assistance, as well as law enforcement and prosecution.

Many of the agencies housed at the FAC or that work with the FAC apply for and receive a Community Fund grant. FAC expenses are presented under the Other Initiatives heading in the statements of activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of UWCNM have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which require UWCNM to report information regarding its financial position and activities according to the following net asset classifications:

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 UWCNM. These net assets may be used at the discretion of UWCNM's management and the board of directors.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UWCNM or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Campaign Year

UWCNM's campaign year traverses two fiscal years and three calendar years. The 2018 campaign, which is the bulk of activity for the 2019 fiscal year, began in October 2018 and will not be completely processed through the financial statements until June 2020. The results are multiple campaign years are presented in the financial statements during any given year.

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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Contributions and Revenue Recognition

All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Pledges for contributions for a campaign year are recorded as assets and restricted revenue when the pledges are received. Allocations to funded agencies are recognized as expenses in the period such allocations are made, generally the following year. Allocations are generally paid on a monthly installment basis throughout the year.

Pledges for which the donor stipulates the agency to receive the donation (Donor Option Program) are recorded as assets (Donor options receivable) and liabilities (Donor options payable) when the pledges are received. They are included in campaign results, but are not considered revenue of UWCNM, and are reflected as donor option amounts (designations) in the accompanying financial statements.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions and Revenue Recognition – Continued

The provision for uncollectible pledges is computed based upon a three-year historical average adjusted by management estimates of current economic factors. It is applied to the gross campaign including donor option pledges.

Property and Equipment

Property and equipment is recorded at cost or estimated fair value at date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. UWCNM capitalizes items over \$1,000 over the estimated useful life of the assets, which ranges from 3 to 30 years.

Expense Allocation

The cost of providing the various programs and all other activities has been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

UWCNM is a nonprofit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

UWCNM has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Management believes that all activities of UWCNM are within their tax-exempt purpose, and that there are no uncertain tax positions. Any interest and penalties recognized associated with a tax position are classified as current in UWCNM's financial statements. There were no interest or penalties recorded as of June 30, 2019 and 2018.

Planned Giving

UWCNM has been named as a trustee or owner in several planned giving agreements. Some of the agreements stipulate UWCNM as the beneficiary of the agreement while others require UWCNM to distribute the trust assets or life insurance death benefits upon the death of the donor, and therefore, UWCNM has recorded a liability equal to the fair market value of these assets. The fair market value of these trust liabilities was \$305,424 and \$370,014 as of June 30, 2019 and 2018, respectively. UWCNM has a Planned Giving Committee which provides planned giving opportunities to donors and establishes and executes planned giving initiatives. They also establish and execute gift acceptance policies. Policy decisions made by this committee are moved to the finance committee for further approval before moving to the Board of Directors for final approval.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Instruments

The carrying amounts of cash, certificates-of-deposit, receivables, payables, and accrued expenses approximate fair value due to the short maturity periods of these instruments.

Contributed Services

Approximately 1,269 volunteers have donated over 52,000 hours of their time in the furtherance of UWCNM's activities. The value of this contributed time is not reflected in these statements because it does not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Donated Services

Contributed services are recognized if the services received create or enhance non-financial assets, require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services are recorded at the fair value of the services received as determined by the donor. For the years ended June 30, 2019 and 2018, UWCNM received and recognized \$1,128,736 and \$937,865, respectively, of donated services. The recognized donated services included advertising and other professional services related to the programs, fundraising, and management and general operations of UWCNM.

Fair Value Measurements

Accounting Standards Codification Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical investments that UWCNM has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, inputs other than observable quoted prices, or inputs derived principally from or corroborated by observable market data by correlation or other means.

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

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

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. UWCNM has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events

UWCNM has evaluated all events occurring subsequent to June 30, 2019 and through October 23, 2019, which is the date that the financial statements were issued and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Financial assets: | | |
| Cash | \$ 1,161,750 | \$ 1,287,473 |
| Certificates-of-deposit | 298,930 | 412,009 |
| Investment held with ACF | 2,304,778 | 2,263,236 |
| Campaign receivables, net | 5,449,718 | 5,779,063 |
| Non-campaign and other receivables, net | <u>328,372</u> | <u>578,375</u> |
| Total financial assets | 9,543,548 | 10,320,156 |
| Financial assets not available for use within one year: | | |
| Donor designated campaign receivables, net | 2,747,017 | 2,901,960 |
| Non-campaign receivables, net | 191,660 | 163,999 |
| Financial assets with donor restrictions not expected to be met within one year | <u>1,361,670</u> | <u>1,348,075</u> |
| Total financial assets not available for use within one year | <u>4,300,347</u> | <u>4,414,034</u> |
| Financial assets available to meet cash needs for general expenditure within one year from June 30, 2019 and 2018 | <u>\$ 5,243,201</u> | <u>\$ 5,906,122</u> |

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – CONTINUED

UWCNM manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to meet operational needs as well as impact grant obligations. UWCNM's general goal is to maintain a level of liquid financial assets and net receivables sufficient to cover 6 months' worth of operating expenses and impact grants. As part of the liquidity plan, UWCNM is continuously evaluating the amount of cash on hand and expected to be collected within 180 days, against current financial obligations.

NOTE 4 – PROPERTY AND EQUIPMENT

| | <u>2019</u> | <u>2018</u> |
|-------------------------------|--------------------|-------------------|
| Equipment | \$ 457,716 | \$ 499,481 |
| Leasehold improvements | 395,073 | 395,073 |
| Furniture and fixtures | <u>272,520</u> | <u>273,451</u> |
| | 1,125,309 | 1,168,005 |
| Less accumulated depreciation | <u>(1,000,230)</u> | <u>(989,756)</u> |
| | <u>\$ 125,079</u> | <u>\$ 178,249</u> |

NOTE 5 – CORPORATE CORNERSTONE RECOGNITION PROGRAM

Under the Corporate Cornerstone Recognition Program, donations from local corporations and individuals who choose to participate in the program are appropriated by UWCNM's Board of Directors to fund the fundraising and general operational and administrative costs of UWCNM, as well as several other initiatives. Annually, total donations raised from this program are allocated to fund UWCNM's operational budget and the Center for Non-Profit Excellence. After these allocations have been made, any remaining funds are designated to Impact, Basic Needs, and Capacity Building grants. During 2016, the Board of Directors voted to modify the Donor Option Program in response to contributions from the Corporate Cornerstone Recognition Program not being sufficient to fund UWCNM's administrative expenses. Beginning with the 2016 campaign, when a donor designates 10% of their annual contribution to support the work of United Way, 100% of their remaining designated contributions will be passed through. If they elect not to designate 10% to UWCNM, then 10% of their designations will be deducted to cover administrative cost when their designations are passed through.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 6 – PLEDGE OF BUILDING

During 2016, a UWCNM supporter purchased the office building UWCNM occupies. This donor entered into two beneficial agreements with UWCNM, an irrevocable gift agreement and a long-term lease agreement.

The gift agreement provides conveyance of the building to UWCNM at the earlier of the end of the second option period or the death of the donor and the donor's spouse. The gift takes place in 20% increments over a five-year period unless the death clause is in effect. The building will be conveyed free of encumbrances. In connection with the gift agreement, UWCNM has recorded a long-term pledge receivable for the fair market value of the building on the date of the agreement. The balance of this pledge receivable was \$1,800,000 at June 30, 2019 and 2018, respectively.

UWCNM recorded an in-kind contribution for below market rent of \$103,090 and \$103,090 in 2019 and 2018, respectively. In-kind rent is computed as the difference between the market price per square foot and the contract price in the lease.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

UWCNM restricts net assets based upon time and initiative restrictions. Net assets with donor restrictions as of June 30, 2019 and 2018 are as follows:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Subject to expenditure for specified purpose: | | |
| Impact Area Restrictions | \$ 969,749 | \$ 254,077 |
| Women in Philanthropy/Young Leaders/ Hispano Philanthropic Society/Mission Graduate Family Advocacy Center | 280,417 111,504 | 1,012,356 81,642 |
| Subject to the passage of time: | | |
| Pledges receivable, non-donor option, net | 2,702,701 | 2,877,103 |
| Planned gift insurance policies | 644,697 | 622,300 |
| Pledge of current operating facility (land and building) | <u>1,800,000</u> | <u>1,800,000</u> |
| | <u>\$ 6,509,068</u> | <u>\$ 6,647,478</u> |

Releases of net assets with donor restrictions consist generally of collections of pledges, and expenditures of funds in accordance with donor stipulations.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 8 – CAMPAIGN REVENUES COLLECTED ON BEHALF OF OTHERS

UWCNM acts as an agent, collecting and processing contributions on behalf of other local United Way chapters in the United States. Amounts receivable of \$191,660 and \$163,999 and payable of \$225,784 and \$158,534 as of June 30, 2019 and 2018, respectively, are included in the accompanying statements of financial position. These contributions are not counted in the UWCNM campaign results as they are counted in the communities where they are raised.

NOTE 9 – TRANSFERS OF ASSETS TO RECIPIENT ORGANIZATIONS

UWCNM transfers certain endowment gifts from donors to the Albuquerque Community Foundation (ACF). Under the terms of an agreement between UWCNM and ACF, UWCNM holds variance power over these assets. ACF keeps separate records of the activity and performance of each of these assets within UWCNM's endowment total. Annually, UWCNM requests distributions of these assets from ACF according to the endowment agreement between UWCNM and the initial donor of the endowment. As of June 30, 2019 and 2018, UWCNM had transferred \$3,063,425 and \$2,961,137, respectively, of these assets to ACF, which are included in the investment with ACF and planned giving assets balances of the accompanying statements of financial position.

NOTE 10 – FAIR VALUE MEASUREMENT

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2019 and 2018.

| Description - 2019 | Total | Level 1 | Level 2 | Level 3 |
|---------------------------|---------------------|----------------|---------------------|---------------------|
| Certificates-of-deposit | \$ 298,930 | \$ - | \$ 298,930 | \$ - |
| Investment with ACF | 2,304,778 | - | - | 2,304,778 |
| Planned giving assets | 1,509,322 | - | 750,675 | 758,647 |
| Other assets | 105,454 | - | - | 105,454 |
| | <u>\$ 4,218,484</u> | <u>\$ -</u> | <u>\$ 1,049,605</u> | <u>\$ 3,168,879</u> |
| Description - 2018 | Total | Level 1 | Level 2 | Level 3 |
| Certificates-of-deposit | \$ 412,009 | \$ - | \$ 412,009 | \$ - |
| Investment with ACF | 2,263,236 | - | - | 2,263,236 |
| Planned giving assets | 1,417,667 | - | 719,766 | 697,901 |
| Other assets | 149,480 | - | - | 149,480 |
| | <u>\$ 4,242,392</u> | <u>\$ -</u> | <u>\$ 1,131,775</u> | <u>\$ 3,110,617</u> |

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 10 – FAIR VALUE MEASUREMENT – CONTINUED

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2019.

Certificates-of-deposit: Valued at face value plus accrued earnings, which approximate fair value.

Investment with Albuquerque Community Foundation and Other Assets: Valued at net realizable value, as determined by the quoted prices as provided by the investment manager, which pools all funds and allocates investment activity to each fund accordingly.

Planned giving assets: Valued at the quoted prices as provided by the investment manager, which pools all funds and allocates investment activity to each fund accordingly or the present value of future cash flows using a stated discount rate for insurance policies.

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

Level 3 Investments

The following tables present the UWCNM's activities for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2019 and 2018: Level 3 activity is as follows:

| | <u>2019</u> | <u>2018</u> |
|-------------------------------|---------------------|---------------------|
| Beginning balances | \$ 3,110,617 | \$ 3,042,301 |
| Contributions | 42,089 | 52,175 |
| Interest and dividend income | 10,972 | 34,297 |
| Realized and unrealized gains | 33,070 | 119,487 |
| Distributions and fees | <u>(27,869)</u> | <u>(137,643)</u> |
| Ending balances | <u>\$ 3,168,879</u> | <u>\$ 3,110,617</u> |

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Defined Contribution Plan

All UWCNM employees are eligible to participate in a 403(b) defined contribution plan administered by Mutual of America. Eligibility is attained upon the first day of the month after hire, provided the employee is at least 21 years of age. Employees can contribute compensation to the Plan, subject to IRS restrictions. UWCNM matches the first 3% of all employee contributions, with these matching contributions vesting immediately. Total expenses incurred by UWCNM with regard to this Plan were \$184,142 and \$213,400 in 2019 and 2018, respectively.

Concentrations of Risk

To reduce the level of exposure at any one financial institution, UWCNM diversifies its certificates-of-deposit with various financial institutions. UWCNM maintains cash balances in financial institutions that at times exceed federally insured limits. Management regularly monitors the financial institutions with balances in excess of insured limits to manage the risk of loss.

Leases

UWCNM leases its primary corporate offices under an operating lease agreement, which calls for monthly rent payments of \$12,171, escalating after 60 months, and expires in February 2026. UWCNM also leases equipment under an operating lease agreement. The agreement expires in April 2021 and call for monthly payments of \$902. The minimum future lease payments follow:

| | | |
|------------|----|------------------|
| 2020 | \$ | 156,876 |
| 2021 | | 157,134 |
| 2022 | | 154,303 |
| 2023 | | 154,303 |
| 2024 | | 154,303 |
| Thereafter | | <u>257,172</u> |
| Total | \$ | <u>1,034,091</u> |

Total rent expense for these leases was \$167,415 and \$170,534 in 2019 and 2018, respectively.