United Way of Rock River Valley

Financial Statements

June 30, 2021

WIPFLI

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Independent Auditor's Report

Board of Directors
United Way of Rock River Valley
Rockford, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Rock River Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses for the year 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Report on Summarized Comparative Information

We have previously audited the United Way of Rock River Valley's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wipfli LLP

December 15, 2021
Rockford, Illinois

United Way of Rock River Valley

Statement of Financial Position

June 30, 2021 with Summarized Financial Information for June 30, 2020

Assets	2021	2020
Cash and cash equivalents	$ 1,358,924	$ 3,855,024
Campaign pledges receivable, less allowance for uncollectible pledges of $250,000 for 2021 and 301,000 for 2020	657,896	581,637
Prepaid expenses	47,084	47,037
Investment securities, at fair value	6,347,845	3,091,693
Equipment, net	19,485	3,024
Other assets	4,941	160
Total assets	$ 8,436,175	$ 7,578,575

Liabilities and Net Assets		
Liabilities:		
Payable to other organizations	$ 44,183	$ 32,303
Accounts payable and accrued expenses	182,280	146,939
Grants payable	287,273	221,056
Notes payable- Payroll Protection Program	185,210	185,200
Total liabilities	$ 698,946	$ 585,498
Net assets:		
With donor restrictions	$ 3,038,357	$ 2,766,911
Without donor restrictions:		
Board designated	3,377,167	330,660
Undesignated	1,321,705	3,895,506
Total net assets	7,737,229	6,993,077
Total liabilities and net assets	$ 8,436,175	$ 7,578,575

United Way of Rock River Valley

Statement of Activities

Year Ended June 30, 2021 with Summarized Financial Information for the Year Ended June 30, 2020

	2021	2020
Changes in without donor restrictions net assets:		
Unrestricted support and other revenue:		
Total campaign efforts	$ 2,678,166	$ 2,518,638
Less: amounts designated by donors for specific organizations	464,590	306,917
Public support - annual campaign, net	2,213,576	2,211,721
Endowment, trust and estate income	72,694	1,435,126
Initiative funding	90,812	34,075
Investment income, net of fees of $4,585 and $3,697, respectively	273,614	39,196
Miscellaneous income	131,014	68,022
Net assets released from restrictions:		
Satisfaction of purpose restrictions	705,702	789,252
Satisfaction of time restrictions	135,244	830,957
Total without donor restricted support and revenues	3,806,856	5,408,349
Program services	2,832,555	3,034,252
Management and general	163,872	168,391
Campaign and other fundraisers	337,723	391,094
Total functional expenses	3,334,150	3,593,737
Change in without donor restrictions net assets	472,706	1,814,612
Change in with donor restrictions net assets:		
Contributions, net of discount	493,285	1,024,685
Investment income, net of fees of $24,007 and $17,787, respectively	619,107	90,354
Change in beneficial interest in trust	0	26,208
Net assets released from restrictions:		
Satisfaction of purpose restrictions	(705,702)	(789,252)
Satisfaction of time restrictions	(135,244)	(830,957)
Change in with donor restrictions net assets	271,446	(478,962)
Change in total net assets	744,152	1,335,650
Total net assets beginning of the year	6,993,077	5,657,427
Total net assets at the end of the year	$ 7,737,229	$ 6,993,077

United Way of Rock River Valley

Statement of Cash Flows

Year Ended June 30, 2021 with Summarized Financial Information for the Year Ended June 30, 2020

	2021	2020
Cash flows from operating activities:		
Change in total net assets	$ 744,152	$ 1,335,650
Adjustments to reconcile change in total net assets to net cash used in operating activities:		
Depreciation	4,991	5,690
Unrealized gain on investment securities	(555,144)	(15,840)
Realized gain on investment securities/funds held in trust	(292,241)	(45,077)
Changes in operating assets and liabilities:		
Pledges receivable	(76,259)	693,132
Other assets	(4,781)	443
Prepaid expenses	(47)	3,776
Beneficial interest in trusts	0	694,039
Payable to other organizations	11,880	(12,642)
Forgiveness of SBA loan	(185,200)	
Accounts payable and accrued expenses	35,341	26,498
Grants payable	66,217	(128,117)
Net cash flows from operating activities	(251,091)	2,557,552
Cash flows from investing activities:		
Purchases of equipment	(21,452)	0
Proceeds from sale and maturity of investment securities	1,168,314	1,507,259
Purchase of investment securities	(3,577,081)	(1,499,153)
Net cash flows from investing activities	(2,430,219)	8,106
Cash Flows from finance activities		
Proceeds from long term debt	185,210	185,200
Net cash flows from finance activities	185,210	185,200
Net change in cash and cash equivalents	(2,496,100)	2,750,858
Cash and cash equivalents, beginning	3,855,024	1,104,166
Cash and cash equivalents, ending	$ 1,358,924	$ 3,855,024
Non-cash financing activity:		
PPP loan forgiveness	185,200	

United Way of Rock River Valley

Statement of Functional Expenses

Year Ended June 30, 2021 with Summarized Financial Information for the Year Ended June 30, 2020

	Program	Management & General	Campaign & Other Fundraising	2021 Total	2020 Total
Salaries	$ 698,869	$ 105,162	$ 112,446	$ 916,477	$ 854,903
Employee health	85,503	13,527	6,292	105,322	104,159
Employee retirement	23,127	2,978	5,627	31,732	18,380
Payroll taxes and other	103,124	15,732	16,051	134,907	127,109
Total salaries and related expenses	910,623	137,399	140,416	1,188,438	1,104,551
Supplies	7,758	1,859	931	10,548	10,327
Telephone	3,584	901	450	4,935	5,005
Postage	8,434	482	726	9,642	8,099
Occupancy	47,233	2,738	4,790	54,761	53,220
Equipment repair and maintenance	53,652	3,101	5,284	62,037	60,853
Total funds granted to agencies and other United Ways	1,177,795			1,177,795	1,506,692
Payments to affiliated organizations	45,251	5,934	5,687	56,872	43,714
Campaign expense	0		159,438	159,438	124,909
Subscriptions, publications and dues	31,806	1,828	2,933	36,567	38,423
Non-campaign printing	7,466	436	811	8,713	9,097
Bad debt	97,895	5,750	11,500	115,145	223,244
Initiatives and events	373,724			373,724	328,854
Local travel	2,915	157	341	3,413	9,294
Training and travel	536	55	67	658	16,245
Support of state organization	2,470			2,470	2,880
General insurance	9,216	485	872	10,573	9,691
Professional fees	47,942	2,523	2,965	53,430	32,949
Total before depreciation	2,828,300	163,648	337,211	3,329,159	3,588,047
Depreciation	4,255	224	512	4,991	5,690
Total functional expenses	$ 2,832,555	$ 163,872	$ 337,723	$ 3,334,150	$ 3,593,737

See accompanying notes to financial statements.

Note 1 Significant Accounting Policies

Nature of activities

The Organization was formed to conduct annual campaigns throughout the year to raise support for subsequent grants to participating agencies in Winnebago and Ogle Counties in Illinois. Pledges, primarily from residents and businesses of northern Illinois communities, are recorded in the statement of financial position as pledges receivable, and allowances are provided for amounts estimated to be uncollectible.

Basis of accounting

The Organization follows standards for accounting and financial reporting prescribed for voluntary health and welfare agencies. The financial statements are on the accrual basis of accounting in which revenue is recognized when earned and expenses are recognized when incurred.

Comparative financial information

The financial statements include certain prior-year summarized financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized financial information was derived.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income tax status

The Organization was formed as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. Management believes the Organization continues to qualify as a tax-exempt entity.

The Organization accounts for income taxes in accordance with Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Accounting for Uncertainty Income Taxes*. The standard provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements and requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management does not believe any uncertain tax positions exist at June 30, 2021 and 2020.

Note 1 Significant Accounting Policies (Continued)

Cash and cash equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments designated by the Board of Directors, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Allowance for doubtful accounts

The Organization uses the allowance method to record an allowance for possible uncollectible campaign pledges receivable.

Investment securities

Investments in marketable securities with readily determinable fair market values and all investments in debt securities are reported at their fair market values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Premiums and discounts on debt securities are amortized or accreted and recorded to interest income over the remaining maturity period using the effective yield method.

Equipment

Equipment purchased in excess of $1,500 with an estimated useful life of at least three years is capitalized at cost, or if donated, at fair market value at the date of donation less accumulated depreciation. Depreciation is computed by the straight-line method over the estimate useful lives range of three to eight years.

Maintenance and repairs of equipment is charged to operations as incurred. Major improvements which extend the useful life, increase capacity, or improve the efficiency of equipment are capitalized. Fully depreciated assets are retained in property and accumulated depreciation until they are removed from service. Upon retirement, sale or other disposition of equipment, the costs and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

Grants payable

Grants of support to United Way funded organizations are determined on an annual basis. The Organization communicates the support grant commitment for the forthcoming twelve month period on or around June 30th each year, the grant is paid and expensed within the year that the grant is awarded.

Note 1 Significant Accounting Policies (Continued)

Contributed support and revenue recognition

All campaign and initiative revenues sources are considered contributions. The Organization recognizes all contributed support recognized as income in the period received. Contributed support is reported as unrestricted or as donor restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All net campaign funding is considered not donor restricted, unless specifically restricted by the individual donor. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Long-lived assets acquired with gifts of cash restricted for those acquisitions are reported as unrestricted or as temporarily restricted depending on whether there is an explicit, donor-imposed time requirement as to how long the assets must be maintained. Absent any donor-imposed time requirement, the Organization reports expirations of donor restrictions when long-lived assets are placed in service. Campaign funding designated for other organizations is not included in the total revenue and support on the statement of activities. Such amounts are deemed revenue and support of the recipient organization.

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets of United Way of Rock River Valley and changes therein are classified and reported as follows:

Net assets without donor restrictions: net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board has designated an amount that requires Board approval prior to use. The balance of the without donor restrictions net assets are undesignated.

Net assets with donor restrictions: net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be net by the passage of time, long-lived assets placed in service, or other events specified by the donor. Other explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Note 1 Significant Accounting Policies (Continued)

Donated services and other in-kind support

The Organization records in-kind support for professional services and materials when received. Contributed professional services are recognized if the services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible property are recognized at fair market value when received. The Organization receives a significant amount of skilled, contributed time in the Organization's program services and in its fundraising campaigns which does not meet the criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

Functional allocation of expenses

The Statement of Functional Expenses presents an analysis of expenses by nature and function, accordingly, salaries and wages, payroll taxes and benefits, depreciation and related expenses have been allocated between program services, management and general, and fundraising based upon square footage, and employee hours. The expenses allocated to the Campaign are considered fund raising related costs.

Change in Accounting Principle

In May 2014, the FASB (Financial Accounting Standards Board) issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this guidance as of July 1, 2020 and applied Topic 606 on a modified retrospective basis. There was no change on the opening balance of net assets and no prior period results were restated.

Pending accounting pronouncement

In 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. ASU 2016-02 must be applied modified retrospectively. Management is evaluating what impact this new standard will have on its financial statements.

Note 2 Liquidity and Availability of Financial Assets

The Organizations monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. The Organization's primary source of support are contributions and income from investments in endowments. Some of that support is required to be used in accordance with the purpose restrictions imposed by the funder. The following table reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditures:

	2021	2020
Total financial assets	$8,369,606	$7,528,514
Less those unavailable for general expenditure within one year due to:		
Time and purpose restrictions	3,038,357	2,766,911
Board designated	2,971,943	330,660
Financial assets available to meet cash needs for general expenditures within one year	$2,369,306	$4,430,943

Note 3 Cash, Cash Equivalents and Short-Term Investments

Cash, cash equivalents, and short-term investments consisted of the following at June 30:

	2021	2020
Cash and cash equivalents:		
Cash on hand	$300	$602
Checking/sweep accounts	378,518	110,121
Money market accounts	803,767	3,567,990
Savings account	176,339	176,311
Total cash and cash equivalents	$ 1,358,924	$3,855,024

As of June 30, 2021, $394,137 was not covered by federal depository insurance.

Note 4 Campaign Pledges Receivable

Net campaign pledges receivable consisted of the following at June 30:

	2021	2020
Campaign pledges receivable	$907,896	$882,637
Less allowance for uncollectible pledges	250,000	301,000
Net campaign pledges receivable	$657,896	$581,637

All pledges receivable are expected to be collected within one year.

Note 5 Equipment

At June 30, 2021 and 2020 equipment, at cost, consisted of the following:

	2021	2020
Equipment	$143,299	$121,847
Less accumulated depreciation	123,814	118,823
Equipment, net	$19,485	$3,024

Depreciation expense for the year ended June 30, 2021 and 2020 was $4,991 and $5,690 respectively.

Note 6 Investment Securities

Investment securities consist of the following as of June 30:

	Cost	Unrealized gain	Fair value
Investment securities – 2021	$5,213,176	$1,134,668	$6,347,845
Investment securities – 2020	$2,857,656	$234,037	$3,091,693

The Organization maintains its investment securities in separate investment accounts. Account A is for the temporarily restricted investment and the unappropriated net appreciation of the investment. Account B is for amounts designated by the Board of Directors and other but require board approval prior to use. Investment activity for the years ended June 30, 2021 and 2020 is summarized in the table below.

Note 6 Investment Securities (Continued)

2021	Account A	Account B	Total
Investment securities, at beginning of year	$2,486,813	$604,880	$3,091,693
Investment returns:			
Dividends, interest, and capital gain distributions	62,383	10,218	72,601
Transfers- In	0	2,500,000	2,500,000
Realized gains, net	84,042	208,199	292,241
Unrealized gains, net	496,689	58,455	555,144
Investment fees	(24,007)	(4,585)	(28,592)
Total change in investment securities	619,107	2,772,287	3,391,394
Amounts designated for grants	(135,242)		(135,242)
Investment securities, at end of year	$2,970,678	$3,377,167	$6,347,845

2020	Account A	Account B	Total
Investment securities, at beginning of year	$2,507,169	$531,713	$3,038,882
Investment returns:			
Dividends, interest, and capital gain distributions	57,067	10,805	67,872
Contributions		56,217	56,217
Realized gains, net	10,359	5,481	15,840
Unrealized losses, net	40,716	4,361	45,077
Investment fees	(17,787)	(3,697)	(21,484)
Total change in investment securities	90,355	73,167	163,522
Amounts designated for grants	(110,711)		(110,711)
Investment securities, at end of year	$2,486,813	$604,880	$3,091,693

Note 7 Beneficial Interest in Trusts / Endowment Income

Community Foundation of Northern Illinois (CFNI) administers a designated $1,000,000 endowment. Payments to United Way of Rock River Valley are determined by the CFNI trustees. Because of the variance powers granted by the CFNI trustees, income is recognized as payments are accrued. Payments received and recognized for the years ended June 30, 2021 and 2020 were $69,631 and $68,640 respectively.

Note 7 Beneficial Interest in Trusts / Endowment Income (Continued)

In September 1995, the Organization was named a beneficiary of the Willard J. Corbett and Alice C. Corbett Charitable Trust (the "Trust"), which is administered by BMO Private Bank. According to the trust agreement, payments to the Organization are made annually each July 1 for 25 years starting July 1, 1996. Payments are to equal 5% of the trust's allocable principal balance and accumulated earnings in the trust valued on June 1st of each year. Payments received and recognized for the years ended June 30, 2021 and 2020 were $0, and $720,246 respectively. The Corbett Charitable Trust was distributed in full to the respective beneficiaries during the year ended June 30, 2020.

Note 8 Fair Value

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority level. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The following tables set forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of June 30, 2021 and 2020. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement:

2021	Level 1	Level 2	Level 3	Total
Mutual funds	$6,347,845			$6,347,845
Total	$6,347,845	$0	$0	$6,347,845

Note 8 Fair Value (continued)

2020	Level 1	Level 2	Level 3	Total
Mutual funds	$3,091,693			$3,091,693
Total	$3,091,693	$0	$0	$3,091,693

Note 9 Endowment Funds

The Organization's endowments consist of three funds; the Gloyd Family Endowment, the Kjellstrom Family Endowment, and the Holmbeck Endowment. The endowments were established to assure ongoing support of the annual campaign. As required by generally accepted accounting principles, net assets associated with the endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's management has interpreted the Illinois Prudent Management of Institutional Funds Act (IL UPMIFA) 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 permanently restricted net assets (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 gift 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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by IL UPMIFA.

In accordance with IL UPMIFA, 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.

Investment Return Objectives, Risk Parameters and Strategies: The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide total return utilizing capital growth strategy to achieve a balanced level of current income and the opportunity for future long term growth of capital. Accordingly, the Board recognizes a moderate level of portfolio volatility is inherent with such an investment strategy utilizing investment in stocks and/or mutual funds, bonds and/or bond mutual funds, and cash reserves and the Board has indicated a willingness to tolerate periodic declines in the value of the portfolios. Unless otherwise noted of dividend and/or income derived as a result of investment activity in the portfolios will be reinvested.

Note 9 Endowment Funds (Continued)

The Organization has a policy of appropriating for distribution each year up to 5% of its temporarily restricted endowment fund market value, following valuation of the fund at December 31, to support the annual campaign. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, all of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow annually at a nominal average return. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund is as follows as of June 30:

2021	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Donor-restricted endowment funds	$0	$2,970,678	$2,970,678

2020	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Donor-restricted endowment funds	$0	$2,486,813	$2,486,813

Changes in endowment net asset as of June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	$0	$2,486,813	$2,486,813
Interest, dividends and realized gains, net		62.383	62.383
Investment fees		(24,007)	(24,007)
Unrealized gains		496,689	496,689
Realized gains		84,042	84,042
Amounts appropriated for expenditure		(135,242)	(135,242)
Endowment net assets, end of year	$0	$2,970,678	$2,970,678

United Way of Rock River Valley

Notes to Financial Statements for the Year Ended June 30, 2021
with Summarized Financial Information for the Year Ended June 30, 2020

Note 9 Endowment Funds (Continued)

Changes in endowment net asset as of June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	$0	$2,507,169	$2,507,169
Interest, dividends and realized gains, net		57,068	57,068
Investment fees		(17,787)	(17,787)
Unrealized gains		40,175	40,175
Realized gains		10,359	10,359
Amounts appropriated for expenditure		(110,711)	(110,711)
Endowment net assets, end of year	$0	$2,486,813	$2,486,813

Note 10 Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2021 and 2020:

	2021	2020
Gift restricted to initiatives	$67,679	$280,098
Future operations - endowment	2,970,678	2,486,813
Total net assets with donor restrictions	$3,038,357	$2,766,911

Note 11 Annual Campaign Concentration

Included in the public support-annual campaign for the years ended June 30, 2021 and 2020, are pledges from two major contributors and its employees. Below are these pledges, percent of total annual campaign revenue, pledges receivable and percent of total pledges receivable at June 30, 2021 and 2020:

Contributor A			
2021		2020	
$0	0.0%	$98,699	4.3%
$0	0.0%	$47,873	5.5%

No other contributors accounted for 10% or more of the annual campaign support in 2021 or 2020.

Note 12 Staffing Contract

The Organization has a contract with an outside staffing agency, whereby the staff at the Organization are employees of the staffing agency. The agency is responsible for the payment of all related employee wages and benefits that are then billed to the Organization. The Organization is charged an annual fee based on the terms of the contract.

Note 13 Retirement Plan

The Organization has established a defined contribution plan to provide continued benefit to substantially all of its employees. United Way makes contributions to the plan based on a percentage of the participant's salary or wages. Participants may also make voluntary contributions which will be matched by United Way up to a certain percentage. Employer contributions to the plan were $31,732 and $18,380 for the years ended June 30, 2021 and 2020, respectively.

Note 14 Operating Lease

The Organization entered into an operating lease for office space effective May 1, 2021 through April 30, 2022. Upon expiration of the initial term, the lease shall automatically renew for a subsequent twelve-month term unless a default or either party provides the other with 90 days written notice to terminate the lease. The Organization incurred $47,201 and $46,967 in rent expense for the years ended June 30, 2021 and June 30, 2020.

Note 15 Notes Payable – Paycheck Protection Program

In February 2021, the Organization obtained a note payable of $185,210. This amount represents a second note payable from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist Organizations in navigating the Coronavirus pandemic.

The note is payable at 1% interest over a 60 month amortization period beginning December 2021, unless forgiveness is received under the terms of the loan agreement. The note is uncollateralized.

The Organization has interpreted the condition of the note payable to be the approval of the forgiveness application by the lender and SBA. Should the forgiveness conditions of the note payable not be substantially met or explicitly waived, all or a portion of the note payable will be accounted as a loan bearing interest at 1%. The Organization anticipates that the conditions of the note payable will be substantially met and the full amount of the note payable will be recognized as revenue.

In December 2020, the Organization received forgiveness for the PPP1 loan, which was received in April 2020, for amount of $185,200. As such the organization recognized the full amount of the loan as a grant with conditions fulfilled.

Note 16 Subsequent Events

The Organization has evaluated subsequent events through November 30, 2021, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 15, 2021 have been incorporated herein.