

# **United Way of Bergen County**

Financial Statements

March 31, 2020 and 2019



## Independent Auditors' Report

### Board of Directors of United Way of Bergen County

We have audited the accompanying financial statements of United Way of Bergen County (the "Organization") which comprise the statements of financial position as of March 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows 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 did not audit the financial statements of BCUW/Madeline Housing Partners LLC and Affiliate ("BCUW/Madeline"), a 50% owned joint venture, accounted for on the equity method. As of and for the year ended March 31, 2020 and 2019, the Organization's equity interest in BCUW/Madeline was \$12,116,162 and \$7,084,492 and its equity in earnings of BCUW/Madeline was \$5,031,670 and \$1,360,925. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for BCUW/Madeline, is based solely on the report of the other auditors. 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 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 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 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, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Bergen County as of March 31, 2020 and 2019, 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.

## **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplementary Schedule of Change in Net Assets on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*PKF O'Connor Davies, LLP*

October 7, 2020

## United Way of Bergen County

### Statements of Financial Position

	March 31,	
	2020	2019
<b>ASSETS</b>		
Cash	\$ 1,563,209	\$ 2,941,792
Investments	2,532,975	2,484,234
Contributions receivable, net of allowance of \$344,116 and \$384,008	1,200,439	1,307,986
Notes receivable and advances, net of allowance of \$492,629 and \$292,081	1,397,861	1,225,830
Due from BCUW/Madeline Housing Partners LLC	3,206,357	2,646,589
Investment in BCUW/Madeline Housing Partners LLC	12,116,162	7,084,492
Prepaid expenses and other assets	808,617	754,176
Beneficial interest in charitable trusts	113,362	142,548
Property and equipment, net of accumulated depreciation of \$312,553 and \$298,893	8,972	18,782
	<b>\$ 22,947,954</b>	<b>\$ 18,606,429</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,171,355	\$ 1,474,853
Designations payable, net of allowance of \$125,035 and \$48,083	7,270,326	7,631,463
Other liabilities	18,181	22,230
Total Liabilities	8,459,862	9,128,546
Net Assets		
Without donor restrictions	13,625,987	7,400,779
With donor restrictions	862,105	2,077,104
Total Net Assets	14,488,092	9,477,883
	<b>\$ 22,947,954</b>	<b>\$ 18,606,429</b>

## United Way of Bergen County

### Statements of Activities

	Year Ended March 31, 2020			Year Ended March 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND OTHER REVENUES</b>						
Campaign funds raised	\$ 2,578,066	\$ 14,345,386	\$ 16,923,452	\$ 2,953,009	\$ 11,772,999	\$ 14,726,008
Amounts raised on behalf of others	(645,992)	(13,437,136)	(14,083,128)	(953,630)	(9,644,965)	(10,598,595)
Provision for uncollectible contributions	<u>(73,623)</u>	<u>(46,145)</u>	<u>(119,768)</u>	<u>(456,292)</u>	<u>(50,930)</u>	<u>(507,222)</u>
Net Current Year Contributions	1,858,451	862,105	2,720,556	1,543,087	2,077,104	3,620,191
Net assets released from restriction						
Prior year campaign contributions	2,128,034	(2,128,034)	-	1,298,250	(1,298,250)	-
Provision for uncollectible contributions	<u>(50,930)</u>	<u>50,930</u>	<u>-</u>	<u>(57,275)</u>	<u>57,275</u>	<u>-</u>
Net Campaign Revenue	3,935,555	(1,214,999)	2,720,556	2,784,062	836,129	3,620,191
Interest income	59,684	-	59,684	55,897	-	55,897
Investment in joint venture	5,031,670	-	5,031,670	1,360,925	-	1,360,925
Other	657,126	-	657,126	402,807	-	402,807
Provision for uncollectible notes receivable and advances	<u>(200,548)</u>	<u>-</u>	<u>(200,548)</u>	<u>(49,866)</u>	<u>-</u>	<u>(49,866)</u>
Total Public Support and Other Revenues	<u>9,483,487</u>	<u>(1,214,999)</u>	<u>8,268,488</u>	<u>4,553,825</u>	<u>836,129</u>	<u>5,389,954</u>
<b>ALLOCATIONS AND EXPENSES</b>						
Community Funding						
Agency allocations	97,262	-	97,262	102,262	-	102,262
Community services	1,470,580	-	1,470,580	2,097,578	-	2,097,578
	1,567,842	-	1,567,842	2,199,840	-	2,199,840
Program related expense	<u>859,052</u>	<u>-</u>	<u>859,052</u>	<u>1,019,037</u>	<u>-</u>	<u>1,019,037</u>
Total Community Funding	<u>2,426,894</u>	<u>-</u>	<u>2,426,894</u>	<u>3,218,877</u>	<u>-</u>	<u>3,218,877</u>
Supporting Services						
Fundraising	248,564	-	248,564	334,684	-	334,684
Administration	<u>582,821</u>	<u>-</u>	<u>582,821</u>	<u>593,940</u>	<u>-</u>	<u>593,940</u>
Total Supporting Services	<u>831,385</u>	<u>-</u>	<u>831,385</u>	<u>928,624</u>	<u>-</u>	<u>928,624</u>
Total Allocations and Expenses	<u>3,258,279</u>	<u>-</u>	<u>3,258,279</u>	<u>4,147,501</u>	<u>-</u>	<u>4,147,501</u>
Change in Net Assets	6,225,208	(1,214,999)	5,010,209	406,324	836,129	1,242,453
<b>NET ASSETS</b>						
Beginning of year	<u>7,400,779</u>	<u>2,077,104</u>	<u>9,477,883</u>	<u>6,994,455</u>	<u>1,240,975</u>	<u>8,235,430</u>
End of year	<u>\$ 13,625,987</u>	<u>\$ 862,105</u>	<u>\$ 14,488,092</u>	<u>\$ 7,400,779</u>	<u>\$ 2,077,104</u>	<u>\$ 9,477,883</u>

See notes to financial statements

## United Way of Bergen County

### Statements of Functional Expenses

	Year Ended March 31, 2020				Year Ended March 31, 2019			
	Community				Community			
	Funding	Fundraising	Administration	Total	Funding	Fundraising	Administration	Total
Resource allocation	\$ 1,567,842	\$ -	\$ -	\$ 1,567,842	\$ 2,199,840	\$ -	\$ -	\$ 2,199,840
Salaries and wages	473,569	132,049	348,212	953,830	584,006	192,490	327,899	1,104,395
Employee benefits	68,449	19,086	50,330	137,865	89,983	29,659	50,523	170,165
Payroll taxes	36,014	10,042	26,481	72,537	44,503	14,669	24,988	84,160
Campaign materials	-	8,102	-	8,102	-	6,560	-	6,560
Occupancy	95,194	13,277	35,012	143,483	111,134	16,967	28,903	157,004
Professional fees	95,724	36,592	55,477	187,793	93,061	37,197	106,404	236,662
Equipment rental and maintenance	9,820	2,738	7,220	19,778	12,432	4,098	6,980	23,510
Depreciation and amortization	6,782	1,891	4,987	13,660	7,832	2,581	4,398	14,811
Supplies	3,784	1,055	2,782	7,621	4,808	1,585	2,699	9,092
Postage and mailing	7,667	2,138	5,638	15,443	5,861	1,932	3,291	11,084
Conferences and meetings	13,230	3,689	9,728	26,647	14,608	4,815	8,202	27,625
Telephone	5,954	1,660	4,379	11,993	7,072	2,331	3,971	13,374
Direct mail	-	3,593	-	3,593	-	4,144	-	4,144
Dues	12,532	3,494	9,214	25,240	13,387	4,412	7,516	25,315
Other	30,333	9,158	23,361	62,852	30,350	11,244	18,166	59,760
	<u>\$ 2,426,894</u>	<u>\$ 248,564</u>	<u>\$ 582,821</u>	<u>\$ 3,258,279</u>	<u>\$ 3,218,877</u>	<u>\$ 334,684</u>	<u>\$ 593,940</u>	<u>\$ 4,147,501</u>

See notes to financial statements

## United Way of Bergen County

### Statements of Cash Flows

	Year Ended March 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,010,209	\$ 1,242,453
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	13,660	14,811
Change in beneficial interest in charitable trusts	29,186	27,479
Provision for bad debts	320,316	39,623
Investment in BCUW/Madeline Housing Partners, LLC	(5,031,670)	(1,360,925)
Change in operating assets and liabilities		
Contributions receivable	(12,221)	4,426,245
Notes receivable and advances	(372,579)	(301,830)
Due from BCUW/Madeline Housing Partners LLC	(559,768)	(138,024)
Prepaid expenses and other assets	(54,441)	45,105
Accounts payable and accrued expenses	(303,498)	1,031,270
Designations payable	(361,137)	(3,845,596)
Other liabilities	(4,049)	949
	(1,325,992)	1,181,560
Net Cash from Operating Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(3,850)	(2,171)
Purchases of investments	(48,741)	(47,233)
Net Cash from Investing Activities	(52,591)	(49,404)
Net Change in Cash	(1,378,583)	1,132,156
<b>CASH</b>		
Beginning of year	2,941,792	1,809,636
End of year	\$ 1,563,209	\$ 2,941,792

See notes to financial statements

# United Way of Bergen County

Notes to Financial Statements  
March 31, 2020 and 2019

## 1. Nature of Operations

The United Way of Bergen County (the “Organization”) is an independent, local New Jersey Tax-Exempt Corporation and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is a nonprofit community service agency that provides assistance to individuals in crisis through its support of 2-1-1 helpline and organizes preventative and long term solutions to community wide issues such as affordable housing. The Organization raises funds for its programs and services through pledges from individuals in the community, employee workplace contributions, corporate gifts and foundation and government grants.

## 2. Summary of Significant Accounting Policies

### ***Financial Statement Presentation***

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

- *Without donor restrictions* – net assets not subject to donor-imposed stipulations, and therefore are expendable for operating purposes.
- *With donor restrictions* – net assets subject to donor-imposed stipulations that would be met by actions of the Organization and/or the passage of time.

### ***Basis of Accounting and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of support and revenue and expenses during the reporting period. Actual results may differ significantly from those estimates.

### ***Adoption of New U.S. GAAP Revenue Recognition***

Effective April 1, 2019, the Organization adopted new US GAAP revenue recognition guidance which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgments made by entities when following this framework. As permitted by the new framework, the Organization elected not to adjust the promised amount of consideration for the effects of a significant financing component as all revenue is collected within one year or less. The Organization adopted this guidance on a modified retrospective basis. Adoption of the ASU had an immaterial impact on the Organization’s financial statements.



## United Way of Bergen County

Notes to Financial Statements  
March 31, 2020 and 2019

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Adoption of New U.S. GAAP Revenue Recognition (continued)***

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("ASU 2018-08"). ASU 2018-08 provides a framework for evaluating whether grants should be accounted for as exchange transactions or as nonexchange transactions. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018 and the Organization adopted ASU 2018-08 on a modified prospective basis and has determined there to be immaterial impact to its financial statements.

#### ***Campaign Contributions and Allocations***

Annual campaigns commence in the fall of each year to raise support for charitable distributions to be made after the end of each fiscal year. An unconditional promise to give is recognized as revenue at the time of the pledge, net of an allowance for uncollectible amounts.

Donors can choose to designate that their contribution be distributed to a specific organization. These contributions are referred to as donor designations. The Organization also manages campaigns for corporations with locations outside Bergen County. Undesignated pledges from employees of these corporations who do not reside and/or work in Bergen County will in certain instances be distributed to other regional United Ways. The collection of these contributions and distribution to donor specified agencies or to other regional United Ways are agency transactions in which the Organization is acting as an intermediary. These transactions are included in the total campaign amounts raised on the statements of activities and then deducted as amounts raised on behalf of others before arriving at net current year contributions.

Campaign contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as net assets with donor restrictions. When donor-imposed time restrictions expire, or a donor-imposed purpose restrictions are fulfilled, the net assets with donor restrictions are reclassified to net assets without donor restrictions. This reclassification is reported as net assets released from restrictions. Non-campaign contributions with donor-imposed restrictions for which the Organization has met the restrictions during the same period, are recorded as net assets without donor restrictions.

#### ***Fair Value Measurements***

The Organization follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

## United Way of Bergen County

Notes to Financial Statements  
March 31, 2020 and 2019

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Investments Valuation and Investment Income Recognition***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of change in net assets.

#### ***Notes Receivables and Advances***

The Organization's notes receivables and advances are reflected at cost less an allowance for potential impairment in value. Whether a valuation allowance is necessary due to impairment is determined based on various factors, including the debtor's payment performance and other pertinent factors related to the debtor's operations and ability to repay its debts. Notes receivables and advances are individually monitored to determine net realizable value based on an evaluation of recovery. The Organization assesses the risk of their financing receivables internally as either performing or monitoring. Performing receivables are investments that meet repayment benchmarks on a timely basis. Monitoring receivables are investments that are either behind in their repayment schedules or the overall health of the investee organization is lessened based upon an assessment of the investee. The Organization considers a note receivable or advance past due if an interest or principal payment is more than 10 days overdue. Notes for which interest has not been paid for six months after due date are put into non-accrual status and interest is no longer accrued.

#### ***Property and Equipment***

Property and equipment are recorded at cost, or if received by donation, at estimated fair value at the time such items are received. Depreciation is provided using the straight-line method over estimated useful lives of 3 to 5 years. Expenditures for maintenance and repairs are expensed as incurred. Expenditures that improve or extend the estimated useful lives are capitalized. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the lease inclusive of expected renewal.

#### ***In-Kind Contributions***

The Organization organizes specific charitable campaigns where contributors are requested to donate non-money items such as food, clothing or toys. In addition, the Organization receives donations of products and services from corporate donors. These contributions are recorded at their estimated fair value at their date of donation. The Organization received in-kind contributions of \$8,050 and \$0 for the years ended March 31, 2020 and 2019.

Contributions of services, if any, are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteer services are not recorded in the financial statements as these contributions do not meet the requirements to be recorded as revenue and expense.

## United Way of Bergen County

Notes to Financial Statements  
March 31, 2020 and 2019

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Functional Allocation of Expenses***

The Organization allocates total costs to the various functional expense categories. This allocation is based primarily on employee time incurred in each respective functional expense category.

#### ***Accounting for Uncertainty in Income Taxes***

The Organization recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that require financial statement recognition and/or disclosure. The Organization is no longer subject to examination by the applicable taxing jurisdictions for periods prior to 2017.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 7, 2020.

### 3. Liquidity and Availability

The Organization monitors the availability of resources to meet its operating needs and contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures related to its ongoing mission related activities, as well as services undertaken to support these activities, to be general expenditures.

Financial assets available for general expenditures within one year of March 31, 2020 are as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,563,209	\$ 2,941,792
Contributions receivable	1,200,439	827,150
Notes receivable and advances	1,100,007	55,876
Beneficial interest in charitable trusts	<u>46,435</u>	<u>46,435</u>
	3,910,090	3,871,253
Donor designated	<u>(862,105)</u>	<u>(2,077,104)</u>
	<u>\$ 3,047,985</u>	<u>\$ 1,794,149</u>

The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. The Organization also maintains a line of credit of \$500,000 which can be utilized to fund general operating expenditures, if necessary.

## United Way of Bergen County

Notes to Financial Statements  
March 31, 2020 and 2019

### 4. Fair Value Measurements

The following are the major categories of financial instruments measured at fair value based on inputs at March 31:

	2020		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	Total
Money market investments	\$ 2,198,374	\$ -	\$2,198,374
Certificates of deposit	334,601	-	334,601
Beneficial interests in charitable trusts	-	113,362	113,362
Total at Fair Value	<u>\$ 2,532,975</u>	<u>\$ 113,362</u>	<u>\$2,646,337</u>
	2019		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	Total
Money market investments	\$ 2,158,294	\$ -	\$2,158,294
Certificates of deposit	325,940	-	325,940
Beneficial interests in charitable trusts	-	142,548	142,548
Total at Fair Value	<u>\$ 2,484,234</u>	<u>\$ 142,548</u>	<u>\$2,626,782</u>

The following is a reconciliation of the beginning and ending balances for Level 3 investments during the years ended March 31:

	2020	2019
Beginning balance	\$ 142,548	\$ 170,027
Change in value of beneficial interest in trusts	<u>(29,186)</u>	<u>(27,479)</u>
Ending Balance	<u>\$ 113,362</u>	<u>\$ 142,548</u>

## United Way of Bergen County

Notes to Financial Statements  
March 31, 2020 and 2019

### 5. Commitments and Contingencies

On February 23, 2019, as part of building a supportive housing project, BCUW/Madeline Housing Partners LLC (see footnote 17, Joint Venture) completed the purchase of a property located at 106 Schraalenburgh Road in Harrington Park. To facilitate the construction of this project, the Organization entered into a construction completion and cost overrun guaranty agreement, that coincided with the purchase of the property and a construction loan agreement by BCUW/Madeline, to guarantee the timely and complete performance of the construction obligations and payment of amounts due as a result of overrun obligations, if any, for this supportive housing project. This guaranty agreement terminates upon the full performance of the guaranteed obligations.

On July 23, 2019, as part of the acquisition and financing of a low-income housing tax credit project for Seniors located at 18-25 River Road in Fair Lawn, the Organization entered into a completion guaranty agreement and a payment guaranty agreement. To facilitate the construction of the project, the Organization guaranteed the timely and complete performance of the construction obligations and payment of amounts due. This guaranty agreement terminates upon the full performance of the guaranteed obligations.

### 6. Notes Receivable and Advances

The Organization provides financing to various community service agencies primarily to assist them in facilitating the acquisition of property and the construction of affordable housing. Notes bear interest at 3 to 5%, are secured by property and mature at various times. As of March 31, 2020, all notes receivable and advances are considered to be performing receivables. The notes receivable and advances are carried at a cost of \$1,397,861 and \$1,225,830 at March 31, 2020 and 2019.

Current maturities of these notes and advances are as follows at March 31, 2020:

2021	\$1,100,007
2022	637,479
2023	17,338
2024	15,879
2025	16,380
Thereafter	<u>99,772</u>
	1,886,855
Allowance for doubtful accounts	<u>(488,994)</u>
	<u>\$1,397,861</u>

### 7. Contributions Receivable

Contributions receivable at March 31, 2020 and 2019 consist of contributions to the Organization, and contributions that have been designated by donors for other charitable agencies or organizations. Designated contributions receivable of \$337,759 at March 31, 2020 and \$480,836 at March 31, 2019 will be paid to the donor-designated agencies when the contributions are collected by the Organization. All contributions receivable outstanding are expected to be received within one year.

## United Way of Bergen County

Notes to Financial Statements  
March 31, 2020 and 2019

### 8. Beneficial Interest in Charitable Trusts

In August 1997, three irrevocable charitable lead trusts were established for the benefit of the Organization. Under the terms of the trust agreements, the Organization will receive an annuity equal to a percentage of the initial fair value of the trusts as of the valuation date. Annuity payments will be made for a term of 25 years for two of the trusts and 30 years for the remaining trust. The fair value of these charitable trusts are valued using Level 3 inputs. Future distributions from the trusts are discounted at a rate of 6.07% for the 25 year trusts and 5.97% for the 30-year trust and are expected to be realized in the following periods:

Within one year	\$ 46,435
Between one to five years	96,331
More than five years	<u>23,400</u>
	166,166
Discount to present value	<u>(52,804)</u>
	<u>\$ 113,362</u>

### 9. NJ 2-1-1 Partnership

The Organization has been contracted by the NJ 2-1-1 Partnership, a subsidiary of the United Ways of New Jersey, to provide cash advances related to grants received from New Jersey's Department of Human Services to maintain operations for the NJ 2-1-1 Partnership database and establish and maintain 2-1-1 information and referral services on a statewide basis. Activities for the years ended March 31 were as follows:

	<u>2020</u>	<u>2019</u>
Beginning of year	\$ 475,635	\$ 506,088
Cash received	(84,998)	(10,748)
Disbursements	75,000	10,295
Accrued interest	8,846	-
Adjustments	<u>(30,300)</u>	<u>(30,000)</u>
End of year	<u>\$ 444,183</u>	<u>\$ 475,635</u>

These amounts are included in prepaid expenses and other assets at March 31, 2020 and 2019.

**United Way of Bergen County**

Notes to Financial Statements  
March 31, 2020 and 2019

**10. Property and Equipment**

Property and equipment consist of the following as of March 31:

	<u>2020</u>	<u>2019</u>	<u>Depreciable Life</u>
Equipment	\$ 258,184	\$ 258,184	3-5 years
Leasehold improvements	25,201	21,351	5 years
Software	<u>38,140</u>	<u>38,140</u>	3 years
	321,525	317,675	
Accumulated depreciation and amortization	<u>(312,553)</u>	<u>(298,893)</u>	
	<u>\$ 8,972</u>	<u>\$ 18,782</u>	

**11. Rental Commitments**

The Organization leases office space under a noncancelable five-year lease expiring on September 30, 2022 and certain office equipment under noncancelable leases expiring in fiscal 2020. Rental expense amounted to \$92,310 and \$88,643 for the years ended March 31, 2020 and 2019.

The approximate minimum rental commitment for the office space and equipment under all noncancelable-operating leases in effect at March 31, 2020 is as follows:

<u>Fiscal year ending March 31,</u>	
2021	\$ 88,078
2022	87,748
2023	43,553
2024	2,392
2025	<u>1,195</u>
	<u>\$ 222,966</u>

**12. Retirement Plan**

Eligible employees, who have at least one year of service and a minimum of 1,000 hours worked, participate in a defined contribution retirement plan (the "Plan") maintained by Mutual of America. The Organization's contribution to the Plan is 8% of eligible employees' compensation. Plan expense amounted to approximately \$52,100 and \$65,300 for the years ended March 31, 2020 and 2019. A tax deferred annuity plan (403b) is also available, to which employees can choose to contribute. The Organization does not contribute to this plan.

## United Way of Bergen County

Notes to Financial Statements  
March 31, 2020 and 2019

### 13. Federal Emergency Management Agency (“FEMA”)

The Organization administers an award program under the Emergency Food and Shelter Program. The Organization is responsible for promoting the availability of these funds, reviewing applications and recommending recipient organizations to be funded. Disbursement of funds is made by FEMA directly to the recipient organization. FEMA awards during the years ended March 31, 2020 and 2019 totaled approximately \$266,660 and \$154,332. These awards are not included in the statements of activities and changes in net assets.

### 14. Bank Line of Credit

The Organization maintains a \$500,000 line of credit agreement with a bank. There were no borrowings under this credit agreement as of and for the years ended March 31, 2020 and 2019. The line of credit is uncollateralized and expires on July 21, 2021. The interest rate on borrowings is variable and payable at the bank’s prime lending rate.

### 15. Net Assets with Donor Restriction and Net Assets Released from Restrictions

Net assets with donor restrictions were available for the following purpose at March 31:

	<u>2020</u>	<u>2019</u>
Program services	<u>\$ 862,105</u>	<u>\$2,077,104</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the years ended March 31:

	<u>2020</u>	<u>2019</u>
Program services	<u>\$2,077,104</u>	<u>\$1,240,975</u>

### 16. Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of contributions receivable and cash. Contributions from two and donors exceeded 10% of total campaign amounts raised for 2020 and one donor for 2019. Contributions from such donors aggregated 73% and 61% of contributions in 2020 and 2019. Approximately 45% and 55% of contributions receivable were from three and four donors in 2020 and 2019.

Cash is maintained at several financial institutions and amounts on deposit periodically exceed federally insured amounts. At March 31, 2020, the Organization had cash in excess of federally insured amounts of approximately \$2,074,000.



**United Way of Bergen County**

Notes to Financial Statements  
March 31, 2020 and 2019

**17. Joint Venture**

The Organization entered into an agreement to establish a joint venture with another not-for-profit organization and formed BCUW/Madeline Housing Partners LLC (“BCUW/Madeline”), a limited liability corporation. Each organization owns fifty percent of BCUW/Madeline. The purpose of BCUW/Madeline is to acquire, improve, lease and manage real property while providing safe, affordable housing for families, seniors, and special needs persons throughout New Jersey. As of March 31 2020, the Organization invested \$65,000 into BCUW/Madeline which is included in notes receivable and other advances. The Organization also advances funds for various housing projects which are reimbursed by BCUW/Madeline at a later date. The balance due from BCUW/Madeline was \$3,206,357 and \$2,646,589 as of March 31, 2020 and 2019.

Summarized financial information related to BCUW/Madeline as of and for the years ended March 31 is as follows:

	<u>2020</u>	<u>2019</u>
Total Assets	\$40,122,337	\$28,087,373
Total Liabilities	15,890,014	13,918,389
Total Revenue	11,325,376	3,651,583
Total Expenses	1,262,037	929,733

**18. Subsequent Event**

The COVID-19 pandemic remains a rapidly evolving situation. The effect on the Organization’s operations and financial results will depend on future developments. The Organization has experienced a disruption in operations. The outbreak may adversely affect the Organization’s business, financial conditions and results of operations on an interim basis.

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## **Supplementary Information**

Public support and other revenues, investment in charitable programs and supporting services expenses have been arranged to facilitate the presentation of key operating ratios for United Way of Bergen County.

March 31, 2020 and 2019

## United Way of Bergen County

### Supplementary Schedule of Change in Net Assets

	Year Ended March 31, 2020		Year Ended March 31, 2019	
	Amount	%	Amount	%
<b>PUBLIC SUPPORT AND OTHER REVENUES</b>				
Campaign funds raised	\$ 16,923,452		\$ 14,726,008	
Government grants	266,660		154,332	
Interest income	59,684		55,897	
Other, net	657,126		402,807	
Provision for uncollectible pledges	<u>(320,316)</u>		<u>(557,088)</u>	
Total Public Support and Other Revenues	<u>17,586,606</u>	<u>100.0%</u>	<u>14,781,956</u>	<u>100.0%</u>
<b>INVESTMENT IN CHARITABLE PROGRAMS</b>				
Amounts distributed on behalf of others	14,083,128		10,598,595	
Allocations to community programs	1,567,842		2,199,840	
Allocation of government grant funds	266,660		154,332	
Program related expense	<u>859,052</u>		<u>1,019,037</u>	
Total Investment in Charitable Programs	<u>16,776,682</u>	<u>95.4%</u>	<u>13,971,804</u>	<u>94.5%</u>
<b>SUPPORTING SERVICES EXPENSES</b>				
Fundraising	248,564		334,684	
Administration	<u>582,821</u>		<u>593,940</u>	
Total Supporting Services Expenses	<u>831,385</u>	<u>4.7%</u>	<u>928,624</u>	<u>6.3%</u>
Total Charitable Investments and Supporting Services	<u>17,608,067</u>	<u>100.0%</u>	<u>14,900,428</u>	<u>100.8%</u>
Change in Net Assets Before Investment in BCUW/Madeline Housing Partners LLC	(21,461)	0.0%	(118,472)	-0.8%
<b>RECONCILIATION OF NET ASSETS</b>				
Investment in BCUW/Madeline Housing Partners LLC	<u>5,031,670</u>		<u>1,360,925</u>	
Change in Net Assets	<u>\$ 5,010,209</u>		<u>\$ 1,242,453</u>	

See notes to financial statements