

United Way of Bergen County

Financial Statements

March 31, 2021 and 2020

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, 2021 and 2020, 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 years ended March 31, 2021 and 2020, the Organization's equity interest in BCUW/Madeline was \$17,353,196 and \$12,116,162 and its equity in earnings of BCUW/Madeline was \$5,237,034 and \$5,031,670. 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, 2021 and 2020, 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 18 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

November 19, 2021

United Way of Bergen County

Statements of Financial Position

	March 31,	
	2021	2020
ASSETS		
Cash	\$ 924,090	\$ 1,563,209
Investments	2,037,162	2,532,975
Contributions receivable, net of allowance of \$426,255 and \$344,116	1,053,852	1,200,439
Notes receivable and advances, net of allowance of \$472,167 and \$488,994	1,313,752	1,397,861
Due from BCUW/Madeline Housing Partners LLC	4,425,610	3,206,357
Investment in BCUW/Madeline Housing Partners LLC	17,353,196	12,116,162
Prepaid expenses and other assets	913,019	808,617
Beneficial interest in charitable trusts	82,363	113,362
Property and equipment, net of accumulated depreciation of \$308,879 and \$312,553	36,570	8,972
	\$ 28,139,614	\$ 22,947,954
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 745,396	\$ 1,171,355
Designations payable, net of allowance of \$78,773 and \$171,751	7,498,645	7,270,326
Line of credit payable	500,000	-
Other liabilities	18,181	18,181
Total Liabilities	8,762,222	8,459,862
Net Assets		
Without donor restrictions	18,439,132	13,625,987
With donor restrictions	938,260	862,105
Total Net Assets	19,377,392	14,488,092
	\$ 28,139,614	\$ 22,947,954

United Way of Bergen County

Statements of Activities

	Year Ended March 31, 2021			Year Ended March 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUES						
Campaign funds raised	\$ 3,394,018	\$ 13,372,921	\$ 16,766,939	\$ 2,578,066	\$ 14,345,386	\$ 16,923,452
Amounts raised on behalf of others	(1,321,625)	(12,465,091)	(13,786,716)	(645,992)	(13,437,136)	(14,083,128)
Provision for uncollectible contributions	<u>(205,547)</u>	<u>30,430</u>	<u>(175,117)</u>	<u>(73,623)</u>	<u>(46,145)</u>	<u>(119,768)</u>
Net Current Year Contributions	1,866,846	938,260	2,805,106	1,858,451	862,105	2,720,556
Net assets released from restriction						
Prior year campaign contributions	908,250	(908,250)	-	2,128,034	(2,128,034)	-
Provision for uncollectible contributions	<u>(46,145)</u>	<u>46,145</u>	<u>-</u>	<u>(50,930)</u>	<u>50,930</u>	<u>-</u>
Net Campaign Revenue	2,728,951	76,155	2,805,106	3,935,555	(1,214,999)	2,720,556
Interest income	12,607	-	12,607	59,684	-	59,684
Equity in earnings of joint venture	5,237,034	-	5,237,034	5,031,670	-	5,031,670
Other	645,530	-	645,530	657,126	-	657,126
Provision for uncollectible notes receivable and advances	<u>(62,500)</u>	<u>-</u>	<u>(62,500)</u>	<u>(200,548)</u>	<u>-</u>	<u>(200,548)</u>
Total Public Support and Other Revenues	<u>8,561,622</u>	<u>76,155</u>	<u>8,637,777</u>	<u>9,483,487</u>	<u>(1,214,999)</u>	<u>8,268,488</u>
ALLOCATIONS AND EXPENSES						
Community Funding						
Agency allocations	97,262	-	97,262	97,262	-	97,262
Community services	<u>2,045,613</u>	<u>-</u>	<u>2,045,613</u>	<u>1,470,580</u>	<u>-</u>	<u>1,470,580</u>
Program related expense	2,142,875	-	2,142,875	1,567,842	-	1,567,842
	<u>866,697</u>	<u>-</u>	<u>866,697</u>	<u>859,052</u>	<u>-</u>	<u>859,052</u>
Total Community Funding	<u>3,009,572</u>	<u>-</u>	<u>3,009,572</u>	<u>2,426,894</u>	<u>-</u>	<u>2,426,894</u>
Supporting Services						
Fundraising	154,688	-	154,688	248,564	-	248,564
Administration	<u>584,217</u>	<u>-</u>	<u>584,217</u>	<u>582,821</u>	<u>-</u>	<u>582,821</u>
Total Supporting Services	<u>738,905</u>	<u>-</u>	<u>738,905</u>	<u>831,385</u>	<u>-</u>	<u>831,385</u>
Total Allocations and Expenses	<u>3,748,477</u>	<u>-</u>	<u>3,748,477</u>	<u>3,258,279</u>	<u>-</u>	<u>3,258,279</u>
Change in Net Assets	4,813,145	76,155	4,889,300	6,225,208	(1,214,999)	5,010,209
NET ASSETS						
Beginning 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>
End of year	<u>\$ 18,439,132</u>	<u>\$ 938,260</u>	<u>\$ 19,377,392</u>	<u>\$ 13,625,987</u>	<u>\$ 862,105</u>	<u>\$ 14,488,092</u>

See notes to financial statements

United Way of Bergen County

Statements of Functional Expenses

	Year Ended March 31, 2021				Year Ended March 31, 2020			
	Community Funding	Fundraising	Administration	Total	Community Funding	Fundraising	Administration	Total
Resource allocation	\$ 2,142,875	\$ -	\$ -	\$ 2,142,875	\$ 1,567,842	\$ -	\$ -	\$ 1,567,842
Salaries and wages	479,809	90,850	352,667	923,326	473,569	132,049	348,212	953,830
Employee benefits	82,311	15,585	60,500	158,396	68,449	19,086	50,330	137,865
Payroll taxes	37,301	7,063	27,417	71,781	36,014	10,042	26,481	72,537
Campaign materials	-	444	-	444	-	8,102	-	8,102
Occupancy	101,125	9,411	36,533	147,069	95,194	13,277	35,012	143,483
Professional fees	78,226	14,250	42,473	134,949	95,724	36,592	55,477	187,793
Equipment rental and maintenance	13,302	2,518	9,776	25,596	9,820	2,738	7,220	19,778
Depreciation and amortization	2,855	541	2,099	5,495	6,782	1,891	4,987	13,660
Supplies	4,180	792	3,073	8,045	3,784	1,055	2,782	7,621
Postage and mailing	4,330	820	3,182	8,332	7,667	2,138	5,638	15,443
Conferences and meetings	7,108	1,345	5,223	13,676	13,230	3,689	9,728	26,647
Telephone	6,830	1,293	5,020	13,143	5,954	1,660	4,379	11,993
Direct mail	-	485	-	485	-	3,593	-	3,593
Dues	13,909	2,634	10,223	26,766	12,532	3,494	9,214	25,240
Other	35,411	6,657	26,031	68,099	30,333	9,158	23,361	62,852
	<u>\$ 3,009,572</u>	<u>\$ 154,688</u>	<u>\$ 584,217</u>	<u>\$ 3,748,477</u>	<u>\$ 2,426,894</u>	<u>\$ 248,564</u>	<u>\$ 582,821</u>	<u>\$ 3,258,279</u>

See notes to financial statements

United Way of Bergen County

Statements of Cash Flows

	Year Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,889,300	\$ 5,010,209
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	5,495	13,660
Provision for bad debts	237,617	320,316
Equity in earnings of joint venture	(5,237,034)	(5,031,670)
Change in operating assets and liabilities		
Contributions receivable	(28,530)	(12,221)
Notes receivable and advances	21,609	(372,579)
Due from BCJW/Madeline Housing Partners LLC	(1,219,253)	(559,768)
Prepaid expenses and other assets	(104,402)	(54,441)
Accounts payable and accrued expenses	(425,959)	(303,498)
Designations payable	228,319	(361,137)
Other liabilities	-	(4,049)
	(1,632,838)	(1,355,178)
Net Cash from Operating Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	500,000	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(33,093)	(3,850)
Proceeds from beneficial interest in charitable trusts	30,999	29,186
Proceeds from sale of investments	495,813	(48,741)
	493,719	(23,405)
Net Cash from Investing Activities		
Net Change in Cash	(639,119)	(1,378,583)
CASH		
Beginning of year	1,563,209	2,941,792
End of year	\$ 924,090	\$ 1,563,209

See notes to financial statements

United Way of Bergen County

Notes to Financial Statements
March 31, 2021 and 2020

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.

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.

United Way of Bergen County

Notes to Financial Statements
March 31, 2021 and 2020

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

Campaign Contributions and Allocations (continued)

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 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.

The Organization administers the Charitable Flex Fund (“Flex Fund”), which allows donors to make a tax deductible contribution to the Organization that may be designated to another 501(c)(3) organization at a later date. If donors do not make contributions or distributions from their account for a period of three years or more the donor account becomes dormant. If the Organization is unsuccessful in contacting the donor regarding the unused funds, the funds may be released to the Organization without restriction. Contributions to the Flex Fund are non-refundable. Contributions to the Flex Fund are included in a contra-account, to amounts raised on behalf of others on the statement of activities, and are recognized as contributions without restriction if the donor designates the funds for the Organization, or allows their account to become dormant. Undesignated balances in the Flex Fund are included in designations payable on the statement of financial position.

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, 2021 and 2020

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 \$370,100 and \$8,050 for the years ended March 31, 2021 and 2020.

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, 2021 and 2020

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 2018.

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 November 19, 2021.

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. The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due.

Financial assets available for general expenditures within one year of March 31, 2021 are as follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 924,090	\$ 1,563,209
Investments	2,037,162	2,532,975
Contributions receivable	1,053,852	1,200,439
Notes receivable and advances	832,413	1,100,007
Beneficial interest in charitable trusts	<u>43,704</u>	<u>46,435</u>
	4,891,221	6,443,065
Donor designated	<u>(938,260)</u>	<u>(862,105)</u>
	<u>\$ 3,952,961</u>	<u>\$ 5,580,960</u>

As described in Note 2, the Organization had \$7,498,645 and \$7,270,326 in designations payable as of March 31, 2021 and 2020. Management is unable to determine the portion of the payable that will be disbursed or designated for use by the Organization in one year or less.

United Way of Bergen County

Notes to Financial Statements
March 31, 2021 and 2020

4. Fair Value Measurements

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

	2021		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	Total
Money market investments	\$ 1,699,798	\$ -	\$1,699,798
Certificates of deposit	337,364	-	337,364
Beneficial interests in charitable trusts	<u>-</u>	<u>82,363</u>	<u>82,363</u>
Total at Fair Value	<u>\$ 2,037,162</u>	<u>\$ 82,363</u>	<u>\$2,119,525</u>

	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	<u>-</u>	<u>113,362</u>	<u>113,362</u>
Total at Fair Value	<u>\$ 2,532,975</u>	<u>\$ 113,362</u>	<u>\$2,646,337</u>

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

	2021	2020
Beginning balance	\$ 113,362	\$ 142,548
Change in value of beneficial interest in trusts	<u>(30,999)</u>	<u>(29,186)</u>
Ending Balance	<u>\$ 82,363</u>	<u>\$ 113,362</u>

United Way of Bergen County

Notes to Financial Statements
March 31, 2021 and 2020

5. Commitments and Contingencies

On February 23, 2019, as part of building a supportive housing project, BCUW/Madeline Housing Partners LLC (see Note 18, 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, 2021, all notes receivable and advances are considered to be performing receivables. The notes receivable and advances are carried at a cost of \$1,313,752 and \$1,397,861 at March 31, 2021 and 2020.

Current maturities of these notes and advances are as follows at March 31, 2021:

2022	\$ 1,134,600
2023	517,987
2024	15,838
2025	16,337
2026	16,853
Thereafter	<u>84,304</u>
	1,785,919
Allowance for doubtful accounts	<u>(472,167)</u>
	<u>\$ 1,313,752</u>

United Way of Bergen County

Notes to Financial Statements
March 31, 2021 and 2020

7. Contributions Receivable

Contributions receivable at March 31, 2021 and 2020 consist of contributions to the Organization, and contributions that have been designated by donors for other charitable agencies or organizations. Designated contributions receivable of \$358,471 at March 31, 2021 and \$337,759 at March 31, 2020 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.

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	\$ 43,704
Between one to five years	49,531
More than five years	<u>11,018</u>
	104,253
Discount to present value	<u>(21,890)</u>
	<u>\$ 82,363</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>2021</u>	<u>2020</u>
Beginning of year	\$ 444,183	\$ 475,635
Cash received	(5,986)	(84,998)
Disbursements	-	75,000
Accrued interest	5,634	8,846
Adjustments	<u>(30,000)</u>	<u>(30,300)</u>
End of year	<u>\$ 413,831</u>	<u>\$ 444,183</u>

United Way of Bergen County

Notes to Financial Statements
March 31, 2021 and 2020

9. NJ 2-1-1 Partnership (continued)

These amounts are included in prepaid expenses and other assets at March 31, 2021 and 2020.

10. Property and Equipment

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

	<u>2021</u>	<u>2020</u>
Equipment	\$ 282,109	\$ 258,184
Leasehold improvements	25,201	25,201
Software	<u>38,138</u>	<u>38,140</u>
	345,448	321,525
Accumulated depreciation and amortization	<u>(308,878)</u>	<u>(312,553)</u>
	<u>\$ 36,570</u>	<u>\$ 8,972</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 2024. Rental expense amounted to \$85,438 and \$92,310 for the years ended March 31, 2021 and 2020.

The approximate minimum rental commitment for the office space and equipment under all noncancelable-operating leases in effect at March 31, 2021 is as follows:

<u>Fiscal year ending March 31,</u>	
2022	\$ 89,841
2023	45,647
2024	4,486
2025	<u>2,242</u>
	<u>\$ 142,216</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 \$51,546 and \$52,061 for the years ended March 31, 2021 and 2020. 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, 2021 and 2020

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, 2021 and 2020 totaled approximately \$638,479 and \$266,660. 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 revolving line of credit agreement with a bank. Borrowings under this credit agreement as of and for the years ended March 31, 2021 and 2020 totaled \$500,000 and \$0. The line of credit is uncollateralized and expires on December 31, 2039. The interest rate on borrowings is variable and payable at the bank’s prime lending rate.

15. Payment Protection Program

On May 5, 2020, the Organization received loan proceeds in the amount of \$185,462 under the Paycheck Protection Program (the “PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), provides for loan loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period up to twenty-four weeks (the “Covered Period”). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Covered Period and does not qualify for certain safe harbors. The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the loan. Loan payments of principal and interest are deferred until the amount of loan forgiveness is determined by the United States Small Business Administration (“SBA”). If the Organization does not apply for forgiveness, payments begin approximately 7 months after the loan date.

The Organization has elected to report the PPP loan proceeds as a conditional contribution under requirements contained in ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the Organization recognizes income as the conditions in the PPP are met. On August 24, 2021, the SBA forgave the Organization’s PPP loan in its entirety. During the year ended March 31, 2021, the Organization recognized \$185,462 of the PPP loan proceeds as contributions revenue in the statement of activities.

16. 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:

	2021	2020
Program services	<u>\$ 938,260</u>	<u>\$ 862,105</u>

United Way of Bergen County

Notes to Financial Statements
March 31, 2021 and 2020

16. Net Assets with Donor Restriction and Net Assets Released from Restrictions (continued)

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

	<u>2021</u>	<u>2020</u>
Program services	<u>\$ 862,105</u>	<u>\$2,077,104</u>

17. 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 one donor exceeded 10% of total campaign amounts raised for 2021 and two donors for 2020. Contributions from such donors aggregated 66% and 73% of contributions in 2021 and 2020. Approximately 55% and 45% of contributions receivable were from three donors in 2021 and 2020.

Cash is maintained at several financial institutions and amounts on deposit periodically exceed federally insured amounts. At March 31, 2021, the Organization had cash in excess of federally insured amounts of approximately \$1,600,000.

18. 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, 2021, 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 \$4,425,610 and \$3,206,357 as of March 31, 2021 and 2020.

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

	<u>2021</u>	<u>2020</u>
Total Assets	\$56,553,742	\$ 40,122,337
Total Liabilities	21,847,352	15,890,014
Total Revenue	12,303,800	11,325,376
Total Expenses	1,829,733	1,262,037

United Way of Bergen County

Notes to Financial Statements
March 31, 2021 and 2020

19. Risks and Uncertainties

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.

* * * * *

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, 2021 and 2020

United Way of Bergen County

Supplementary Schedule of Change in Net Assets

	Year Ended March 31, 2021		Year Ended March 31, 2020	
	Amount	%	Amount	%
PUBLIC SUPPORT AND OTHER REVENUES				
Campaign funds raised	\$ 16,766,939		\$ 16,923,452	
Government grants	638,479		266,660	
Interest income	12,607		59,684	
Other, net	645,530		657,126	
Provision for uncollectible pledges	(237,617)		(320,316)	
Total Public Support and Other Revenues	17,825,938	100.0%	17,586,606	100.0%
INVESTMENT IN CHARITABLE PROGRAMS				
Amounts distributed on behalf of others	13,786,716		14,083,128	
Allocations to community programs	2,142,875		1,567,842	
Allocations of government grants	638,479		266,660	
Program related expense	866,697		859,052	
Total Investment in Charitable Programs	17,434,767	97.8%	16,776,682	95.4%
SUPPORTING SERVICES EXPENSES				
Fundraising	154,688		248,564	
Administration	584,217		582,821	
Total Supporting Services Expenses	738,905	4.2%	831,385	4.7%
Total Charitable Investments and Supporting Services	18,173,672	101.9%	17,608,067	100.1%
Change in Net Assets Before Investment in BCUW/Madeline Housing Partners LLC	(347,734)	-1.9%	(21,461)	-0.1%
RECONCILIATION OF NET ASSETS				
Investment in BCUW/Madeline Housing Partners LLC	5,237,034		5,031,670	
Change in Net Assets	\$ 4,889,300		\$ 5,010,209	

See notes to financial statements