

**UNITED WAY CALIFORNIA  
CAPITAL REGION AND  
AFFILIATE**

**CONSOLIDATED FINANCIAL  
STATEMENTS WITH INDEPENDENT  
AUDITOR'S REPORT**

**YEAR ENDED  
JUNE 30, 2020**

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

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## INDEPENDENT AUDITOR'S REPORT

**Board of Directors  
United Way California Capital Region and Affiliate  
Sacramento, California**

We have audited the accompanying consolidated financial statements of United Way California Capital Region and Affiliate (the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way California Capital Region and Affiliate as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

***Other Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental financial statements on pages 15 and 16 are presented for the purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Gilbert CPAs*

**GILBERT CPAs  
Sacramento, California**

**June 15, 2021**

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION JUNE 30, 2020

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### ASSETS

#### CURRENT ASSETS:

Cash and cash equivalents	\$ 1,589,809
Campaign pledges receivable, net of allowance for uncollectible pledges of \$590,329	3,925,250
Grants receivable	402,442
Prepaid expenses and other assets	<u>81,931</u>
Total current assets	5,999,432

#### NONCURRENT ASSETS:

Investments	11,684,654
Property and equipment, net	<u>1,503,336</u>

**TOTAL ASSETS** \$ 19,187,422

### LIABILITIES AND NET ASSETS

#### CURRENT LIABILITIES:

Designation distributions payable to agencies	\$ 4,084,282
Grant distributions payable to agencies	31,461
Accounts payable	104,957
Accrued expenses	<u>143,155</u>
Total current liabilities	4,363,855

#### NONCURRENT LIABILITIES:

Payroll Protection Program loan	<u>552,398</u>
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**TOTAL LIABILITIES** 4,916,253

#### NET ASSETS:

Net assets without donor restrictions	2,980,064
Net assets with donor restrictions	<u>11,291,105</u>
Total net assets	<u>14,271,169</u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 19,187,422

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES:</b>			
Campaign results	\$ 8,230,684	\$ 395,837	\$ 8,626,521
Third party processors	1,527,394		1,527,394
Campaign fees and expense reimbursement	<u>654,871</u>		<u>654,871</u>
Total campaign results	10,412,949	395,837	10,808,786
Less provision for uncollectible pledges	(858,360)		(858,360)
Less funds designated to agencies by donors	<u>(7,410,910)</u>		<u>(7,410,910)</u>
Net campaign contributions designated to Community Impact Fund	2,143,679	395,837	2,539,516
Federal grants	433,550		433,550
Grants and contributions		738,795	738,795
Other grants	463,448		463,448
Investment income	91,080	231,386	322,466
Other revenue	138,998		138,998
Net assets released from restrictions	<u>2,536,001</u>	<u>(2,536,001)</u>	
Total revenues	<u>5,806,756</u>	<u>(1,169,983)</u>	<u>4,636,773</u>
<b>EXPENSES:</b>			
Agency and community support:			
Cash contributions and other community support	2,805,197		2,805,197
Federally funded programs	433,550		433,550
Supporting services:			
Campaign	1,381,699		1,381,699
Marketing and communications	484,514		484,514
Management and general	<u>439,241</u>		<u>439,241</u>
Total expenses	<u>5,544,201</u>		<u>5,544,201</u>
<b>CHANGE IN NET ASSETS</b>	262,555	(1,169,983)	(907,428)
<b>NET ASSETS, Beginning of year</b>	<u>2,717,509</u>	<u>12,461,088</u>	<u>15,178,597</u>
<b>NET ASSETS, End of year</b>	<u>\$ 2,980,064</u>	<u>\$ 11,291,105</u>	<u>\$ 14,271,169</u>

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

## UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>		<u>Supporting Services</u>			<u>Total</u>
	<u>Agency &amp; Community Support</u>	<u>Federally Funded Programs</u>	<u>Campaign</u>	<u>Mktg. &amp; Comm.</u>	<u>Mgmt. &amp; General</u>	
Salaries, benefits, and payroll taxes	\$ 1,417,469	\$ 179,778	\$ 888,381	\$ 361,714	\$ 116,369	\$ 2,963,711
Program materials and administration	1,101,876	242,681	29,289	67	116	1,374,029
Professional services	79,183	2,508	145,419	24,564	165,199	416,873
Printing and other materials	56,561	2,842	129,302	52,261		240,966
Depreciation	7,946		20,259	2,103	59,222	89,530
Technology and equipment rental and maintenance	31,593	51	30,487	15,903	9,508	87,542
Facilities and rent	22,299		26,890	5,903	11,921	67,013
Dues and subscriptions	22,982		25,803	5,538	9,845	64,168
Telecommunications	20,494	605	24,713	5,425	9,644	60,881
Meetings and events	9,601	1,753	14,305	3,381	6,567	35,607
Business insurance	4,499		5,425	1,191	17,623	28,738
Travel, transportation, and training	4,986	3,306	9,367	257	6,434	24,350
Other supplies	7,541	26	8,132	1,658	2,930	20,287
Postage and shipping			1,648		4,060	5,708
Miscellaneous	18,167		22,279	4,549	19,803	64,798
<b>Total expenses</b>	<b><u>\$ 2,805,197</u></b>	<b><u>\$ 433,550</u></b>	<b><u>\$ 1,381,699</u></b>	<b><u>\$ 484,514</u></b>	<b><u>\$ 439,241</u></b>	<b><u>\$ 5,544,201</u></b>

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

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2020

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<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ (907,428)
Reconciliation to net cash used by operating activities:	
Net gain on investments	(134,100)
Depreciation	89,530
Changes in:	
Campaign pledges receivable, net	69,419
Grants receivable	416,790
Accounts receivable	349
Prepaid expenses and other assets	(20,901)
Campaign distributions payable to agencies	(140,860)
Accounts payable	(62,496)
Accrued expenses	25,574
Net cash used by operating activities	<u>(664,123)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchases of investments	(4,945,201)
Proceeds from sale of investments	5,124,138
Purchases of property and equipment	<u>(55,758)</u>
Net cash provided by investing activities	<u>123,179</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Proceeds from Payroll Protection Program loan	<u>552,398</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	11,454
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>1,578,355</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 1,589,809</u>



# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

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### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

For more than 90 years, United Way California Capital Region (United Way) has brought together nonprofits, businesses, donors, volunteers, community leaders, and more to meet the community's greatest needs, give immediate aid and find lasting solutions for future generations. United Way mobilizes members of the community to be first responders in repairing the education level, financial stability and health of everyone in Amador, El Dorado, Placer, Sacramento and Yolo counties through donation and volunteer opportunities. United Way raises funds throughout the year in workplace campaigns and also receives support from individual donors. Most contributions are received in the form of pledges scheduled to be fulfilled through payroll deductions over the subsequent calendar year.

United Way has multiple programs which are funded by grants from the United States Department of Agriculture (Healthy Meals), Corporation for National Community Service (AmeriCorps), Corporation for National and Community Service (AARP), and the Department of Treasury (VITA).

Sacramento Foundation, d.b.a. Capital Region Foundation, (Foundation) is a California nonprofit public benefit corporation engaged in the business of developing resources, funding and community support for the benefit of United Way or its successor and related charitable purposes. The Foundation has been established with a principal purpose to receive and administer funds as endowments for various charitable purposes.

**Principles of consolidation** – Effective, October 25, 2019, the Foundation amended its bylaws granting United Way a majority voting interest in the Board of Directors of the Foundation. Accordingly, the accompanying financial statements reflect the consolidation of United Way and the Foundation, (collectively, the Organization) effective July 1, 2019 in accordance with the applicable accounting standards. Material intercompany transactions have been eliminated.

**Basis of accounting and financial statement presentation** – The consolidated financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

**Revenue recognition** – Contributions, pledges and bequests are recognized in full when received or unconditionally promised, in accordance with professional standards. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose.

The Organization reports those contributions restricted by the donor for use in the broad service areas that are pervasive to the Organization's beneficiary agencies as increases in net assets without donor restrictions. Such contributions are distributed to agencies based on the Organization's assessment of their qualifications to achieve the goals of those service areas. Contributions designated by donors for specific agencies are reported as a deduction from gross campaign results in calculating net contribution revenue. Designations not yet distributed are recorded as a current liability.

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

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Campaign fees and expense reimbursement revenue are recognized as the related campaign contributions and pledges are recognized.

The Organization's government grant revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

In-kind donations are recognized as revenue when received and are likewise included as an offsetting expense or asset.

**Cash and cash equivalents** – For financial statement purposes, the Organization considers all investments with a maturity at purchase of three months or less to be cash equivalents, unless held for long-term purposes.

The Organization minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. For the year ended June 30, 2020, the balance held in excess of federally insured limits totaled \$1,759,317. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

**Investments** are stated at fair value and are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

**Campaign pledges receivable** is stated at the amount management expects to collect from outstanding pledges. Collection of these amounts is not assured, and management has estimated the uncollectible amount as of June 30, 2020. A reasonable possibility exists that amounts ultimately uncollectible may differ materially from the amounts estimated. However, the difference cannot be reasonably determined.

**Property and equipment** are stated at cost or, if donated, at estimated fair value on the date of donation. Assets are depreciated using the straight-line method over estimated useful lives of 2 to 7 years.

**Leasehold interest in property** – United Way rents from the Foundation under a 99 year lease at \$1 per year, expiring in 2110. The terms of the lease represent a contribution from the Foundation, which was recognized as a leasehold interest in property at fair value at the lease inception in 2012. The leasehold interest is being amortized on a straight-line basis over the 99 year life of the lease. The leasehold interest in property asset and liability for United Way and the Foundation, respectively, had a balance of \$1,726,817 as of June 30, 2020, which is eliminated upon consolidation. The amortization of the leasehold interest in property was \$19,187 for the year ended June 30, 2020, which is eliminated upon consolidation.

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

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**Income taxes** – United Way and the Foundation are exempt from income taxes under Section 501(c)(3) and Section 23701(d) of the Internal Revenue Code. The Organization has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the consolidated financial statements. With some exceptions, the Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2016.

**Functional allocation of expenses** – The costs of providing the Organization’s activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation, salaries, and other administrative costs. These costs are allocated based on weighted averages of the proportions of employees’ time incurred.

**Use of estimates** – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates included in these consolidated financial statements are management’s estimate of the collectability of pledges receivable and useful lives of assets.

**Fair value measurements** – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the asset or liability.

**Recent accounting pronouncements** – In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, Topic 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new accounting standard clarifies and improves the guidance for (1) evaluating whether transactions should be accounted for as contributions within the scope of Topic 958 or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization has implemented this accounting standard in the accompanying financial statements effective July 1, 2019 under the modified prospective basis. Accordingly, there is no effect on beginning net assets in connection with the implementation of ASU 2018-08.

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

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In May 2014, the FASB issued ASU No. 2014-09, *Revenue with Contract from Customers (Topic 606)*. The new accounting standard develops a common revenue standard that will remove inconsistencies and weaknesses in revenue requirements, provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices, provide more useful information to users of financial statements and simplify the preparation of financial statements. The Organization has implemented Topic 606 effective July 1, 2019, for all contracts with no effect on beginning net assets.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The new accounting standard requires lessees to recognize a lease liability measured on a discounted basis and a right-of-use asset for all leases with terms longer than 12 months. Application of this statement is effective for the year ending June 30, 2023. The Organization is currently evaluating the impact this pronouncement will have on the consolidated financial statements.

**Subsequent events** have been evaluated for recognition and disclosure through June 15, 2021, the date which these consolidated financial statements were available to be issued.

## 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available for general expenditure within one year of the consolidated statement of financial position, are as follows:

Cash and cash equivalents	\$ 1,589,809
Pledges receivable, net of \$590,329 allowance	3,925,250
Grants receivable	402,442
Investments	<u>11,684,654</u>
Total financial assets	<u>17,602,155</u>
Less amounts unavailable for general expenditures within one year, due to:	
Designation distributions payable to agencies	(4,084,282)
Restricted by donor for purpose (see Note 5)	(5,180,026)
Perpetually restricted endowment investments (see Note 5)	<u>(6,111,079)</u>
Total financial assets available for general expenditure within one year	<u>\$ 2,226,768</u>

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. Occasionally, the Board may designate a portion of any operating surplus to its liquidity reserve. Although the Organization's intent is to hold investments for long-term purposes, the investments could be made available to meet current cash flow needs if necessary.

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

### 3. INVESTMENTS

Investments consist of the following as of June 30, 2020:

Cash equivalents	\$ 439,660
Fixed income funds:	
Investment grade	3,248,683
High yield	476,389
Developed international	117,879
Treasury inflation protected securities	83,968
Equity funds:	
Large cap	4,274,817
Mid cap	1,072,216
Developed international	1,026,444
Emerging markets	617,514
Real estate:	
US REITs	<u>327,084</u>
Total	<u>\$ 11,684,654</u>

### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land	\$ 235,000
Buildings	1,664,500
Equipment, furniture, and fixtures	579,092
Software under license	<u>190,811</u>
Total	2,669,403
Less accumulated depreciation	<u>(1,166,067)</u>
Property and equipment, net	<u>\$ 1,503,336</u>

### 5. PAYROLL PROGRAM PROTECTION LOAN

In April 2020, the Organization received a Paycheck Protection Program (PPP) loan under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act totaling \$552,398. The terms and repayment conditions of PPP loans were modified through the subsequent Paycheck Protection Program Flexibility Act (PPFPA) signed into law in June 2020. Under the CARES Act, as modified by PPFPA, a portion or all of the loan and accrued interest may be forgiven provided the funds are spent on qualifying payroll and other expenditures in the 24-week period following the loan and provided certain other criteria regarding full-time equivalent employee and payroll levels are maintained.

The Organization received notification that its loan was forgiven on January 5, 2021 and will therefore recognize the loan as revenue in the year ending June 30, 2021.

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

### 6. NET ASSETS WITH DONOR RESTRICTIONS

United Way's net assets with donor restrictions consist of the following as of June 30, 2020:

Leasehold interest in property	\$ 1,726,817
Building a financially capable Sacramento region	457,398
COVID-19 relief	23,582
Women in Philanthropy	10,759
Young Leaders Society	371
Other	<u>23,230</u>
	2,242,157
Less amounts eliminated in consolidation	<u>(1,726,817)</u>
Total	<u>\$ 515,340</u>

The Foundation's net assets with donor restrictions consist of the following as of June 30, 2020:

#### Purpose restrictions:

Operations of United Way and the Foundation	\$ 2,965,542
Unrealized gain on endowment net assets:	
Operations endowment	1,599,796
Community endowment	99,348

#### Perpetual restrictions:

Operations endowment	4,486,079
Community endowment	<u>1,625,000</u>
Total	<u>\$ 10,775,765</u>

The Foundation's perpetually restricted net assets include two donor-restricted endowment funds received from the United Way. The operations endowment was received for the purpose of providing support for current and future operations of the Foundation and United Way. The community endowment was received for the purpose of providing support for the charitable mission and purpose of United Way. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation classifies as perpetually restricted net assets (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowments, and (c) appropriations of endowment assets to fund donor-approved expenditures.

Under the endowments' investment policies, the primary investment objectives are optimizing yield and maintaining spending power of the endowment assets. The principal of the endowment funds are to be invested in perpetuity and investment returns are to be used per donor intent. Accumulated unrealized losses of the endowment investments are recorded to net assets with donor restrictions (purpose restricted) to the extent that the original value of the donated principal has not decreased in which case, accumulated unrealized losses are recorded to net assets without donor restrictions. Accumulated unrealized gains of the endowment investments are recorded as an increase in net assets without donor restrictions to the extent previous unrealized losses have been recognized in net assets without donor restrictions and any excess unrealized gains are recorded to net assets with donor restrictions (purpose restricted).

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

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Changes in perpetually restricted endowment net assets are as follows:

Endowment net assets, beginning of year	\$ 6,111,079
Investment gain:	
Investment income	147,898
Realized/unrealized gain	<u>83,488</u>
Total investment gain	231,386
Allocation of investment gain to net assets with donor restrictions (purpose restricted)	<u>(231,386)</u>
Endowment net assets, end of year	<u>\$ 6,111,079</u>

### 7. EMPLOYEE BENEFIT PLANS

The Organization sponsors a defined contribution pension plan, under Internal Revenue Code Section 403(b), covering substantially all employees age 21 and over who have completed at least one year of service. The Organization makes monthly contributions equal to 5% of each employee's compensation. Such contributions vest over a five-year period and totaled \$87,237 for the year ended June 30, 2020.

The Organization also sponsors a defined benefit post-retirement plan that provides medical, dental, vision, and life insurance benefits to qualifying retired employees. The plan is no longer open to new participants. To qualify, employees must be of age 55 or more and retire as an employee of the Organization with ten years of credited service. Medical benefits cover the period from retirement until qualified retirees reach age 65, the age of eligibility for Medicare. Life insurance will remain in effect until time of death. The cost of such benefits is estimated as a level percentage of their payroll costs, discounted to present value, and recognized after employees accumulate ten years of service and reach age 55. The postretirement plan is funded as benefits are paid. As of June 30, 2020, the plan covered only 1 employee.

### 8. MERGER WITH WOODLAND UNITED WAY

In July 2019, the United Way California Capital Region entered into a merger agreement with Woodland United Way whereby United Way California Capital Region was the surviving entity.

The merger, which was accounted for as an acquisition, will provide an increased investment in community needs, yield greater impact and outcomes, increased brand recognition and comprehension, attract new donors, and make United Way more operationally efficient.

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020

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The amounts recognized as of July 10, 2019 (the acquisition date) for each major class of assets, liabilities and net assets are as follows:

Cash	\$ 32,842
Accounts and campaign pledges receivable, net	77,987
Prepaid expenses	<u>1,989</u>
Total assets	<u>112,818</u>
Accounts payable and accrued expenses	3,800
Unearned revenue	<u>13,750</u>
Total liabilities	<u>17,550</u>
Net assets without donor restrictions	47,561
Net assets with donor restrictions	<u>47,707</u>
Total net assets contributed to United Way	<u>\$ 95,268</u>

The net assets received by Woodland United Way are included in grants and contributions in the consolidated statement of activities for the year ended June 30, 2020.

### 9. RISKS AND UNCERTAINTIES

In mid-March 2020, the COVID-19 virus was declared a global pandemic and as a result, economic uncertainties have arisen which could have a negative impact on contribution revenue. Although the disruption is expected to be temporary, the financial impact and duration cannot be reasonably estimated at this time.



## **SUPPLEMENTARY INFORMATION**

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION FOR UNITED WAY CALIFORNIA CAPITAL REGION JUNE 30, 2020

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### ASSETS

#### CURRENT ASSETS:

Cash and cash equivalents	\$ 1,589,809
Campaign pledges receivable, net of allowance for uncollectible pledges of \$590,329	3,925,250
Grants receivable	402,442
Due from Sacramento Foundation	59,274
Prepaid expenses and other assets	<u>80,705</u>
Total current assets	6,057,480

#### NONCURRENT ASSETS:

Property and equipment, net	103,185
Leasehold interest in property, net	<u>1,726,817</u>

**TOTAL ASSETS** \$ 7,887,482

### LIABILITIES AND NET ASSETS

#### CURRENT LIABILITIES:

Designation distributions payable to agencies	\$ 4,084,282
Grant distributions payable to agencies	31,461
Accounts payable	104,957
Accrued expenses	<u>143,155</u>
Total current liabilities	4,363,855

#### NONCURRENT LIABILITIES:

Payroll Protection Program loan	<u>552,398</u>
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**TOTAL LIABILITIES** 4,916,253

#### NET ASSETS:

Net assets without donor restrictions	729,072
Net assets with donor restrictions	<u>2,242,157</u>
Total net assets	<u>2,971,229</u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 7,887,482

# UNITED WAY CALIFORNIA CAPITAL REGION AND AFFILIATE

## SUPPLEMENTAL STATEMENT OF ACTIVITIES FOR UNITED WAY CALIFORNIA CAPITAL REGION YEAR ENDED JUNE 30, 2020

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>REVENUES:</b>			
Campaign results	\$ 8,230,684	\$ 395,837	\$ 8,626,521
Third party processors	1,527,394		1,527,394
Campaign fees and expense reimbursement	654,871		654,871
Total campaign results	10,412,949	395,837	10,808,786
Less provision for uncollectible pledges	(858,360)		(858,360)
Less funds designated to agencies by donors	(7,410,910)		(7,410,910)
Net campaign contributions designated to Community Impact Fund	2,143,679	395,837	2,539,516
Federal grants	433,550		433,550
Grants and contributions		1,056,471	1,056,471
Other grants	463,448		463,448
Other revenue	178,165		178,165
Net assets released from restrictions	2,466,145	(2,466,145)	
Total revenues	<u>5,684,987</u>	<u>(1,013,837)</u>	<u>4,671,150</u>
<b>EXPENSES:</b>			
Agency and community support:			
Cash contributions and other community support	2,805,197		2,805,197
Federally funded programs	433,550		433,550
Supporting services:			
Campaign	1,381,699		1,381,699
Marketing and communications	484,514		484,514
Management and general	372,256		372,256
Total expenses	<u>5,477,216</u>		<u>5,477,216</u>
<b>CHANGE IN NET ASSETS</b>	207,771	(1,013,837)	(806,066)
<b>NET ASSETS, Beginning of year</b>	<u>521,301</u>	<u>3,255,994</u>	<u>3,777,295</u>
<b>NET ASSETS, End of year</b>	<u>\$ 729,072</u>	<u>\$ 2,242,157</u>	<u>\$ 2,971,229</u>