

FOX VALLEY UNITED WAY
FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT

For the Year Ended June 30, 2020
With Comparative Totals For the Year Ended June 30, 2019

Weber & Associates CPAs, LLC
Certified Public Accountants

FOX VALLEY UNITED WAY
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fox Valley United Way
Aurora, Illinois

We have audited the accompanying financial statements of Fox Valley United Way (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fox Valley United Way as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Fox Valley United Way's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Aurora, Illinois
May 12, 2021

FOX VALLEY UNITED WAY
STATEMENT OF FINANCIAL POSITION
June 30, 2020 With Comparative Totals for June 30, 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 727,133	\$ 464,235
Pledges receivable, net of allowance for uncollectible amounts of \$222,849 and \$198,268 as of June 30, 2020 and 2019, respectively	161,798	370,227
Grants receivable	15,000	36,667
Other receivables	2,000	2,578
Prepaid expenses	15,840	19,535
Total current assets	921,771	893,242
Property and equipment, at cost		
Furniture and equipment	113,493	110,150
Less: accumulated depreciation	(106,541)	(104,973)
Net property and equipment	6,952	5,177
Total assets	\$ 928,723	\$ 898,419
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 20,107	\$ 12,455
Accrued expenses	48,147	30,910
Refundable advance	71,900	-
Allocations payable to community agencies	53,500	111,000
Designations payable	18,636	30,792
Total current liabilities	212,290	185,157
Net assets		
Without donor restrictions	27,394	(63,889)
With donor restrictions	689,039	777,151
Total net assets	716,433	713,262
Total liabilities and net assets	\$ 928,723	\$ 898,419

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020
With Comparative Totals For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Public support and other revenue				
Gross campaign results	\$ 640,016	\$ 161,798	\$ 801,814	\$ 928,614
Less donor designations	(85,909)	-	(85,909)	(63,920)
Gross campaign revenue	554,107	161,798	715,905	864,694
Provision for uncollectible pledges	(125,154)	-	(125,154)	(70,440)
Net campaign revenue	428,953	161,798	590,751	794,254
Designations from other United Ways	18,874	-	18,874	102,770
Special events, net of direct costs of \$3,745 for 2020 and \$18,288 for 2019	16,415	-	16,415	28,886
Service fees	-	-	-	661
Fundraising fees	8,212	-	8,212	3,496
Grants and contributions	7,191	766,806	773,997	205,655
In-kind contributions	58,731	-	58,731	18,729
Interest income	1,268	2,764	4,032	5,693
Other miscellaneous income	-	-	-	3,742
Net assets released from restriction	1,044,660	(1,044,660)	-	-
Total public support and other revenue	1,584,304	(113,292)	1,471,012	1,163,886
Expenses				
Program services				
Net funds allocated/awarded to agencies	155,576	-	155,576	206,904
Other community impact/allocation services	641,508	-	641,508	181,511
SPARK Early Learning Initiative	315,748	-	315,748	384,309
Volunteer Fox Valley	4,028	-	4,028	4,670
Total program services	1,116,860	-	1,116,860	777,394
Support services				
Management and general	139,391	-	139,391	146,188
Fundraising	211,590	-	211,590	200,046
Total support services	350,981	-	350,981	346,234
Total expenses	1,467,841	-	1,467,841	1,123,628
Excess (deficiency) of public support and other revenue over expenses	116,463	(113,292)	3,171	40,258
Transfer of program specific designations	(25,180)	25,180	-	-
Change in net assets	91,283	(88,112)	3,171	40,258
Net assets, beginning of year	(63,889)	777,151	713,262	673,004
Net assets, end of year	\$ 27,394	\$ 689,039	\$ 716,433	\$ 713,262

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020
With Comparative Totals For the Year Ended June 30, 2019

	Program Services				Support Services			Total Program and Support Service Expenses	
	Community Impact/ Allocation Services	SPARK Early Learning Initiative	Volunteer Fox Valley	Total	Management and General	Fundraising	Total	2020	2019
FUNCTIONAL EXPENSES									
Allocations/ awards to agencies	\$ 161,050	\$ -	\$ -	\$ 161,050	\$ -	\$ -	\$ -	\$ 161,050	\$ 221,265
Less: donor designations	(5,474)	-	-	(5,474)	-	-	-	(5,474)	(14,361)
Net allocations/awards to agencies	155,576	-	-	155,576	-	-	-	155,576	206,904
Payroll expenses									
Salaries	90,202	154,796	-	244,998	45,605	111,335	156,940	401,938	358,964
Payroll taxes	7,146	11,157	-	18,303	3,048	8,807	11,855	30,158	28,108
Employee benefits	20,011	16,836	-	36,847	7,967	22,745	30,712	67,559	60,418
Retirement plan	4,556	5,550	-	10,106	1,827	4,905	6,732	16,838	16,995
Total payroll expenses	121,915	188,339	-	310,254	58,447	147,792	206,239	516,493	464,485
Contract services	22,851	-	-	22,851	-	3,909	3,909	26,760	-
Accounting and legal fees	-	8,182	-	8,182	34,329	-	34,329	42,511	49,902
Supplies	57,267	3,903	-	61,170	2,519	2,150	4,669	65,839	12,805
Printing and publications	-	2,672	28	2,700	1,520	1,110	2,630	5,330	8,157
Postage and shipping	-	32	-	32	467	82	549	581	1,003
Telephone	452	1,066	-	1,518	187	936	1,123	2,641	3,652
Information technology and support	4,220	2,152	4,000	10,372	3,178	8,735	11,913	22,285	25,160
Occupancy	7,707	14,617	-	22,324	8,425	15,952	24,377	46,701	43,293
Conferences and meetings	-	899	-	899	648	-	648	1,547	4,528
Travel	-	3,312	-	3,312	462	-	462	3,774	4,630
Insurance	-	-	-	-	7,769	-	7,769	7,769	8,984
Special event expenses	-	-	-	-	-	8,169	8,169	8,169	5,086
Advertising and marketing	-	-	-	-	4,418	190	4,608	4,608	10,680
Other professional services	-	-	-	-	-	-	-	-	4,704
Consulting	8,570	78,425	-	86,995	-	17,859	17,859	104,854	119,780
Equipment lease and maintenance	-	1,177	-	1,177	1,765	-	1,765	2,942	2,995
Community grants	409,225	-	-	409,225	-	-	-	409,225	113,250
Dues and subscriptions	-	420	-	420	11,163	-	11,163	11,583	11,364

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES, continued
For the Year Ended June 30, 2020
With Comparative Totals For the Year Ended June 30, 2019

	Program Services				Support Services			Total Program and Support Service Expenses	
	Community Impact/ Allocation Services	SPARK Early Learning Initiative	Volunteer Fox Valley	Total	Management and General	Fundraising	Total	2020	2019
FUNCTIONAL EXPENSES, continued									
Bank fees	-	-	-	-	1,110	-	1,110	1,110	1,343
United Way Worldwide and state dues	4,496	-	-	4,496	1,798	2,697	4,495	8,991	12,315
Holiday assistance	4,805	-	-	4,805	-	-	-	4,805	6,157
Volunteer medical tests	-	9,235	-	9,235	-	-	-	9,235	-
Miscellaneous expense	-	250	-	250	685	2,009	2,694	2,944	1,329
Depreciation expense	-	1,067	-	1,067	501	-	501	1,568	1,122
Other expenses	519,593	127,409	4,028	651,030	80,944	63,798	144,742	795,772	452,239
TOTAL FUNCTIONAL EXPENSES	\$ 797,084	\$ 315,748	\$ 4,028	\$ 1,116,860	\$ 139,391	\$ 211,590	\$ 350,981	\$ 1,467,841	\$ 1,123,628

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020
With Comparative Totals For the Year Ended June 30, 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 3,171	\$ 40,258
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,568	1,122
Provision for uncollectible pledges	125,154	70,440
Changes in assets and liabilities		
Contributions receivable	83,275	(172,962)
Grants receivable	21,667	48,333
Prepaid expenses	3,695	24,489
Other receivables	578	(362)
Accounts payable	7,652	(8,823)
Accrued expenses	17,237	(3,321)
Refundable advance	71,900	-
Allocations payable	(57,500)	(50,260)
Designations payable	(12,156)	(14,838)
Net cash provided by (used in) operating activities	<u>266,241</u>	<u>(65,924)</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(3,343)</u>	<u>(3,483)</u>
Net cash used in investing activities	<u>(3,343)</u>	<u>(3,483)</u>
Change in cash and cash equivalents	262,898	(69,407)
Cash and cash equivalents, beginning of year	<u>464,235</u>	<u>533,642</u>
Cash and cash equivalents, end of year	<u>\$ 727,133</u>	<u>\$ 464,235</u>

See accompanying notes to financial statements.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 With Comparative Totals for June 30, 2019

1. ORGANIZATION

Fox Valley United Way (the Organization) is an incorporated not-for-profit organization governed by a volunteer board of directors. The Organization provides services for planning community activities and fundraisers, evaluating individual agency programs, informing the community of various activities it sponsors, and helping solve community problems. Funds are raised from the businesses and people of the Fox Valley area including Central and Southern Kane and Kendall counties through an annual campaign appeal. The program services of the Organization include allocating campaign collections to various community social service agencies, public information and community awareness, and sponsoring a website that connects volunteers with local nonprofit agencies through the Volunteer Fox Valley program.

During the year ended June 30, 2020, in response to the COVID-19 crisis, the Organization partnered with four other local grant makers in the Fox Valley region and established a COVID-19 Relief Fund to support nonprofit agencies.

The SPARK (Strong, Prepared And Ready for Kindergarten) program of Fox Valley United Way strives to empower diverse families and children to attain full success in learning and life by ensuring all young children in Aurora and the Fox Valley area have equal access to exemplary early childhood care and education. SPARK improves and strengthens the early childhood system by 1) educating and informing parents and the community about the importance and value of an early childhood education, the impact it has on children's success in school and life and connecting them with programs and services; 2) ensuring professional development of early childhood education teachers and learning center participation in the statewide Quality Rating Improvement System; 3) coordinating a system in which school districts, community-based early childhood programs, and community agencies serving families and children work as one unit to ensure that the area's young children have the resources, knowledge and skills to be Strong, Prepared, and Ready for Kindergarten.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and with the financial statement standards of United Way Worldwide.

Basis of Presentation

The Organization has presented its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 With Comparative Totals for June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

ASC 958 requires not-for-profit organizations to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor-imposed (or grantor) restrictions. These net assets are available to support the Organization's activities and operations at the discretion of Fox Valley United Way's management and the board of directors.

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

Prior Year Summarized Comparative Information

The financial statements include certain prior year summarized comparative information. In the statement of activities, prior year information is presented in total but not by net asset class. In the statement of functional expenses, comparative prior year expenses are presented in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers short-term highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Short-term investments consist of bank money market accounts and repurchase sweep accounts.

Property and Equipment

Office equipment, furniture and fixtures are recorded at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Generally, the Organization's policy is to capitalize assets with a cost exceeding \$500. Depreciation expense for the years ended June 30, 2020 and 2019 was \$1,568 and \$1,122, respectively.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 With Comparative Totals for June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Campaign Pledges Receivable and Allowance for Uncollectible Amounts

Each fall the Organization conducts an annual fundraising campaign whereby it solicits voluntary contributions from the general public in the Fox Valley area in the form of cash contributions and pledges to make future cash contributions. The Organization's ability to collect pledges can be affected by local economic conditions. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is computed based upon historical averages adjusted by management's estimate of current economic factors that could affect pledge collections. After two years, uncollected campaign pledges are written off. Current campaign pledges receivable are included in net assets with donor restrictions net of the allowance for uncollectible amount.

Contributions

Gross campaign results consist of cash and unconditional promises to give to the Organization received during the annual fundraising campaigns and include contributions processed by third-party processors. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Campaign contributions are released from restriction in the current year to the extent of allocations to community agencies approved for the following year.

Contributed property and equipment are recorded at estimated fair value at the date of donation. If donors stipulate a time or use restriction, the contributions are recorded as contributions with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded without donor restrictions.

Other contributions and grants received are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for support of specific programs or solutions for community problems are reported as net assets with donor restrictions and are reclassified to net assets without donor restrictions upon fulfillment of the time or purpose restriction.

Donor Designated Contributions and Designations Payable

Donors may choose to designate contributions to be distributed to a specific agency or another United Way. Such contributions are referred to as donor designations. The collection of these contributions and distribution to specified agencies or United Ways are transactions in which the Organization is acting as an agent. These transactions are not reported in the statement of activities as revenue and expenses, but are included in gross campaign results then deducted as donor designated contributions before arriving at net campaign revenue.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 With Comparative Totals for June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donor Designated Contributions and Designations Payable (continued)

Designations payable are recorded at the time the related pledge is received and reflected in net campaign revenue. Amounts are remitted to the beneficiary agencies as the related pledges are received from the donors.

In-Kind Contributions

The Organization receives and records various types of in-kind contributions consisting of equipment, supplies, food, advertising, computer support, printing and other services. Contributed goods and services are recognized at fair value when received. If donors stipulate a time or use restriction, the contributions are recorded as contributions with donor restrictions. In the absence of donor-imposed restrictions, in-kind contributions are recorded as contributions without donor restrictions.

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Although the Organization receives a significant amount of contributed time from volunteers, this time does not meet the recognition criteria and accordingly, is not reflected in the accompanying financial statements.

Allocations to Agencies

Allocations to partner United Way agencies are recorded as expenses when they are approved by the Board of Directors and communicated to the respective agencies. These allocations are generally payable within one year. Allocations payable amounting to \$53,500 at June 30, 2020 consist of amounts approved for payment beginning July 1, 2020 from the 2019 campaign revenue and are included in the amount released from restriction on the statement of activities. At June 30, 2019, allocations payable from the 2018 campaign amounted to \$111,000.

Functional Expense Allocations

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Expenses that can be directly identified with a program or supporting services to which they relate are charged to the program or supporting service accordingly. Other expenses have been allocated among the program and supportive services benefited based on the average of number of employees, time spent, dedicated square footage or on a direct cost basis consistent with the standards for allocation of functional expenses in accordance with generally accepted accounting principles and United Way Worldwide.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 With Comparative Totals for June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

The Organization expenses advertising costs as incurred. Expenses incurred were \$4,608 and \$10,680 for the years ended June 30, 2020 and 2019, respectively.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity pursuant to a letter from the U.S. Treasury Department dated March 20, 1963. In addition, the Organization is exempt from Illinois income taxes. Accordingly, no provision for income taxes is included in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material to these financial statements.

Recent Accounting Pronouncements

During 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of the ASU is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the considerations to which an entity expects to be entitled for those goods or services. The new revenue guidance defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The Organization adopted this guidance on July 1, 2019. There was no adjustment necessary to beginning net assets as a result of the adoption.

During 2020, the Organization adopted FASB ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the scope and the accounting guidance for contributions received and contributions made*. ASU 2018-08 clarifies the accounting guidance for making or receiving contributions. The ASU provides a framework for evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance, and determining whether a contribution is conditional. The Organization adopted this guidance on July 1, 2019. There was no adjustment necessary to beginning net assets as a result of the adoption.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 With Comparative Totals for June 30, 2019

3. PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Prior year's campaign	\$ 54,971	\$ 105,795
Current year's campaign	294,076	426,300
Next year's campaign	35,600	36,400
	384,647	568,495
Less allowance for uncollectible pledges	(222,849)	(198,268)
Pledges receivable, net	\$ 161,798	\$ 370,227

4. OTHER RECEIVABLES

Other receivables consist of the following at June 30:

	2020	2019
Accounts receivable - other	\$ -	\$ 578
Rent deposit	2,000	2,000
	\$ 2,000	\$ 2,578

The Organization considers the receivable to be fully collectible; accordingly no allowance for doubtful accounts has been established.

5. EMPLOYEE PENSION PLAN

The Organization has a defined contribution pension plan covering all eligible employees. Eligible employees are persons who have at least one year of service with the Organization. During the years ended June 30, 2020 and 2019 the Organization contributed 5% of all participants' compensation to the Plan. The Organization's pension plan expense for the fiscal years ended June 30, 2020 and 2019 was \$16,838 and \$16,995, respectively.

6. COMPENSATED ABSENCES

Full-time employees of the Organization are entitled to paid vacation depending on the length of service. Up to five days of earned vacation leave may be carried over. Compensated absences accrued as of June 30, 2020 and 2019 amounted to \$33,185 and \$23,621, respectively.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 With Comparative Totals for June 30, 2019

7. CONTRIBUTED MATERIALS AND SERVICES

The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. The Organization received the following in-kind contributions during the years ended June 30:

	<u>2020</u>	<u>2019</u>
Advertising and marketing	\$ 510	\$ 3,050
Other professional services	-	1,920
Printing	-	1,343
Food	47,901	-
Computer support	10,320	12,416
	<u>\$ 58,731</u>	<u>\$ 18,729</u>

The Board of Directors makes significant contributions of time with respect to the management and operations of the Organization. Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this contributed time is not reflected in the financial statements.

8. NET ASSETS WITH DONOR RESTRICTIONS

In accordance with United Way Worldwide requirements, net assets with donor restrictions include pledges receivable from the current campaign for use in the next year, net of an allowance for uncollectible amounts and Board approved community agency allocations.

At June 30, 2020 and 2019, net assets with donor restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Pledges receivable, net	\$ 108,298	\$ 230,646
Donor restricted purposes		
Youth programs	62,662	74,662
SPARK Early Learning Initiative	446,603	408,657
Volunteer Fox Valley	18,174	18,202
Count Me In 2020	8,083	40,000
COVID-19 relief	37,700	-
Other purposes	7,519	4,984
	<u>580,741</u>	<u>546,505</u>
Total net assets with donor restrictions	<u>\$ 689,039</u>	<u>\$ 777,151</u>

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 With Comparative Totals for June 30, 2019

9. ENDOWMENT FUND

In 1999 the Organization contributed funds to the Community Foundation of the Fox River Valley for the purpose of establishing an endowment fund to be used for support of the mission or activities of the Organization or its affiliated agencies. The fund is the property of the Foundation and the Foundation has ultimate authority and control over all property in the fund and the income derived therefrom. At least annually, the Foundation may distribute the fund's net income to the Organization, or the Organization may elect to accumulate the income. As of June 30, 2020 and 2019, net income available for distribution amounted to \$3,050 and \$1,623, respectively.

10. LEASE AGREEMENTS

On September 1, 2015, the Organization entered into a five year lease agreement for office space beginning October 15, 2015 and expiring on October 14, 2020. The lease requires annual increases of 3% and includes an option to renew for an additional five-year term.

The Organization leases a copier under a noncancellable operating lease expiring on October 30, 2023. Monthly lease payments include sales tax and charges for excess copies.

Total future minimum lease payments for the years ending June 30 are as follows:

2021	\$	10,267
2022		2,434
2023		2,434
2024		608

Additional office space is leased on a month-to-month basis. Rent expense recorded for the years ended June 30, 2020 and 2019 totaled \$42,692 and \$39,826, respectively.

11. LINE OF CREDIT

During the year ended June 30, 2019, the Organization obtained a line of credit with a financial institution up to \$50,000. The line of credit has a two-year term expiring on June 7, 2021 and is secured by substantially all of the assets of the Organization. Interest is payable monthly on the outstanding balance at an interest rate of 2.0% over the Wall Street Journal Prime Rate (5.5% at June 30, 2020). There were no borrowings under the line of credit as of June 30, 2020.

FOX VALLEY UNITED WAY
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 With Comparative Totals for June 30, 2019

12. INCOME TAXES

The Organization is exempt from federal and state income taxes as an organization described under Section 501(c)(3) of the Internal Revenue Code. Income from activities not directly related to the Organization's tax exempt purpose is subject to federal and state income tax as unrelated business income.

The Organization has adopted guidance issued by the Financial Accounting Standards Board (FASB) relating to uncertain tax positions. The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively. The Organization has analyzed tax positions taken and believes that income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would have a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, there were no interest or penalties recognized for uncertain tax positions during the year ended June 30, 2020, and there were no accruals for interest and penalties at June 30, 2020. The 2017-2019 tax years for federal and state of Illinois income tax returns (the Organization's major tax jurisdictions) remain open and are subject to examination.

13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Financial assets as year end:	
Cash and cash equivalents	\$ 727,133
Pledges receivable, net	161,798
Grants receivable	15,000
Other receivables	2,000
	<u>905,931</u>
Less those unavailable for general expenditures within one year:	
Designations payable	18,636
Restricted by donors with purpose restrictions	580,741
Financial assets available to meet general expenditures within one year	<u><u>\$ 306,554</u></u>

Fox Valley United Way also has a bank line of credit in the amount of \$50,000 (see Note 11) upon which it can draw if needed for liquidity.

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14. CONCENTRATION OF CREDIT RISK

The Organization maintains its bank account balances in two financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured bank deposits at June 30, 2020 or 2019. Cash equivalent amounts invested in the repurchase sweep investment accounts are not insured nor guaranteed by the United States government or its agencies.

During the years ended June 30, 2020 and June 30, 2019, Fox Valley United Way received approximately 14% and 11%, respectively, of its gross campaign revenue from one employer. Grant revenue from two sources amounted to 65% in 2020 and 34% in 2019.

15. COMMITMENTS AND CONTINGENCIES

Refundable Advance - Paycheck Protection Program

On May 5, 2020, the Organization received an unsecured bank loan under the U.S. Small Business Administration Paycheck Protection Program (PPP) in the amount of \$71,900. Under the terms of the PPP loan, the Organization may apply for forgiveness of the loan in an amount equal to the sum of the costs incurred during a specified time period for payroll costs, interest on a covered mortgage obligation, rent and utility payments. The balance of the loan not forgiven shall bear interest at the rate of 1% per annum and is payable monthly in an amount necessary to fully amortize the then-outstanding principal balance of the loan over a two year period commencing December 5, 2020.

Under FASB ASC 958-605, a not-for-profit entity that expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents, in substance, a government grant that is expected to be forgiven, the loan may be treated as a conditional contribution and accounted for as a refundable advance until the conditions have been substantially met. The Organization believes it will overcome the barriers specified for loan forgiveness and has therefore, reported the loan amount on the Statement of Financial Position accordingly. In future accounting periods when conditions have been substantially met, contribution revenue without restrictions will be recognized as all restrictions imposed will have been met at the time of recognition.

Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. Efforts implemented by state and national governments, as well as businesses, including temporary closures, are expected to have adverse impacts on local, national and global economies. The duration and impact of the COVID-19 pandemic remains unclear at this time. While management expects this matter to have an impact on the Organization's activities, the continuing impact to the results of operations and financial position cannot be reasonably estimated for future periods.

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16. PENDING ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The reporting of lease-related expenses in the statement of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending June 30, 2022 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is not expected to have a significant effect on the Organization's statement of financial position.

17. SUBSEQUENT EVENTS

Effective October 1, 2020, the Organization renewed the lease for its office space until October 14, 2025 with an option to renew for an additional five-year term. The lease requires monthly rent of \$2,611 with annual increases of 5% beginning in year three.

In March 2021, the Organization was notified that the refundable advance from the Paycheck Protection Program in the amount of \$71,900 had been forgiven.

Management has evaluated subsequent events through May 12, 2021, the date the financial statements were available to be issued.