

United Way of the Midlands  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
For the year ended June 30, 2020

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## Independent Auditor's Report

Board of Directors  
United Way of the Midlands  
Omaha, Nebraska

We have audited the accompanying financial statements of United Way of the Midlands, 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 United Way of the Midlands 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 United Way of the Midlands 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2019. 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.

**BKD, LLP**

Omaha, Nebraska  
September 24, 2020

United Way of the Midlands  
**STATEMENT OF FINANCIAL POSITION**  
As of June 30, 2020  
(with comparative totals as of June 30, 2019)

	FY2020	FY2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,648,481	\$ 1,594,810
Cash held for others	939	939
Contributions receivable - 2019 campaign (less uncollectible allowance of \$850,515)	4,260,062	-
Contributions receivable - 2018 campaign (less uncollectible allowance of \$0 for FY2020 and \$584,992 for FY2019)	119,473	5,767,037
Contributions receivable - 2017 campaign (less uncollectible allowance of \$0)	-	227,853
Other assets and prepaid expenses	319,258	310,396
Investments	10,049,110	9,799,762
Beneficial interest in net assets held by the Omaha Community Foundation	2,068,690	2,191,720
Leasehold improvements and equipment (net of accumulated depreciation of \$1,089,510 for FY2020 and \$877,726 for FY2019)	1,338,875	1,479,458
Total assets	\$ 20,804,888	\$ 21,371,975
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 178,375	\$ 179,707
Accrued payroll and related liabilities	316,246	350,334
Refundable advances	795,976	-
Deferred rent	657,634	669,243
Undistributed allocations and designations payable for the prior period campaign	149,756	67,074
Undistributed allocations and designations payable for the current period campaign	6,955,940	10,309,133
Total liabilities	9,053,927	11,575,491
<b>NET ASSETS</b>		
Without donor restrictions		
Board designated reserves	6,507,538	6,142,127
Quasi endowment	2,469,673	2,539,346
Operating	(1,803,933)	(3,326,116)
Total net assets without donor restrictions	7,173,278	5,355,357
With donor restrictions		
Perpetual in nature	3,425,544	3,349,044
Purpose restrictions	816,639	685,400
Time-restricted for future periods	335,500	406,683
Total net assets with donor restrictions	4,577,683	4,441,127
Total net assets	11,750,961	9,796,484
Total liabilities and net assets	\$ 20,804,888	\$ 21,371,975

United Way of the Midlands  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2020  
(with comparative totals as of FY2019)

	Without Donor Restrictions	With Donor Restrictions	FY2020	FY2019
<b>REVENUE AND OTHER SUPPORT</b>				
Contributions and reclassification				
Campaign contributions for the Fall Campaign				
Contributions received for the current period	\$ 15,308,396	\$ 332,000	\$ 15,640,396	\$ 16,612,104
Contributions for COVID-19 and flood disaster relief	1,316,413	100,000	1,416,413	1,053,397
Contributions received for the prior period (net assets released from restriction)	494,888	(494,888)	-	-
Gross campaign results	17,119,697	(62,888)	17,056,809	17,665,501
Less donor designations	(1,902,751)		(1,902,751)	(2,053,110)
Less COVID-19 and flood disaster relief designations	(1,201,084)	-	(1,201,084)	(1,053,397)
Less allowance for uncollectible pledges	(811,707)	-	(811,707)	(778,812)
Total campaign contributions for the current allocation period	13,204,155	(62,888)	13,141,267	13,780,182
Other contributions				
Contributions restricted for offsetting campaign expenses	45,828	-	45,828	22,500
Contributions for special events and miscellaneous	325,674	-	325,674	69,710
Contributed goods and services	434,715	-	434,715	193,361
Total other contributions	806,217	-	806,217	285,571
Total contributions	14,010,372	(62,888)	13,947,484	14,065,753

(Continued)

United Way of the Midlands  
**STATEMENT OF ACTIVITIES - CONTINUED**  
For the year ended June 30, 2020  
(with comparative totals as of FY2019)

	Without Donor Restrictions	With Donor Restrictions	FY2020	FY2019
<b>REVENUE AND OTHER SUPPORT - CONTINUED</b>				
Government grants	\$ 381,450	\$ -	381,450	\$ 81,451
Private grants	320,746	150,000	470,746	241,680
Net investment return	385,575	49,444	435,019	568,668
Donor designation fees	126,456	-	126,456	186,423
Contract fees	112,343	-	112,343	147,504
Other income	15,453	-	15,453	13,681
Total revenues and other support	15,352,395	136,556	15,488,951	15,305,160
<b>ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES</b>				
Allocations and designations to agencies	9,937,300	-	9,937,300	12,562,895
Less donor designations to agencies	(1,902,751)	-	(1,902,751)	(2,053,110)
Less COVID-19 and flood disaster relief designations	(1,201,084)	-	(1,201,084)	(1,053,397)
Total allocations	6,833,465	-	6,833,465	9,456,388
Direct community services provided by United Way	4,559,078	-	4,559,078	4,111,069
Total allocations and direct community services	11,392,543	-	11,392,543	13,567,457
<b>Other functional expenses</b>				
Fundraising	2,062,608	-	2,062,608	1,816,062
Management and general	79,323	-	79,323	76,285
Total other functional expenses	2,141,931	-	2,141,931	1,892,347
Total allocations, designations, direct community services and other functional expenses	13,534,474	-	13,534,474	15,459,804
<b>CHANGE IN NET ASSETS</b>	1,817,921	136,556	1,954,477	(154,644)
<b>NET ASSETS, BEGINNING OF YEAR</b>	5,355,357	4,441,127	9,796,484	9,951,128
<b>NET ASSETS, END OF YEAR</b>	\$ 7,173,278	\$ 4,577,683	\$ 11,750,961	\$ 9,796,484

United Way of the Midlands  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2020  
(with comparative totals as of FY2019)

	Program Services			Support Services			Total	
	Community Impact	Other Program Services	Total Program Services	Fundraising	Management and General	Total Support Services	FY2020	FY2019
Allocations and designation to agencies								
Total allocations and designations to agencies	\$ 9,937,300	-	\$ 9,937,300	-	-	-	\$ 9,937,300	\$12,562,895
Less donor designations to agencies	(1,902,751)	-	(1,902,751)	-	-	-	(1,902,751)	(2,053,110)
Less COVID-19 and flood disaster relief designations	(1,201,084)	-	(1,201,084)	-	-	-	(1,201,084)	(1,053,397)
Net allocations to agencies	6,833,465	-	6,833,465	-	-	-	6,833,465	9,456,388
Personnel costs								
Salaries	831,076	1,693,158	2,524,234	1,097,165	37,461	1,134,626	3,658,860	3,428,290
Employee benefits	132,760	298,808	431,568	185,241	6,634	191,875	623,443	602,439
Payroll taxes	61,391	119,154	180,545	81,310	2,739	84,049	264,594	261,916
Total personnel costs	1,025,227	2,111,120	3,136,347	1,363,716	46,834	1,410,550	4,546,897	4,292,645
Professional fees	52,448	131,946	184,394	60,298	3,110	63,408	247,802	332,819
Supplies	24,931	39,714	64,645	15,125	846	15,971	80,616	28,447
Telephone	4,662	38,963	43,625	7,663	474	8,137	51,762	36,911
Postage and shipping	1,985	4,481	6,466	6,888	158	7,046	13,512	10,020
Occupancy	62,867	146,689	209,556	106,390	6,448	112,838	322,394	315,600
Equipment leasing and maintenance	13,990	65,714	79,704	23,570	1,428	24,998	104,702	61,125
Printing, publications, and promotion	105,703	279,218	384,921	207,258	8,738	215,996	600,917	228,568
Travel and transportation	10,244	8,566	18,810	9,435	244	9,679	28,489	48,565
Events, conferences and meetings	35,140	64,743	99,883	97,666	1,363	99,029	198,912	147,575
Organizational dues	3,971	9,172	13,143	10,364	293	10,657	23,800	27,745
Awards and gifts	2,842	7,512	10,354	3,917	263	4,180	14,534	52,124
Insurance	7,392	21,507	28,899	12,509	758	13,267	42,166	42,746
United Way Worldwide membership fee	41,481	96,789	138,270	70,198	4,254	74,452	212,722	172,066
Depreciation	40,160	99,901	140,061	67,611	4,112	71,723	211,784	206,460
Total non-personnel expenses	407,816	1,014,915	1,422,731	698,892	32,489	731,381	2,154,112	1,710,771
Total Functional Expenses	\$ 8,266,508	\$ 3,126,035	\$ 11,392,543	\$2,062,608	\$ 79,323	\$ 2,141,931	\$13,534,474	\$15,459,804



United Way of the Midlands  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2020  
(with comparative totals as of FY2019)

	FY2020	FY2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	1,954,477	\$ (154,644)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	211,784	206,460
Realized and unrealized gains on investments, net	(187,695)	(303,948)
Change in beneficial interests	163,116	154,740
Change in contributions receivable	1,615,355	723,990
Change in other assets and prepaid expenses	(8,862)	(38,593)
Change in accounts payable and refundable advances	794,644	(195,050)
Change in accrued payroll and related liabilities	(34,088)	94,575
Change in allowance - tenant improvements	(11,609)	(5,286)
Change in undistributed allocations and designations payable for the current period campaign	(3,270,511)	413,070
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,226,611</b>	<b>895,314</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(71,201)	(80,056)
Purchase of securities	(2,861,768)	(2,234,959)
Proceeds from sale of securities	2,760,029	2,186,790
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(172,940)</b>	<b>(128,225)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,053,671	767,089
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,595,749</b>	<b>828,660</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,649,420</b>	<b>\$ 1,595,749</b>
<b>RECONCILIATION TO STATEMENT OF FINANCIAL POSITION</b>		
Cash and cash equivalents	2,648,481	1,594,810
Cash held for others	939	939
<b>Total cash</b>	<b>\$ 2,649,420</b>	<b>\$ 1,595,749</b>

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2020

NOTE A.      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies of United Way of the Midlands (the Organization).

1.      Nature of the Organization

The United Way of the Midlands is a not-for-profit corporation which incorporated in 1923 and is governed by a volunteer Board of Directors.

The mission of United Way of the Midlands is to improve lives by mobilizing the caring power of the Omaha-Council Bluffs-Metro community.

The vision of United Way of the Midlands is to engage the passion, energy and resources of community partners and leaders, working together to help underserved vulnerable populations and improve people's lives to strengthen our entire metro area in the long-term.

United Way of the Midlands is a powerful partnership of people and organizations that care about our community's future. United Way of the Midlands recruits those who have the passion, expertise and resources we need to get things done. Together, we create life-changing opportunities in education, financial stability and health, the building blocks of a good life, so our neighbors can grow stronger and remain independent.

2.      Basis of Presentation and Accounting

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's 2019 financial statements from which the information was derived.

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Actual results could differ from those estimates.

United Way of the Midlands  
 NOTES TO FINANCIAL STATEMENTS – CONTINUED  
 For the year ended June 30, 2020

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation and Accounting - Continued

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

- a. Net assets without donor restrictions include net assets and contributions not subject to donor-imposed stipulations. Net assets without donor restrictions also include assets designated by the Board for specific purposes.
- b. Purpose and time restricted net assets include net assets and contributions subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. After the donor-imposed time or purpose restriction is satisfied, net assets with donor restriction are reclassified to net assets without donor restriction and reported within the statement of activities as net assets released from donor restrictions.
- c. Perpetual in nature net assets include net assets and contributions subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by donor stipulation or by law.

3. Revenue and Other Support

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<u>Nature of the Gift</u>	<u>Value Recognized</u>
<i>Conditional gifts, with or without restriction</i> Gifts that depend on the Organization overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met

United Way of the Midlands  
 NOTES TO FINANCIAL STATEMENTS – CONTINUED  
 For the year ended June 30, 2020

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Revenue and Other Support – Continued

<u>Nature of the Gift</u>	<u>Value Recognized</u>
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash or cash equivalents for purposes of the statement of cash flows.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Contributions Receivable

Contributions receivable primarily consist of amounts pledged by donors as part of the annual fundraising campaign. Provision for uncollectible allowance is computed based upon a 5-year historical average, adjusted by management estimates of current economic factors, and applied to gross campaign contributions, including donor designations.

6. Investments and Investment Return

The Organization carries its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Donated investment securities are recorded as contributions at their estimated fair value at the date of donation. Unrealized gains and losses are included in the change in net assets in the statement of activities.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restriction. Other investment return is reflected in the statements of activities as with or without donor restrictions based upon existence and nature of any donor or legally imposed restriction.

7. Leasehold Improvements and Equipment

Leasehold improvements and equipment are stated at cost at date of acquisition, or fair value at date of donation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Assets which cost \$5,000 or more with a useful life of more than one year are capitalized.

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended June 30, 2020.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Income Taxes

The United Way of the Midlands is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is not identified by the Internal Revenue Service (IRS) as a private foundation. The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. At June 30, 2020, the Organization had no uncertain tax positions.

The Organization's Federal Return of Organization Exempt from Income Tax returns (Form 990) for 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

9. Contributed Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Many individuals volunteer their time and perform a variety of tasks for the Organization which are not reflected in the financial statements.

10. Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs are allocated based on estimated time spent in support of fundraising, program and administration.

11. Fair Value of Financial Instruments

The carrying value of all financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to their short-term nature. Investments in equity and debt securities are stated at fair value.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

12. Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

13. Paycheck Protection Program (PPP) Loan

The entity received a PPP loan established by the CARES Act and has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. The PPP balance of \$795,976 is recognized as a refundable advance as of June 30, 2020, as conditions have not been met.

14. Change in Accounting Principle

In 2020, the Organization adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Adoption of ASU 2018-08 resulted in changes in disclosures in the notes to the financial statements.

NOTE B. FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting Standards Codification (ASC) 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

--Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE B. FAIR VALUE OF FINANCIAL INSTRUMENTS – CONTINUED

--Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

--Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at June 30:

	Total	Level 1	Level 2	Level 3
Investments				
Cash equivalents	\$ 482,743	\$ 482,743	\$ -	\$ -
Fixed income	6,438,629	6,438,629	-	-
Equity funds	2,759,457	2,759,457	-	-
Complementary strategies	156,005	156,005	-	-
Real estate funds	212,276	212,276	-	-
Beneficial interest in net assets held by the Omaha Community Foundation	2,068,690	-	-	2,068,690
	<u>\$ 12,117,800</u>	<u>\$ 10,049,110</u>	<u>\$ -</u>	<u>\$ 2,068,690</u>

The Organization uses the following methods and significant assumptions to estimate fair value.

Investments: The fair value of cash equivalents, fixed income, equity fund investments, complementary strategies and real estate funds is determined by obtaining quoted market prices on nationally recognized securities exchanges.

Beneficial interest in net assets held by the Omaha Community Foundation: The fair value is determined based on fair value information provided by the Foundation which is based on the Organization's ownership interest in underlying pools. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.



United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE B. FAIR VALUE OF FINANCIAL INSTRUMENTS – CONTINUED

Beneficial interest in net assets held by the Omaha Community Foundation measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Beginning fair value	\$ 2,191,720
Total gains or losses (realized/unrealized)	40,086
Purchases (including re-invested net earnings)	36,396
Distributions	<u>(199,512)</u>
Ending fair value	<u><u>\$ 2,068,690</u></u>

Gains and losses (realized and unrealized) on the beneficial interest in net assets held by the Omaha Community Foundation are included in unrestricted net assets for the period and are reported as unrestricted-realized and unrealized net gains/(losses) on investments totals on the statement of activities for the year ended June 30, 2020.

NOTE C. INVESTMENTS AND BENEFICIAL INTEREST IN NET ASSETS

The investments of the United Way of the Midlands at June 30 are as follows:

	Cost	Fair Value	Unrealized Net Gain
Cash equivalents	\$ 482,743	\$ 482,743	\$ -
Fixed income	6,206,479	6,438,629	232,150
Equity funds	2,276,741	2,759,457	482,716
Complementary strategies	145,376	156,005	10,629
Real estate funds	<u>208,827</u>	<u>212,276</u>	<u>3,449</u>
Subtotal	9,320,166	10,049,110	728,944
Beneficial interest in net assets held by the Omaha Community Foundation	<u>1,997,540</u>	<u>2,068,690</u>	<u>71,150</u>
Total	<u><u>\$ 11,317,706</u></u>	<u><u>\$ 12,117,800</u></u>	<u><u>\$ 800,094</u></u>

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE C. INVESTMENTS AND BENEFICIAL INTEREST IN NET ASSETS – CONTINUED

On December 17, 1998, the Organization entered into an agreement establishing a fund at Omaha Community Foundation. Although ownership and management responsibility of this fund remains with the Omaha Community Foundation, the income will continue to provide perpetual gifts to the United Way of the Midlands’ campaign through distributions to the United Way of the Midlands from the Omaha Community Foundation. These assets are recognized on the financial statements as “Beneficial interest in net assets held by the Omaha Community Foundation.” As of June 30, 2020, the fair value of these assets is reflected in the statement of financial position.

Shares in pooled investments at the Omaha Community Foundation are apportioned to the following net assets classes:

Without donor restrictions	\$ 1,294,055
With donor restrictions	<u>774,635</u>
Total	<u><u>\$ 2,068,690</u></u>

NOTE D. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment consists of the following at June 30:

Building and improvements	\$1,293,531
Furniture and equipment	421,149
Computer equipment and software	<u>713,705</u>
Total	\$2,428,385
Less accumulated depreciation	<u>(1,089,510)</u>
	<u><u>\$1,338,875</u></u>

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE E.      CONTRIBUTED GOODS AND SERVICES

Several companies sponsored Community Ambassadors who provided approximately 1,920 hours of service to the United Way of the Midlands. All of these hours were sponsored by \$26,500, made up of \$19,000 of contributions restricted to offsetting campaign expenses and \$7,500 of contributions received for the prior period (net assets released from restriction).

Additionally, in 2020 the United Way of the Midlands received contributed marketing, advertising, and professional services with a fair value of \$434,715. That amount is reflected in the statement of activities as contributions and expenses within the net assets without donor restrictions.

NOTE F.      DEFINED CONTRIBUTION RETIREMENT PLAN

The Organization sponsors a 401(k) defined contribution retirement plan for all regular, full-time employees. The Organization will match all employee contributions up to 3%, for those employees who completed the one year of service eligibility requirement and may make discretionary contributions as well. Contribution expense for the year ended June 30 was \$262,836.

NOTE G.      RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

*Net Assets Without Donor Restrictions*

Board Designated Reserve

The United Way of the Midlands holds investments which have been designated by the Board of Directors as a reserve restricted for expenditures which are not funded by annual campaign contributions.

Examples of such expenditures include capital purchases, funding for unbudgeted emergency services, and other miscellaneous unforeseen and/or non-routine expenditures. All expenditures charged to the Board Designated Reserve must be approved by the Board of Directors.

Quasi-Endowment

Quasi-endowment net assets consist of funds designated by the Board of Directors to function as an endowment.

United Way of the Midlands  
 NOTES TO FINANCIAL STATEMENTS – CONTINUED  
 For the year ended June 30, 2020

NOTE G. RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES –  
 CONTINUED

*Net Assets With Donor Restrictions*

Purpose and Time Restricted Net Assets

Purpose and time restricted net assets are assets primarily from the Fall United Way of the Midlands Campaign, which donors restricted for the following year. Purpose and time restricted net assets consist of the following at June 30.

Endowment earnings restricted for specific purposes	\$ 407,282
Funding to offset future direct program expenses	69,044
Contributions for future grant disbursements	<u>675,813</u>
	<u><u>\$ 1,152,139</u></u>

Perpetual in Nature Net Assets

Perpetual in nature net assets consist of investments endowed for which donor restriction stipulates that the original gift be maintained in perpetuity. Income derived from the donated assets are restricted to be used as an annual pledge to the campaign.

*Net Assets Released From Restriction*

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Expiration of time restrictions	\$ 376,683
Satisfaction of purpose restrictions	
Developmental and intellectual disabilities	53,750
211 Call Center	51,855
Community Ambassadors	7,500
Blue Collar Boxing event	<u>5,100</u>
	<u><u>\$ 494,888</u></u>

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE H. DEFERRED RENT – TENANT IMPROVEMENT ALLOWANCE

Lease rentals that have escalating rents are recorded as expense on a straight-line basis over the life of the lease. Contingent rent payments, to the extent they exceed minimum payments, are accrued during the periods in which the liability is incurred. Tenant improvement allowance provided by the landlord under the leasing agreement is deferred as a liability and amortized to income as an adjustment to rent expense over the life of the lease.

NOTE I. PARTICIPATION PARTNER AGREEMENTS

The United Way of the Midlands has a contractual agreement with the Combined Health Agencies Drive, Inc. (CHAD) whereby these two agencies would conduct a joint fund-raising campaign in the counties of Douglas, Sarpy, and Pottawattamie. Under the contract, CHAD receives 4.75% of the “adjusted net campaign contributions” as defined by the terms of the agreement.

The United Way of the Midlands has agreed to be a national distributor for certain companies. Payroll deductions are forwarded to the United Way of the Midlands where these funds are distributed on a quarterly basis to all United Way organizations. No administrative fee is charged, however, the short-term income earned on the funds while they reside in the Organization’s accounts is used to offset the cost of providing this service. As of June 30, 2020, \$360,903 was included in cash and cash equivalents and in undistributed funds payable for the current period campaign.

NOTE J. ENDOWMENT FUNDS

The Organization maintains four endowment funds for which the income derived from the funds is restricted to be used as an annual pledge to the campaign or for other specific purposes. As required by generally accepted accounting principles, net assets and the changes therein associated with endowment funds, including funds designated by the Board of Directors to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

The Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) was enacted April 4, 2007. NUPMIFA sets out guidelines to be considered when managing and investing donor restricted endowment funds. The Organization has interpreted NUPMIFA as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE J. ENDOWMENT FUNDS – CONTINUED

As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Interest, dividends, and net appreciation of the donor-restricted endowment funds is classified according to donor stipulations, if any.

Absent any donor-imposed restrictions, interest, dividends, and net appreciation (depreciation) of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NUPMIFA.

In accordance with NUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) the duration and preservation of the endowment fund;
- 2) the purposes of the Organization and the donor-restricted endowment fund;
- 3) general economic conditions;
- 4) the possible effect of inflation or deflation;
- 5) the expected total return from income and the appreciation of investments;
- 6) other resources of the Organization; and
- 7) the investment policy of the Organization.

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term.

Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return.

United Way of the Midlands  
 NOTES TO FINANCIAL STATEMENTS – CONTINUED  
 For the year ended June 30, 2020

NOTE J. ENDOWMENT FUNDS – CONTINUED

Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy for the assets held by the Omaha Community Foundation of appropriating for distribution each year 4.5% of its endowment fund's market value as of December 31 of the year proceeding the calendar year in which the distribution is planned. This amount is restricted to be utilized as a perpetual gift to the annual United Way of the Midlands campaign drive. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, some of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

The Organization has a trust which must be maintained in perpetuity. The Organization has a policy for the assets held by the bank under the trust of appropriating for distribution each year 4.5% of its market value as of June 30 of the year proceeding the fiscal year in which the distribution is planned. This amount is restricted to serve those with developmental and intellectual disabilities.

The composition of net assets by type of endowment fund at  
 June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 3,832,826	\$ 3,832,826
Quasi-endowment	2,469,673	-	2,469,673
Total	<u>\$ 2,469,673</u>	<u>\$ 3,832,826</u>	<u>\$ 6,302,499</u>

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE J. ENDOWMENT FUNDS – CONTINUED

Changes in  
Endowment Net Assets  
Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,539,346	\$ 3,706,882	\$ 6,246,228
New contributions	-	76,500	76,500
Investment return, net	134,839	49,444	184,283
Appropriation of endowment assets for expenditure	<u>(204,512)</u>	<u>-</u>	<u>(204,512)</u>
Endowment net assets, end of year	<u>\$ 2,469,673</u>	<u>\$ 3,832,826</u>	<u>\$ 6,302,499</u>

NOTE K. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020, comprise the following:

Cash and cash equivalents	\$ 2,648,481
Contributions receivable	4,379,535
Investments	10,049,110
Beneficial interest in net assets held by the Omaha Community Foundation	<u>2,068,690</u>
Total financial assets	19,145,816
Donor imposed restrictions	
Perpetual in nature	(3,425,544)
Purpose restrictions	(816,639)
Time-restricted for future periods	<u>(335,500)</u>
Net financial assets after donor imposed restrictions	14,568,133
Internal designations	
Board designated reserves	(6,507,538)
Quasi endowments	<u>(2,469,673)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,590,922</u>



United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE K. LIQUIDITY AND AVAILABILITY – CONTINUED

The Organization receives contributions designated by donors and considers contributions designated for programs which are ongoing, major and central to its operations to be available to meet cash needs for general expenditures. For the year ended June 30, 2020, designated contributions of \$1,484,546 were included in the financial assets available to meet cash needs for general expenditures within one year.

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The quasi-endowment of \$2,469,673 is subject to an annual spending rate of 4.5% as described in Note J. Although the Organization does not intend to spend from this quasi-endowment, unless approved by the Board for specific program purposes, these amounts could be available if necessary.

The board designated reserves of \$6,507,538 is made up of three months of operating expenses and payout to community partner agencies, proceeds from the sale of a prior building and funds designated by the Board to supplement programs not funded by the annual campaign. These amounts are available for spending, subject to Board approval. These board designated reserves along with \$5.5M of funds available for general expenditures in the next fiscal year from above combine to \$12M of funds available to meet expenditures in the next year.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

NOTE L. DIRECT COMMUNITY SERVICES

Community Impact

This function is dedicated to encouraging community engagement, mobilization, and sharing a community vision. Activities include building community relationships, promotion of community involvement in priority issues, and advocating for the support of priority services. Additional activities include prioritization and research for initiative development, outcome measure development and assessment, and service implementation through fund distribution, economic development strategies, and agency designation management.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE L. DIRECT COMMUNITY SERVICES – CONTINUED

As a direct result of the strategic planning process, United Way’s vision, going forward, calls for the organization to engage the passion, energy and resources of community partners and leaders, working together to help underserved vulnerable populations and improve people’s lives to strengthen our entire metro area in the long-term.

United Way will be accountable to the community for achieving and communicating results of its own work, that of its partners and grant recipients. It will serve the most vulnerable among us by supporting the local safety net and take the next critical step – committing to solutions on some of our area’s biggest human challenges.

Other Program Services

Information and Referral

When a caller dials 2-1-1, they find easy access to health and human service programs in Nebraska and Iowa. Certified Resource Specialists develop and maintain a computerized comprehensive database of nearly 4,000 health and human service programs. Individuals who need help, often in crisis situations, are connected with the right community resources by Certified Information and Referral Specialists who use the vast database. As well, individuals and groups that want to volunteer to help others can also be linked with local nonprofit groups. The 2-1-1 community resource database is also available on our website, [www.ne211.org](http://www.ne211.org). The information gathered from both agencies and callers helps to identify gaps in local human services, which can assist local policy makers with future planning efforts. Effective October 2019 with the help of funding from the state of Nebraska, the NE211 Helpline was manned 24x7x365.

Court Referral

Court Referral provides an alternative to incarceration for offenders, both youth and adults, who have been ordered by the judicial system to make retribution to the community through volunteer service. Trained specialists provide placement, monitoring and reporting services to ensure the successful completion of court ordered hours. These individuals are placed in not-for-profit organizations to provide much needed assistance in carrying out each host organization’s mission. The individuals gain and enhance marketable social and job skills. The judicial system gains a cost-effective means for managing offenders. The entire community is impacted and receives benefits from this program.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE L. DIRECT COMMUNITY SERVICES – CONTINUED

Comprehensive Volunteerism

United Way of the Midlands links prospective volunteers with local nonprofit organizations that need the help. These can be one-time, monthly or more regular volunteer projects that meet the skills and schedule of the volunteering individual or group. Also, volunteer leadership and management skills are developed and implemented through referral, training, recognition and consultation for both program service volunteers and those who wish to serve on policy making boards at local nonprofits. A community volunteer opportunity database is available on the Organization’s website.

NOTE M. COVID-19 AND FLOOD DISASTER RELIEF

United Way of the Midlands came to the aid of those effected by flooding in 2019 and the national pandemic, COVID-19, in 2020. Raising \$1.275 million since March 2019 for Flood relief and \$1.2 million for COVID-19 since March 2020. As of June 30, 2020, approximately \$1.25M was disbursed for assistance to those effected by flooding. COVID-19 donations were solicited in four different categories: housing stability including direct mortgage and rental assistance, food assistance, healthcare and “Where it’s needed most”. As of June 30, 2020, \$1M was disbursed to those in need related to COVID-19 including \$230,000 used to support the additional volume of calls and referrals to the 2-1-1 Center. As of June 30, 2020, approximately \$217,000 of the remaining funds are included in the undistributed allocations and designations payable for the current period campaign.

NOTE N. UNITED WAY WORLDWIDE’S COST DEDUCTION STANDARDS

United Way of the Midlands has committed to comply with the United Way Worldwide’s cost deduction standards, which govern how expenses are recovered from contributions designated to specific agencies or other United Way organizations. United Way of the Midlands has also committed to all of the other United Way Worldwide membership requirements and provides a written compliance certification to the Board of Directors and the United Way Worldwide on an annual basis.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE O. CONCENTRATION OF RISK

The Organization maintains its cash at various financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). These accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. As of June 30, 2020, cash and cash equivalents included \$2,568,304 held in one commercial bank. As of June 30, the uninsured and uncollateralized portion of this balance was \$2,318,304.

NOTE P. RELATED PARTY TRANSACTIONS

Material related party transactions as defined by (ASC) 850 involving the United Way of the Midlands for year ending June 30 included:

- United Way of the Midlands Board of Director membership includes executives from various organizations. These organizations respectively received payments of \$338,382 for health and dental insurance premiums.
- The Board of Directors for United Way of the Midlands contributed \$202,067 to the 2019 campaign in fiscal year 2020.

NOTE Q. OPERATING LEASES

On May 26, 2015, the United Way of the Midlands entered into a lease for its administrative offices for ten years and 3 months; commencing on September 1, 2015, and ending on November 30, 2025. The lease contains two options to renew for sixty months each.

The future minimum annual rental payments per fiscal year are as follows:

Year ending June 30:

2021	\$ 331,237
2022	337,867
2023	344,545
2024	351,368
2025	358,353
Thereafter	150,527

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2020

NOTE R.      SUBSEQUENT EVENTS

Subsequent events have been assessed through September 24, 2020, which is the date the financial statements were available to be issued, and management has concluded there were no events or transactions that would require recognition or disclosure in the financial statements other than those already disclosed.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen for United Way of the Midlands' asset valuation and ability to secure pledges in the coming year. Investment markets may experience significant volatility in the valuation of investments. Higher unemployment may result in a decline in new pledges. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.