

**United  
Way**



**United Way  
of Central New Mexico**

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# FINANCIAL STATEMENTS

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**JUNE 30, 2021 and 2020**

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United Way of Central New Mexico

We have audited the accompanying financial statements of United Way of Central New Mexico (UWCNM) (a non-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to UWCNM'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 UWCNM'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 UWCNM as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*PULAKOS CPAs, PC*

October 27, 2021

Pulakos CPAs, PC

**United Way of Central New Mexico**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2021 and 2020**

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 13,483,077	\$ 1,114,862
Certificates-of-deposit	94,407	95,473
Investment held with Albuquerque Community Foundation	2,812,575	2,210,526
Pledges receivable, net of noncurrent portion and allowance for uncollectible pledges of \$174,344 and \$591,158 as of June 30, 2021 and 2020, respectively	5,364,718	6,121,994
Non-campaign receivable, amounts processed on behalf of others, net of allowance for uncollectible pledges of \$29,127 as of June 30, 2021 and 2020, respectively	152,295	149,361
Grant and other receivables	1,003,000	129,956
Prepaid expenses and other current assets	72,687	164,352
Total current assets	22,982,759	9,986,524
Pledges receivable, noncurrent	120,000	135,000
Property and equipment, net	154,715	131,684
Planned giving assets	2,496,863	1,570,631
Other assets	265,098	278,575
Total assets	\$ 26,019,435	\$ 12,102,414
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 401,884	\$ 537,229
Refundable advance - Paycheck Protection Program	-	621,232
Donor options payable	2,374,254	2,114,965
Non-campaign payable, amounts processed on behalf of others	287,861	272,313
Total current liabilities	3,063,999	3,545,739
Planned giving liability	316,979	291,720
Total liabilities	3,380,978	3,837,459
Net assets		
Without donor restrictions	13,837,519	1,970,762
With donor restrictions	8,800,938	6,294,193
Total net assets	22,638,457	8,264,955
Total liabilities and net assets	\$ 26,019,435	\$ 12,102,414

See Notes to Financial Statements and Independent Auditors' Report.

# United Way of Central New Mexico

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Campaign results			
2019 campaign	\$ -	\$ 120,599	\$ 120,599
2020 campaign	-	13,889,575	13,889,575
2021 campaign	-	1,277,942	1,277,942
2022 and future campaigns	-	98,025	98,025
<b>Total campaign</b>	-	15,386,141	15,386,141
Estimated uncollectible pledges	-	(241,834)	(241,834)
<b>Net campaign</b>	-	15,144,307	15,144,307
Donor option amounts (designations)	-	(9,121,282)	(9,121,282)
Campaign contributions released from restriction	6,188,561	(6,188,561)	-
<b>Total campaign revenue after release</b>	6,188,561	(165,536)	6,023,025
Other revenues and support			
In-kind contributions	826,592	-	826,592
Programmatic and grant revenue	786,785	3,754,609	4,541,394
Interest	600	-	600
Transformational gift	10,000,000	-	10,000,000
Planned giving activity	1,046,488	138,755	1,185,243
Other revenue released from restriction	1,221,083	(1,221,083)	-
<b>Total revenues</b>	20,070,109	2,506,745	22,576,854
Support service expenses			
Fundraising	1,993,979	-	1,993,979
Management	684,022	-	684,022
<b>Total support service expenses</b>	2,678,001	-	2,678,001
Program			
Grants and distributions			
Education, health, and financial stability	1,608,584	-	1,608,584
Community investment projects	73,671	-	73,671
Basic Needs	412,745	-	412,745
Other	364,781	-	364,781
Mission: Graduate	575,650	-	575,650
Center for Non-Profit Excellence	4,293	-	4,293
Other initiatives	711,656	-	711,656
Program services	918,649	-	918,649
<b>Total program expenses</b>	4,670,029	-	4,670,029
Other expenses			
In-kind expenses	826,592	-	826,592
Co-branding and event sponsorships	28,730	-	28,730
<b>Total other expenses</b>	855,322	-	855,322
<b>Total distributions and expenses</b>	8,203,352	-	8,203,352
Change in net assets	11,866,757	2,506,745	14,373,502
Net assets, beginning of year	1,970,762	6,294,193	8,264,955
Net assets, end of year	\$ 13,837,519	\$ 8,800,938	\$ 22,638,457

# United Way of Central New Mexico

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restriction</u>	<u>Total</u>
Campaign results			
2018 campaign	\$ -	\$ 266,005	\$ 266,005
2019 campaign	-	15,574,765	15,574,765
2020 campaign	-	1,841,972	1,841,972
2021 and future campaigns	-	211,351	211,351
<b>Total campaign</b>	-	17,894,093	17,894,093
Estimated uncollectible pledges	-	(697,041)	(697,041)
<b>Net campaign</b>	-	17,197,052	17,197,052
Donor option amounts (designations)	-	(8,926,881)	(8,926,881)
Campaign contributions released from restriction	8,740,040	(8,740,040)	-
<b>Total campaign revenue after release</b>	8,740,040	(469,869)	8,270,171
Other revenues and support			
In-kind contributions	1,028,931	-	1,028,931
Programmatic and grant revenue	85,213	681,280	766,493
Interest	598	-	598
Planned giving activity	(41,809)	38,650	(3,159)
Other revenue released from restriction	464,936	(464,936)	-
<b>Total revenues</b>	10,277,909	(214,875)	10,063,034
Support service expenses			
Fundraising	1,781,445	-	1,781,445
Management	1,115,784	-	1,115,784
<b>Total support service expenses</b>	2,897,229	-	2,897,229
Program			
Grants and distributions			
Education, health, and financial stability	1,889,109	-	1,889,109
Community investment projects	133,948	-	133,948
Basic Needs	545,149	-	545,149
Other	588,611	-	588,611
Mission: Graduate	702,316	-	702,316
Center for Non-Profit Excellence	212,451	-	212,451
Other initiatives	487,843	-	487,843
Program services	781,614	-	781,614
<b>Total program expenses</b>	5,341,041	-	5,341,041
Other expenses			
In-kind expenses	1,028,931	-	1,028,931
Co-branding and event sponsorships	47,314	-	47,314
Reversion of pledge - operating facility	1,800,000	-	1,800,000
<b>Total other expenses</b>	2,876,245	-	2,876,245
<b>Total distributions and expenses</b>	11,114,515	-	11,114,515
Change in net assets	(836,606)	(214,875)	(1,051,481)
Net assets, beginning of year	2,807,368	6,509,068	9,316,436
Net assets, end of year	<u>\$ 1,970,762</u>	<u>\$ 6,294,193</u>	<u>\$ 8,264,955</u>

## United Way of Central New Mexico

### STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

	2021	2020
Operating activities		
Change in net assets	\$ 14,373,502	\$ (1,051,481)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Net realized and unrealized gain on investments	(333,544)	(26,333)
Depreciation	53,744	49,158
Reversion of pledge - operating facility	-	1,800,000
Provision for uncollectible pledges	203,471	620,285
Net change in planned gift activity	(1,219,512)	(52,156)
Changes in operating assets and liabilities		
Receivables	(307,173)	421,494
Other assets	91,665	(25,087)
Pledge - operating facility	-	(1,800,000)
Accounts payable and accrued expenses	(135,345)	(43,291)
Refundable advance - Paycheck Protection Program	(621,232)	621,232
Donor options payable	274,837	(833,010)
	12,380,413	(319,189)
Net cash provided (used) by operating activities		
Investing activities		
Purchase of property and equipment	(76,775)	(55,763)
Redemption of certificates-of-deposit	-	201,777
Proceeds from sale of investments	64,577	126,287
	(12,198)	272,301
Net cash (used) provided by investing activities		
Change in cash and cash equivalents	12,368,215	(46,888)
Cash and cash equivalents, beginning of year	1,114,862	1,161,750
Cash and cash equivalents, end of year	\$ 13,483,077	\$ 1,114,862

**United Way of Central New Mexico**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2021

	Program					Fundraising	Management	Total	
	Grants and Distributions	Mission: Graduate	Center for Non-Profit Excellence	Other Initiatives	Program Services				Total Program
Grants and distributions									
Education, health, and financial stability	\$ 1,608,584	\$ -	\$ -	\$ -	\$ -	\$ 1,608,584	\$ -	\$ -	\$ 1,608,584
Community investment projects	73,671	-	-	-	-	73,671	-	-	73,671
Basic needs	412,745	-	-	-	-	412,745	-	-	412,745
Other	279,601	-	75,000	10,180	-	364,781	-	-	364,781
<b>Total grants and distributions</b>	<b>2,374,601</b>	<b>-</b>	<b>75,000</b>	<b>10,180</b>	<b>-</b>	<b>2,459,781</b>	<b>-</b>	<b>-</b>	<b>2,459,781</b>
Operating expenses									
Bank service charges	-	-	-	-	13,215	13,215	11,893	1,321	26,429
Credit card charges	-	-	-	-	17,389	17,389	15,650	1,739	34,778
D&O and dishonesty insurance	-	-	-	-	12,499	12,499	11,249	1,250	24,998
Depreciation	-	5,147	2,176	-	5,803	13,126	33,075	7,543	53,744
Dues and subscriptions	-	8,797	115	1,075	18,481	28,468	16,633	2,462	47,563
Equipment rental	-	4,709	-	2,290	7,449	14,448	6,704	745	21,897
Occupancy	-	19,362	-	5,442	76,203	101,007	68,583	7,620	177,210
Office supplies	-	2,694	-	9,340	5,208	17,242	9,149	2,723	29,114
Payroll taxes and fringe benefits	-	50,729	13	84,751	87,936	223,429	274,352	112,266	610,047
Postage	-	40	-	335	5,810	6,185	5,229	581	11,995
Printing and marketing	-	41,982	-	4,485	12,312	58,779	11,081	1,231	71,091
Professional fees	-	130,489	111	191,599	149,400	471,599	184,970	16,733	673,302
Salaries and temporary labor	-	299,022	-	389,113	347,860	1,035,995	1,200,883	519,495	2,756,373
Telephone	-	23	-	12,434	22,463	34,920	20,216	2,279	57,415
Travel/meals	-	(135)	-	378	6,100	6,343	5,702	610	12,655
United Way Worldwide dues	-	-	-	-	121,865	121,865	109,679	12,187	243,731
Miscellaneous	-	12,791	1,878	7,914	84	22,667	1,216	(7,706)	16,177
Volunteer/staff recognition	-	-	-	2,500	8,572	11,072	7,715	943	19,730
<b>Total operating expenses</b>	<b>-</b>	<b>575,650</b>	<b>4,293</b>	<b>711,656</b>	<b>918,649</b>	<b>2,210,248</b>	<b>1,993,979</b>	<b>684,022</b>	<b>4,888,249</b>
<b>Total functional expenses</b>	<b>\$ 2,374,601</b>	<b>\$ 575,650</b>	<b>\$ 79,293</b>	<b>\$ 721,836</b>	<b>\$ 918,649</b>	<b>\$ 4,670,029</b>	<b>\$ 1,993,979</b>	<b>\$ 684,022</b>	<b>\$ 7,348,030</b>

## United Way of Central New Mexico

### STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Program					Total Program	Fundraising	Management	Total
	Grants and Distributions	Mission: Graduate	Center for Non-Profit Excellence	Other Initiatives	Program Services				
Grants and distributions									
Education, health, and financial stability	\$ 1,822,065	\$ 16,794	\$ -	\$ 50,250	\$ -	\$ 1,889,109	\$ -	\$ -	\$ 1,889,109
Community investment projects	133,948	-	-	-	-	133,948	-	-	133,948
Basic needs	545,149	-	-	-	-	545,149	-	-	545,149
Other	538,611	50,000	-	-	-	588,611	-	-	588,611
Total grants and distributions	3,039,773	66,794	-	50,250	-	3,156,817	-	-	3,156,817
Operating expenses									
Bank service charges	-	-	-	-	13,884	13,884	12,495	1,388	27,767
Credit card charges	-	-	-	-	18,967	18,967	17,070	1,897	37,934
D&O and dishonesty insurance	-	-	-	-	12,520	12,520	11,268	1,252	25,040
Depreciation	-	5,147	2,176	-	5,230	12,553	29,807	6,798	49,158
Dues and subscriptions	-	9,382	920	250	10,815	21,367	9,733	5,581	36,681
Equipment rental	-	4,940	-	2,368	7,143	14,451	6,429	714	21,594
Occupancy	-	19,563	2,137	-	74,067	95,767	66,661	7,407	169,835
Office supplies	-	1,697	301	19,619	3,723	25,340	3,464	372	29,176
Payroll taxes and fringe benefits	-	48,881	27,917	60,330	59,938	197,066	240,947	208,801	646,814
Postage	-	-	135	68	6,314	6,517	5,683	631	12,831
Printing and marketing	-	23,445	800	9,112	17,756	51,113	16,629	1,776	69,518
Professional fees	-	226,701	31,072	111,582	131,949	501,304	188,287	33,484	723,075
Salaries and temporary labor	-	372,156	119,701	252,696	267,669	1,012,222	1,036,497	830,395	2,879,114
Telephone	-	955	49	8,268	23,997	33,269	21,597	2,400	57,266
Travel/meals	-	7,335	1,708	14,008	30,356	53,407	27,320	3,159	83,886
United Way Worldwide dues	-	-	-	-	86,226	86,226	77,604	8,623	172,453
Miscellaneous	-	(18,756)	25,535	9,542	5,913	22,234	5,322	591	28,147
Volunteer/staff recognition	-	870	-	-	5,147	6,017	4,632	515	11,164
Total operating expenses	-	702,316	212,451	487,843	781,614	2,184,224	1,781,445	1,115,784	5,081,453
Total functional expenses	<u>\$ 3,039,773</u>	<u>\$ 769,110</u>	<u>\$ 212,451</u>	<u>\$ 538,093</u>	<u>\$ 781,614</u>	<u>\$ 5,341,041</u>	<u>\$ 1,781,445</u>	<u>\$ 1,115,784</u>	<u>\$ 8,238,270</u>

See Notes to Financial Statements and Independent Auditors' Report.



# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 1 – ORGANIZATION AND ADMINISTERED PROGRAMS

#### Organization

Headquartered in Albuquerque, United Way of Central New Mexico (UWCNM) serves the people of five counties: Bernalillo, Sandoval, Santa Fe, Torrance, and Valencia. Its mission is to bring people and resources together to measurably improve lives and strengthen our communities.

UWCNM brings together donors, businesses, nonprofits, government, and others to create better solutions to our community's challenges. Our programs and donor dollars ensure that individuals and families in Central New Mexico have the opportunity to achieve potential through education, that they are healthy and safe, are financially stable and live life with dignity.

UWCNM has a strong commitment to Diversity, Equity and Inclusion and uphold the following values:

- We value the visible and invisible qualities that make you who you are.
- We welcome that every person brings a unique perspective and experience to advance our mission and progress our fight for the health, education, and financial stability of every person in every community.
- We believe that each United Way community member, donor, volunteer, advocate, and employee must have equal access to solving community problems.
- We strive to include diversity, equity, and inclusion practices at the center of our daily work.

We commit to using these practices for our business and our communities.

#### Administered Programs

UWCNM administers the following programs:

##### *Community Investment Fund*

The Community Investment Fund improves our community by providing program grants to qualifying health and human services agencies in Central New Mexico. The Community Investment Fund advances the common good and works to create a stronger community. We provide grants in three areas:

- 1) **Impact Grants** that focus on education/youth development and family stability.
- 2) **Basic Needs Grants** support emergent needs, such as food and emergency shelter.
- 3) **Capacity Building Grants** improve a nonprofit's ability to fulfill its mission.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 1 – ORGANIZATION AND ADMINISTERED PROGRAMS – CONTINUED

#### Administered Programs – Continued

UWCNM invests in EDUCATIONAL programs to create Central New Mexico communities where all children are born healthy and develop on track and are fully prepared to enter the educational system; where all students progress successfully through elementary school, middle school, and graduate high school within 5 years, ready for school, life or work; and where all individuals have an opportunity to attain post-secondary education, from trade schools to 4-year universities.

UWCNM invests in FAMILY STABILITY to create Central New Mexican communities where all individuals and families have adequate and sustainable resources to support their needs; and have the skills, knowledge and relationships they need to build resiliency.

UWCNM invests in BASIC NEEDS programs to create Central New Mexican communities where vulnerable populations are safe, socially engaged, and live with dignity.

UWCNM invests in CAPACITY BUILDING GRANTS which are smaller grants awarded to organizations to support their ability to fulfill their missions more effectively.

Community Investment Fund expenses are presented under the Impact Grants, Basic Needs Grants, and Capacity Building Grants headings in the statements of activities.

#### *Mission: Graduate*

Mission: Graduate is a cradle-to-career community initiative that has the goal of adding 60,000 certificates and degrees to our region above and beyond what existed in our baseline year of 2010. This multi-sector partnership is committed to a vision for a world-class, seamless and coordinated education system that provides equitable opportunities for all to excel and succeed in school; graduate with a certificate or postsecondary degree; and enter a career of their choosing in Central New Mexico.

#### *Mission: Families*

Mission: Families is a part of UWCNM's Cradle to Career Impact Agenda and was established in 2018 in response to Mission: Graduate's work, the educational component of UWCNM's Impact Agenda. Mission: Families focuses on family stability and the vision is resilient children and families free from Adverse Childhood Experiences in Central New Mexico. The goal is to impact 20,000 families by the year 2030 in Central New Mexico.

#### *Center for Nonprofit Excellence*

The Center for Nonprofit Excellence (CNPE) strengthens the capabilities and capacity of New Mexico nonprofits so they can more effectively achieve their missions. CNPE does this by providing organizational and professional development resources to nonprofit professionals and volunteers through the CNPE Education Program and website ([www.cnpenm.org](http://www.cnpenm.org)). As of July 1, 2020, CNPE is no longer a program of UWCNM, but transition funding in fiscal year 20-21.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 1 – ORGANIZATION AND ADMINISTERED PROGRAMS – CONTINUED

#### Administered Programs – Continued

##### *Tax Help New Mexico*

Tax Help New Mexico provides free tax preparation to New Mexico households with an annual household income of less than \$57,000. Volunteers served 7,734 clients last filing season. Tax Help NM saved New Mexico filers more than \$2.7 million in tax preparation fees and was responsible for returning over \$15.4 million in tax refunds to local economies. Tax Help New Mexico expenses are presented under the Other Initiatives heading in the statements of activities.

##### *2-1-1*

2-1-1 is the national abbreviated dialing code for free access to health and human services information and referral. United Way of Central New Mexico's 2-1-1 is a comprehensive source for information about health and human services, government agencies and community-based organizations. UWCNM's 2-1-1 service, which includes our phone service and webpage experienced more than 22,000 contacts in 2021; this year, call volume dramatically increased in the context of COVID because so many community members are suffering food insecurity, loss of income and housing instability and need extra support. 2-1-1 (or 245-1735) is staffed by live agents between 8:30 a.m. and 4:30 p.m. MT Monday through Friday; an automated system fields calls after hours and on weekends and holidays. Callers whose needs are not met by the automated system can leave voicemail messages which are responded to the next business day. 2-1-1 expenses are presented under the Other Initiatives heading in the statements of activities.

##### *Donor Group Initiatives*

UWCNM also administers other initiatives through Hispano Philanthropic Society, Young Leaders Society, Women United, and Guys Give. Donor Group members have identified women's self-sufficiency, middle-school youth, youth transitioning to adulthood and preventing family violence as areas for giving. Donor Group Grant Initiatives are gifts to the Community Investment Fund. Donor Group Initiatives expenses are presented under the Co-Branding and Event Sponsorships heading in the statements of activities.

##### *Donor Option Program*

Donors have the option to designate contributions to any organization that is tax-exempt under Internal Revenue Code Section 501(c)(3). UWCNM remits collected contributions on a monthly basis to the designated organizations. Donor option program expenses are presented under the Program Services heading in the statements of activities.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 1 – ORGANIZATION AND ADMINISTERED PROGRAMS – CONTINUED

#### Administered Programs – Continued

##### *Family Advocacy Center*

UWCNM helped establish the Family Advocacy Center (FAC) in 2007 to change the system of care for victims of domestic and interpersonal violence. The FAC is a “one-stop” shop for victims that offers a safe, secure and caring environment focused on the needs of victims of interpersonal crime. The FAC houses many different agencies working together under one roof. The unique design of the facility dramatically reduces the stress and trauma often placed on victims and their families through giving them access to a wide range of support services at one location. Services include medical care, advocacy, legal and financial assistance, as well as law enforcement and prosecution. Many of the agencies that housed at or work with the FAC apply for and receive Community Fund Impact Grants. FAC expenses are presented under the Other Initiatives heading in the statements of activities.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The financial statements of UWCNM have been prepared in accordance with accounting principles generally accepted in the United States of America, which require UWCNM to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of UWCNM. These net assets may be used at the discretion of UWCNM’s management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UWCNM or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### 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.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

#### Contributions and Revenue Recognition

All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Pledges for contributions for a campaign year are recorded as assets and restricted revenue when the pledges are received. Allocations to funded agencies are recognized as expenses in the period such allocations are made, generally the following year. Allocations are generally paid on a monthly installment basis throughout the year.

Pledges for which the donor stipulates the agency to receive the donation (Donor Option Program) are recorded as assets (Donor options receivable) and liabilities (Donor options payable) when the pledges are received. They are included in campaign results, but are not considered revenue of UWCNM and are reflected as donor option amounts (designations) in the accompanying financial statements.

The provision for uncollectible pledges is computed based upon a three-year historical average adjusted by management estimates of current economic factors. It is applied to the gross campaign including donor option pledges.

#### Contributed Services

Approximately 840 volunteers have donated over 42,000 hours of their time in the furtherance of UWCNM's activities. The value of this contributed time is not reflected in these statements because it does not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

#### Donated Services

Contributed services are recognized if the services received create or enhance non-financial assets, require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services are recorded at the fair value of the services received as determined by the donor. For the years ended June 30, 2021 and 2020, UWCNM received and recognized \$826,592 and \$1,028,931, respectively, of donated services. The recognized donated services included advertising and other professional services related to the programs, fundraising, and management and general operations of UWCNM.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Property and Equipment

Property and equipment is recorded at cost or estimated fair value at date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. UWCNM capitalizes items over \$1,000 over the estimated useful life of the assets, which ranges from 3 to 30 years.

#### Income Taxes

UWCNM is a nonprofit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

UWCNM has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Management believes that all activities of UWCNM are within their tax-exempt purpose and that there are no uncertain tax positions. Any interest and penalties recognized associated with a tax position are classified as current in UWCNM's financial statements. There were no interest or penalties recorded as of June 30, 2021 and 2020.

#### Planned Giving

UWCNM has been named as a trustee or owner in several planned giving agreements. Some of the agreements stipulate UWCNM as the beneficiary of the agreement while others require UWCNM to distribute the trust assets or life insurance death benefits upon the death of the donor and therefore, UWCNM has recorded a liability equal to the fair market value of these assets. The fair market value of these trust liabilities was \$316,979 and \$291,720 as of June 30, 2021 and 2020, respectively. UWCNM has a Planned Giving Committee which provides planned giving opportunities to donors and establishes and executes planned giving initiatives. They also establish and execute gift acceptance policies. Policy decisions made by this committee are moved to the finance committee for further approval before moving to the Board of Directors for final approval.

#### Financial Instruments

The carrying amounts of cash, certificates-of-deposit, receivables, payables, and accrued expenses approximate fair value due to the short maturity periods of these instruments.

#### Expense Allocation

The cost of providing the various programs and all other activities has been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Fair Value Measurements

Accounting Standards Codification Topic 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 and 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 – Unadjusted quoted prices in active markets for identical investments that UWCNM has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, inputs other than observable quoted prices, or inputs derived principally from or corroborated by observable market data by correlation or other means.

#### Fair Value Measurements – Continued

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

#### Subsequent Events

UWCNM has evaluated all events occurring subsequent to June 30, 2020 and through October 27, 2021, which is the date that the financial statements were issued and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying financial statements.

### NOTE 3 – PROPERTY AND EQUIPMENT

	<u>2021</u>	<u>2020</u>
Equipment	\$ 587,398	\$ 510,623
Leasehold improvements	395,073	395,073
Furniture and fixtures	<u>275,487</u>	<u>275,487</u>
	1,257,958	1,181,183
Less accumulated depreciation	<u>(1,103,243)</u>	<u>(1,049,499)</u>
	<u>\$ 154,715</u>	<u>\$ 131,684</u>

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 13,483,077	\$ 1,114,862
Certificates-of-deposit	94,407	95,473
Investment held with ACF	2,812,575	2,210,526
Campaign pledges receivable, net	5,484,718	6,256,994
Non-campaign and other receivables, net	<u>1,155,295</u>	<u>279,317</u>
Total financial assets	23,030,072	9,957,172
Financial assets not available for use within one year:		
Unpaid donor designations	2,374,254	2,123,555
Non-campaign receivables, net	152,295	149,361
Campaign pledges receivable, long-term	120,000	135,000
Net assets with donor restrictions subject to purpose restrictions	<u>4,294,757</u>	<u>1,622,472</u>
Total financial assets not available for use within one year	<u>6,941,306</u>	<u>4,030,388</u>
Financial assets available to meet cash needs for general expenditure within one year from June 30, 2021 and 2020	<u>\$ 16,088,766</u>	<u>\$ 5,926,784</u>

UWCNM manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to meet operational needs as well as impact grant obligations. UWCNM's general goal is to maintain a level of liquid financial assets and net receivables sufficient to cover 6 months' worth of operating expenses and impact grants. As part of the liquidity plan, UWCNM is continuously evaluating the amount of cash on hand and expected to be collected within 180 days, against current financial obligations.



# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

UWCNM restricts net assets based upon time and initiative restrictions. Net assets with donor restrictions as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Impact Area Restrictions	\$ 1,647,541	\$ 955,237
Women United/Young Leaders/ Hispano Philanthropic Society/ Mission Graduate	527,597	549,923
Family Advocacy Center	69,837	117,312
DEI United	49,782	-
BIPOC Grants	2,000,000	-
 Subject to the passage of time:		
Undesignated pledges receivable and planned giving assets	<u>4,506,181</u>	<u>4,671,721</u>
	<u>\$ 8,800,938</u>	<u>\$ 6,294,193</u>

Releases of net assets with donor restrictions consist generally of collections of pledges and expenditures of funds in accordance with donor and grant stipulations.

### NOTE 6 – PLEDGE OF BUILDING

In 2016, UWCNM entered into an irrevocable gift agreement with donors which provided for conveyance of ownership to UWCNM of the building that houses UWCNM's leased operating facilities. This conveyance was to take place at the earlier of the end of a defined option period or the death of both donors. As a result, UWCNM recorded a long-term pledge receivable for the fair market value of the building on the date of the agreement. The balance of this pledge receivable was \$1,800,000 on June 30, 2019. In 2020, UWCNM agreed to terminate the irrevocable gift agreement. Accordingly, UWCNM has removed the value of the pledged building as of June 30, 2020.

In return for agreeing to terminate the gift agreement, the original donor made a pledge of \$1,000,000, of which \$865,000 is to be paid in 2021, and the remaining \$135,000 is to be paid over a ten-year period. The removal of the original pledge and the addition of the new pledge resulted in a net decrease in net assets of \$800,000 in 2020.

As of the date of both UWCNM agreeing to terminate the gift agreement and UWCNM accepting the \$1,000,000 pledge in its place, UWCNM's Board Chair was a donor of the building and the \$1,000,000 pledge. The Board Chair recused herself of all actions taken by the UWCNM Board of Directors on these matters.

# **United Way of Central New Mexico**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021 and 2020**

### **NOTE 7 – PAYCHECK PROTECTION PROGRAM (PPP)**

On May 1, 2020, UWCNM entered into a Loan Agreement and Promissory Note (SBA Loan) pursuant to the Paycheck Protection Program (PPP) under the recently enacted Coronavirus Aid, Relief, and Economic Security Act (CARES Act) administered by the U.S. Small Business Administration. UWCNM received total loan proceeds of \$621,232. The loan was scheduled to mature on May 1, 2022, carry a 1.00% interest rate and was subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration under the CARES Act.

On July 13, 2021, UWCNM received formal notification of loan forgiveness from the lender. UWCNM has elected to account for this transaction as a conditional contribution, pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, Financial Statements for Not-For-Profit Organizations – Revenue Recognition. Accordingly, UWCNM recorded contribution revenue of \$621,232 in 2021, which is included in programmatic and grant revenue in the accompanying statements of activities.

### **NOTE 8 – CAMPAIGN REVENUES COLLECTED ON BEHALF OF OTHERS**

UWCNM acts as an agent, collecting and processing contributions on behalf of other local United Way chapters in the United States. Amounts receivable of \$152,295 and \$149,361 and payable of \$287,861 and \$272,313 as of June 30, 2021 and 2020, respectively, are included in the accompanying statements of financial position. These contributions are not counted in the UWCNM campaign results as they are counted in the communities where they are raised.

### **NOTE 9 – CORPORATE CORNERSTONE RECOGNITION PROGRAM**

Under the Corporate Cornerstone Recognition Program, donations from local corporations and individuals who choose to participate in the program are appropriated by UWCNM's Board of Directors to fund the fundraising and general operational and administrative costs of UWCNM, as well as several other initiatives. Annually, total donations raised from this program are allocated to fund UWCNM's operational budget and the Center for Non-Profit Excellence. After these allocations have been made, any remaining funds are designated to Impact, Basic Needs and Capacity Building grants. During 2016, the Board of Directors voted to modify the Donor Option Program in response to contributions from the Corporate Cornerstone Recognition Program not being sufficient to fund UWCNM's administrative expenses. Beginning with the 2016 campaign, when a donor designates 10% of their annual contribution to support the work of United Way, 100% of their remaining designated contributions will be passed through. If they elect not to designate 10% to UWCNM, then 10% of their designations will be deducted to cover administrative cost when their designations are passed through.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

**June 30, 2021 and 2020**

### NOTE 10 – TRANSFERS OF ASSETS TO RECIPIENT ORGANIZATIONS

UWCNM transfers certain endowment gifts from donors to the Albuquerque Community Foundation (ACF). Under the terms of an agreement between UWCNM and ACF, UWCNM holds variance power over these assets. ACF keeps separate records of the activity and performance of each of these assets within UWCNM’s endowment total. Annually, UWCNM requests distributions of these assets from ACF according to the endowment agreement between UWCNM and the initial donor of the endowment. As of June 30, 2021 and 2020, UWCNM had transferred \$4,400,634 and \$2,998,407, respectively, of these assets to ACF, which are included in the investment with ACF and planned giving assets balances of the accompanying statements of financial position.

### NOTE 11 – FAIR VALUE MEASUREMENT

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2021 and 2020.

<b>Description - 2021</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Certificates-of-deposit	\$ 94,407	\$ -	\$ 94,407	\$ -
Investment with ACF	2,812,575	-	-	2,812,575
Planned giving assets	2,496,863	-	908,804	1,588,059
Other assets	78,431	-	-	78,431
	<u>\$ 5,482,276</u>	<u>\$ -</u>	<u>\$ 1,003,211</u>	<u>\$ 4,479,065</u>
<b>Description - 2020</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Certificates-of-deposit	\$ 95,473	\$ -	\$ 95,473	\$ -
Investment with ACF	2,210,526	-	-	2,210,526
Planned giving assets	1,570,631	-	782,750	787,881
Other assets	78,575	-	-	78,575
	<u>\$ 3,955,205</u>	<u>\$ -</u>	<u>\$ 878,223</u>	<u>\$ 3,076,982</u>

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

*Certificates-of-deposit:* Valued at face value plus accrued earnings, which approximate fair value.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 11 – FAIR VALUE MEASUREMENT – CONTINUED

*Investment with ACF and Other Assets:* Valued at net realizable value, as determined by the quoted prices as provided by the investment manager, which pools all funds and allocates investment activity to each fund accordingly.

*Planned giving assets:* Valued at the quoted prices as provided by the investment manager, which pools all funds and allocates investment activity to each fund accordingly or the present value of future cash flows using a stated discount rate for insurance policies.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

#### Level 3 Investments

The following tables present the UWCNM's activities for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2021 and 2020: Level 3 activity is as follows:

	<u>2021</u>	<u>2020</u>
Beginning balances	\$ 3,076,982	\$ 3,168,879
Contributions	491,684	60,860
Interest and dividend income	67,835	60,076
Realized and unrealized (losses) gains	953,048	(37,101)
Distributions and fees	<u>(110,484)</u>	<u>(175,732)</u>
Ending balances	<u>\$ 4,479,065</u>	<u>\$ 3,076,982</u>

### NOTE 12 – COMMITMENTS AND CONTINGENCIES

#### Defined Contribution Plan

All UWCNM employees are eligible to participate in a 403(b) defined contribution plan administered by Bank of Albuquerque Financial. Eligibility is attained upon the first day of the month after hire, provided the employee is at least 21 years of age. Employees can contribute compensation to the Plan, subject to IRS restrictions. UWCNM matches the first 3% of all employee contributions, with these matching contributions vesting immediately. Total expenses incurred by UWCNM with regard to this Plan were \$159,814 and \$185,084 in 2021 and 2020, respectively.

# United Way of Central New Mexico

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

### NOTE 12 – COMMITMENTS AND CONTINGENCIES – CONTINUED

#### COVID-19 Pandemic

The Secretary for the New Mexico Department of Health has mandated temporary closing of businesses that were deemed non-essential and requested citizens of the State to adopt behavioral changes in response to the COVID-19 outbreak in the State. At a national and international level, government restrictions on travel and the behavioral changes by the public due to COVID-19 outbreaks across the globe are negatively impacting various industries and the related world markets. While the disruption is expected to be temporary, there is considerable uncertainty around the duration and ultimate financial impact of these actions.

#### Concentrations of Risk

To reduce the level of exposure at any one financial institution, UWCNM diversifies its certificates-of-deposit with various financial institutions. UWCNM maintains cash balances in financial institutions that at times exceed federally insured limits. Management regularly monitors the financial institutions with balances in excess of insured limits to manage the risk of loss.

#### Significant Donor

In 2021, UWCNM received an unrestricted contribution of \$10,000,000. A task force was created to formulate spending of the gift over a period of the next seven years. Spending categories include community investment grants, UWCNM programming, rural county outreach, administrative/operating costs, and establishing an endowment.

#### Leases

UWCNM leases its primary corporate offices under an operating lease agreement with a related party, which calls for monthly rent payments of \$12,171, escalating after 60 months, and expires in February 2026. UWCNM also leases various office space and equipment under short term operating lease agreements. These agreements expire at various dates through March 2026 and call for monthly payments of \$902-\$1,650. The minimum future lease payments follow:

2022	\$	179,954
2023		179,954
2024		173,356
2025		160,160
2026		<u>106,773</u>
Total	\$	<u>800,197</u>

Total expense for these leases was \$177,210 and \$169,835 in 2021 and 2020, respectively.

UWCNM recorded an in-kind contribution for below market rent of \$103,090 in 2021 and 2020, related to the lease of its primary corporate offices. In-kind rent is computed as the difference between the market price per square foot and the contract price in the lease.

# **United Way of Central New Mexico**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021 and 2020**

### **NOTE 13 – FUTURE ACCOUNTING PRONOUNCEMENTS**

Effective for its annual financial statements for fiscal year 2023, UWCNM is subject to new accounting standards issued by FASB that will require significant changes in accounting for operating leases under which UWCNM is the lessee. Upon adoption, among other effects, UWCNM will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes will entail certain retrospective adjustments. The qualitative effects on the UWCNM's future financial statements of these changes and related retrospective adjustments have not yet been determined.