

**United
Way**



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**United Way
of Central New Mexico**

FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Central New Mexico

Opinion

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, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UWCNM as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UWCNM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the UWCNM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the UWCNM's ability to continue as a going concern for a reasonable period-of-time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audit.

October 26, 2022


Pulakos CPAs, PC

United Way of Central New Mexico
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 11,783,367	\$ 13,483,077
Certificates-of-deposit	101,731	94,407
Investment held with Albuquerque Community Foundation	2,735,189	2,812,575
Pledges receivable, net of noncurrent portion and allowance for uncollectible pledges of \$199,422 and \$174,344 as of June 30, 2022 and 2021, respectively	6,254,381	5,364,718
Non-campaign receivable, amounts processed on behalf of others, net of allowance for uncollectible pledges of zero and \$29,127 as of June 30, 2022 and 2021, respectively	164,295	152,295
Grant and other receivables	1,569,417	1,003,000
Prepaid expenses and other current assets	124,447	72,687
Total current assets	22,732,827	22,982,759
Pledges receivable, noncurrent	105,000	120,000
Property and equipment, net	163,123	154,715
Planned giving assets	2,580,204	2,496,863
Other assets	177,750	265,098
Total assets	\$ 25,758,904	\$ 26,019,435
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 307,311	\$ 401,884
Donor options payable	2,712,826	2,374,254
Non-campaign payable, amounts processed on behalf of others	166,472	287,861
Total current liabilities	3,186,609	3,063,999
Planned giving liability	405,502	316,979
Total liabilities	3,592,111	3,380,978
Net assets		
Without donor restrictions	10,962,807	13,837,519
With donor restrictions	11,203,986	8,800,938
Total net assets	22,166,793	22,638,457
Total liabilities and net assets	\$ 25,758,904	\$ 26,019,435

United Way of Central New Mexico

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Campaign results			
2020 campaign	\$ -	\$ 99,030	\$ 99,030
2021 campaign	-	13,668,670	13,668,670
2022 campaign	-	1,236,229	1,236,229
2023 and future campaigns	-	75,290	75,290
Total campaign	-	15,079,219	15,079,219
Estimated uncollectible pledges	-	(165,359)	(165,359)
Net campaign	-	14,913,860	14,913,860
Donor option amounts (designations)	-	(9,165,953)	(9,165,953)
Campaign contributions released from restriction	5,228,355	(5,228,355)	-
Total campaign revenue after release	5,228,355	519,552	5,747,907
Other revenues and support			
In-kind contributions	771,340	-	771,340
Programmatic and grant revenue	109,840	2,929,531	3,039,371
Interest	7,991	-	7,991
Planned giving activity	292,186	-	292,186
Other revenue released from restriction	1,046,035	(1,046,035)	-
Total revenues	7,455,747	2,403,048	9,858,795
Support service expenses			
Fundraising	2,256,565	-	2,256,565
Management	728,912	-	728,912
Total support service expenses	2,985,477	-	2,985,477
Program			
Grants and distributions			
Education, health, and financial stability	1,902,295	-	1,902,295
Community investment projects	241,500	-	241,500
Basic Needs	1,270,072	-	1,270,072
Other	533,342	-	533,342
Mission: Graduate	358,304	-	358,304
Other initiatives	1,117,012	-	1,117,012
Program services	1,091,167	-	1,091,167
Total program expenses	6,513,692	-	6,513,692
Other expenses			
In-kind expenses	771,340	-	771,340
Co-branding and event sponsorships	59,950	-	59,950
Total other expenses	831,290	-	831,290
Total distributions and expenses	10,330,459	-	10,330,459
Change in net assets	(2,874,712)	2,403,048	(471,664)
Net assets, beginning of year	13,837,519	8,800,938	22,638,457
Net assets, end of year	\$ 10,962,807	\$ 11,203,986	\$ 22,166,793

United Way of Central New Mexico

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restriction	Total
Campaign results			
2019 campaign	\$ -	\$ 120,599	\$ 120,599
2020 campaign	-	13,889,575	13,889,575
2021 campaign	-	1,277,984	1,277,984
2022 and future campaigns	-	97,983	97,983
Total campaign	-	15,386,141	15,386,141
Estimated uncollectible pledges	-	(241,834)	(241,834)
Net campaign	-	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)	-
Total campaign revenue after release	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)	-
Total revenues	20,070,109	2,506,745	22,576,854
Support service expenses			
Fundraising	1,993,979	-	1,993,979
Management	684,022	-	684,022
Total support service expenses	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
Total program expenses	4,670,029	-	4,670,029
Other expenses			
In-kind expenses	826,592	-	826,592
Co-branding and event sponsorships	28,730	-	28,730
Total other expenses	855,322	-	855,322
Total distributions and expenses	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	<u>\$ 13,837,519</u>	<u>\$ 8,800,938</u>	<u>\$ 22,638,457</u>

United Way of Central New Mexico

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2022 and 2021

	2022	2021
Operating activities		
Change in net assets	\$ (471,664)	\$ 14,373,502
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Net realized and unrealized loss (gain) on investments	271,812	(333,544)
Depreciation	63,750	53,744
Provision for uncollectible pledges	199,422	203,471
Net change in planned gift activity	(239,486)	(1,219,512)
Changes in operating assets and liabilities		
Receivables	(1,652,502)	(307,173)
Other assets	(51,760)	91,665
Accounts payable and accrued expenses	(94,573)	(135,345)
Refundable advance - Paycheck Protection Program	-	(621,232)
Donor options payable	217,183	274,837
	(1,757,818)	12,380,413
Investing activities		
Purchase of property and equipment	(72,158)	(76,775)
Proceeds from sale of investments	130,266	64,577
	58,108	(12,198)
Change in cash and cash equivalents	(1,699,710)	12,368,215
Cash and cash equivalents, beginning of year	13,483,077	1,114,862
Cash and cash equivalents, end of year	\$ 11,783,367	\$ 13,483,077

United Way of Central New Mexico
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	<u>Program</u>				<u>Fundraising</u>	<u>Management</u>	<u>Total</u>	
	<u>Grants and Distributions</u>	<u>Mission: Graduate</u>	<u>Other Initiatives</u>	<u>Program Services</u>				<u>Total Program</u>
Grants and distributions								
Education, health, and financial stability	\$ 1,902,295	\$ -	\$ -	\$ -	\$ 1,902,295	\$ -	\$ -	\$ 1,902,295
Community investment projects	241,500	-	-	-	241,500	-	-	241,500
Basic needs	1,270,072	-	-	-	1,270,072	-	-	1,270,072
Other	75,856	-	457,486	-	533,342	-	-	533,342
Total grants and distributions	3,489,723	-	457,486	-	3,947,209	-	-	3,947,209
Operating expenses								
Bank service charges	-	-	-	20,633	20,633	18,570	2,063	41,266
Credit card charges	-	-	-	21,771	21,771	19,594	2,177	43,542
D&O and dishonesty insurance	-	-	-	15,169	15,169	13,652	1,517	30,338
Depreciation	-	5,018	1,545	7,148	13,711	41,029	9,010	63,750
Dues and subscriptions	-	1,986	1,516	9,153	12,655	8,238	1,198	22,091
Equipment rental	-	87	2,389	7,327	9,803	6,594	733	17,130
Occupancy	-	23,104	500	80,849	104,453	72,764	8,085	185,302
Office supplies	-	1,064	17,129	9,208	27,401	13,892	3,522	44,815
Payroll taxes and fringe benefits	-	64,398	136,846	117,365	318,609	322,704	121,521	762,834
Postage	-	225	884	3,114	4,223	2,802	311	7,336
Printing and marketing	-	12,027	24,547	25,024	61,598	22,745	2,502	86,845
Professional fees	-	66,546	279,526	126,117	472,189	195,640	12,612	680,441
Salaries and temporary labor	-	178,094	583,532	417,361	1,178,987	1,306,433	534,550	3,019,970
Telephone	-	-	37,183	23,733	60,916	21,360	2,373	84,649
Travel/meals	-	600	6,892	20,801	28,293	19,724	2,076	50,093
United Way Worldwide dues	-	-	-	158,456	158,456	142,611	15,846	316,913
Miscellaneous	-	5,155	15,023	12,811	32,989	13,426	7,008	53,423
Volunteer/staff recognition	-	-	9,500	15,127	24,627	14,787	1,808	41,222
Total operating expenses	-	358,304	1,117,012	1,091,167	2,566,483	2,256,565	728,912	5,551,960
Total functional expenses	<u>\$ 3,489,723</u>	<u>\$ 358,304</u>	<u>\$ 1,574,498</u>	<u>\$ 1,091,167</u>	<u>\$ 6,513,692</u>	<u>\$ 2,256,565</u>	<u>\$ 728,912</u>	<u>\$ 9,499,169</u>

See Notes to Financial Statements and Independent Auditors' Report.

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
Total grants and distributions	2,374,601	-	75,000	10,180	-	2,459,781	-	-	2,459,781
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
Total operating expenses	-	575,650	4,293	711,656	918,649	2,210,248	1,993,979	684,022	4,888,249
Total functional expenses	\$ 2,374,601	\$ 575,650	\$ 79,293	\$ 721,836	\$ 918,649	\$ 4,670,029	\$ 1,993,979	\$ 684,022	\$ 7,348,030

See Notes to Financial Statements and Independent Auditors' Report.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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 UWCNM 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, 2022 and 2021

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.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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 \$60,000. Volunteers served 8,200 clients last filing season. Tax Help NM saved New Mexico filers more than \$3.1 million in tax preparation fees and was responsible for returning over \$15.7 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

211 is the national helpline for free access to health and human services information and referral. UWCNM's 211 is a comprehensive source for information about health and human services, government agencies and community-based organizations. UWCNM's 211 service, which includes our phone line and online public resource directory experienced more than 4500 contacts and 9000 referrals provided in 2021. 211 (or 245-1735) is staffed by live Community Resource Navigators 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. Services are available in over 240 different languages through a live interpretation line, and a Spanish Bilingual Navigator. Callers whose needs are not met by the automated system, can leave voicemail messages, which are responded to the next business day. 211 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.

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 by 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.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 – ORGANIZATION AND ADMINISTERED PROGRAMS – CONTINUED

Administered Programs – Continued

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.

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.

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.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 617 volunteers have donated over 23,000 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, 2022 and 2021, UWCNM received and recognized \$771,340 and \$826,592, 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.

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.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2022 and 2021, respectively.

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.

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.

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.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 \$405,502 and \$316,979 as of June 30, 2022 and 2021, 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.

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.

Subsequent Events

UWCNM has evaluated all events occurring subsequent to June 30, 2022 and through October 26, 2022, 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>2022</u>	<u>2021</u>
Equipment	\$ 643,805	\$ 587,398
Leasehold improvements	395,073	395,073
Furniture and fixtures	<u>291,237</u>	<u>275,487</u>
	1,330,115	1,257,958
Less accumulated depreciation	<u>(1,166,992)</u>	<u>(1,103,243)</u>
	<u>\$ 163,123</u>	<u>\$ 154,715</u>

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 11,783,367	\$ 13,483,077
Certificates-of-deposit	101,731	94,407
Investment held with ACF	2,735,189	2,812,575
Campaign pledges receivable, net	6,359,381	5,484,718
Non-campaign and other receivables, net	<u>1,733,712</u>	<u>1,155,295</u>
Total financial assets	22,713,380	23,030,072
Financial assets not available for use within one year:		
Unpaid donor designations	2,712,826	2,374,254
Non-campaign receivables, net	164,295	152,295
Campaign pledges receivable, long-term	105,000	120,000
Net assets with donor restrictions subject to purpose restrictions	<u>6,716,586</u>	<u>4,294,757</u>
Total financial assets not available for use within one year	<u>9,698,707</u>	<u>6,941,306</u>
Financial assets available to meet cash needs for general expenditure within one year from June 30, 2022 and 2021	<u>\$ 13,014,673</u>	<u>\$ 16,088,766</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.

NOTE 5 – 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 \$164,295 and \$152,295 and payable of \$166,472 and \$287,861 as of June 30, 2022 and 2021, 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.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

UWCNM restricts net assets based upon time and initiative restrictions. Net assets with donor restrictions as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Impact Area Restrictions	\$ 2,185,877	\$ 1,647,541
Women United/Young Leaders/ Hispano Philanthropic Society/ Mission Graduate	397,469	527,597
Family Advocacy Center	74,525	69,837
DEI United	236,214	49,782
NoVo	2,220,650	-
BIPOC Grants	1,601,851	2,000,000
 Subject to the passage of time:		
Undesignated pledges receivable and planned giving assets	<u>4,487,400</u>	<u>4,506,181</u>
	<u>\$ 11,203,986</u>	<u>\$ 8,800,938</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 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 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.

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 8 – 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.

NOTE 9 – TRANSFERS OF ASSETS TO RECIPIENT ORGANIZATIONS

UWCNM transfers certain 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 total asset pool. Annually, UWCNM requests distributions of these assets from ACF according to the agreements between UWCNM and the initial donors. As of June 30, 2022 and 2021, UWCNM had transferred \$4,271,866 and \$4,400,634, 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 10 – 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, 2022 and 2021.

<u>Description - 2022</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates-of-deposit	\$ 101,731	\$ -	\$ 101,731	\$ -
Investment with ACF	2,735,189	-	-	2,735,189
Planned giving assets	2,580,204	-	926,063	1,654,141
Other assets	31,083	-	-	31,083
	<u>\$ 5,448,207</u>	<u>\$ -</u>	<u>\$ 1,027,794</u>	<u>\$ 4,420,413</u>

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 10 – FAIR VALUE MEASUREMENT – CONTINUED

Description - 2021	Total	Level 1	Level 2	Level 3
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>

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, 2022.

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

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, 2022 and 2021: Level 3 activity is as follows:

	<u>2022</u>	<u>2021</u>
Beginning balances	\$ 4,479,065	\$ 3,076,982
Contributions	152,969	491,684
Interest and dividend income	53,630	67,835
Realized and unrealized (losses) gains	(224,986)	953,048
Distributions and fees	<u>(40,265)</u>	<u>(110,484)</u>
Ending balances	<u>\$ 4,420,413</u>	<u>\$ 4,479,065</u>

United Way of Central New Mexico

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 11 – 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 \$174,029 and \$161,792 in 2022 and 2021, respectively.

COVID-19 Pandemic

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.

Leases

UWCNM leases its primary corporate offices under an operating lease agreement with a related party, which calls for monthly rent payments of \$12,859, 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 \$488-\$1,650.

The minimum future lease payments follow:

2023	\$	179,954
2024		173,356
2025		160,160
2026		<u>106,773</u>
Total	\$	<u>620,243</u>

Total expense for these leases was \$185,302 and \$177,210 in 2022 and 2021, respectively.

UWCNM recorded an in-kind contribution for below market rent of \$103,090 in 2022 and 2021, respectively, 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, 2022 and 2021

NOTE 11 – COMMITMENTS AND CONTINGENCIES – CONTINUED

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 Donation

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.

NOTE 12 – 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.