UNITED WAY OF THE NATIONAL CAPITAL AREA

FINANCIAL STATEMENTS
June 30, 2021 and 2020

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LIVE UNITED

United Way of the National Capital Area

Management's Certification on Internal Controls over Financial Reporting

United Way of the National Capital Area's internal controls over financial reporting are designed to provide reasonable assurance that its financial statements are reliable and prepared in accordance with accounting principles generally accepted in the United States of America. Maintaining appropriate internal controls over financial reporting is the responsibility of those persons charged with governance and management; and other designated persons.

An entity's internal controls over financial reporting include those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (iii) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Management is responsible for establishing and maintaining effective internal controls over financial reporting. Management assessed the effectiveness of United Way of the National Capital Area's internal controls over financial reporting as of June 30, 2021, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission *in Internal Control- Integrated Framework*. Based on that assessment, management concluded that, as of June 30, 2021, United Way of the National Capital Area's internal controls over financial reporting are effective based on the criteria established in *Internal Control - Integrated Framework*.

Rosie Allen-Herring

Rosie Allen-Herring, President & Chief Executive Officer

Kevin Smith

Kevin Smith, Chief Financial Officer

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of the National Capital Area
Washington, DC

We have audited the accompanying financial statements of United Way of the National Capital Area, which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses, and cash flows 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
United Way of the National Capital Area

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the National Capital Area 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.

CliftonLarsonAllen LLP

Greenbelt, Maryland
November 16, 2021

FINANCIAL STATEMENTS

UNITED WAY OF THE NATIONAL CAPITAL AREA
STATEMENT OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	$ 2,347,193	$ 6,958,335
Investments (Notes 2)	44,901,213	20,634,778
Promises to Give, Net (Notes 3)	8,459,861	6,621,704
Accounts Receivable, Prepaid and Other Assets	256,856	448,154
Property and Equipment, Net (Note 5)	152,362	250,574
Investments Held for Deferred Compensation Plan (Note 2)	187,831	141,758
Total Assets	$ 56,305,316	$ 35,055,303
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 1,317,149	$ 1,449,454
Deferred Revenue and Other Liabilities (Note 17)	170,930	3,845,822
Contributor Designations Payable (Note 7)	6,860,600	5,857,387
Grants Payable (Note 11)	1,055,350	1,316,290
Deferred Compensation (Note 2 and 14)	187,831	141,758
Loan Payable (Note 9)	943,531	940,913
Capital Lease Liability (Note 13)	2,562	9,922
Total Liabilities	10,537,953	13,561,546
COMMITMENTS AND CONTINGENCIES (Notes 13, 15, and 20)		
NET ASSETS		
Without Donor Restriction:		
Operating	13,265,130	6,031,459
Board-Designated (Note 1 and 19)	29,811,618	12,959,313
Total Without Donor Restriction	43,076,748	18,990,772
With Donor Restriction:		
Purpose Restricted (Note 19)	2,515,615	2,327,985
Held in Perpetuity (Note 19)	175,000	175,000
Total With Donor Restriction	2,690,615	2,502,985
Total Net Assets	45,767,363	21,493,757
Total Liabilities And Net Assets	$ 56,305,316	$ 35,055,303

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

UNITED WAY OF THE NATIONAL CAPITAL AREA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021 Without Donor Restrictions	2021 With Donor Restrictions	2021 Total	2020 Total
Campaign Results and Other Support:				
Campaign Results:				
Amounts Raised from UWNCA Campaigns	10,339,603	$ 695,958	$ 11,035,561	$ 12,083,501
Amounts Raised by Combined Federal Campaign	8,381,302	-	8,381,302	7,161,764
Fee Revenue from Fundraising Campaigns	1,348,617	-	1,348,617	1,320,096
Campaign Results	20,069,522	695,958	20,765,480	20,565,361
Provisions for Cancellations and Uncollectible Promises to Give	(11,106)	-	(11,106)	(1,602,434)
Net Campaign Results Before Designations Honored	20,058,416	695,958	20,754,374	18,962,927
Campaign Designations Honored:				
Contributor Designations to Participating Agencies	(13,283,680)	-	(13,283,680)	(11,674,401)
Third-Party Processing and Other Fees	(1,864,109)	-	(1,864,109)	(1,852,691)
Net Contributors' Designations Honored	(15,147,789)	-	(15,147,789)	(13,527,092)
Net Campaign Results	4,910,627	695,958	5,606,585	5,435,835
Noncampaign Contributions, Grants and Contracts	21,508,647	2,397,509	23,906,156	5,106,487
Investment Income	3,432,824	1,459	3,434,283	1,206,502
Other Revenue	956,382	40,888	997,270	925,026
Net Assets Released from Restrictions	2,948,184	(2,948,184)	-	-
Net Campaign Results and Other Support	33,756,664	187,630	33,944,294	12,673,850
EXPENSES				
Program Services:				
Program Grants	2,260,740	-	2,260,740	3,153,814
Program Initiatives	3,770,823	-	3,770,823	4,453,907
Total Program Services	6,031,563	-	6,031,563	7,607,721
Supporting Services:				
Fundraising	3,154,676	-	3,154,676	3,358,153
Management and General	1,425,362	-	1,425,362	1,607,771
Total Supporting Services	4,580,038	-	4,580,038	4,965,924
Total Expenses	10,611,601	-	10,611,601	12,573,645
GAIN ON EXTINGUISHMENT OF DEBT	940,913	-	940,913	-
CHANGE IN NET ASSETS	24,085,976	187,630	24,273,606	100,205
Net Assets - Beginning of Year	18,990,772	2,502,985	21,493,757	21,393,552
NET ASSETS - END OF YEAR	$ 43,076,748	$ 2,690,615	$ 45,767,363	$ 21,493,757

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

UNITED WAY OF THE NATIONAL CAPITAL AREA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	2020 Without Donor Restrictions	2020 With Donor Restrictions	2020 Total
Campaign Results and Other Support:			
Campaign Results:			
Amounts Raised from UWNCA Campaigns	$ 11,444,692	$ 638,809	$ 12,083,501
Amounts Raised by Combined Federal Campaign	7,161,764	-	7,161,764
Fee Revenue from Fundraising Campaigns	1,320,096	-	1,320,096
Campaign Results	19,926,552	638,809	20,565,361
Provisions for Cancellations and Uncollectible Promises to Give	(1,602,434)	-	(1,602,434)
Net Campaign Results Before Designations Honored	18,324,118	638,809	18,962,927
Campaign Designations Honored:			
Contributor Designations to Participating Agencies	(11,674,401)	-	(11,674,401)
Third-Party Processing and Other Fees	(1,852,691)	-	(1,852,691)
Net Contributors' Designations Honored	(13,527,092)	-	(13,527,092)
Net Campaign Results	4,797,026	638,809	5,435,835
Noncampaign Contributions, Grants and Contracts	2,338,169	2,768,318	5,106,487
Investment Income	1,189,425	17,077	1,206,502
Other Revenue	826,375	98,651	925,026
Net Assets Released from Restrictions	3,615,313	(3,615,313)	-
Net Campaign Results and Other Support	12,766,308	(92,458)	12,673,850
EXPENSES			
Program Services:			
Program Grants	3,153,814	-	3,153,814
Program Initiatives	4,453,907	-	4,453,907
Total Program Services	7,607,721	-	7,607,721
Supporting Services:			
Fundraising	3,358,153	-	3,358,153
Management and General	1,607,771	-	1,607,771
Total Supporting Services	4,965,924	-	4,965,924
Total Expenses	12,573,645	-	12,573,645
CHANGE IN NET ASSETS	192,663	(92,458)	100,205
Net Assets - Beginning of Year	18,798,109	2,595,443	21,393,552
NET ASSETS - END OF YEAR	$ 18,990,772	$ 2,502,985	$ 21,493,757

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

UNITED WAY OF THE NATIONAL CAPITAL AREA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021							
	Program Services			Supporting Services				
	Program Grants	Program Initiatives	Total Program Services	Fundraising	Management and General	Total Supporting Services	2021 Total	2020 Total
Program Grants and Expenses	$ 2,260,740	$ 598,616	$ 2,859,356	$ -	$ 6,500	$ 6,500	$ 2,865,856	$ 4,142,311
Operating Expenses:								
Salaries and Benefits	-	2,135,370	2,135,370	1,487,372	1,083,744	2,571,116	4,706,486	5,405,735
Professional Fees	-	178,276	178,276	1,104,774	101,002	1,205,776	1,384,052	1,118,737
Occupancy	-	385,029	385,029	196,873	120,035	316,908	701,937	737,706
Advertising and Marketing	-	207,666	207,666	201,650	12,503	214,153	421,819	545,734
Dues	-	154,179	154,179	77,378	43,517	120,895	275,074	264,596
Depreciation and Amortization	-	59,661	59,661	29,942	16,839	46,781	106,442	135,443
Postage, Supplies, and Other	-	7,381	7,381	38,099	22,607	60,706	68,087	82,082
Insurance	-	32,021	32,021	16,071	9,038	25,109	57,130	53,824
Staff Development	-	12,315	12,315	2,322	1,699	4,021	16,336	24,193
Meetings, Special Events, and Travel	-	309	309	195	7,878	8,073	8,382	63,284
Total Expenses	$ 2,260,740	$ 3,770,823	$ 6,031,563	$ 3,154,676	$ 1,425,362	$ 4,580,038	$ 10,611,601	$ 12,573,645

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

UNITED WAY OF THE NATIONAL CAPITAL AREA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	2020						
	Program Services			Supporting Services			
	Program Grants	Program Initiatives	Total Program Services	Fundraising	Management and General	Total Supporting Services	2020 Total
Program Grants and Expenses	$ 3,153,814	$ 966,397	$ 4,120,211	$ -	$ 22,100	$ 22,100	$ 4,142,311
Operating Expenses:							
Salaries and Benefits	-	2,458,692	2,458,692	1,769,102	1,177,941	2,947,043	5,405,735
Professional Fees	-	191,090	191,090	790,720	136,927	927,647	1,118,737
Occupancy	-	354,833	354,833	265,586	117,287	382,873	737,706
Advertising and Marketing	-	202,837	202,837	307,678	35,219	342,897	545,734
Dues	-	132,622	132,622	92,777	39,197	131,974	264,596
Depreciation and Amortization	-	67,888	67,888	47,491	20,064	67,555	135,443
Postage, Supplies, and Other	-	19,165	19,165	39,730	23,187	62,917	82,082
Meetings, Special Events, and Travel	-	29,029	29,029	12,251	22,004	34,255	63,284
Insurance	-	26,978	26,978	18,873	7,973	26,846	53,824
Staff Development	-	4,376	4,376	13,945	5,872	19,817	24,193
Total Expenses	$ 3,153,814	$ 4,453,907	$ 7,607,721	$ 3,358,153	$ 1,607,771	$ 4,965,924	$ 12,573,645

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

UNITED WAY OF THE NATIONAL CAPITAL AREA
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 24,273,606	$ 100,205
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:		
Net Provision for Allowance for Doubtful Promises to Give	(1,018,580)	561,921
Gain on Extinguishment of Debt	(940,913)	-
Depreciation and Amortization	106,442	135,443
Donated Stock	(11,172)	(71,903)
Net Realized and Unrealized Gains on Investments	(2,887,182)	(710,490)
Loss on Disposal of Asset	2,014	-
Effects of Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable, Prepaid and Other Assets	191,298	(158,446)
Promises to Give	(819,577)	614,051
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(132,305)	(586,038)
Deferred Revenue and Other Liability	(3,674,892)	678,617
Contributor Designations Payable	1,003,213	(1,029,812)
Grants Payable	(260,940)	288,483
Deferred Compensation	46,073	22,401
Net Cash Provided (Used) by Operating Activities	15,877,085	(155,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed Asset Purchases	(10,244)	-
Purchase of Investments	(52,581,872)	(4,219,994)
Proceeds from Sale of Investments	31,167,718	5,677,519
Net Cash (Used) Provided by Investing Activities	(21,424,398)	1,457,525
CASH FLOWS FROM FINANCING ACTIVITIES		
Draw on Line of Credit	-	3,000,000
Repayment on Line of Credit	-	(3,000,000)
Proceeds from Loan Payable	943,531	940,913
Payments on Capital Lease	(7,360)	(6,893)
Net Cash Provided by Financing Activities	936,171	934,020
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,611,142)	2,235,977
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,958,335	4,722,358
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,347,193	$ 6,958,335
SUPPLEMENTAL NON-CASH FINANCING ACTIVITIES		
Gain on Extinguishment of Debt	$ 940,913	$ -

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

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

United Way of the National Capital Area (United Way NCA) is a not-for-profit organization locally governed by a volunteer board of community leaders. The mission of United Way NCA is to improve lives of underserved individuals in the national capital area by focusing community resources on creating measurable and lasting impact. United Way NCA pursues this mission by fighting for the health, education, and financial stability of every person in the region. Furthermore, United Way NCA is committed to making a positive difference in the community and to having an organization that is relevant to all people, cultures, and communities. United Way NCA is accountable for the work and results. United Way NCA acts in ways that respect the dignity, uniqueness, and intrinsic worth of every person in the community.

United Way NCA holds itself accountable by infusing diversity, equity, and inclusion in all of its business operations and community impact initiatives. United Way NCA's leadership, board, staff, partners, and volunteers support anti-racist work that exposes and dismantles institutional and systemic racism and all forms of injustice. Commitment to racial equity is the core of who United Way NCA is, serves, and supports. United Way NCA represents a collective community that cares. United Way NCA continues to serve and intentionally lift up those who are marginalized because of their intersectional identities, which includes race, age, class, gender identity, sexual orientation, religion, education, ability, culture, and language. United Way NCA champions collaboration, community connections, and critical conversations that advances the journey towards equity for all people across the greater Washington, DC metro area. Achieving equity is not a sprint, but rather a lifelong marathon. United Way NCA makes room for all who are ready to join this journey. United Way NCA will continue to take bold strides and commit resources to attain equity for everyone because when none are ignored, all will thrive!

This year, despite the unprecedented challenges of the pandemic, United Way NCA successfully implemented the second year of the most recent five-year community commitment which builds on the learnings and successes of the previous five-year community commitment. During this phase of the strategy, United Way NCA is focused on mobilizing all sectors of the community to work together with one goal in mind – helping children and families live their best lives by reducing disparities and increasing equity. United Way NCA is pursuing this goal by focusing on three key pillars of impact – health, education, and economic opportunity. In terms of health, the Healthy Mind Healthy Body programs aim to decrease disparities and increase equity in the community by removing systematic barriers in food security, promoting physical exercise and healthy choices for students and families, as well as providing mental health support to decrease stigma in the community. In terms of education, the Middle School to College and Career Success programs aim to reduce achievement disparities and improve academic outcomes for young people in the national capital area. And in terms of economic opportunity, the Financial and Workforce Training programs provide coaching, tax preparation services, and wealth building strategies to support the growing number of individuals and families who are working but are unable to afford basic necessities. These individuals are referred to as Asset Limited, Income Constrained, Employed (ALICE) households. They represent a growing number of individuals and families who are working and earning more than the Federal Poverty Level, but less than the basic cost of living. ALICE families make financial decisions, often with serious consequences- for them and their families. United Way NCA looks to help its community address food insecurity, greater economic impact for thousands of workers and small businesses who will experience financial hardship beyond the pandemic, and a growing need for mental health support and resources as individuals, children, and families navigate life in the weeks, months, and years to come.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Organization (Continued)

To help fund its community impact work and operations, United Way NCA conducts a variety of fundraising activities throughout the year, with a focus on growing and diversifying funding sources. United Way NCA's primary source of revenue is generated through employer-sponsored workplace giving campaigns. In fact, United Way NCA manages one of the single largest annual workplace campaigns within the United Way network, raising over $8.3 million in fiscal year 2021, the majority of which provided financial support to over 400 accredited member nonprofit agencies and hundreds of other 501(c)(3) organizations serving the national capital area. United Way NCA also encourages individuals outside of the workplace to donate to its community impact work and to help enhance its operational effectiveness. In fact, donors can choose to contribute to a specific community impact program or to one of eleven community impact areas, including Prince George's and Montgomery Counties in Maryland, the District of Columbia, and the Northern Virginia areas of the City of Alexandria, Arlington, Fairfax, Prince William, and Loudoun Counties and the Virginia Piedmont area of Rappahannock, Fauquier, and Culpeper Counties. United Way NCA also generates funding from special events, corporate sponsorships, and grants received from corporations, foundations, and government entities as well as fees earned from providing program management, nonprofit training, and other professional services to local area governments, municipalities, and nonprofit organizations.

A summary of United Way NCA's significant accounting policies follows:

Basis of Accounting

United Way NCA's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United Stated of America (GAAP) for not-for-profit organizations, including Accounting Standards Updates (ASUs) as well as United Way network-specific guidance. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The presentation of United Way NCA's financial statements are in conformity with the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). Under these provisions, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions, such as time or purpose restrictions. Accordingly, net assets of United Way NCA and changes therein are classified and reported as follows:

- Net assets **Without Donor Restrictions** are not restricted by any donor or grantor-imposed time, purpose, or other restrictions. Net assets without donor or grantor-imposed restrictions represent funds that are fully available, at the discretion of management and the Board of Directors, for United Way NCA to utilize in support of its mission, including programs, fundraising, and core management activities. At its discretion, the Board of Directors may designate a portion of unrestricted net assets for specific purposes, such as the pursuit of strategic opportunities, establishing an operating reserve and promoting the organization's long-term financial viability. Since Board-designated net assets are without donor or grantor-imposed restrictions, they are reported as a component of net assets without donor restrictions.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

- Net assets **With Donor Restrictions** consist of assets whose use is limited by donor or grantor-imposed time and/or purpose restrictions. When donor or grantor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

  Net assets restricted in perpetuity or for which the donor allows the use of all or a portion of the investment income and gains earned from investing the contribution toward the overall mission of the organization for a specific purpose are additionally included in this classification. The portion of the donor-restricted contribution classified as restricted in perpetuity are held in accordance with explicit donor stipulations.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid, short-term investments with original maturities of three months or less; and investments in money market funds that are carried at cost plus accrued interest, which approximates fair value. It is United Way NCA's practice to place its cash and cash equivalents and investments in high credit quality financial institutions. Balances in these accounts may exceed federally insured limits.

Certain accounts held by United Way NCA are restricted for use related to specific programmatic activities. United Way NCA has established such an account for the District of Columbia's Out of School Time programs and activities. Total cash on-hand in a restricted bank account as of June 30, 2021 and 2020 was $0 and $3,667,772, respectively.

Investments

Investments with readily determinable fair values are reflected at fair market value. Donated securities are recorded at the fair value on the date of the gift. To adjust the carrying value, unrealized gains and losses are reported in the statements of activities as a component of investment income or loss.

United Way NCA invests in a professionally managed portfolio that contains fixed income bonds, publicly traded equities, and mutual funds. Such investments are exposed to various risks, such as market and credit.

Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Promises to Give

Contributions, which include paid gifts, grants, and unconditional promises to give, are recognized as revenue when payments are received or when donors and grantors make written promises to give to United Way NCA that are, in substance, unconditional. Contributions are available for use unless specifically restricted by the donor or grantor. Contributions with donor or grantor-imposed time or purpose restrictions are recorded as net assets with donor restrictions.

When donor or grantor-imposed time restrictions expire or purpose restrictions are fulfilled, those net assets with donor or grantor-imposed restrictions are reclassified to net assets without donor restrictions. These reclassifications are reported as net assets released from restriction on the statement of activities. Contributions with donor or grantor-imposed conditions, such as a matching gift or grant, are recognized as revenue when the conditions have been substantially met.

Provision for Uncollectible Promises to Give

Unconditional promises to give (pledges) are recognized as revenue in the period acknowledged. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The provision for doubtful accounts is based on management's evaluation of the collectability of promises to give. Management determines the allowance for doubtful accounts by regularly evaluating promises to give and considering current and projected financial and economic conditions, including the impact from the COVID-19 pandemic, and historical collection trends.

Property and Equipment

Property and equipment are recorded at cost and depreciated on the straight-line basis over their estimated useful lives, which range from three to ten years. United Way NCA capitalizes all individual property and equipment acquisitions greater than $10,000.

Impairment of Long-Lived Assets

United Way NCA reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the asset’s carrying amount to future undiscounted net cash flows expected to be generated by the asset.

If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributor Designations Payable

Certain campaign contributions and pledges made to United Way NCA are designated to other agencies. These campaign contributions and pledges are recognized as campaign results and contributor designations to participating agencies. United Way NCA disburses the amounts to agencies after contributions are received and pledges collected. The balance of unpaid pledges designated to agencies remains as a liability until the pledges are collected and paid or until the annual campaign is officially closed. United Way NCA is acting as an agent or trustee to transfer designated contributions to agencies, and in doing so, has no discretion over the use of designated contributions.

United Way NCA also records campaign contributions and pledges processed by a third-party processor where the contributor pays the third-party processor who pays the designated agency directly (pay directs). United Way NCA is not involved with the receipt or disbursement of these pledges; therefore, no corresponding pledge receivable or contributor designations payable are recorded. The total of pay direct campaign results and contributor designations for the years ended June 30, 2021 and 2020, were $4,207,840 and $4,538,646, respectively.

As a recognized federation of the Combined Federal Campaign (CFC), United Way NCA honors designations made to each member nonprofit organization by distributing a proportionate share of receipts based on donor designations to each member nonprofit organization per CFC regulations established by the Office of Personnel Management (OPM). United Way NCA disburses those receipts to designated nonprofit organizations based on the cash received from donors who designate to those specific nonprofit organizations. Designations are paid to nonprofit organizations net of fundraising, processing, and administrative fees.

As a general matter, in addition to up-front credit card and cash contributions, campaigns allow employee pledges to be paid through payroll deductions for the upcoming calendar or fiscal year depending on the specific campaign. Campaigns are officially closed after the final campaign has been audited and all donations that United Way NCA has received are paid out to the appropriate designated nonprofit organizations. The 2018 and all prior-year campaigns are officially closed.

Revenue Recognition Policy

The information provided below is designed to enable users of these financial statements to understand the nature, amount, and timing of the revenue that was recognized when the promise of goods or services were transferred to customers in an amount that reflected the consideration received by United Way NCA in exchange for delivering those goods or rendering those services.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition Policy (Continued)

Campaign Results and Other Support

Campaign contributions and pledges designated to United Way NCA are recognized as revenue when promises to give are acknowledged in writing and are recorded as either donations with or without restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

All donor-restricted contributions and pledges are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is satisfied), net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Campaign contributions and pledges designated to other agencies, which are recognized as campaign results with a corresponding entry to contributor designations to participating agencies, are reported as an increase and corresponding decrease in net assets without donor restrictions during the same fiscal year.

In addition to workplace campaign contributions and pledges designated to United Way NCA or other nonprofits, Campaign Results and Other Support also include results from special fundraising initiatives, including the community-inspired day of giving event titled “Do More 24”, which just completed its ninth season. This year’s results included over 4,600 donors giving to over 175 organizations to support families in the greater Washington, D.C. area. The event was held on May 19 and May 5 for fiscal years 2021 and 2020, respectively. Money raised from Do More 24 was included in Campaign Results and Other Support and consists of the following for the years ended June 30, 2021 and 2020.

	2021	2020
Fundraising	$ 597,842	$ 532,580
Sponsorships	75,000	62,500
Total	$ 672,842	$ 595,080

Fee Revenue from Fundraising Campaigns

United Way NCA earns fee revenue to support campaign fundraising and administration activities including vetting nonprofit organizations, supporting workplace sponsor campaign efforts, managing donor relation activities, and distributing designated contributions. These fees are paid either directly by the sponsoring company or deducted from designated contributions and pledges. In recognition that substantially all these services are performed during United Way NCA’s fiscal year, combined with the fact that the time period provided by sponsoring companies for their employees to make annual pledges and contributions also occur during the fiscal year, the entire campaign fundraising and administration fee is recognized during the fiscal year in which the pledge or contribution is made.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition Policy (Continued)

Fee Revenue from Fundraising Campaigns (Continued)

United Way NCA also earns annual application fees from local area nonprofits who desire to become a member of United Way NCA's network of non-profit partners. United Way NCA's nonprofit partners must meet a strict set of eligibility criteria as part of an annual partner application process. The application process provides assurance to donors, campaign sponsors and supporters that United Way NCA's nonprofit partners meet the highest standards of financial transparency and accountability.

In recognition that the annual partnership year runs from July 1 through June 30 (which coincides with United Way NCA's fiscal year), and the annual application process begins in November and ends three months later in January (which takes place inside of United Way NCA's fiscal year), revenue from application fees is recognized and the performance obligations are satisfied within the same fiscal year.

Revenue from campaign fundraising and administration fees for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Campaign Fees	$ 1,060,332	$ 984,057
Application and Listing Fees	288,285	336,039
Total	$ 1,348,617	$ 1,320,096

United Way NCA does not record a fee on pay directs since it does not fundraise for or administer those campaigns; they are administered by a third-party processor for a fee.

Non-Campaign Contributions, Grants, and Contracts

United Way NCA receives contributions and grants from individuals, corporations, foundations, and government agencies that are unrelated to a workplace or other federated fundraising campaign. Unconditional, non-reciprocal, and unrestricted contributions and grants are recorded as revenue in the period the commitments are accepted by United Way NCA and classified as net assets without donor restrictions. Contributions and grants containing donor or grantor-imposed use or time restrictions which are not satisfied during the current accounting period are initially recorded as revenue in the period the commitments are accepted by United Way NCA and classified as net assets with donor restrictions until the restrictions are satisfied, at which point they are released from restriction and classified as net assets without donor restrictions.

Conditional contributions and grants are recorded as revenue in the period the conditions are satisfied. Contributions and grants that are deemed to be reciprocal transactions of equal value are treated as exchange transactions and recorded as revenue when the earnings process is complete. The receipt of contributions and grants designated to another entity, for which United Way NCA has no variance or decision-making power to alter the ultimate recipients or other important terms and conditions of the transactions are recorded as fiscal agency transactions.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition Policy (Continued)

Non-Campaign Contributions, Grants, and Contracts (Continued)

United Way NCA entered into contracts with government agencies and other organizations to perform a variety of services in exchange for fees or reimbursement of qualifying expenses. The types of services performed include, but are not limited to, program and grants management services, fiscal agency services, and organizational training and development services. To the extent these contracts and related services are considered exchange transactions, whereby United Way NCA receives cash or other assets in exchange for providing services of approximately equal value, fee revenue is recognized when services are rendered, deliverables are met, and/or related expenses are incurred, depending on the terms of each contract. Revenue from contracts with customers for the years ended June 30, 2021 and 2020 was $760,636 and $1,298,679, respectively.

Donated Services

A substantial number of volunteers have donated significant amounts of time in support of United Way NCA's programs and fundraising campaigns. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

In-Kind Contributions

In-kind contributions, such as free advertising, supplies, specialized services, and use of facilities, are included in the statements of activities within other revenue at their estimated fair market value on the date of donation and either capitalized, as it relates to equipment, or shown in the applicable functional expense category to which the in-kind contribution relates.

Allocation of Expenses by Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. The costs to provide United Way NCA's programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, compensation costs are allocated by a department-level estimate of time and effort. Other office, occupancy, and operating expenses are allocated by organization-wide estimates of time and effort.

Advertising

Advertising costs are expensed when incurred or when donated to United Way NCA. Advertising expense for the years ended June 30, 2021 and 2020 was $348,607 and $424,239, respectively.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income and Other Taxes

United Way NCA is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, and therefore qualifies as an organization eligible to receive deductible charitable contributions and has been classified as an organization that is not a private foundation. Income that is unrelated to the organization's tax-exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. Under the Tax Cuts and Jobs Act (the Act) enacted in January 2018, United Way NCA incurred unrelated business income tax on qualified transportation fringe benefits. With the retroactive repeal of certain aspects of the Act in 2020, United Way NCA no longer incurs taxes on these benefits. The Commonwealth of Virginia and the District of Columbia have also repealed state-level conformity to the Act, which no longer requires United Way NCA to incur state-level tax obligations related to qualified transportation fringe benefits. United Way NCA filed amended Form 990-T returns for all years impacted and received a full refund of all taxes paid.

The accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, United Way NCA may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. Management evaluated United Way NCA's tax positions and concluded that United Way NCA had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Cash Receipts Policy

United Way NCA receives donor pledge payments year-round. Pledge payments received are first applied to any remaining prior year campaign balance, if applicable, and then to the current campaign. Donor intent is always considered.

Use of Estimates

The preparation of financial statements 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 amount of campaign results, revenue, and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), on February 25, 2016. The FASB issued this update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and by requiring footnote disclosure about key information pertaining to leasing arrangements. Under the new provisions, all lessees will report a right-of-use asset and a liability for the obligation to make payments for all leases with the exception of those leases with a term of 12 months or less. All other leases will fall into one of two categories. Financing leases, similar to capital leases, will require the recognition of an asset and liability, measured at the present value of the lease payments. Operating leases will also require the recognition of an asset and liability measured at the present value of the lease payments. Lessor accounting remains substantially unchanged. Consistent with FASB's most recent decision, United Way NCA will adopt the new standard for its fiscal year ending June 30, 2023.

Reclassification

Certain amounts in the fiscal year 2020 financial statements have been reclassified to conform to the presentation of the fiscal year 2021 financial statements. These reclassifications had no effect on the previously reported net assets or changes therein.

Subsequent Events

United Way NCA evaluated subsequent events through November 16, 2021, which is the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2021, but prior to November 16, 2021, that provided additional evidence about conditions that existed on June 30, 2021, have been recognized in the financial statements for the year ended June 30, 2021. However, events or transactions that provided evidence about conditions that did not exist on June 30, 2021 but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2021. There were no events that required adjustments to or disclosure in United Way NCA's financial statements for the year ended June 30, 2021.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Codification Topic on *Fair Value Measurements* requires disclosures of financial position in periods subsequent to initial recognition, whether the measurements are made on a recurring basis or a nonrecurring basis, establishes a framework for measuring fair value in GAAP and expands disclosure about fair market value measurements. The Fair Value Topic applies to all assets and liabilities that are being measured and reported on a fair value basis. This statement enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs to the valuation methodology include (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable for the asset or liability, significant to the fair value measurement, and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant judgment or estimation.

The asset 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.

In determining the appropriate levels, United Way NCA performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The equity securities and equity and fixed income mutual funds are publicly traded on the New York Stock Exchange and are considered Level 1 items. The fair value of corporate bonds is determined based on quoted market prices, when available, or market prices provided by recognized broker dealers; thus, they are categorized as Level 2. The government fixed income bonds and foreign bank fixed income bonds are priced based on their stated interest rates and quality ratings. The interest and quality ratings are observable at commonly quoted intervals for the full term of the instruments and are, therefore, considered Level 2 items. The deferred compensation liability is based on the fair value of the deferred compensation plan assets that are observable inputs, and are, therefore, considered Level 1. There were no Level 3 investments as of June 30, 2021 and 2020.

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy as of June 30:

	2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Fixed Income Bonds:				
U.S. Government Long-Term Duration	$ -	$ 9,996,327	$ -	$ 9,996,327
U.S. Bank Corporate Bonds	-	15,153,877	-	15,153,877
Total Fixed Income Bonds	-	25,150,204	-	25,150,204
Equities:				
iShares S&P 500 Index Fund	6,004,301	-	-	6,004,301
Non-U.S. Equity	4,833,850	-	-	4,833,850
Small Cap Core	1,795,819	-	-	1,795,819
Large Cap Core	-	-	-	-
Large Cap Value	1,915,906	-	-	1,915,906
Large Cap Growth	2,103,201	-	-	2,103,201
Total Equities	16,653,078	-	-	16,653,078
Fixed Income Mutual Fund	3,097,932	-	-	3,097,932
Total Investments	$ 19,751,009	$ 25,150,204	$ -	$ 44,901,213
Investments Held for Deferred Compensation Plan:				
U.S. Equity Mutual Fund	187,831	-	-	187,831
Liability: Deferred Compensation	$ 187,831	$ -	$ -	$ 187,831

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

	2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Fixed Income Bonds:				
U.S. Government Long-Term Duration	$ -	$ 3,263,686	$ -	$ 3,263,686
U.S. Bank Corporate Bonds	-	10,154,456	-	10,154,456
Total Fixed Income Bonds	-	13,418,142	-	13,418,142
Equities:				
iShares S&P 500 Index Fund	2,137,968	-	-	2,137,968
Non-U.S. Equity	1,961,757	-	-	1,961,757
Small Cap Core	703,817	-	-	703,817
Large Cap Core	10,749	-	-	10,749
Large Cap Value	842,098	-	-	842,098
Large Cap Growth	908,159	-	-	908,159
Total Equities	6,564,548	-	-	6,564,548
Fixed Income Mutual Fund	652,088	-	-	652,088
Total Investments	$ 7,216,636.48	$ 13,418,142.00	$ -	$ 20,634,778.48
Investments Held for Deferred				
Compensation Plan:				
U.S. Equity Mutual Fund	141,758	-	-	141,758
Liability: Deferred Compensation	$ 141,757.89	$ -	$ -	$ 141,757.89

Investment income as of June 30, 2021 and 2020, consists of the following:

	2021	2020
Interest Income	$ 481,414	$ 419,972
Unrealized Gains (Losses)	1,412,300	(60,585)
Realized Gains	1,474,882	771,075
Dividends	244,268	195,260
Investment Fees	(178,581)	(119,220)
Total	$ 3,434,283	$ 1,206,502

NOTE 3 – PROMISES TO GIVE

All promises to give, as of June 30, 2021 and 2020, are due within one year and consist of the following:

	2021	2020
Promises to Give	$ 9,974,922	$ 9,155,345
Calculation for Doubtful Promises to Give:		
Allowance for Doubtful Promises to Give - Beginning of Year	(2,533,641)	(1,971,720)
Write-Off of Doubtful Promises to Give and Other Adjustments	1,804,097	941,635
Current Year Provision for Cancellations and Uncollectible Promises to Give	(785,517)	(1,503,556)
Allowance for Doubtful Promises to Give - End of Year	(1,515,061)	(2,533,641)
Promises to Give, Net	$ 8,459,861	$ 6,621,704

	2021	2020
Provision for Doubtful Promises to Give - Current Year Campaign	$ 785,517	$ 1,503,556
Provision for Doubtful Promises to Give - Prior Year Campaigns	729,544	1,030,085
Allowance for Doubtful Promises to Give	$ 1,515,061	$ 2,533,641

NOTE 4 – LIQUIDITY

United Way NCA's financial assets available for general expenditure within one year of the date of the consolidated statements of financial position are as follows:

	2021	2020
Cash and Cash Equivalents	$ 2,347,193	$ 6,958,335
Investments	44,901,213	20,634,778
Promises to Give, Net	8,459,861	6,621,704
Accounts Receivable	52,120	151,539
Total Financial Assets Available Within One Year	55,760,387	34,366,356
Less:		
Amounts Unavailable for General Expenditures Within One Year, due to:		
Restricted By Donors In Perpetuity	(175,000)	(175,000)
Restricted By Donors With Purpose Restrictions	(2,515,615)	(2,327,985)
Total Amounts Unavailable For General Expenditures Within One Year	(2,690,615)	(2,502,985)
Amounts Unavailable to Management Without Board's Approval:		
Board-Designated for Crisis Relief Fund	(45,000)	(45,000)
Board-Designated for Spong Gift	(611,359)	(614,313)
Board-Designated for Strategic Mission Of the Organization	(29,155,259)	(12,300,000)
Amounts Unavailable to Management Without Board's Approval:	(29,811,618)	(12,959,313)
Total Financial Assets Available To Management For General Expenditure Within One Year	$ 23,258,154	$ 18,904,058

United Way NCA maintains a policy of structuring its financial assets, including 100% of its investment portfolio, to be available as general expenditures, liabilities, and other obligations come due. Futhermore, in response to the timing differences between the annual receipt and payment of cash, United Way NCA deploys its $2,000,000 unsecured line of credit whenever necessary to satisfy its financial obligations in a timely manner without prematurely selling its investments. Additionally, the organization has board-designated net assets without donor restrictions that, while United Way NCA does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation and amortization, as well as, depreciation and amortization expense, for the years ended June 30, 2021 and 2020, consist of the following:

	2021				
	Estimated Useful Lives	2021 Cost	Accumulated Depreciation and Amortization	Net Property	Depreciation and Amortization Expense
Property and Equipment	3 - 10 Years	$ 766,464	$ (750,349)	$ 16,115	$ 14,807
Leasehold Improvements	10 Years	893,890	(757,643)	136,247	85,467
Website Development	3 Years	74,025	(74,025)	-	6,168
Total		$ 1,734,379	$ (1,582,017)	$ 152,362	$ 106,442

	2020				
	Estimated Useful Lives	2020 Cost	Accumulated Depreciation and Amortization	Net Property	Depreciation and Amortization Expense
Property and Equipment	3 - 10 Years	$ 1,228,829	$ (1,206,135)	$ 22,694	$ 31,065
Leasehold Improvements	10 Years	893,890	(672,178)	221,712	79,703
Website Development	3 Years	241,762	(235,594)	6,168	24,675
Total		$ 2,364,481	$ (2,113,907)	$ 250,574	$ 135,443

NOTE 6 – ACCOUNTS RECEIVABLE AND DEFERRED REVENUE FROM CONTRACT WITH CUSTOMERS

Accounts receivable and deferred revenue from contract with customers as of the years ended June 30, 2021 and 2020, consist of the following:

	2021	2020	2019
Accounts Receivable	$ 52,120	$ 151,539	$ 3,175
Deferred Revenue	-	459,520	442,019

NOTE 7 – CONTRIBUTOR DESIGNATIONS PAYABLE

Contributor designations payable of $6,860,600 and $5,857,387 as of June 30, 2021 and 2020, respectively, are considered payable out of the current year's campaign funds and, accordingly, have been included as liabilities in the accompanying statements of financial position.

NOTE 8 – LINE OF CREDIT

United Way NCA maintains a $2.0 million unsecured line of credit (LOC) with an annual interest rate equal to the London Interbank Offered Rate (LIBOR) plus 1.25% that is assessed daily on the used portion of the LOC and a 10-basis point commitment fee that is assessed daily on the unused portion of the LOC. The LOC contains a renewable one-year term that expires January 31, 2022. Any borrowings under the line of credit are assessed interest at the prevailing rate; any monthly accrued but unpaid interest is due and payable at the end of each month; and any outstanding principal balance and accrued but unpaid interest is due and payable at the expiration date. As of June 30, 2021, and 2020, there was no outstanding principal balance or unpaid accrued interest under the line of credit. United Way NCA plans to request a renewal on or before the scheduled expiration date.

NOTE 9 – LOAN PAYABLE

In May 2021, United Way NCA received forgiveness of the entire Paycheck Protection Program Loan (first draw PPP Loan) of $939,400 plus accrued interest that was originally received in May 2020. In recognition that the original receipt of the first draw PPP loan and accrued interest was recorded as a liability in accordance with ASC 470: Debt and ASC 835: Interest, respectively, combined with the fact that United Way NCA subsequently received a legal release from the entire first draw PPP loan obligation, the forgiveness of the first draw PPP loan and related accrued interest is an extraordinary item recorded as Gain from Extinguishment of Debt after Total Expenses but before Change in Net Assets on the Statement of Activities and as a Noncash Financing Activity in the Statement of Cash Flows in accordance with ASC 230.

In February 2021, United Way NCA submitted a Paycheck Protection Program Second Draw Application (second draw PPP loan); and in March 2021, a second draw PPP loan of $940,527 was approved and received. The second draw PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is approved by the lender, or if United Way NCA fails to apply for forgiveness within 10 months after the 24-week covered period, then payment of principal and interest shall begin on that date. Consistent with the first draw PPP loan, the second draw PPP loan and accrued interest were also recorded as a liability on the Statement of Activities in accordance with ASC 470: Debt and ASC 835: Interest, respectively; and as a Cash Inflow from Financing Activities on the Statement of Cash Flow in accordance with ASC 230.

The second draw PPP loan amount may be forgiven subject to compliance and approval based on the timing and use of second draw PPP loan proceeds in accordance with the Loan Agreement. To the extent that all or part of the second draw PPP Loan is not forgiven, United Way NCA will be required to pay interest on the second draw PPP Loan at a rate of 1.0% per annum, and commencing in July 2022, principal and interest payments will be required through the maturity date in March 2026. The principal maturity of the long-term loan payable as of June 30, 2021, including accrued interest, is $943,531.

The second draw PPP loan forgiveness application will be submitted in FY2022 once the 24-week period to deploy the loan proceeds has elapsed, and the lender's loan forgiveness portal is open and available to accept and process second draw PPP loan forgiveness applications.

After the loan is forgiven, the SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the United Way NCA's financial position.

NOTE 10 – PLANNED GIVING/LIFE INSURANCE

United Way Life

As part of a planned giving program called United Way Life, which is sponsored by United Way Worldwide (UWW), United Way NCA has purchased life insurance policies on behalf of two donors. One policy was purchased during fiscal year 2017 and another during fiscal year 2015. The United Way Life program allows donors to utilize life insurance to accomplish their philanthropic objectives by enabling them to create a legacy gift that will benefit the future. The donor contributes an amount sufficient to cover the annual premiums. Additionally, gifts designated by donors to enhance the United Way Life program provide funds for "matching" premiums which increases the value of the policy. The life insurance policy is issued as one single policy. The cash surrender value of the policy is included in other assets in the statements of financial position.

As described in more detail below, United Way NCA is the sole beneficiary of the policy purchased during the year ended June 30, 2017, and a joint beneficiary of the policy purchased during the fiscal year ended June 30, 2015.

During fiscal year ended June 30, 2017, United Way NCA received a legacy gift that will be funded by death benefits of a life insurance policy issued by United of Omaha Life Insurance Policy that names United Way NCA as the sole owner and beneficiary of the policy's death benefits. The policy, in the amount of $250,000 will be paid to United Way NCA upon maturation to support the future growth of United Way NCA's programs, services, and operations. The donor of the legacy gift agreed to keep the policy in full force and effect by making five consecutive annual contributions in the amount of $2,954 to United Way NCA on or before the payment due date. United Way NCA used the donor's annual contribution along with annual matching funds in the amount of $2,954 (provided by a former donor) to remit to United of Omaha Life Insurance Company timely annual premium payments of $5,908 per year for five consecutive years. Each annual premium due on or before June 30, 2021 was paid in full. The cash surrender value was $11,058 and $6,446 as of June 30, 2021 and June 30, 2020, respectively. United Way NCA may obtain a loan secured by the policy's cash surrender value. The loan would bear interest at an annual effective interest rate of 4.76% if the loan is requested prior to policy year ten and 2.44% thereafter. There was no outstanding principal balance or unpaid accrued interest as of June 30, 2021 and June 30, 2020, respectively.

During the fiscal year ended June 30, 2015, United Way NCA received a legacy gift that will be funded by death benefits of a joint and last survivor life insurance policy issued by United of Omaha Life Insurance Policy that names United Way NCA as the sole owner and co-beneficiary of the policy's death benefits. The policy, in the amount of $304,725, will be paid to United Way NCA upon maturation; $204,725 will be disbursed to United Way NCA supporting the future growth of United Way NCA's programs, services, and operations, and $100,000 will be dispersed by United Way NCA to a local university. In lieu of five consecutive annual premium payments, a one-time $42,000 premium was paid during fiscal year 2015 to United of Omaha Life Insurance Company. The cash surrender value was $25,948, and $25,288 as of June 30, 2021 and 2020, respectively. United Way NCA may obtain a loan secured by the policy's cash surrender value. The loan would bear interest at an annual effective interest rate of 6.00%. There was no outstanding principal balance or unpaid accrued interest as of June 30, 2021 and June 30, 2020, respectively.

NOTE 11 – PROGRAM GRANTS

Total expense for program grants in the areas of Education, Veterans, Financial Stability, and Health was $2,260,740 and $3,153,814 for the years ended June 30, 2021 and 2020, respectively.

Unpaid grants are due to be paid within one year and the grants payable amount as of June 30, 2021 and 2020, approximates the present value of future grant payments. Total grants payable as of June 30, 2021 and 2020, was $1,055,350 and $1,316,290, respectively.

NOTE 12 – OTHER REVENUE

Other revenue for the years ended June 30, 2021 and 2020, consists of the following:

	2021	2020
In-Kind Donations	$ 494,661	$ 636,288
Special Events	115,888	173,410
Miscellaneous	386,721	115,328
Total	$ 997,270	$ 925,026

United Way NCA records as contribution revenue certain donated services and materials received at the fair value of those items. These donations are reflected in the statements of activities.

United Way Worldwide (UWW) maintains relationships with the National Football League (NFL), the Ad Council, and other organizations for the benefit of local United Ways, including United Way NCA. UWW underwrites the cost to produce Public Service Announcements (PSAs) that promote health, education, and financial stability that feature individuals who are involved in various local United Way community volunteer activities. The NFL, the Ad Council, and other organizations furnish the media space (television and radio airtime, newspaper and magazine print space, billboards, etc.) throughout the year to disseminate PSAs for the benefit of and at no cost to the United Way network. As a member of the UWW network, United Way NCA is a direct beneficiary of the services provided by the NFL, the Ad Council, and the other organizations; and therefore, beginning in fiscal year 2015, United Way NCA began recording a portion of the value of these services. For the years ended June 30, 2021 and 2020, the related in-kind support recorded was $173,661 and $185,188, respectively.

United Way of NCA received $250,000 and $285,000, in protective masks for the years ended June 30, 2021 and 2020, respectively in support of program initiatives.

United Way NCA also receives media services and donated facilities in support of the Do More 24 fundraising initiative as well as other general in-kind support for other community impact initiatives. In-kind support for the years ended June 30, 2021 and 2020, was $71,000 and $166,100, respectively.

NOTE 13 – LEASES

Rental Agreements

United Way NCA leases office space in the District of Columbia and Vienna, Virginia and various types of office equipment with differing terms. During fiscal year 2012, United Way NCA entered into two office leases with 10-year terms which commenced in 2013. United Way NCA received certain lease incentives with these leases. These incentives are recognized over the life of the leases and are reflected in the accounts payable and accrued expenses line within the statements of financial position.

Total future minimum lease payments under these leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Year Ending June 30,	Amount
2022	$ 689,833
2023	413,593
Total	$ 1,103,426

In accordance with FASB Accounting Standards Codification 840 (Accounting for Leases), United Way NCA records rent expense on a straight-line basis over the term of the lease. Rent expense for the years ended June 30, 2021 and 2020, was $599,454 and $610,010, respectively.

Capital Lease Obligations

United Way NCA entered into capital lease obligations for copier equipment beginning in fiscal year 2018. The liability under this capital lease as of June 30, 2021 and 2020 is $2,562 and $9,922, respectively. The capitalized equipment had a cost of $27,349 and accumulated amortization as of June 30, 2021 and 2020 is $20,056 and $14,586, respectively. Amortization expense of $5,470 was recognized on the capitalized equipment for the years ended June 30, 2021 and 2020.

Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2022	$ 2,597
Less: Amount Representing Interest	(35)
Total	$ 2,562

NOTE 14 – RETIREMENT AND DEFERRED COMPENSATION PLANS

403(b) Plan

United Way NCA sponsors a defined contribution 403(b) plan which allows eligible employees to make elective pre-tax contributions; and to receive matching contributions, discretionary Safe Harbor contributions and discretionary non-elective contributions. Eligible employees may elect to participate by contributing a percentage or dollar amount—up to the limits established by the Internal Revenue Service (IRS)—on a pre-tax basis, referred to as elective deferrals. This contribution allows plan participants to defer federal income taxes until retirement by setting aside a portion of their current salary.

United Way NCA makes a uniform matching contribution equal to 200% of a plan participant's elective deferrals not to exceed 2% of the participant's compensation. United Way NCA also applies a basic Safe Harbor provision during the plan year equal to 4% of a plan participant's compensation. There are no tenure requirements in order for a plan participant to receive the Safe Harbor Contribution. United Way NCA made a Safe Harbor contribution in each of the last two years and has declared a Safe Harbor contribution for 2021 which was paid on May 3, 2021.

Employees are always fully vested in their elective deferrals, including any catch-up contributions, rollover contributions or discretionary non-elective Safe Harbor contributions. However, employer contributions are subject to the following vesting schedule: 0% for less than two years of service; 40% for two years of service; 60% for three years of service; 80% for four years of service; and 100% for five years of service.

Total defined contribution plan contributions reported in the statements of activities for the years ended June 30, 2021 and 2020, were $262,233 and $272,088, respectively.

457(b) Plan

United Way NCA sponsors a deferred compensation plan under Section 457(b), which provides certain key executives (participants) the opportunity to participate in a deferred compensation program. Under the program, participants elect to defer a portion of their taxable compensation and earn returns on these deferrals based on directed investment selections. Additionally, United Way NCA may elect to make discretionary contributions on behalf of the participants. All elective deferrals and discretionary contributions, including any investment gains and income (account earnings), will be distributed immediately following the participant's separation from the organization. Discretionary contributions charged to the statements of activities for the years ended June 30, 2021 and 2020, was $29,500 and $29,000, respectively.

NOTE 15 – EMPLOYMENT AGREEMENT

United Way NCA has an agreement with an officer of the organization. In the event of termination other than for cause, the agreement provides for severance payments for a period of up to 12 months. Furthermore, the agreement provides for the full payment of any accrued but unused paid time-off (PTO) upon termination of employment for any reason and the full payment amount shall not be subject to any cap or maximum payment. The value of any accrued but unused PTO is approximately $151,000 and $129,000 as of June 30, 2021 and 2020, respectively.

NOTE 16 – MODERN UNITED WAY INITIATIVE

United Way NCA entered into the Digital Services Memorandum of Understanding (the Agreement) with United Way Worldwide (UWW) to become a member of the Digital Services Operating Group (the Group). The Group is comprised of UWW and a subset of local United Ways that are working together to enhance the donor experience; grow and diversify revenue; drive greater community impact; and improve operational efficiency and effectiveness of the United Way network. United Way NCA has paid the annual membership fee every year beginning in fiscal year 2016. The fifth and final annual membership fee of $200,000 was paid in September 2019 and covers a one-year period that ended September 2020. The membership fee is being amortized over the one-year term. Future digital services will now be included within the suite of annual membership benefits provided by UWW at no additional cost.

The minimum annual license fee paid and expensed in fiscal years ended June 30, 2021 and June 30, 2020 was $345,665 and $230,443, respectively. Also, during this period, United Way NCA paid UWW an annual subscription fee for the use of the SPC platform, including a $25,000 subscription fee payment in fiscal year 2020 and again in 2021.

The Agreement was amended effective July 1, 2021 for a renewable one-year term to provide United Way NCA the right to continue to offer SPC to new and existing customers. The Amendment also stipulates that UWW will continue to provide a variety of customer support services commensurate with the level of severity pursuant to the terms of the Customer Support Agreement. In exchange for these rights and services, United Way NCA will pay UWW $3.50 per SPC license per year for each new and renewal customer, prorated based in the number of renewal months falling in the contract year. The minimum number of licenses that may be purchased is fifty, unless amending the number of licenses for a renewal customer, in which case the minimum number of licenses that may be added is ten. The number of licenses purchased for all or a portion of fiscal year 2021 was 25,770 and comprised a total purchase price of $34,420. In addition to the annual cost of SPC licenses, United Way NCA paid UWW an annual subscription fee of $25,000. The Agreement also allows United Way NAC to enter into single or multi-year agreements with end-user customers to use SPC, and in exchange, may charge a flat or variable fee not to exceed the pricing parameters established by UWW or may waive the fee altogether.

NOTE 17 - DISTRICT OF COLUMBIA EDUCATION PROGRAMS

On October 1, 2019, United Way NCA entered into an agreement with the District of Columbia to administer the Out-of-School Time program grants through September 30, 2020 for school year 2019/20 and summer 2020. Under the agreement, the District provided a grant of $12,651,804 to United Way NCA to award sub-grants to qualified nonprofits through a competitive process, with the approval of the District; and to reimburse United Way NCA for administrative costs and expenses associated with its administration and oversight responsibilities of the Program. In recognition that the District retained decision-making authority over several key aspects of the program, the agreement was accounted for as a fiscal agency transaction for the sub-grant portion of the agreement and as an exchange transaction for the expense reimbursement portion of the agreement.

NOTE 17 - DISTRICT OF COLUMBIA EDUCATION PROGRAMS (CONTINUED)

For the period ended June 30, 2020, United Way NCA paid District-approved sub-grants of $11,437,219, which are recorded as other liabilities until paid. The total amount of liabilities associated with these fiscal agent transactions as of June 30, 2021 and 2020 was $0 and $3,087,028, respectively, and recorded in “Deferred Revenue and Other Liabilities” on the Statement of Financial Position. The reimbursement of United Way NCA’s administrative costs and expenses of $433,245 are recorded in the “Non-campaign Contributions, Grants and Contracts” revenue line item on the Statement of Activities in recognition of those costs and expenses eligible for reimbursement. The total amount of deferred revenue associated with this agreement were $0 and $446,383 as of June 30, 2021 and 2020, respectively, and recorded in “Deferred Revenue and Other Liabilities” on the Statement of Financial Position.

Due to budget cuts resulting from the COVID-19 pandemic, the District of Columbia’s Office of Out of School Time Grants and Youth Outcomes made the decision not to exercise the final one-year renewal option, but instead, bring in-house all program administration functions beginning with school year 2020-2021. Funding previously received by United Way NCA from the District of Columbia for school year 2020-2021 in the amount of $2,148,357 was returned on August 11, 2020 in anticipation of the start of the new school year.

The current agreement under which United Way NCA is performing program-related activities expired during fiscal year 2021 and includes the close out of school year 2019-2020, Summer 2020, and a variety of other Out of School Time program-related activities. As of June 30, 2021, all funds have been returned to the District of Columbia and all program administration activities have been successfully transferred back to the Office of Out of School Time Grants and Youth Outcomes.

NOTE 18 – PRINCE GEORGE’S COUNTY PUBLIC SCHOOLS COMMUNITY SCHOOLS INITIATIVE

Effective August 31, 2020, United Way NCA renewed its professional services agreement (the Agreement) with the Board of Education for Prince George’s County for a one-year term to provide technical assistance in support of the County’s Community Schools initiative, including (i) vetting of quality partners, vendors and providers to deliver requisite programming; (ii) creating a foundational framework for partner and stakeholder capacity building to promote quality and effective programming; (iii) creating a foundational framework for monitoring and evaluating programmatic impact; and (iv) establishing a structured data management plan that will ensure informed decision-making and quality programming. Pursuant to the Agreement, United Way NCA is eligible to be reimbursed for up to $600,000 in qualifying costs and expenses actually incurred. As of June 30, 2021 and 2020, United Way NCA incurred qualifying costs and expenses of approximately $327,391 and $305,745, respectively, and recognized corresponding fee revenue in an equivalent amount in each corresponding fiscal year. An amendment to extend the Agreement to August 31, 2022, to expand the scope of work, and to increase the budget is currently pending.

NOTE 19 – CHANGES IN NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent net assets that are not restricted by donor or grantor-imposed stipulations of time or purpose. The following outlines undesignated assets as well as those assets United Way NCA's Board of Directors has designated for specific purposes:

	2021	2020
Without Donor Restrictions		
Undesignated	$ 13,265,130	$ 6,031,459
Subtotal: Undesignated	13,265,130	6,031,459
Board-Designated for Crisis Relief Fund	45,000	45,000
Board-Designated for Spong Gift	611,359	614,313
Board-Designated for Strategic Mission of the Organization	29,155,259	12,300,000
Subtotal: Board-Designated	29,811,618	12,959,313
Total Without Donor Restrictions	$ 43,076,748	$ 18,990,772

Board-designated net assets represent net assets without donor restrictions that can only be used for purposes approved by the Board of Directors such as pursuing strategic opportunities; establishing an operating reserve; and promoting the organization's long-term financial viability and operational effectiveness.

In December 2020, United Way NCA received an unrestricted $20 million transformational grant from novelist and venture philanthropist, MacKenzie Scott. The Board of Directors designated the grant to support the strategic mission of the organization, including but not limited to strategic program investments not otherwise funded by donor-restricted contributions and grants; expanding community reach and deepening impact; and promoting equity for everyone because we know that "when none are ignored, all will thrive"!

All conditional contributions that become unconditional and for which donor intent is satisfied simultaneously are considered without donor restriction.

NOTE 19 – CHANGES IN NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions

Net assets with donor restrictions are either restricted by donor or grantor-imposed stipulations, purpose, or time or are perpetually restricted. Net assets are released from donor or grantor-imposed restrictions by incurring expenses that satisfy the restricted purpose or by the passage of time or other events specified by the donor or grantor. Net assets with donor or grantor-imposed restrictions are as follows for the year ended June 30, 2021:

	Balance - June 30, 2020	Additions	Releases	Balance - June 30, 2021
Purpose Restricted:				
Education	$ 78,433	$ 108,190	$ (103,493)	$ 83,130
Financial Stability	463,732	282,477	(451,458)	294,751
Health	-	31,318	(31,318)	-
Basic Needs	2,492	423	(2,915)	-
Community Impact Fund	1,618,717	2,672,485	(2,355,404)	1,935,798
Veterans Fund	141,369	39,462	(2,971)	177,860
Endowment Earnings	23,242	1,459	(625)	24,076
Total Purpose Restricted	2,327,985	3,135,814	(2,948,184)	2,515,615
Perpetual in Nature	175,000	-	-	175,000
Total	$ 2,502,985	$ 3,135,814	$ (2,948,184)	$ 2,690,615

Net assets are released from donor or grantor-imposed restrictions by incurring expenses that satisfy the restricted purpose or by the passage of time or other events specified by the donor or grantor.

Net assets with donor or grantor-imposed restrictions are as follows for the year ended June 30, 2020:

	Balance - June 30, 2019	Additions	Releases	Balance - June 30, 2020
Purpose Restricted:				
Education	$ 91,433	$ 242,121	$ (255,121)	$ 78,433
Financial Stability	994,591	609,528	(1,140,387)	463,732
Health	-	29,063	(29,063)	-
Basic Needs	2,407	90	(5)	2,492
Community Impact Fund	1,145,092	2,571,320	(2,097,695)	1,618,717
Veterans Fund	167,427	53,655	(79,713)	141,369
DC Education Programs	6,009	-	(6,009)	-
Endowment Earnings	13,484	17,078	(7,320)	23,242
Total Purpose Restricted	2,420,443	3,522,855	(3,615,313)	2,327,985
Perpetual in Nature	175,000	-	-	175,000
Total	$ 2,595,443	$ 3,522,855	$ (3,615,313)	$ 2,502,985

NOTE 19 – CHANGES IN NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions (Continued)

Donor Restrictions Perpetual in Nature

United Way NCA's endowments represent two charitable bequests in the amount of $100,000 and $75,000. Both charitable bequests have restrictions that are perpetual in nature and therefore must be invested in perpetuity. Interest earned on the first charitable bequest is designated to support community impact grants and activities, while interest on the second charitable bequest is designated to support general operations. Endowments perpetually restricted as of June 30, 2021 and 2020, were $175,000.

	2021	2020
Community Impact Endowment	$ 100,000	$ 100,000
Seymour Alpert Trust	75,000	75,000
Total	$ 175,000	$ 175,000

United Way NCA has interpreted the District of Columbia-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing United Way NCA to appropriate for expenditure or accumulate so much of an endowment fund as United Way NCA determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

As a result of this interpretation, United Way NCA classifies as net assets with donor restrictions (a) the original value of gifts donated to the fund with restrictions perpetual in nature, (b) the original value of subsequent gifts to the fund with restrictions perpetual in nature, and (c) the accumulation to the fund with restrictions perpetual in nature made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the fund that is not classified as perpetual in nature is classified as net assets with donor restrictions, until those amounts are appropriated by United Way NCA for expenditure.

In accordance with UPMIFA, United Way NCA considers the following factors in deciding to appropriate or accumulate funds with restrictions perpetual in nature:

- The duration of the fund
- The purposes of United Way NCA and the donor-restricted endowment fund
- General economic conditions

- The expected total return from income and the appreciation of investments
- Other resources of United Way NCA
- The investment policies of United Way NCA

NOTE 19 – CHANGES IN NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions (Continued)

Donor Restrictions Perpetual in Nature (Continued)

Investment Policy

The endowment fund is tracked separately, monitored by the Finance Committee, and invested in fixed income assets according to United Way NCA's investment policy which seeks to preserve principal and achieve predictable returns.

Underwater Endowment Funds

United Way NCA considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. United Way NCA complies with the District of Columbia-enacted version of UPMIFA and has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. United Way NCA had no underwater endowment funds on June 30, 2021 and 2020.

Spending Policy

Management will consider the intent of the donor as expressed in the gift instrument, UPMIFA factors as listed above, and United Way NCA resource requirements in deciding as to when to use the amount in excess of the perpetually restricted principal balance to fund qualifying expenditures.

Consistent with the goal to preserve principal and generate predictable returns, the fund with restrictions perpetual in nature shall distribute the amount in excess of the principal balance as of the end of the prior year.

The endowment investing and spending policy shall be reviewed annually by the Finance Committee. The committee may adjust the spending rate as it deems appropriate in order to fulfill the objectives outlined in the policy.

NOTE 19 – CHANGES IN NET ASSETS (CONTINUED)

Spending Policy (Continued)

Earnings (interest income and gains) from the $175,000 in endowments are reflected as net assets with donor restrictions until appropriated for expenditure. The accumulated earnings and appropriations are as follows for the endowments whose restrictions are perpetual in nature as of June 30, 2021:

	2021		
	Subject to Spending Policy and Appropriation	Perpetual in Nature	Total
Endowment Net Assets - Beginning of Year	$ 23,242	$ 175,000	$ 198,242
Contributions	-	-	-
Investment Return, Net	1,459	-	1,459
Appropriations	(625)	-	(625)
Endowment Net Assets - End of Year	$ 24,076	$ 175,000	$ 199,076

The accumulated earnings and appropriations are as follows for the endowments whose restrictions are perpetual in nature as of June 30, 2020:

	2020		
	Subject to Spending Policy and Appropriation	Perpetual in Nature	Total
Endowment Net Assets - Beginning of Year	$ 13,484	$ 175,000	$ 188,484
Contributions	-	-	-
Investment Return, Net	17,077	-	17,077
Appropriations	(7,319)	-	(7,319)
Endowment Net Assets - End of Year	$ 23,242	$ 175,000	$ 198,242

NOTE 20 – COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, United Way NCA may become a party to claims and litigation. As of the date of the Auditor's opinion, Management remains unaware of any current, pending, or threating litigation.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. As a result, widespread shutdowns of states, cities, schools, and businesses began to take place, impacting the United States as the number of people infected grew at an unprecedented rate. The COVID-19 outbreak is still evolving, and its full financial impact remains unknown. There is uncertainty around the impact on the global economy and the impact it will have on United Way NCA and the community it serves.

NOTE 21 – RELATED-PARTY TRANSACTIONS

Board members and employees make annual pledges and contributions in support of United Way NCA's mission. Pledges and contributions for the years ended June 30, 2021 and 2020 were approximately $102,000 and $88,000, respectively, and were recorded as Amounts raised and processed by United Way NCA and Promises to give. Pledges outstanding as of June 30, 2021 and 2020 were approximately $19,000 and $23,000, respectively, and are recorded in Promises to give, net.

NOTE 22 – SIGNIFICANT DONATION

United Way NCA's historically strong and sustainable financial health grew even stronger during FY2021 as a result of a $20 million transformational gift received from novelist and venture philanthropist, MacKenzie Scott in December 2020. Ms. Scott's unrestricted gift comprises 41% of FY2021 gross campaign results and other support as reflected in the Statement of Activities. Although it is unknown at this time whether another transformational gift will be received from Ms. Scott or another philanthropist in the future, it is known that Ms. Scott's gift has changed the trajectory of the organization and made future exponential community impact possible. Please refer to Note 19 - Net Assets Without Donor Restrictions for more information about how Ms. Scott's gift will be strategically deployed by the Board of Directors to support the mission of the organization.

NOTE 23 – CONDITIONAL CONTRIBUTIONS

United Way NCA had $198,728 in conditional grants and contributions for which the condition had not been met as of June 30, 2020. No contributions had been awarded to United Way NCA as of June 30, 2021 in which the conditions had not been fulfilled.

United Way NCA had no outbound grants and contributions for which the condition had not been met as of June 30, 2021 and 2020.