UNITED WAY OF SALT LAKE

FINANCIAL STATEMENTS

Year Ended June 30, 2019
With Summarized Comparative Information
for the Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of United Way of Salt Lake

We have audited the accompanying financial statements of United Way of Salt Lake (a Utah nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Salt Lake as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of Salt Lake's 2018 financial statements, and our report dated October 12, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived, except for the presentation of net assets as noted in the Emphasis of Matter paragraph below.

Emphasis of Matter

As discussed in Note 1 to the financial statements, United Way of Salt Lake adopted Financial Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, in 2019. Our opinion is not modified with respect to this matter.

Mayer Hoffman McCann P.C.

Salt Lake City, Utah
October 4, 2019

UNITED WAY OF SALT LAKE

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 696,417	$ 2,060,612
Contributions receivable, net	9,056,717	10,897,309
Prepaid expenses	40,400	105,312
Note receivable	160,000	-
Property and equipment, net	192,175	180,282
Investments	8,398,428	8,878,115
Other investments	-	400,000
Restricted cash	401,334	600,997
Other assets	4,343,193	4,836,110
Beneficial interests in charitable trusts	16,663	16,663
TOTAL ASSETS	$ 23,305,327	$ 27,975,400
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 807,346	$ 727,544
Due to partners	871,530	927,704
Due to other United Ways	687,826	729,437
Long-term debt	4,288,718	5,386,571
Other liabilities	130,290	166,530
TOTAL LIABILITIES	6,785,710	7,937,786
NET ASSETS		
Without donor restriction		
Undesignated	7,798,820	11,170,555
Board designated	1,184,000	1,104,322
With donor restriction	7,536,797	7,762,737
TOTAL NET ASSETS	16,519,617	20,037,614
TOTAL LIABILITIES AND NET ASSETS	$ 23,305,327	$ 27,975,400

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2019 with Summarized Comparative Totals for 2018

	Without donor restrictions	With donor restrictions	Totals 2019	Summarized Comparative Totals 2018
SUPPORT, REVENUE, AND GAINS				
Community fund and individual donations				
Contributions made in 2019 and 2018	$ 5,160,905	$ 1,355,301	$ 6,516,206	$ 7,384,854
Less donor designations	(1,818,232)	-	(1,818,232)	(1,020,368)
Community fund and individual donations, net	3,342,673	1,355,301	4,697,974	6,364,486
Foundations and major gifts	1,911,629	2,799,761	4,711,390	4,883,079
Government funding	1,719,350	-	1,719,350	2,204,725
Sponsorships	-	484,414	484,414	528,797
In-kind contributions	131,547	-	131,547	243,265
Return on investments	398,282	19,329	417,611	377,381
Other income	110,153	-	110,153	91,347
TOTAL SUPPORT, REVENUE, AND GAINS	7,613,634	4,658,805	12,272,439	14,693,080
NET ASSETS RELEASED FROM RESTRICTIONS	4,884,745	(4,884,745)	-	-
TOTAL SUPPORT, REVENUE, AND GAINS	$ 12,498,379	$ (225,940)	$ 12,272,439	$ 14,693,080

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS – CONTINUED

Year Ended June 30, 2019 with Summarized Comparative Totals for 2018

	Without donor restrictions	With donor restrictions	Totals 2019	Summarized Comparative Totals 2018
EXPENSES				
Program Services				
Program expense	$ 11,923,313	$ -	$ 11,923,313	$ 10,429,756
Less donor designations	(1,818,232)	-	(1,818,232)	(1,020,368)
Total Program Services	10,105,081	-	10,105,081	9,409,388
Supporting Services	5,685,355	-	5,685,355	4,709,252
TOTAL EXPENSES	15,790,436	-	15,790,436	14,118,640
CHANGE IN NET ASSETS	(3,292,057)	(225,940)	(3,517,997)	574,440
NET ASSETS, BEGINNING OF YEAR	12,274,877	7,762,737	20,037,614	19,463,174
NET ASSETS, END OF YEAR	$ 8,982,820	$ 7,536,797	$ 16,519,617	$ 20,037,614

UNITED WAY OF SALT LAKE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019 with Summarized Comparative Totals for 2018

	PROGRAM SERVICES			SUPPORTING SERVICES				
	Community/ Collective Impact	2-1-1 Program Services	Total Program Services	Management and General	Resource Development	Total Supporting Services	Totals 2019	Summarized Comparative Totals 2018
Salaries and related expenses	$ 2,880,694	$ 1,009,872	$ 3,890,566	$ 905,049	$ 1,611,745	$ 2,516,794	$ 6,407,360	$ 6,101,840
Advertising	171,281	6,031	177,312	81	91,089	91,170	268,482	28,932
Occupancy and parking	97,894	80,360	178,254	59,179	78,862	138,041	316,295	250,498
Events	202,383	23,123	225,506	3,482	166,982	170,464	395,970	335,266
United Way Worldwide dues	50,403	25,202	75,605	20,348	37,056	57,404	133,009	96,263
Postage	3,364	1,794	5,158	1,281	11,684	12,965	18,123	26,717
Printing and visual media	8,547	6,599	15,146	6,048	29,593	35,641	50,787	54,470
IT outsourcing	24,072	13,030	37,102	8,825	19,418	28,243	65,345	64,814
Telephone	16,671	48,282	64,953	5,266	12,369	17,635	82,588	95,345
Professional services	2,287	161	2,448	39,624	-	39,624	42,072	43,520
Consultant fees	44,871	288,883	333,754	2,467	117,623	120,090	453,844	552,993
Trainings and conferences	48,463	24,097	72,560	13,150	20,727	33,877	106,437	103,142
Local meetings	13,982	6,549	20,531	14,426	12,914	27,340	47,871	44,886
Memberships and subscriptions	1,695	608	2,303	6,012	2,870	8,882	11,185	15,885
Awards and gifts	2,138	1,645	3,783	3,830	1,471	5,301	9,084	10,135
Repairs and maintenance	600	555	1,155	548	1,440	1,988	3,143	3,047
Insurance	13,531	6,929	20,460	7,699	10,771	18,470	38,930	34,964
Software support	145,291	63,736	209,027	70,845	163,220	234,065	443,092	280,476
Local transportation	17,253	2,333	19,586	3,492	2,521	6,013	25,599	29,988
Supplies	6,717	2,741	9,458	3,442	4,732	8,174	17,632	44,432
Interest expense	-	-	-	-	-	-	-	12,018
Bank fees	-	-	-	19,082	-	19,082	19,082	12,087
Grants to community partners	4,634,646	-	4,634,646	-	-	-	4,634,646	4,759,322
In-kind goods and services	58,004	-	58,004	-	73,543	73,543	131,547	243,265
Total before depreciation and amortization and provision for uncollectible contributions	8,444,787	1,612,530	10,057,317	1,194,176	2,470,630	3,664,806	13,722,123	13,244,305
Depreciation and amortization	28,602	19,162	47,764	10,431	23,420	33,851	81,615	98,827
Provision for uncollectible contributions	-	-	-	1,986,698	-	1,986,698	1,986,698	775,508
Total	$ 8,473,389	$ 1,631,692	$ 10,105,081	$ 3,191,305	$ 2,494,050	$ 5,685,355	$ 15,790,436	$ 14,118,640

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (3,517,997)	$ 574,440
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	81,615	98,827
Provision for uncollectible contributions	1,986,698	775,508
Change in discount on contributions receivable	17,136	8,061
Unrealized gains on investments	(203,919)	(102,801)
Realized losses (gains) on investments	804	(160,157)
Stock donation	(313,862)	(56,483)
Decrease (increase) in operating assets:		
Contributions receivable	(163,242)	(1,374,759)
Prepaid expenses	64,912	(99,789)
Other assets	492,917	(1,573,901)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	79,802	51,066
Due to partners	(56,174)	(444,892)
Due to other United Ways	(41,611)	83,984
Other liabilities	(36,240)	(27,150)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(1,609,161)	(2,248,046)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,937,597)	(2,020,599)
Proceeds from sale of investments	2,934,261	2,632,251
Decrease in restricted cash	199,663	236,799
Purchase of property and equipment	(93,508)	(33,711)
NET CASH FLOWS FROM INVESTING ACTIVITIES	1,102,819	814,740
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	-	1,631,000
Payments on long-term debt	(857,853)	(890,216)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(857,853)	740,784
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,364,195)	(692,522)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,060,612	2,753,134
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 696,417	$ 2,060,612

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

In 2019 United Way of Salt Lake sold their other investment of $400,000 in exchange for a $160,000 note receivable and a $240,000 reduction of long-term debt.

See Notes to Financial Statements

(1) Summary of significant accounting policies

Nature of operations – United Way of Salt Lake ("UWSL") is a nonprofit organization, incorporated in the state of Utah, governed by a volunteer Board of Directors that is comprised of business and community leaders. Board members are nominated from the community by a Nominating Committee comprised of at least five members of the Board of Directors. The stated mission of UWSL is to build powerful partnerships that achieve lasting social change. UWSL works to create an inclusive community where all people achieve their human potential through education, financial stability, and healthy lives.

Comprehensive research has identified issues related to education, financial stability and health as the primary drivers of self-sufficiency. As a result, UWSL focuses its work in these areas. To most effectively address these complex issues, UWSL develops comprehensive, cross-sector partnerships that work together to achieve population-level results (in addition to individual/program-level results). These "Promise Partnerships" build cradle-to-career infrastructure and focus their efforts in neighborhoods and communities (or on populations) where the needs are greatest and where key partners are willing to work together. The strategies, programs, and services implemented by these partnerships (involving hundreds of community partners, schools and businesses) happens through regional and community-focused "collaborative action networks," and through "community schools" or neighborhood centers that function as hubs of services and supports for their communities. UWSL also operates a 2-1-1 Information and Referral Service, provides grants to a limited number of community partners working outside of the Promise Partnerships that provide basic needs services of food, shelter, health and safety to the general population within Salt Lake, Summit, Davis and Tooele Counties, and distributes resources to more than 200 additional nonprofit organizations at the specific request of individual donors. UWSL advocates at all levels of government on a public policy agenda that is tied to its areas of focus, which are education, financial stability, health, and basic needs.

Basis of presentation – The accompanying financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities, Presentation of Financial Statements,* including the adoption of Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities* in 2019. Under FASB ASC 958-205, UWSL is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include those net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the UWSL. These net assets may be used at the discretion of the UWSL's management and the board of directors. Net assets with donor restrictions include those 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 the UWSL or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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

(1) Summary of significant accounting policies (continued)

Prior year summarized comparative information – The financial statements and certain notes include certain prior year summarized comparative information in total. Such information does not always include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, such information should be read in conjunction with UWSL's financial statements for the year ended June 30, 2018, from which the summarized comparative information was derived.

Reclassifications – The United Way changed its classifications for certain revenues and support for the year ended June 30, 2018 to conform to the classifications used for the year ended June 30, 2019. The revenue reclassifications did not impact total revenues and support.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP 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.

Cash and cash equivalents – UWSL considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Contributions receivable – Contributions receivable that are to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, contributions receivable are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the contribution receivable is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, UWSL's past collection experience and its policies concerning the enforcement of contributions receivable, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectability. Amortization of the discount is recorded as contributions with donor restrictions in the statement of activities and change in net assets.

UWSL uses the allowance method to determine uncollectible contributions. The allowance is based on historical experience and management's analysis of specific balances.

(1) Summary of significant accounting policies (continued)

Property and equipment – Property and equipment are recorded on the cost basis for items purchased or estimated fair market value at the date of gift for donated items. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions. UWSL capitalizes property and equipment with a cost over $500 and an estimated useful life of two years or more. Depreciation of property and equipment and amortization of leasehold improvements are computed using the straight-line method based on the shorter of the estimated useful lives or lease terms of the assets as follows:

Assets	Estimated Useful Lives
Furniture, fixtures, and equipment	3 - 10 years
Leasehold improvements	6 - 10 years
Computer equipment	2 - 7 years
Software	2 - 7 years
Vehicles	3 - 5 years
2-1-1 call center equipment	3 - 7 years

Long-lived assets – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that 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 carrying amount of an asset 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 the carrying amount or fair value less costs to sell. No impairment charges were recorded during the years ended June 30, 2019 and 2018.

Investments – UWSL reports investments in equity securities that have readily determinable fair values, and all investments in debt securities at fair value. The fair values of investments are based on quoted market prices. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

Other investments – Investments in unconsolidated joint ventures or affiliates over which UWSL has significant influence are accounted for under the equity method of accounting, whereby the investment is carried at the cost of acquisition, plus UWSL's equity in the undistributed earnings or losses since acquisition. Investments in joint ventures over which UWSL does not have the ability to exert significant influence over the investee's operating and financing activities are accounted for under the cost method of accounting. UWSL's investment in United Way Digital Holdings, LLC was accounted for under the cost method due to management's current assessment of UWSL's lack of influence over this joint venture. See Note 16.

(1) Summary of significant accounting policies (continued)

Agency transactions – UWSL, acting as an agent, receives cash contributions from individuals, small businesses, large corporations and other United Ways. These donations are transferred to the designated recipients based on the wishes of the donor.

Contributions – Donations are primarily obtained from corporations, individuals and foundations. Organizations and individuals may choose to designate all or part of their contributions to specific programs. In addition, contributions are received from federal, state and local government grants. Contributions are recorded as without donor restrictions or with donor restrictions depending on the existence and nature of any donor restrictions. All contributions are considered to be available for use unless specifically restricted by the donor.

Amounts that are restricted for future periods or restricted for specific purposes are reported as contributions with donor restrictions. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

The restrictions on assets as of June 30, 2019 and 2018, relate to the collections and pledges which are designated for allocation during future years, including Cornerstone Partners contributions, and other contributions which, at the direction of the donor, are to be used in specific programs and have not been expended at year end. Additionally, perpetual donor restrictions on assets relate to UWSL's beneficial interests in charitable trusts and endowments.

Cornerstone Partners contributions – Contributions for UWSL's Cornerstone Partners program, which is included in community fund and individuals donations in the accompanying statement of activities and change in net assets, consist of agreements with various corporations and foundations that specifically designate their contributions to be utilized for supporting service expenses of UWSL so that the maximum amount of each individual contribution received can go toward supporting programs and initiatives that benefit the community. The Cornerstone Partners' support also allows UWSL to direct individual designations received to any qualified nonprofit organization, other local United Ways and UWSL initiatives. Additionally, revenue without donor restrictions from other sources, including administrative fees on non-Cornerstone Partners' corporate gifts, sponsorships, investment revenue and other miscellaneous revenues are utilized for supporting service expenses. Cornerstone partners contributions totaled $1,103,428 and $1,271,078 for the years ended June 30, 2019 and 2018, respectively.

In-kind contributions – Donated property, marketable securities and other noncash donations are recorded as contributions at their estimated fair value as of the date of donation.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by UWSL.

(1) Summary of significant accounting policies (continued)

UWSL receives donated specialized consulting services, printing, radio, newspaper, and television advertising, prizes for special events, catering and other goods and services. In addition, many individuals have donated significant amounts of their time in organizational governance, program services and resource development efforts. For the years ended June 30, 2019 and 2018, approximately $60,000 and $135,000, respectively, have been reflected in the financial statements for volunteer services that met the criteria for recognition. These amounts are included within advertising costs below.

Functional expenses – UWSL follows guidelines established by United Way Worldwide's "Functional Expenses and Overhead Reporting Standards" for allocating costs among functional expense categories. In general, where a specific cost can be identified with a particular function, the cost is charged directly to that function. If costs cannot be identified directly with specific functional categories, those costs are allocated among functional categories based upon project codes and the "full-time equivalent" methods of cost allocation. The categories for reporting functional expenses are as follows:

Program services

Community/Collective Impact – Collective Impact is a rigorous approach to collaboration in which cross-sector partners share accountability for population-level results and use data to develop aligned and mutually-reinforcing strategies. UWSL's focus is on building cradle to career civic infrastructure that advances education, financial stability and health outcomes within the Salt Lake region. Together with its many partners, UWSL works to create a vision and set goals, align programs, activities and strategies, support continuous improvement and measure success by tracking and sharing data, and engage the broader community.

UWSL serves in the unique and critical role of "backbone" to facilitate these partnerships and to bring people and organizations together to align efforts and resources. This ensures that there is a pipeline of support for children and their families from birth to career.

Through collaboration with many community partners, UWSL's Promise Partnerships work to achieve eight main goals: 1) infants and toddlers demonstrate age-appropriate development; 2) children enter kindergarten ready to learn; 3) students achieve on grade level in reading, math and science; 4) students graduate from high school and are college or career ready; 5) students enroll in and complete post-secondary education; 6) families gain the income and financial tools to thrive; 7) children and families develop healthy behaviors and improve their overall health; 8) people's most basic needs of food, shelter, health and safety are met.

(1) Summary of significant accounting policies (continued)

Through UWSL's community schools and neighborhood centers, which are located in some of the community's most economically-challenged neighborhoods in Bountiful, Clearfield, Salt Lake City, South Salt Lake, Kearns, West Valley City, Midvale and Park City, parents receive adult education courses including employment readiness, financial management, language, and computer classes. Kids can get involved in academic and youth development activities, including after-school and tutoring, mentoring and reading programs, physical activities, art and other enrichment opportunities. On-site basic health screenings, mental and dental health services and preventative care are also provided.

Promise Partnership community schools and neighborhood centers are located within already existing facilities in schools, apartment complexes, and community centers, so that valuable and scarce resources go directly to programs and services, rather than to constructing buildings.

UWSL works as an integral partner with schools, cities, state government, businesses, churches and nonprofits to guide the vision and strategies, build public will, support aligned activities, establish shared measurement systems, mobilize funding, advance public policies and engage volunteers.

United Way 2-1-1 – UWSL has responsibility for much of the state's 2-1-1 Information and Referral System ("2-1-1"), with United Way of Utah County providing 2-1-1 service in the central part of the state. It is a statewide service that is an easy-to-remember information and referral telephone number that people dial to get connected and receive answers. 2-1-1 connects people to important health, human and community service programs, including: emergency food pantries, rental assistance, public health clinics, legal aid, and a variety of nonprofit and government agencies. Individuals, families and corporate and religious groups can dial 2-1-1 to get connected to meaningful volunteer opportunities. People can also access 2-1-1 services by going to the 2-1-1 website.

Supporting services

Management and general – Includes overall direction and administration of UWSL and ensures that UWSL is well-managed; is responsible for strategic planning and overall development of organization; develops and strengthens community relationships, including maintaining a strong and effective Board of Directors, has responsibility for all staff functions, including hiring, training, human resource management, and benefits administration; properly and accurately maintains general records; is responsible for fiscal management, including financial statements, audits, contributions and accounts receivable, accounts payable and in-kind contributions.

(1) Summary of significant accounting policies (continued)

Resource development – Develops, implements and refines overarching resource development plans to secure resources necessary to support the organizational mission and business model. Researches, develops and implements new strategies and best practices to strengthen current resource development efforts. Increases revenue by broadening the base of support through innovation and development of new revenue streams. Cultivates and maintains relationships with current and prospective donors through personal contact, including phone calls, email, written correspondence and visits. Engages staff and the Board of Directors in the process to cultivate donors and secure revenue. Develops, implements, and manages current and prospective donor cultivation and stewardship practices. Works with the Marketing Department to develop and produce all of the organizational materials such as brochures, pledge forms, posters, banners and other collateral materials including advertising, media coverage, special events, audio/visual materials, and all forms of social media. In cooperation with the Collective Impact Department, researches and writes foundation and government grants to secure restricted revenue for specific projects to advance UWSL's work.

Advertising costs – Advertising costs are expensed when incurred. Advertising expense was $268,482 and $28,932 for the years ended June 30, 2019 and 2018, respectively. Additionally, approximately $60,000 and $135,000 of advertising was donated for the years ended June 30, 2019 and 2018, respectively, which is included within in-kind goods and services expenses in the accompanying statement of functional expenses. Amounts not donated in-kind are sponsored directly through corporate advertising sponsors.

Income taxes – UWSL is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been reflected in UWSL's financial statements. UWSL evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. UWSL management does not believe there are any material uncertain tax positions and, accordingly, UWSL has not recognized any liability for unrecognized tax benefits.

UWSL's policy is to record income tax penalties and interest expense in its financial statements. During the years ended June 30, 2019 and 2018, UWSL incurred no penalties and interest. UWSL's Federal Return of Organizations Exempt from Income Tax (Form 990) for 2016, 2017, and 2018 are subject to examination by the Internal Revenue Service ("IRS"), generally for three years after they were filed. As of the date of this report, UWSL's 2019 return had not yet been filed.

Fair value measurements – FASB ASC 820*, Fair Value Measurements,* provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

(1) Summary of significant accounting policies (continued)

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

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

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and 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 and significant to the fair value measurement.

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 should maximize the use of observable inputs and minimize the use of unobservable inputs.

Recent accounting pronouncements – In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, that will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Additionally, the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized.

(1) **Summary of significant accounting policies (continued)**

In August 2015, the FASB issued FASB ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which changed the effective date of the provisions of FASB ASU No. 2014-09. As a result, the new effective dates for public business entities, certain not-for-profit entities, and certain employee benefit plans to apply the guidance in FASB ASU No. 2014-09 is for annual reporting periods beginning after December 15, 2017. All other entities should apply the guidance in FASB ASU No. 2014-09 to annual reporting periods beginning after December 15, 2018. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016. Transition to the new guidance may be done using either a full or modified retrospective method. UWSL is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* ASU 2018-08 is intended to clarify current guidance about whether a transfer of assets is a contribution or an exchange transaction. ASU 2018-08 is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. The update is intended to be applied on a modified prospective basis, but retrospective application is permitted. UWSL is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. UWSL is currently evaluating the effect that the adoption of this standard will have on the financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230).* This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in the ASU do not provide a definition of restricted cash or restricted cash equivalents. The ASU is effective for all nonpublic business entities for fiscal years beginning after December 15, 2018. Early adoption is permitted. UWSL is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

(1) Summary of significant accounting policies (continued)

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 improves the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The amendments of this ASU are to be applied on a retrospective basis in the year that the ASU is first applied. UWSL adopted ASU 2016-14 in 2019. All amounts previously reported as temporarily restricted or permanently restricted net assets have been reclassified to net assets with donor restrictions upon adoption of this standard. In accordance with the amendments of the ASU, UWSL elected to present expenses by function and nature as a separate statement of functional expenses. Disclosure around liquidity and availability of resources are included in Note 17.

A summary of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018 is as follows:

	ASU 2016-14 Classifications		
Net Asset Classifications	**Without donor restrictions**	**With donor restrictions**	**Total Net Assets**
As previously reported:			
Unrestricted	$ 12,274,877	$ -	$ 12,274,877
Temporarily Restricted	-	7,660,767	7,660,767
Permanently Restricted	-	101,970	101,970
Net assets, as reclassified	$ 12,274,877	$ 7,762,737	$ 20,037,614

(2) Contributions receivable

Contributions receivable consists of the following as of June 30, 2019 and 2018:

	2019	2018
Amounts due in:		
Less than one year	$ 8,363,913	$ 8,700,671
Two to five years	3,200,000	2,700,000
Totals	11,563,913	11,400,671
Less allowance for uncollectible contributions	(2,396,770)	(410,072)
Less unamortized discount	(110,426)	(93,290)
Contributions receivable, net	$ 9,056,717	$ 10,897,309

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using discount rates ranging from 3.52% to 3.68%. At June 30, 2019, two donors comprised approximately 44% of total contributions receivable. At June 30, 2018, one donor comprised approximately 26% of total contributions receivable.

(3) Property and equipment

The cost and related accumulated depreciation and amortization of property and equipment as of June 30, 2019 and 2018 consisted of the following:

	2019	2018
Cost		
Furniture, fixtures, and equipment	$ 104,627	$ 102,083
Leasehold improvements	154,034	150,610
Computer equipment	186,756	189,567
Software	145,145	145,145
Vehicle	25,304	25,304
2-1-1 call center equipment	64,891	74,175
Property and equiment not in service	63,700	-
Total cost	744,457	686,884
Less accumulated depreciation and amortization	(552,282)	(506,602)
Property and equipment, net	$ 192,175	$ 180,282

Depreciation and amortization expense charged to operations was $81,615 and $98,827 for the years ended June 30, 2019 and 2018, respectively.

(4) Investments

Investments by major type as of June 30, 2019 and 2018 consisted of the following:

	2019	2018
Certificates of deposit	$ 2,415,995	$ 4,105,405
Exchange traded funds	4,262,999	4,433,846
Preferred stock	132,500	131,500
Mutual funds - bonds	1,577,124	90,291
Mutual funds - equities	9,810	117,073
Total investments	$ 8,398,428	$ 8,878,115

Investment returns for the year ended June 30, 2019, are summarized by net asset class as follows:

	Without donor restrictions	With donor restrictions	Total
Interest and dividends	$ 252,997	$ 25,490	$ 278,487
Realized losses on sale of investments	(804)	-	(804)
Unrealized gains (losses) on investments	205,878	(1,959)	203,919
Investment advisor fees	(59,789)	(4,202)	(63,991)
Totals	$ 398,282	$ 19,329	$ 417,611

(4) Investments (continued)

Investment returns for the year ended June 30, 2018, are summarized by net asset class as follows:

	Without donor restrictions	With donor restrictions	Total
Interest and dividends	$ 169,552	$ 11,919	$ 181,471
Realized gains on sale of investments	160,157	-	160,157
Unrealized gains on investments	86,231	16,570	102,801
Investment advisor fees	(63,393)	(3,655)	(67,048)
Totals	$ 352,547	$ 24,834	$ 377,381

(5) Split-interest agreements and beneficial interests in charitable support trusts

UWSL is a co-beneficiary of a charitable remainder unitrust ("CRUT") that terminates after the death of the primary beneficiary. UWSL will receive 33% of the remaining principal and income, if any, upon termination of the trust. UWSL's pro-rata interest in the trust is recorded at the fair value of the assets contributed to the trust and is permanently restricted.

UWSL is also a beneficiary of two irrevocable perpetual charitable support trusts ("CSTs", "CSTI" or "CSTII"). After the death of the donor, the CSTs were funded by a CRUT that was established to fund the CSTs. Under the CSTI and CSTII agreements, 50% and 60%, respectively, of the total annual income of the CSTs will be distributed to multiple beneficiaries, in specific percentages. UWSL will receive 12.5% and 8.0% from CSTI and CSTII, respectively, of the total annual income of the CSTs and is then required to apportion and distribute 40% of the income it receives from the CSTs directly to two other designated co-beneficiary organizations.

Additionally, the trustees of CSTI and CSTII will meet annually to determine what, if any, portion of the other 50% and 40%, respectively, of the income and distributable principal, according to the trustees' discretion, to allocate and distribute between the beneficiaries. UWSL will recognize the trust income received as unrestricted support revenue with a corresponding donor designation contra support revenue and due to

partners payable for the 40% portion owed to the two other designated co-beneficiary organizations.

During the years ended June 30, 2019 and 2018, UWSL recognized income from the CSTs totaling $152,500 and $102,100, respectively, which was recorded as support revenue without donor restriction. During the years ended June 30, 2019 and 2018, UWSL also recorded donor designation contra support revenue of $61,000, and $40,840, respectively, representing the co-beneficiaries' 40% interest in the income received. As of June 30, 2019 and 2018, UWSL recorded a due from CSTs of $129,300 and $89,700, respectively. Of these amounts, as of June 30, 2019 and 2018, UWSL recorded a due to partners payable of $25,860 and $35,880, respectively.

(5) Split-interest agreements and beneficial interests in charitable support trusts

UWSL has attempted to obtain and determine the fair values of UWSL's portion of the net assets of the CSTs. No such information is available to determine a fair value in the net assets of the CSTs and accordingly, no perpetually donor restricted beneficial interests in charitable support trust asset and corresponding perpetually donor restricted support revenue has been recognized in the financial statements due to the inability to obtain the information from the CSTs. UWSL will continue to monitor and assess information available to determine the fair value of the CSTs and will record the asset and related revenue if and when the information is available.

(6) Due to partners

Payments due to partners consisted of donor contributions designated for partners of \$871,530, net of an allowance for uncollectible designated contributions of \$0, as of June 30, 2019. Payments due to partners consisted of donor contributions designated for partners of \$927,704, net of an allowance for uncollectible designated contributions of \$0, as of June 30, 2018. Payments due to other United Ways were \$687,826 and \$729,437 as of June 30, 2019 and 2018, respectively.

(7) Board designated net assets

Board designated net assets consisted of board designated endowment funds of \$1,184,000 and \$1,104,322 as of June 30, 2019 and 2018, respectively. Board designated endowment funds as of June 30, 2019 and 2018, includes \$505,786 and \$427,603, respectively, for the Deborah S. Bayle Scholarship Fund for Youth.

(8) Long-term debt

In August 2013, a Social Impact Bond program for early childhood education was established in Utah. Through a partnership led by UWSL, a Utah High Quality Preschool Program ("UHQPP") was established with funding from private investors ("Lenders"). UHQPP is established to deliver high impact and targeted curriculum to increase readiness and academic performance among 3 and 4 year olds. By entering kindergarten better prepared, it is expected that fewer children will need special education and remedial service in kindergarten through the 12th grade, which results in cost saving for school districts and the State of Utah.

(8) Long-term debt (continued)

The State of Utah did not initially join the program as a repayment partner in 2013. However, in March of 2014, the Utah State Legislature passed House Bill (“HB”) 96, the Utah School Readiness Initiative, and allocated funds to support grants to education agencies and private providers to increase the quality of early childhood programming throughout Utah. As such, UHQPP is comprised of two parts:

(1) Proof of Concept, or first cohort (commencing with school year 2013 – 2014); and
(2) State of Utah HB96, or second through fifth cohorts (commencing each school year after school year 2013 – 2014 for the school years 2014 – 2018).

Children selected for UHQPP are given the Peabody Picture Vocabulary Test, a predictive evaluation that serves as an indicator of their likely usage of resource special education and remedial services. Students that test two standard deviations below the mean are therefore likely to use special education services and are tracked as they progress through each year. These students form the separate annual cohorts and associated payment cohorts.

Success of UHQPP is evaluated by an independent evaluator each year and every year a student in a payment cohort does not use resource special education services, Success Payments will be generated and paid to the Lenders.

Funding for the first cohort occurred in August 2013, the second cohort occurred in September 2014, the third cohort occurred in October 2015, the fourth cohort occurred in October 2016 and the fifth cohort occurred in November 2017. The funding for the five cohorts has been entered into between UWSL and the same private lender which holds the senior loan agreements and the same private lender that holds the subordinate loan agreements. The loans for cohort 1 bear interest at 5% per year calculated on a simple interest basis and mature eight years after the initial advance date. An additional feature of the loans for cohort 1 is that the loan provides for the possibility of additional “success payments” to investors based on the success of the program.

The loans for cohorts 2 through 5 bear interest which is capped at 5% above the Municipal Market Data General Obligation Bond Rate as of the date the contract is executed. The interest rate on cohorts 1 through 5 was 5% as of June 30, 2019 and 2018.

Principal and interest payments are due under both the senior and subordinate loans on the anniversary date of the initial advance, beginning on the third anniversary of the initial advance.

Upon maturity of the senior loans and subordinate loans and after application in full of all Success Payments, and subject to any liability that UWSL may have under limited resource carve-out agreements, the senior lender and the subordinate lender shall forgive any unpaid obligations with respect to any unpaid principal balance and any accrued and unpaid interest of the senior loans and subordinate loans, respectively.

(8) Long-term debt (continued)

The funding balances for the cohorts are as follows:

First Cohort
A principal amount of $1,110,000 was borrowed by UWSL on the first cohort. In association with the funds, UWSL transferred funds totaling $1,262,500 into a separate restricted cash Performance Account. Pursuant to the independent evaluator's report, Success Payments in the total amount of $267,478 and $250,142 were distributed to the lenders in September 2015 and October 2016, respectively. As of June 30, 2019 and 2018, the Performance Account balance, which is reflected on the accompanying statements of financial position as restricted cash, was $401,334 and $600,997, respectively.

As of June 30, 2019, the outstanding balance associated with the first cohort on the senior loan and the subordinate loan was $0 and $366,228, respectively, and the total accrued interest on the loans was $9,207, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

As of June 30, 2018, the outstanding balance associated with the first cohort on the senior loan and the subordinate loan was $90,543 and $369,999, respectively, and the total accrued interest on the loans was $87,170, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

Success Payments, as defined in the loan agreements, are an amount equal to a percentage of the Per Child Success Amount, which is equal to a specified rate per child. Prior to the repayment of principal and interest, the payments to Lenders are based on an amount which is 95% of the Per Child Success Amount. Subsequent to the payment of principal and interest for the first cohort only, additional Success Fees may be paid and are based on a reduced percentage of the Per Child Success Amount, which is 40%. For the first cohort, all payments to Lenders are limited to the total amount held in the Performance Account.

Second through Fifth Cohorts
Principal amounts were borrowed by UWSL for Cohorts Two through Five as follows:

Cohort Two	$	1,063,500
Cohort Three	$	1,138,500
Cohort Four	$	1,570,125
Cohort Five	$	1,631,000

For the Second through Fifth Cohorts, UWSL acts as a contractor for the School Readiness Board agency ("SRB") of the State of Utah with oversight responsibility and the State of Utah will provide the funding through the SRB.

(8) Long-term debt (continued)

The additional funding that UWSL expects to receive from the State of Utah to repay the Second through Fifth Cohort loans is recorded in other assets and is as follows as of June 30:

	2019	2018
Cohort Two	$ 325,271	$ 540,274
Cohort Three	691,982	937,939
Cohort Four	870,487	1,170,790
Cohort Five	2,149,752	2,067,069
Total	$ 4,037,492	$ 4,716,072

After funding the applicable school year, subsequent investments will be made based on the availability of funds from the State of Utah. If the preschool program does not result in increased school readiness and decreased use of special education services, then there is no obligation on the part of the State of Utah or UWSL to repay the loan. The Lenders retain the risk of non-payment under the agreement.

As of June 30, 2019, the outstanding balances associated with the Second through Fifth Cohorts on the senior and subordinate loans were as follows:

	Senior Lender	Subordinate Lender	Total
Cohort Two	$ -	$ 354,500	$ 354,500
Cohort Three	264,726	379,500	644,226
Cohort Four	769,389	523,375	1,292,764
Cohort Five	1,087,334	543,666	1,631,000
Total	$ 2,121,449	$ 1,801,041	$ 3,922,490

As of June 30, 2018, the outstanding balances associated with the Second through Fourth Cohorts on the senior and subordinate loans were as follows:

	Senior Lender	Subordinate Lender	Total
Cohort Two	$ 232,125	$ 354,500	$ 586,625
Cohort Three	518,779	379,500	898,279
Cohort Four	1,046,750	523,375	1,570,125
Cohort Five	1,087,334	543,666	1,631,000
Total	$ 2,884,988	$ 1,801,041	$ 4,686,029

(8) Long-term debt (continued)

Accrued interest on the loans as of June 30, 2019 and 2018 was as follows:

	2019	2018
Cohort Two	$ 102,142	$ 72,762
Cohort Three	72,448	66,558
Cohort Four	89,899	75,300
Cohort Five	116,171	32,545
Total	$ 380,660	$ 247,165

Accrued interest is included in accounts payable and accrued expenses in the accompanying statements of financial position. Corresponding amounts of accrued interest receivable are included in other assets on the accompanying statements of financial position.

Success Payments to the Lenders will be made equal to 95% of the Per Child Success Amount, which is equal to a specified rate per child for every year from kindergarten through sixth grade. The State of Utah will retain 5.0% of the Per Child Success Amount for each year from kindergarten through sixth grade or until the lenders have received the maximum payment amount based on an interest rate not to exceed 5.0% more than the Municipal Market Data General Obligation Bond AAA scale for a 10 year maturity. From the seventh grade through twelfth grade, the State of Utah retains 100% of the avoided costs.

(9) Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes as of June 30, 2019 and 2018:

	2019	2018
Changing the Odds	$ -	$ 909,704
Community Fund	5,119,573	3,400,000
Cornerstone Partners	1,103,428	1,272,078
Other restricted grants	182,299	683,056
Women's Leadership Council	251,873	270,961
Sponsorships	406,075	737,411
Endowment	406,886	387,557
Restricted in perpetuity	66,663	101,970
Net assets with donor restriction	$ 7,536,797	$ 7,762,737

Net assets released from restrictions totaled $4,884,745 and $5,693,539 for the years ended June 30, 2019 and 2018, respectively. Net assets released from restrictions relate to collections on contributions receivable and the satisfaction of time and purpose restrictions on funds as specified by donors.

(9) Net assets with donor restriction (continued)

Net assets with donor restrictions in perpetuity consisted of the following as of June 30, 2019 and 2018:

	2019	2018
Beneficial interests in charitable trusts	$ 16,663	$ 16,663
Children's Initiative Endowment Investment	50,000	50,000
Davis County Endowment Investment	-	35,307
Net assets with donor restrictions in perpetuity	$ 66,663	$ 101,970

(10) Endowment

UWSL's endowment includes both donor-restricted endowments and funds designated by the Board of Directors to function as endowments.

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law – The Board of Directors of UWSL has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), as adopted by the State of Utah, as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, UWSL classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment 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 donor restricted endowment fund that is not classified as donor restricted net assets in perpetuity is classified as donor restricted net assets until those amounts are appropriated for expenditure by UWSL in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, UWSL considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of UWSL
(7) The investment policies of UWSL

(10) Endowment (continued)

Endowment net asset composition by type of fund as of June 30, 2019 consisted of the following:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 456,886	$ 456,886
Board-designated endowment funds	1,184,000	-	1,184,000
Total endowment net assets	$ 1,184,000	$ 456,886	$ 1,640,886

Endowment net asset composition by type of fund as of June 30, 2018 consisted of the following:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 472,864	$ 472,864
Board-designated endowment funds	1,104,322	-	1,104,322
Total endowment net assets	$ 1,104,322	$ 472,864	$ 1,577,186

Changes in endowment net assets for the year ended June 30, 2019 consisted of the following:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 1,104,322	$ 472,864	$ 1,577,186
Investment return:			
Interest and dividends	63,530	25,490	89,020
Net depreciation (realized and unrealized)	(8,950)	(1,959)	(10,909)
Investment advisor fees	(10,209)	(4,202)	(14,411)
Total investment return	44,371	19,329	63,700
Appropriation from endowment	35,307	(35,307)	-
Endowment net assets, end of year	$ 1,184,000	$ 456,886	$ 1,640,886

Changes in endowment net assets for the year ended June 30, 2018 consisted of the following:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 1,035,165	$ 448,030	$ 1,483,195
Investment return:			
Interest and dividends	29,800	11,919	41,719
Net appreciation (realized and unrealized)	50,106	16,570	66,676
Investment advisor fees	(10,749)	(3,655)	(14,404)
Total investment return	69,157	24,834	93,991
Endowment net assets, end of year	$ 1,104,322	$ 472,864	$ 1,577,186

(10) Endowment (continued)

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable state law requires UWSL to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature that are reported in net assets without donor restrictions. As of June 30, 2019 and 2018 there were no such deficiencies.

Return objectives and risk parameters – UWSL has adopted investment and spending policies for endowment assets that attempt to maximize long-term gains with an acceptable level of risk and to provide funding for special projects or initiatives, to act as an emergency funding source or to fund capital expenditures. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet or exceed appropriate nationally recognized performance indices (benchmarks) selected by the Investment Committee over a five-year rolling time period. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives – To satisfy its long-term rate-of-return objectives, UWSL relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UWSL targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objective relates to spending policy – Distribution of endowment funds are approved by the Board of Directors and are made when deemed appropriate. A guideline for distributions from the endowment fund earnings, on a fiscal year basis, is defined as 50% of the investment income growth (including income and capital appreciation), of the endowment funds, unless otherwise recommended by the Board of Directors.

This is consistent with UWSL's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(11) Leases

UWSL leases office space and equipment under non-cancelable operating leases which expire through April 2026. Lease expense for these leases was approximately $288,000 and $220,000 for the years ended June 30, 2019 and 2018, respectively.

Future aggregate minimum lease payments under existing non-cancelable leases as of June 30, 2019 are as follows:

Years Ending June 30,	
2020	$ 289,900
2021	295,200
2022	293,400
2023	300,400
2024	307,800
Thereafter	583,200
Total future minimum lease payments	$ 2,069,900

In the normal course of business, operating leases are generally renewed or replaced by other leases.

Deferred rent at June 30, 2019 and 2018 totaled $130,290 and $166,530, respectively, and is included within other liabilities in the accompanying statements of financial position.

(12) Concentrations of credit and market risks

Primarily all of UWSL's revenues and receivables are from businesses and individuals located in the Davis, Salt Lake, Summit, and Tooele County areas in the state of Utah. UWSL maintains cash and investments in bank and brokerage accounts which at times may exceed their federally insured limits of $250,000 set by the Federal Deposit Insurance Corporation. UWSL has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances.

UWSL also maintains accounts with stock brokerage firms and has beneficial interests in charitable trusts which maintain accounts with brokerage firms. The accounts contain cash, securities and other investments. The balances are insured by the Securities Investors Protection Corporation up to a ceiling of $500,000 with a $250,000 limit for cash claims. UWSL's investments in securities and beneficial interests in charitable trusts are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with these investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

For the year ended June 30, 2019, one donor comprised approximately 22% of total community impact initiative contributions. For the year ended June 30, 2018, one donor comprised approximately 55% of total community impact initiative contributions.

(13) Related party transactions

UWSL purchases legal, advertising and investment management services from three companies that employ three members of the Board of Directors. UWSL's Board Governance Committee reviews related party transactions for potential conflicts of interest. Payments and recognized donated services from these companies for the years ended June 30, 2019 and 2018 consisted of the following:

	2019	2018
Legal services	$ 2,814	$ 4,876
Advertising services	2,909	26,195
Bank fees	9,561	10,639
Investment management services	20,442	20,774
Program services and other	743,696	734,185
Total	$ 779,422	$ 796,669

(14) Retirement plan

UWSL sponsors a 403(b) plan (the "Plan"), which reports on a calendar year. Benefits under the Plan are provided through a group annuity contract. Employer matching contributions to the Plan are equal to 100% of employee elective deferrals up to 6% of eligible gross wages. Employer contributions made to the Plan were $250,991 and $224,008 for the years ended June 30, 2019 and 2018, respectively.

(15) Fair value measurements

The following table sets forth, by level within the fair value hierarchy, UWSL's assets that are measured at fair value on a recurring basis as of June 30, 2019:

	Level 1	Level 2	Level 3	Balance as of June 30, 2019
Certificates of deposit	$ -	$ 2,415,995	$ -	$ 2,415,995
Exchange traded funds	4,262,999	-	-	4,262,999
Preferred stock	132,500	-	-	132,500
Mutual funds - bonds	1,577,124	-	-	1,577,124
Mutual funds - equities	9,810	-	-	9,810
Beneficial interests in charitable trusts	-	-	16,663	16,663
Total	$ 5,982,433	$ 2,415,995	$ 16,663	$ 8,415,091

(15) Fair value measurements (continued)

The following table sets forth, by level within the fair value hierarchy, UWSL's assets that are measured at fair value on a recurring basis as of June 30, 2018:

	Level 1	Level 2	Level 3	Balance as of June 30, 2018
Certificates of deposit	$ -	$ 4,105,405	$ -	$ 4,105,405
Exchange traded funds	4,433,846	-	-	4,433,846
Preferred stock	131,500	-	-	131,500
Mutual funds - bonds	90,291	-	-	90,291
Mutual funds - equities	117,073	-	-	117,073
Beneficial interests in charitable trusts	-	-	16,663	16,663
Total	$ 4,772,710	$ 4,105,405	$ 16,663	$ 8,894,778

The investments in certificates of deposit are valued using the estimated cash flows based on terms such as the fixed rate of return as compared to the benchmark interest rates, which are market observable.

Beneficial interests in charitable trusts are valued using estimated rates of return on the assets held by the charitable trusts, the expected cash flows to be received when the assets are distributed from the trusts and the fair value of the underlying assets held by the trusts.

For the Level 2 and Level 3 assets, there were no changes in the valuation techniques during the years ended June 30, 2019 and 2018.

The table below presents the change in fair value measurements that used Level 3 inputs during the years ended June 30, 2019 and June 30, 2018:

	2019	2018
Balance, beginning of year	$ 16,663	$ 16,663
Settlements	-	-
Net unrealized gains (losses)	-	-
Balance, end of year	$ 16,663	$ 16,663

(16) Other investments

In February 2017, UWSL invested $400,000 in United Way Digital Holdings, LLC for an approximate 3% membership interest. The investment included a cash payment of $80,000 and the incurrence of $320,000 of long-term debt by entering into a promissory note payable for this amount to United Way Digital Holdings, LLC. The promissory note had a fixed interest rate of 4.0%, payable monthly, and the principal was payable in four equal installments of $80,000 beginning February 2018 and concluding in February 2021. At June 30, 2018, the balance outstanding under the promissory note totaled $240,000 and is included in long-term debt. Interest incurred under the promissory note totaled $0 and $12,087 for the years ended June 30, 2019 and 2018, respectively.

(16) Other investments (continued)

In December 2018 UWSL's investment in United Way Digital Holdings, LLC was sold to United Way Worldwide for $400,000. The $400,000 of proceeds included a $160,000 note receivable from United Way Worldwide and United Way Worldwide's assumption of UWSL's $240,000 promissory note payable to United Way Digital Holdings, LLC.

The $160,000 note receivable from United Way Worldwide is to be repaid in four annual installments of $40,000, commencing with the first payment being due December 1, 2019 and maturing on December 1, 2023, and bears interest at 2.27%. Management considers the note receivable to be fully collectible at June 30, 2019 and accordingly, an allowance for uncollectible note receivable is not considered necessary.

(17) Liquidity and availability of resources

UWSL monitors its cash position on a weekly basis to ensure the fulfillment of all obligations. As part of UWSL's liquidity plan, excess cash is invested in various investments. As of June 30, 2019, UWSL's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	$ 696,417
Contributions receivable due in one year or less, net of allowance	6,630,384
Current portion of note receivable	40,000
Investments	8,398,428
Total assets available for use within one year	15,765,229
Less: net assets with donor restrictions	(7,536,797)
Less: Board designated net assets	(1,184,000)
Net assets available for general use within one year	$ 7,044,432

UWSL's investments could be readily liquidated without significant penalty to fund operating cash flow needs, except as noted above. In addition to the Contributions receivable due in one year or less, UWSL anticipates the receipt of $1,611,964 from recurring government grants to be awarded and used in the 2020 fiscal year. Additionally, should the need arise, UWSL's Board of Directors could, through a majority vote, un-designate Board designated amounts and use the funds to support operating cash flow needs.

(18) Subsequent events

UWSL has evaluated subsequent events through October 4, 2019, which is the date these financial statements were available to be issued.