UNITED WAY OF SALT LAKE

FINANCIAL STATEMENTS

Year Ended June 30, 2020
With Summarized Comparative Information
for the Year Ended June 30, 2019

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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, 2020, 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT - CONTINUED

Report on Summarized Comparative Information

We have previously audited United Way of Salt Lake's 2019 financial statements, and our report dated October 4, 2019, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 1 to the financial statements, United Way of Salt Lake adopted Financial Accounting Standards Update ("ASU") No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made,* in 2020. Our opinion is not modified with respect to this matter.

Mayer Hoffman McCann P.C.

December 31, 2020
Phoenix, Arizona

UNITED WAY OF SALT LAKE

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

ASSETS

	2020	2019
Cash & cash equivalents	$ 7,611,389	$ 696,417
Contributions receivable, net	8,437,646	9,056,717
Prepaid expenses	101,482	40,400
Note receivable	160,000	160,000
Property & equipment, net	160,343	192,175
Investments	9,341,230	8,398,428
Restricted cash	208,599	401,334
Other assets	3,308,462	4,343,193
Beneficial interests in charitable trusts	16,663	16,663
TOTAL ASSETS	$ 29,345,814	$ 23,305,327

LIABILITIES AND NET ASSETS

	2020	2019
Accounts payable and accrued expenses	$ 1,027,174	$ 807,346
Due to partners	827,371	871,530
Due to other United Ways	552,805	687,826
Long-term debt	3,115,495	4,288,718
Other liabilities	212,129	130,290
TOTAL LIABILITIES	5,734,974	6,785,710
NET ASSETS		
Without donor restriction		
Undesignated	7,878,095	7,798,820
Board designated	1,067,630	1,184,000
With donor restriction	14,665,115	7,536,797
TOTAL NET ASSETS	23,610,840	16,519,617
TOTAL LIABILITIES AND NET ASSETS	$ 29,345,814	$ 23,305,327

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2020 with Summarized Comparative Totals for 2019

	Without donor restrictions	With donor restrictions	Totals 2020	Summarized comparative totals 2019
SUPPORT, REVENUE, AND GAINS				
Community fund and individual donations				
Contributions made in 2020 and 2019	$ 4,063,140	$ 823,428	$ 4,886,568	$ 6,516,206
Less donor designations	(963,138)	-	(963,138)	(1,818,232)
Community fund and individual donations, net	3,100,002	823,428	3,923,430	4,697,974
Foundations and major gifts	3,622,884	9,888,399	13,511,283	4,711,390
Government funding	2,861,584	-	2,861,584	1,719,350
Sponsorships	47,252	10,131	57,383	484,414
In-kind contributions	32,084	-	32,084	131,547
Return on investments	19,481	4,674	24,155	417,611
Other income	506,730	-	506,730	110,153
TOTAL SUPPORT, REVENUE, AND GAINS	10,190,017	10,726,632	20,916,649	12,272,439
NET ASSETS RELEASED FROM RESTRICTIONS	3,598,314	(3,598,314)	-	-
TOTAL SUPPORT, REVENUE, AND GAINS	$ 13,788,331	$ 7,128,318	$ 20,916,649	$ 12,272,439

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS – CONTINUED

Year Ended June 30, 2020 with Summarized Comparative Totals for 2019

	Without donor restrictions	With donor restrictions	Totals 2020	Summarized comparative totals 2019
EXPENSES				
Program Services				
Program expense	$ 10,603,775	$ -	$ 10,603,775	$ 11,923,313
Less donor designations	(963,138)	-	(963,138)	(1,818,232)
Total Program Services	9,640,637	-	9,640,637	10,105,081
Support Services	4,184,789	-	4,184,789	5,685,355
TOTAL EXPENSES	13,825,426	-	13,825,426	15,790,436
CHANGE IN NET ASSETS	(37,095)	7,128,318	7,091,223	(3,517,997)
NET ASSETS, BEGINNING OF YEAR	8,982,820	7,536,797	16,519,617	20,037,614
NET ASSETS, END OF YEAR	$ 8,945,725	$ 14,665,115	$ 23,610,840	$ 16,519,617

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020 with Summarized Comparative Totals for 2019

	PROGRAM SERVICES			SUPPORTING SERVICES				
	Collective Impact	2-1-1 Program Services	Total Program Services	Management and General	Resource Development	Total Supporting Services	Totals 2020	Summarized Comparative Totals 2019
Salaries and related expenses	$ 2,752,253	$ 1,112,796	$ 3,865,049	$ 871,809	$ 1,624,395	$ 2,496,204	$ 6,361,253	$ 6,407,360
Advertising	60,208	22	60,230	-	1,325	1,325	61,555	268,482
Occupancy and parking	156,993	75,297	232,290	34,704	88,196	122,900	355,190	316,295
Events	108,343	282	108,625	-	62,226	62,226	170,851	395,970
United Way Worldwide dues	56,332	27,486	83,818	19,594	32,657	52,251	136,069	133,009
Postage	2,539	1,372	3,911	864	8,045	8,909	12,820	18,123
Printing and visual media	8,902	10,737	19,639	11,195	34,772	45,967	65,606	50,787
IT outsourcing	26,576	13,223	39,799	9,244	15,407	24,651	64,450	65,345
Telephone	15,635	46,665	62,300	3,902	8,780	12,682	74,982	82,588
Professional services	17,705	-	17,705	42,548	-	42,548	60,253	42,072
Consultant fees	63,504	360,437	423,941	3,121	116,325	119,446	543,387	453,844
Trainings and conferences	20,482	4,149	24,631	7,506	4,039	11,545	36,176	106,437
Local meetings	6,860	2,731	9,591	16,247	5,684	21,931	31,522	47,871
Memberships and subscriptions	371	6,551	6,922	5,039	2,096	7,135	14,057	11,185
Awards and gifts	2,749	1,029	3,778	3,821	1,338	5,159	8,937	9,084
Repairs and maintenance	1,309	762	2,071	455	759	1,214	3,285	3,143
Insurance	17,321	8,452	25,773	4,521	10,041	14,562	40,335	38,930
Software support	93,587	35,278	128,865	35,138	154,022	189,160	318,025	443,092
Local transportation	10,384	1,287	11,671	1,010	1,848	2,858	14,529	25,599
Supplies	5,821	3,186	9,007	4,869	7,489	12,358	21,365	17,632
Bank fees	-	-	-	13,987	29	14,016	14,016	19,082
Grants to community partners	4,437,884	-	4,437,884	-	-	-	4,437,884	4,634,646
In-kind goods and services	23,946	-	23,946	-	-	-	23,946	131,547
Total before depreciation and amortization and provision for uncollectible contributions	7,889,704	1,711,742	9,601,446	1,089,574	2,179,473	3,269,047	12,870,493	13,722,123
Depreciation and amortization	23,495	15,696	39,191	9,780	20,868	30,648	69,839	81,615
Provision for uncollectible contributions	-	-	-	885,094	-	885,094	885,094	1,986,698
Total	$ 7,913,199	$ 1,727,438	$ 9,640,637	$ 1,984,448	$ 2,200,341	$ 4,184,789	$ 13,825,426	$ 15,790,436

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 7,091,223	$ (3,517,997)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	69,839	81,615
Provision for uncollectible contributions	885,094	1,986,698
Change in discount on contributions receivable	(62,905)	17,136
Unrealized gains on investments	(24,312)	(203,919)
Realized losses on investments	116,788	804
Stock donation	-	(313,862)
Decrease (increase) in operating assets:		
Contributions receivable	(203,118)	(163,242)
Prepaid expenses	(61,082)	64,912
Other assets	1,034,731	492,917
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	219,828	79,802
Due to partners	(44,159)	(56,174)
Due to other United Ways	(135,021)	(41,611)
Other liabilities	81,839	(36,240)
NET CASH FLOWS FROM OPERATING ACTIVITIES	8,968,745	(1,609,161)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(13,441,128)	(1,937,597)
Proceeds from sale of investments	12,405,850	2,934,261
Purchase of property and equipment	(38,007)	(93,508)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(1,073,285)	903,156
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(1,173,223)	(857,853)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(1,173,223)	(857,853)
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	6,722,237	(1,563,858)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	1,097,751	2,661,609
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$ 7,819,988	$ 1,097,751

SUPPLEMENTAL DISCLOSURE OF NON-CASH 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.

(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.

Systemic barriers in education, economic and health systems limit opportunities and inhibit the ability of many in our community to achieve their potential. As a result, UWSL works to improve outcomes and close equity gaps 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 on changing systems and aligning efforts in neighborhoods and communities 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, economic mobility, 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.* 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, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire, 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, 2019, from which the summarized comparative information was derived.

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.

The following table reconciles total cash and cash equivalents and restricted cash from the statement of cash flows to the statement of financial position as of June 30:

	2020	2019
Cash and cash equivalents	$ 7,611,389	$ 696,417
Restricted cash	208,599	401,334
Total cash and cash equivalents and restricted cash	$ 7,819,988	$ 1,097,751

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, 2020 and 2019.

Investments – UWSL reports investments in equity and 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 assessment of UWSL's lack of influence over this joint venture. See Note 16.

(1) <u>Summary of significant accounting policies (continued)</u>

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. UWSL adopted FASB ASU No. 2018-08, *Not-For-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* effective July 1, 2019 on a modified prospective basis. ASU 2018-08 clarifies the characterization of grants as either reciprocal transactions (exchanges) or nonreciprocal transactions (contributions). ASU 2018-08 also provides additional guidance to distinguish between conditional and unconditional contributions. In accordance with ASU 2018-08, UWSL evaluates grants and contributions for evidence of the transfer of commensurate value from UWSL to the grantor or resource provider. The transfer of commensurate value from UWSL to the grantor or resource provider may include instances when a) the goods or services provided by UWSL directly benefit the grantor or resource provider or are for the sole use of the grantor or resource provider or b) the grantor or resource provider obtains proprietary rights for other privileges from the goods or services provide by UWSL. When such factors exist, UWSL accounts for the grants or contributions as exchange transactions under ASC 606, *Revenue from Contracts with Customer*, or other appropriate guidance. In the absence of these factors, UWSL accounts for the award under the contribution accounting model.

In the absence of the transfer of commensurate value from UWSL to the resource provider, UWSL evaluates the contribution for criteria indicating the existence of measurable barriers to entitlement for UWSL and the right of return to the resource provider. A barrier to entitlement is subject to judgement and generally represents an unambiguous threshold for entitlement that provides clarity to both UWSL and the resource provider whether the threshold has been met and when. These factors may include measurable performance thresholds or limited discretion on the part of UWSL to use the funds. Should the existence of a measurable barrier to entitlement exist and be accompanied by a right of return of the funds to the resource provider or release of the resource provider from the obligation, the contribution is treated as a conditional contribution. If both the barrier to entitlement and right or return do not exist, the contribution is unconditional.

UWSL recognizes amounts received from unconditional contributions at the time UWSL receives notification of the award. Contributions that include conditions imposed by the grantor or resource provider are recognized when those conditions are met by UWSL.

(1) Summary of significant accounting policies (continued)

UWSL accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. In accordance with FASB ASC 958-605, contributions received are recorded as contributions with donor restrictions or contributions without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions on the statement of activities and change in net assets depending on the nature of the restriction. All contributions are considered to be available for use unless specifically restricted by the donor. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions. Additionally, contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as contributions without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings and equipment with such donor stipulations are reported as contributions with donor restrictions. The restrictions are considered to be released at the time such long-lived assets are placed into service.

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 $823,428 and $1,103,428 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, approximately $17,400 and $60,000, 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

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, economic mobility 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) children enter kindergarten ready to learn; 2) students are proficient in reading by 3rd grade; 3) students are proficient in math by 8th grade; 4) students graduate from high school and are college or career ready; 5) students enroll in and complete post-secondary education; 6) families are financially stable; 7) children and adults are healthy; 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, Millcreek, 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.

2-1-1 Program Services – Utah 211 is a critical part of Utah's health and human service delivery system - connecting people to housing, food, transportation, and other essential resources required to live healthy lives, making critical resources easily available for more than 150,000 Utahns each year. Additionally, 211 helps support community service providers through expansive database services, free training, and by connecting members of our community to meaningful volunteer opportunities. 211 houses vast amounts of data that identifies disparities and gaps in services throughout Utah. This information is passed along to elected officials and those who lead our publicly-funded agencies to better advocate and inform the way resources and support systems are delivered to Utahns.

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. 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. 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 totaled $61,555 and $268,482 for the years ended June 30, 2020 and 2019, respectively. Additionally, approximately $17,400 and $60,000 of advertising was donated for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, UWSL incurred no penalties and interest. UWSL's Federal Return of Organizations Exempt from Income Tax (Form 990) for 2017, 2018, and 2019 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 2020 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. Transition to the new guidance may be done using either a full or modified retrospective method. UWSL adopted this standard as of July 1, 2019, using a modified retrospective approach to contracts that were not complete as of this date. Under the modified retrospective approach, the guidance is applied to the most current period presented, recognizing the cumulative effect of the adoption change as an adjustment to beginning net assets. Adoption of this ASU did not impact the timing or amount of revenue recognition and as such the adoption did not have an impact on beginning net assets or to 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. UWSL adopted this ASU during 2020 using the modified prospective approach. Adoption of this ASU did not impact the timing of revenue recognition, but expanded disclosures around the remaining contract value available to be recognized in future periods.

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 June 2020, the FASB issued FASB ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606)* and *Leases (Topic 842)* which allows certain entities to elect to defer the effective date of the provisions of FASB ASU No. 2014-09 and ASU 2015-14 and ASU 2016-02. These entities may elect to adopt the guidance for revenue for annual reporting periods beginning after December 15, 2019. Additionally, under the amendments, entities may elected to adopt the leases guidance for fiscal years beginning after December 15, 2021.

(1) Summary of significant accounting policies (continued)

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. As a result of the implementation of this ASU, beginning cash, cash equivalents and restricted cash in the accompanying statement of cash flow was increased by $401,334.

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.

A summary of the net asset classification 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**
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:

	2020	2019
Amounts due in:		
Less than one year	$ 10,417,031	$ 8,363,913
Two to five years	1,350,000	3,200,000
Totals	11,767,031	11,563,913
Less allowance for uncollectible contributions	(3,281,864)	(2,396,770)
Less unamortized discount	(47,521)	(110,426)
Contributions receivable, net	$ 8,437,646	$ 9,056,717

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using discount rates ranging from 3.63% to 3.68%. At June 30, 2020, two donors comprised approximately 38% of total contributions receivable. At June 30, 2019, two donors comprised approximately 44% of total contributions receivable.

(3) Property and equipment

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

	2020	2019
Cost		
Furniture, fixtures, and equipment	$ 152,028	$ 104,627
Leasehold improvements	172,273	154,034
Computer equipment	173,369	186,756
Software	145,145	145,145
Vehicle	25,304	25,304
2-1-1 call center equipment	64,891	64,891
Property and equipment not in service	5,813	63,700
Total cost	738,823	744,457
Less accumulated depreciation and amortization	(578,480)	(552,282)
Property and equipment, net	$ 160,343	$ 192,175

Depreciation and amortization expense charged to operations was $69,839 and $81,615 for the years ended June 30, 2020 and 2019, respectively.

(4) Investments

Investments by major type as of June 30 consisted of the following:

	2020	2019
Certificates of deposit	$ 5,280,334	$ 2,415,995
Exchange traded funds	3,618,381	4,262,999
Fixed income securities	242,865	-
Preferred stock	129,650	132,500
Mutual funds - bond funds	-	1,577,124
Mutual funds - equity funds	70,000	9,810
Total investments	$ 9,341,230	$ 8,398,428

Investment returns for the year ended June 30, 2020, are summarized by net asset class as follows:

	Without donor restrictions	With donor restrictions	Total
Interest and dividends	$ 191,814	$ 9,282	$ 201,096
Realized gains on sale of investments	24,312	-	24,312
Unrealized losses on investments	(116,649)	(139)	(116,788)
Investment advisor fees	(79,996)	(4,469)	(84,465)
Total return on investments	$ 19,481	$ 4,674	$ 24,155

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 gains on sale of investments	(804)	-	(804)
Unrealized losses on investments	205,878	(1,959)	203,919
Investment advisor fees	(59,789)	(4,202)	(63,991)
Total return on investments	$ 398,282	$ 19,329	$ 417,611

(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.

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

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, 2020 and 2019, UWSL recognized income from the CSTs totaling $11,040 and $152,500, respectively, which was recorded as support revenue without donor restriction. During the years ended June 30, 2020 and 2019, UWSL also recorded donor designation contra support revenue of $4,416 and $61,000, respectively, representing the co-beneficiaries' 40% interest in the income received. As of June 30, 2020 and 2019, UWSL recorded a due from CSTs of $0 and $129,300, respectively. Of these amounts, as of June 30, 2020 and 2019, UWSL recorded a due to partners payable of $0 and $25,860, respectively.

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 $827,371, net of an allowance for uncollectible designated contributions of $0, as of June 30, 2020. 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 other United Ways were $552,805 and $687,826 as of June 30, 2020 and 2019, respectively.

(7) Board designated net assets

Board designated net assets consisted of board designated endowment funds of $1,067,630 and $1,184,000 as of June 30, 2020 and 2019, respectively. Board designated endowment funds as of June 30, 2020 and 2019, includes $405,028 and $505,786, 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.

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.

(8) Long-term debt (continued)

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, 2020 and 2019.

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.

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, 2020 and 2019, the Performance Account balance, which is reflected on the accompanying statements of financial position as restricted cash, was $208,599 and $401,334, respectively.

As of June 30, 2020, the outstanding balance associated with the first cohort on the senior loan and the subordinate loan was $0 and $192,582, respectively, and the total accrued interest on the loans was $5,965, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

(8) Long-term debt (continued)

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.

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.

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 totaled $3,215,710 and $4,081,010 at June 30, 2020 and 2019, respectively.

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.

(8) Long-term debt (continued)

As of June 30, 2020, 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	$ -	$ 187,539	$ 187,539
Cohort Three	26,324	379,500	405,824
Cohort Four	462,571	523,375	985,946
Cohort Five	799,938	543,666	1,343,604
Total	$ 1,288,833	$ 1,634,080	$ 2,922,913

As of June 30, 2019, 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	$ -	$ 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

Accrued interest on the loans as of June 30 was as follows:

	2020	2019
Cohort Two	$ 5,808	$ 102,142
Cohort Three	90,607	72,448
Cohort Four	106,727	89,899
Cohort Five	89,654	116,171
Total	$ 292,796	$ 380,660

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.

(8) Long-term debt (continued)

In November 2019, UWSL entered into a contract with the Utah Department of Workforce Service ("DWS") to continue as the fiscal intermediary for the School Readiness Social Impact Bond. In accordance with this contract, UWSL will manage the financial transactions for Cohorts 1 – 5. DWS will take over the State's responsibility from the Governor's Office of Management and Budget, and DWS is now responsible for managing the ongoing evaluation and running of the School Readiness Board which oversees the Social Impact Bonds and approves payments.

(9) Net assets with donor restrictions

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

	2020	2019
Community Fund	$ 5,812,477	$ 5,119,573
Cornerstone Partners	823,428	1,103,428
Other restricted grants	7,398,401	182,299
Women's Leadership Council	-	251,873
Sponsorships	152,586	406,075
Endowment	411,560	406,886
Restricted in perpetuity	66,663	66,663
Net assets with donor restriction	$ 14,665,115	$ 7,536,797

Net assets released from restrictions totaled $3,598,314 and $4,884,745 for the years ended June 30, 2020 and 2019, 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.

Net assets with donor restrictions in perpetuity consisted of the following as of June 30:

	2020	2019
Beneficial interest in charitable trusts	$ 16,663	$ 16,663
Children's Initiative Endowment Investment	50,000	50,000
Net assets with donor restrictions in perpetuity	$ 66,663	$ 66,663

(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

Endowment net asset composition by type of fund as of June 30, 2020 consisted of the following:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 461,560	$ 461,560
Board-designated endowment funds	1,067,630	-	1,067,630
Total return on investments	$ 1,067,630	$ 461,560	$ 1,529,190

(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 return on investments	$ 1,184,000	$ 456,886	$ 1,640,886

Changes in endowment net assets for the year ended June 30, 2020 consisted of the following:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 1,184,000	$ 456,886	$ 1,640,886
Contributions	10,500	-	10,500
Investment return:			
Interest and dividends	21,916	9,282	31,198
Net depreciation (realized and unrealized)	(10,075)	(139)	(10,214)
Investment advisor fees	(10,204)	(4,469)	(14,673)
Total return on investments	1,637	4,674	6,311
Appropriation from endowment	(128,507)	-	(128,507)
Endowment net assets, end of year	$ 1,067,630	$ 461,560	$ 1,529,190

(10) Endowment (continued)

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 return on investments	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

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, 2020 and 2019 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.

(10) Endowment (continued)

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 $355,000 and $288,000 for the years ended June 30, 2020 and 2019, respectively.

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

Years Ending June 30,	
2021	$ 295,200
2022	293,400
2023	300,400
2024	307,800
2025	315,300
Thereafter	267,900
Total future minimum lease payments	$ 1,780,000

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

Deferred rent at June 30, 2020 and 2019 totaled $164,808 and $130,290, respectively, and is included within other liabilities in the accompanying statements of financial position.

(12) Risks and uncertainties

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.

(12) Risks and uncertainties (continued)

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, 2020, two donors comprised approximately 40% of total community impact initiative contributions. For the year ended June 30, 2019, one donor comprised approximately 22% of total community impact initiative contributions.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations and travel. The COVID outbreak has also triggered volatility in financial markets and a significant negative impact on the global economy.

In April 2020, UWSL applied for and received a forgivable Paycheck Protection Loan of $1,171,200 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act. The loan contains forgiveness provisions based on the use of the proceeds for qualifying costs within a 24-week period, through September 2020. To the extent a portion of the loan does not meet the criteria to be forgiven, such amount bears interest at 1% and matures 2 years after receipt of the proceeds in April 2022. Monthly principal and interest payments are due beginning six months after receipt of the proceeds. UWSL accounts for this agreement in accordance with FASB ASC 958-605 as a conditional contribution. As of June 30, 2020, UWSL estimates that they have satisfied the conditions of the loan to qualify for forgiveness totaling approximately $1,134,200, which has been included in government funding revenue in the accompanying statement of activities and change in net assets. The remaining balance of approximately $37,000 which has not yet been earned is included in other liabilities at June 30, 2020 in the accompanying statement of financial position. A formal request for forgiveness will be submitted to the lender after the performance period outlined above. UWSL anticipates the remaining balance of the loan, as well as the full loan balance will ultimately be forgiven in accordance with the stimulus regulations. However, there can be no assurance that such forgiveness will occur.

(12) Risks and uncertainties (continued)

As of the date the financial statements were available to be issued, UWSL's operations have not been significantly negatively impacted. However, the ultimate extent of the impact of COVID-19 on UWSL's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on donors and related contributions, employees and vendors, all of which are uncertain and cannot be predicted. Additionally, the outbreak could negatively impact UWSL's workforce campaigns and its ability to collect on contributions receivable.

UWSL continues to closely monitor the situation. Depending on the severity and duration of the pandemic, UWSL could experience a material negative impact to operations, cash flows and financial condition. However, the extent of the impact cannot be reasonably estimated at this time.

(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, 2020 and 2019 consisted of the following:

	2020	2019
Legal services	$ 18,227	$ 2,814
Advertising services	63,407	2,909
Bank fees	7,961	9,561
Investment management services	39,395	20,442
Program services and other	438,244	743,696
Total	$ 567,234	$ 779,422

(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 $243,246 and $250,991 for the years ended June 30, 2020 and 2019, 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, 2020:

	Level 1	Level 2	Level 3	Balance as of June 30, 2020
Certificates of deposit	$ -	$ 5,280,334	$ -	$ 5,280,334
Exchange traded funds	3,618,381	-	-	3,618,381
Fixed income securities	-	242,865		242,865
Preferred stock	129,650	-	-	129,650
Mutual funds - equities	70,000	-	-	70,000
Beneficial interests in charitable trusts	-	-	16,663	16,663
Total	$ 3,818,031	$ 5,523,199	$ 16,663	$ 9,357,893

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 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, 2020 and 2019.

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

	2020	2019
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 for the year ended June 30, 2019.

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, 2020 and 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, 2020 and 2019, UWSL's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2020	2019
Cash and cash equivalents	$ 7,611,389	$ 696,417
Contributions receivable due in one year or less, net of allowance	7,511,686	6,630,384
Current portion of note receivable	80,000	40,000
Investments	9,341,230	8,398,428
Total assets available for use within one year	24,544,305	15,765,229
Less: net assets with donor restrictions	(11,305,115)	(7,536,797)
Less: board designated net assets	(1,067,630)	(1,184,000)
Net assets available for general use within one year	$ 12,171,560	$ 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 $1,588,077 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 December 31, 2020, which is the date these financial statements were available to be issued.