

UNITED WAY OF NORTHERN CALIFORNIA

FINANCIAL STATEMENTS
December 31, 2019 and 2018

UNITED WAY OF NORTHERN CALIFORNIA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Northern California
Redding, California

We have audited the accompanying financial statements of United Way of Northern California (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's 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 auditor's 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 Organization'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 Organization'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 Northern California as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Propp Christensen Caniglia LLP

December 16, 2020
Roseville, California

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UNITED WAY OF NORTHERN CALIFORNIA

STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 3,521,688	\$ 6,813,649
Investments	3,601,363	60,554
Pledges receivable, net	309,563	139,619
Prepaid gift cards	29,500	418,500
Prepaid expenses	<u>30,130</u>	<u>8,380</u>
Total current assets	7,492,244	7,440,702
Property and equipment, net	<u>55,260</u>	<u>3,182</u>
Total assets	<u>\$ 7,547,504</u>	<u>\$ 7,443,884</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 20,227	\$ 24,276
Accrued liabilities	48,862	18,381
Agency allocations payable	<u>7,847</u>	<u>21,038</u>
Total liabilities	<u>76,936</u>	<u>63,695</u>
Net assets:		
Without donor restrictions	240,422	54,793
With donor restrictions	<u>7,230,146</u>	<u>7,325,396</u>
Total net assets	<u>7,470,568</u>	<u>7,380,189</u>
Total liabilities and net assets	<u>\$ 7,547,504</u>	<u>\$ 7,443,884</u>

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

UNITED WAY OF NORTHERN CALIFORNIA

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	2019 Total
Revenue and support:			
Pledges and contributions	\$ 829,379	\$ 581,311	\$ 1,410,690
Relief funds	-	4,142,427	4,142,427
Event income	33,028	-	33,028
Other income	128,525	-	128,525
Net return on investments	63,806	-	63,806
Net assets released from restrictions	4,818,988	(4,818,988)	-
Total revenue and support	<u>5,873,726</u>	<u>(95,250)</u>	<u>5,778,476</u>
Expenses:			
Program services	5,444,723	-	5,444,723
Supporting services:			
Management and general	115,827	-	115,827
Fundraising	127,547	-	127,547
Total expenses	<u>5,688,097</u>	<u>-</u>	<u>5,688,097</u>
Change in net assets	185,629	(95,250)	90,379
Net assets, beginning of year	<u>54,793</u>	<u>7,325,396</u>	<u>7,380,189</u>
Net assets, end of year	<u>\$ 240,422</u>	<u>\$ 7,230,146</u>	<u>\$ 7,470,568</u>

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

UNITED WAY OF NORTHERN CALIFORNIA

STATEMENTS OF ACTIVITIES (CONTINUED)
For the Years Ended December 31, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	2018 Total
Revenue and support:			
Pledges and contributions	\$ 182,730	\$ 528,806	\$ 711,536
Relief funds	-	8,777,837	8,777,837
Event income	34,559	-	34,559
Other income	208,249	-	208,249
Net return on investments	2,591	-	2,591
Net assets released from restrictions	2,202,333	(2,202,333)	-
Total revenue and support	<u>2,630,462</u>	<u>7,104,310</u>	<u>9,734,772</u>
Expenses:			
Program services	2,412,843	-	2,412,843
Supporting services:			
Management and general	92,015	-	92,015
Fundraising	97,189	-	97,189
Total expenses	<u>2,602,047</u>	<u>-</u>	<u>2,602,047</u>
Change in net assets	28,415	7,104,310	7,132,725
Net assets, beginning of year	<u>26,378</u>	<u>221,086</u>	<u>247,464</u>
Net assets, end of year	<u>\$ 54,793</u>	<u>\$ 7,325,396</u>	<u>\$ 7,380,189</u>

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

UNITED WAY OF NORTHERN CALIFORNIA

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2019 and 2018

	Program Services	Supporting Services		2019 Total
		Management and General	Fundraising	
Salaries and benefits	\$ 457,274	\$ 37,663	\$ 67,869	\$ 562,806
Agency allocations	73,957	-	-	73,957
Donations	7,421	-	-	7,421
Outside services	72,167	-	-	72,167
Housing relief	53,541	-	-	53,541
Professional fees	16,303	62,561	3,303	82,167
Rent	15,511	2,294	4,134	21,939
Campaign and event expenses	5,687	-	31,089	36,776
Utilities	5,833	863	1,555	8,251
Conferences and training	7,864	316	568	8,748
Insurance	5,285	782	1,409	7,476
Supplies	5,448	-	-	5,448
Software	5,869	868	1,565	8,302
Equipment rent	5,026	736	1,327	7,089
Travel	12,832	1,580	2,848	17,260
Office supplies	16,290	1,936	3,490	21,716
Telephone	2,735	405	729	3,869
Advertising	4,538	669	1,204	6,411
Payroll processing fees	1,690	250	451	2,391
Automobile expenses	5,105	108	196	5,409
Repairs	2,739	393	709	3,841
Postage	521	72	130	723
Other	22,851	3,529	3,526	29,906
Shasta County fire relief expenses	286,087	-	-	286,087
NorCal Disaster relief expenses	4,033,726	-	-	4,033,726
TCB employee relief expenses	313,000	-	-	313,000
Depreciation	5,423	802	1,445	7,670
Total functional expenses	\$ 5,444,723	\$ 115,827	\$ 127,547	\$ 5,688,097

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

UNITED WAY OF NORTHERN CALIFORNIA

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
For the Years Ended December 31, 2019 and 2018

	Program Services	Supporting Services		2018 Total
		Management and General	Fundraising	
Salaries and benefits	\$ 202,507	\$ 44,670	\$ 72,912	\$ 320,089
Agency allocations	135,927	-	-	135,927
Donations	110,024	-	-	110,024
Outside services	60,455	-	-	60,455
Housing relief	42,936	-	-	42,936
Professional fees	3,210	33,661	1,933	38,804
Rent	6,343	2,341	3,820	12,504
Campaign and event expenses	13,837	-	-	13,837
Utilities	3,991	1,472	2,403	7,866
Conferences and training	3,251	632	1,030	4,913
Insurance	3,180	1,173	1,915	6,268
Supplies	5,013	-	-	5,013
Software	3,447	1,272	2,076	6,795
Equipment rent	1,987	733	1,197	3,917
Travel	2,425	443	724	3,592
Office supplies	1,784	658	1,085	3,527
Telephone	1,263	466	761	2,490
Advertising	4,513	187	305	5,005
Payroll processing fees	910	336	548	1,794
Automobile expenses	361	133	217	711
Repairs	368	136	221	725
Postage	267	98	160	525
Other	15,082	2,904	4,739	22,725
Shasta County fire relief expenses	776,870	-	-	776,870
NorCal Disaster relief expenses	925,359	-	-	925,359
Smucker's employee relief expenses	85,636	-	-	85,636
Depreciation	1,897	700	1,143	3,740
Total functional expenses	\$ 2,412,843	\$ 92,015	\$ 97,189	\$ 2,602,047

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

UNITED WAY OF NORTHERN CALIFORNIA

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 90,379	\$ 7,132,725
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,670	3,740
Bad debt expense	32,091	19,775
Changes in operating assets and liabilities:		
Pledges receivable	(202,035)	(69,015)
Prepaid gift cards	389,000	(418,500)
Prepaid expenses	(21,750)	(2,984)
Accounts payable	(4,049)	12,175
Accrued liabilities	30,481	3,636
Agency allocations payable	(13,191)	10,943
Net cash provided by operating activities	<u>308,596</u>	<u>6,692,495</u>
Cash flows from investing activities:		
Purchases of investments	(3,540,809)	-
Proceeds from sale of investments	-	53,395
Purchases of property and equipment	(59,748)	-
Net cash provided by (used in) investing activities	<u>(3,600,557)</u>	<u>53,395</u>
Net change in cash and cash equivalents	(3,291,961)	6,745,890
Cash and cash equivalents, beginning of year	<u>6,813,649</u>	<u>67,759</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,521,688</u></u>	<u><u>\$ 6,813,649</u></u>

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

UNITED WAY OF NORTHERN CALIFORNIA

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1: NATURE OF ACTIVITIES

United Way of Northern California (the Organization) is a California not-for-profit corporation formed for the primary purpose of obtaining public support through contributions and pledges to be distributed to various community health and human service agencies. The Organization encompasses a nine-county region of program services and oversees one specialized annual fundraising campaign. Those counties are Shasta, Tehama, Siskiyou, Trinity, Modoc, Plumas, Lassen, Glenn and Butte Counties. Revenues are derived primarily from the Organization's programs and contributions.

The Organization is autonomous and is governed by a Board of Directors comprised of local volunteers from a broad cross-section of the community. The Organization participates in a national trade association, United Way Worldwide. United Way Worldwide is the leadership and support organization for the network of nearly 1,800 community-based United Ways in 40 countries and territories.

The Organization is dependent upon undesignated contributions from corporate and individual donors for support. The level of such contributions can be affected by economic conditions. A portion of the funds raised are allocated to agencies based upon the actions of the Allocations Committee, made up of community members, and other funds are designated to agencies by donors. A decrease in undesignated contributions may adversely affect the Organization's ability to provide services and allocated funds to agencies.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

In August 2016, the Financial Accounting Standards Board (FASB) modified Accounting Standards Codification (ASC) Section 958 by issuing Accounting Standards Update 2016-14 Not-for-Profit Entities Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this update are designed to improve the presentation of 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. The Organization has adopted the provision as of December 31, 2018.

The Organization presents its financial statements in accordance with FASB ASC Topic 958, Subtopic 210 (FASB ASC 958-210), Presentation of Financial Statements of Not-for-Profit Entities. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to stipulations.

Net assets with donor restrictions - Net assets that are subject to stipulations that will be met by actions or the passage of time.

Revenues and gains and losses on investments are reported as changes in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as changes in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

UNITED WAY OF NORTHERN CALIFORNIA

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Contributions without donor restrictions are reported as revenues which increase net assets without donor restrictions. Expirations of donor restrictions on contributions whose restrictions are met in the same reporting period have been reported as reclassifications between the applicable classes of net assets.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified, with no effect to change in net assets, to conform to the 2019 financial statement presentation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term investment securities with a maturity of three months or less, and convertible to a known amount of cash, to be cash equivalents.

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed this limit. As of December 31, 2019 and 2018, the Organization's cash balances exceeded federal insured limits by \$2,818,805 and \$6,286,385, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash.

Pledges Receivable

Pledges receivable represent pledges related to fundraising efforts of the Organization, and are reflected net of an allowance for doubtful accounts. Based on the nature of the donors, an allowance for doubtful accounts represented approximately 18% of the pledge amounts at December 31, 2019 and 2018.

In June 2018, the FASB issued ASU No. 2018-08 "Not-for-Profit Entities (Topic 958)". The ASU provides an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization has retrospectively adopted the provision as of December 31, 2019 with no effect to previously reported net asset balances.

Campaigns

All annual fund-raising campaigns are performed to raise funds for distribution to local health and human service organizations. The Organization honors designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member. The campaign term runs from September through March. All pledges collected for the subsequent campaign are considered to be net assets with donor restrictions until the following year.

Investments

The Organization has adopted FASB ASC 958-320, Not-for-Profit Entities - Investments - Debt and Equity Securities. Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair value is based on quoted market prices for debt and marketable equity securities, published unit values for mutual funds, and money market mutual funds. Unrealized gains and losses are included in the change in net assets without donor restrictions. Investment income is reported as increases in net assets without donor restrictions in the reporting period in which the income and gains are recognized.

UNITED WAY OF NORTHERN CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Gift Cards

The Organization purchases prepaid gift cards for relief disbursements. The prepaid gift cards are recorded at redeemable value and are expensed upon disbursement.

Property and Equipment

Expenditures for maintenance and repairs are charged to expense as incurred. Major improvements are capitalized. Property and equipment are capitalized at cost when purchased, or at fair market value when contributed. Depreciation is computed on a straight-line method over the estimated useful lives of the related asset as follows:

Leasehold improvements	5 - 25 years
Equipment and furnishings	3 - 7 years

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as accrued liabilities of the Organization as the benefits are earned and vested.

Agency Allocations

The Board of Directors approves allocations to agencies each year on a basis which is contingent upon actual and estimated future cash availability. Accordingly, allocations are recorded in the financial statements when the allocation is deemed unconditional.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701d of the California Revenue and Taxation Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of IRC Section 509(a)(2) and qualifies for deductible contributions as provided in Section 170(b)(1)(A). After they are filed, the Organization's income tax returns remain subject to examination by taxing authorities generally three years for federal returns and four years for state returns. Activities unrelated to the Organization's mission may be subject to unrelated business income tax.

In-kind Donations

Contributions in-kind, when received, are recognized at fair market value. There were no in-kind donations for the years ended December 31, 2019 and 2018.

Donated Services

The Organization's success in conducting its mission is dependent upon attracting volunteers to aid in fundraising activities. A substantial number of unpaid volunteers have made significant contributions of their time to the fundraising activities of the Organization. However, these donated services are not reflected in the financial statements since the services do not require special skills.

Advertising

Advertising expense for the years ended December 31, 2019 and 2018 totaled \$6,411 and \$5,005, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF NORTHERN CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Costs specifically identified with programs are directly allocated to those functions. All costs not identifiable with programs, but indispensable to the conduct of such programs and activities and to the Organization's existence, are included as management and general expenses. Expenses that benefit more than one function of the Organization are allocated among the functions based generally on the amount of time and effort spent by personnel on each function.

Fair Value Measurements

The Organization has adopted the provisions of FASB ASC 820-10, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements for fair value measurements.

FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on the fair value hierarchy established in FASB ASC 820-10. The standard describes three levels of inputs that may be used to measure fair value (Level 1, Level 2, and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodology used at December 31, 2019.

Upcoming Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09 "Revenue from Contracts with Customers (Topic 606)". The ASU provides guidance over the core principle of recognizing 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. ASU 2014-09 will supersede the revenue recognition requirements in FASB ASC 605, "Revenue Recognition", and most industry-specific guidance throughout the Industry Topics of the FASB ASC. The purpose of the new standard is to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards (IFRS). For non-public entities, the amendments in this update are effective for annual reporting periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted. In May 2020, the FASB voted to defer the effective date of ASU No. 2014-09 "Revenue from Contracts with Customers" for all entities by one year. Management is evaluating the impact on the financial statements.

UNITED WAY OF NORTHERN CALIFORNIA

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming Accounting Pronouncements (Continued)

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard will supersede much of the existing authoritative literature for leases. Under ASU 2016-02, a lessee will be required to recognize right-to-use assets and liabilities on their statement of financial position for all leases with lease terms of more than twelve months. The amendments in the update are effective for annual reporting periods beginning after December 15, 2020. Early application is permitted. Management is evaluating the impact on the financial statements.

Subsequent Events

Events and transactions have been evaluated for potential recognition or disclosure through December 16, 2020, the date that the financial statements were available to be issued. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. The Organization expects this matter to negatively impact its operating environment; however, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 3,521,688	\$ 6,813,649
Investments	3,601,363	60,554
Pledges receivable, net	309,563	139,619
Prepaid gift cards	<u>29,500</u>	<u>418,500</u>
Financial assets	7,462,114	7,432,322
Less those unavailable for general expenditures within one year, due to purpose and time restrictions stipulated by donors	<u>(7,230,146)</u>	<u>(7,325,396)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 231,968</u>	<u>\$ 106,926</u>

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Pledges receivable in less than one year	\$ 354,191	\$ 169,889
Less allowance for uncollectible pledges	<u>(44,628)</u>	<u>(30,270)</u>
Total accounts receivable	<u>\$ 309,563</u>	<u>\$ 139,619</u>

UNITED WAY OF NORTHERN CALIFORNIA

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2019 and 2018:

	2019	2018
Leasehold improvements	\$ 34,917	\$ 34,917
Automobile	11,347	11,347
Furniture and equipment	91,639	31,892
Total property and equipment	137,903	78,156
Less accumulated depreciation	(82,643)	(74,974)
Total property and equipment, net	<u>\$ 55,260</u>	<u>\$ 3,182</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$7,670 and \$3,740, respectively.

NOTE 6: INVESTMENTS

Investments consist of the following at December 31, 2019 and 2018:

	2019		2018	
	Cost	Market Value	Cost	Market Value
Certificates of deposit	\$ 3,601,140	\$ 3,601,140	\$ 60,409	\$ 60,409
Marketable securities	-	223	-	145
Total investments	<u>\$ 3,601,140</u>	<u>\$ 3,601,363</u>	<u>\$ 60,409</u>	<u>\$ 60,554</u>

NOTE 7: FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's assets that are measured at fair value on a recurring basis as of December 31, 2019 and 2018:

	Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 3,601,140	\$ -	\$ -	\$ 3,601,140
Marketable securities	223	-	-	223
Total investments	<u>\$ 3,601,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,601,363</u>
	Assets at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 60,409	\$ -	\$ -	\$ 60,409
Marketable securities	145	-	-	145
Total investments	<u>\$ 60,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,554</u>

UNITED WAY OF NORTHERN CALIFORNIA

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 8: OPERATING LEASE OBLIGATIONS

The Organization leases office space under leases that expire in 2039. The office lease provides triennial rate adjustments, maintenance fees, and can be cancelled by either party with a six-month notice. The currently monthly rental is \$978. The Organization also holds an equipment lease with monthly rental amount of \$142 that expires in 2019.

Future minimum lease payments at December 31, 2019, under agreements classified as operating leases with noncancelable terms, are as follows:

<u>Year ending December 31:</u>	
2020	\$ 62,037
2021	39,760
2022	14,857
2023	14,857
2024	13,497
Thereafter	<u>154,692</u>
Total	<u>\$ 299,700</u>

NOTE 9: LINE OF CREDIT

The Organization has available a \$250,000 revolving line of credit with a local bank that is secured by cash.

NOTE 10: NET ASSETS

The Organization's Board of Directors has not chosen to place any limitation on net assets without donor restrictions. Therefore, undesignated net assets without restrictions totaled \$240,422 and \$54,793 at December 31, 2019 and 2018, respectively.

Net assets with donor restrictions were available for the following purposes as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Purpose restricted:		
Programs	\$ 7,141,357	\$ 7,224,266
Time restricted (for use in the following year):		
Pledges receivable	<u>88,789</u>	<u>101,130</u>
Net assets with donor restrictions	<u>\$ 7,230,146</u>	<u>\$ 7,325,396</u>