

UNITED WAY OF RHODE ISLAND, INC.

Financial Statements

Year Ended June 30, 2021

(With Independent Auditors' Report Thereon)

UNITED WAY OF RHODE ISLAND, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2021

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of Rhode Island, Inc.:

We have audited the accompanying financial statements of United Way of Rhode Island, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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 Rhode Island, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As part of our audit of the 2021 financial statements, we also audited the adjustments described in Note 3 that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements of the Organization other than with respect to these adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

Kahn, Litwin, Renya & Co., Ltd.

November 17, 2021

UNITED WAY OF RHODE ISLAND, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2021



Assets

Current Assets:

Cash and cash equivalents	\$ 10,368,172
Pledges receivable, net	2,229,151
Contributions and grants receivable, net	2,692,175
Prepaid expenses and other assets	102,239
Total current assets	15,391,737

Pledges Receivable, less current portion	485,000
Property and Equipment, net	2,717,255
Investments	8,483,695
Investments Held by Others	978,149
Beneficial Interests in Perpetual Trusts	7,218,161

Total Assets	\$ 35,273,997
---------------------	----------------------

Liabilities and Net Assets

Current Liabilities:

Campaign designations payable	\$ 1,224,859
Grants and accounts payable and accrued expenses	3,063,599
Note payable, current portion	43,007
Total current liabilities	4,331,465

Note Payable, less current portion	1,830,947
Total liabilities	6,162,412

Net Assets:

Without donor restrictions:	
Available for grants, programs and operations	7,602,793
Invested in property and equipment, net	843,301
Board designated (Note 11)	12,437,835
Total net assets without donor restrictions	20,883,929
With donor restrictions	8,227,656
Total net assets	29,111,585

Total Liabilities and Net Assets	\$ 35,273,997
---	----------------------

UNITED WAY OF RHODE ISLAND, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021



Change in Net Assets without Donor Restrictions:	
Support and revenue:	
Campaign revenue:	
Campaign pledges generated	\$ 21,222,871
Less provision for uncollectible pledges	(206,086)
Less amounts designated by donors	(5,696,417)
Campaign revenue, net	15,320,368
Contribution income from the Rhode Island Foundation	3,804,902
Grant income, net	15,032,795
PPP loan forgiveness	848,735
Other income	659,803
Investment return, net	1,687,853
Total support and revenue	37,354,456
Net assets released from restrictions	1,047,791
Appropriation from endowment earnings	271,183
Total support and revenue without donor restrictions	38,673,430
Expenses:	
Program services	27,496,190
General and administrative	1,412,420
Fundraising	1,242,482
Total expenses	30,151,092
Change in net assets without donor restrictions	8,522,338
Change in Net Assets with Donor Restrictions:	
Campaign and contribution income	1,544,104
Beneficial interest in perpetual trust, net change	1,537,956
Net assets released from restrictions	(1,047,791)
Total change in net assets with donor restrictions	2,034,269
Change in Net Assets	10,556,607
Net Assets, beginning of year, as previously stated	16,287,244
Prior period adjustment (Note 3)	2,267,734
Net Assets, beginning of year, as restated	18,554,978
Net Assets, end of year	\$ 29,111,585

See accompanying notes to the financial statements and independent auditors' report.

UNITED WAY OF RHODE ISLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021



	Program Services	Management and General	Fundraising	Total
Program grants and awards	\$ 19,181,968	\$ -	\$ -	\$ 19,181,968
Personnel and related:				
Salaries	4,586,823	684,228	707,522	5,978,573
Payroll taxes	205,383	37,575	35,201	278,159
Employee benefits	484,102	90,961	89,736	664,799
Total personnel and related	5,276,308	812,764	832,459	6,921,531
Other expenses:				
Professional fees - grants	844,258	-	-	844,258
Professional fees and contractual services	536,449	208,859	90,375	835,683
United Way Worldwide Dues	445,592	121,791	99,057	666,440
Advertising	306,817	2,252	20,933	330,002
Office supplies and other expenses	210,794	7,949	22,827	241,570
Occupancy	160,286	41,980	33,266	235,532
Depreciation	163,581	41,576	17,857	223,014
Meetings, events and travel	114,742	15,127	91,272	221,141
Miscellaneous	111,605	83,200	10,259	205,064
Equipment - repairs and rental	95,266	19,132	2,515	116,913
Telephone and internet	31,151	37,202	14,562	82,915
Postage and shipping	17,373	20,588	7,100	45,061
Total other expenses	3,037,914	599,656	410,023	4,047,593
Total expenses	\$ 27,496,190	\$ 1,412,420	\$ 1,242,482	\$ 30,151,092

UNITED WAY OF RHODE ISLAND, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2021



Cash Flows from Operating Activities:	
Change in net assets	\$ 10,556,607
Adjustments to reconcile change in net assets	
to net cash provided by operating activities:	
Provision for uncollectible receivables	1,008,828
Depreciation expense	223,014
Beneficial interest in perpetual trusts net change	(1,537,956)
Net gain on investments	(1,317,810)
Net gain on investments held by others	(251,948)
Forgiveness of PPP loan payable	(848,735)
Changes in operating assets and liabilities:	
Pledges receivable, net	(1,361,706)
Contributions and grants receivable	(347,764)
Prepaid expenses and other assets	45,242
Campaign designations payable	69,340
Grants and accounts payable and accrued expenses	899,605
Net cash provided by operating activities	<u>7,136,717</u>
Cash Flows from Investing Activities:	
Purchase of property and equipment	(186,546)
Proceeds from sale of investments	1,007,174
Purchase of investments	(1,091,627)
Proceeds from sale of investments held by others	33,895
Net cash used by investing activities	<u>(237,104)</u>
Cash Flows from Financing Activities:	
Payments on note payable	(40,931)
Net cash used by financing activities	<u>(40,931)</u>
Net Increase in Cash and Cash Equivalents	6,858,682
Cash and Cash Equivalents, beginning of year	<u>3,509,490</u>
Cash and Cash Equivalents, end of year	<u>\$ 10,368,172</u>
Supplemental Data:	
Cash paid for interest	\$ 92,253
Noncash financing activity: forgiveness of PPP loan payable	<u>\$ 848,735</u>

See accompanying notes to the financial statements and independent auditors' report.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. Nature of Operations

United Way of Rhode Island, Inc. (the Organization) is a statewide not-for-profit organization committed to a Rhode Island where every individual in each community has equal opportunity for justice and prosperity. The Organization works with partners in the nonprofit, corporate, and government sectors to create and invest in programs that provide results over the short term and are scalable over the long term.

Financial support for the Organization directly funds critical programs and urgent services, much of the Organization's fundraising and administrative costs are covered by contributions from a trust at the Rhode Island Foundation (see Note 12).

In January 2021, the Organization released *Live United 2025*, its new strategic plan focused on uniting the community and resources to build racial equity and opportunity for all Rhode Islanders. The Strategic Plan directs their work to address the following themes:

- Strengthen educational opportunities for children and adults.
- Alter policies that perpetuate inequities for people of color.
- Promote resiliency in the nonprofit community.
- Fund organizations focused on advancing racial and socioeconomic equity.
- Make housing safe and affordable for all.
- Make it easier for Rhode Islanders to access the services they need.

To that end, the Organization uses its campaign revenue for initiatives such as the following:

- Help Rhode Islanders gain access to affordable housing, food, and healthcare services through 211, the community service call line that is available 24 hours a day, 365 days a year and in 200 different languages.
- Support Rhode Island youth in early learning, out of school time learning programs. This includes the Organization convening the Rhode Island Afterschool Network, which provides professional development for and advocates on behalf of programs statewide. The Organization also funds and supports the Summer Learning Initiative, which works with students in five communities throughout the state.
- Support working-age Rhode Islanders with education and training opportunities, as well as financial stability classes and one-on-one financial coaching.
- Help Rhode Islanders prepare their income taxes for free through Volunteer Income Tax Assistance (VITA) program.
- Manage the statewide volunteer center and coordinate 1,700 volunteers in more than 4,000 hours of community service.

During the COVID-19 pandemic, the Organization led the state in helping its neighbors survive the pandemic. Through 211, Rhode Islanders could access information about testing, vaccinations, relief resources, and more.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

To keep people in their homes, the Organization managed the Safe Harbor Housing Program which provided funds to help pay rent after residents lost their jobs. The 211 and Point teams ensured that individuals who were quarantined or isolated had all the resources they needed. Through Back to Work RI, the Organization partnered with the State of Rhode Island to help thousands of underemployed and unemployed participants with basic needs while they were re-training for viable jobs.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist the reader in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Accounting Pronouncement Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, followed by subsequent accounting pronouncements which either clarified or revised guidance outlined in ASU 2014-09. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Effective July 1, 2020, the Organization adopted ASU 2014-09. The adoption of ASU 2014-09 did not have a significant effect on the Organization's financial statements.

Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports 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

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

The Organization considers all cash balances and highly liquid investments with original maturities of three months or less to be cash and cash equivalents, except those funds which the Board of Directors (the Board) has designated for investment.

Pledges Receivable

The Organization conducts annual fundraising campaigns. Pledges receivable (unconditional promises to give) that are expected to be collected within one year are recorded at their net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. If material, receivables with amounts due beyond one year are discounted to their net present value using the interest rate for treasury bills with a remaining term equal to future receipts.

The Organization records an allowance for uncollectible pledges and grants based on historical campaign pledge loss experience, adjusted for current economic conditions. In addition, such allowance is based on an analysis of overall campaign pledges, including corporate gifts, individual gifts, and employee workplace campaigns. The allowance for uncollectible pledges was approximately \$600,000 at June 30, 2021.

Contributions and Grants Receivable

Contributions that are not from the annual fundraising campaign, including unconditional promises to give, are recognized in the period the contribution or promise is made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions are substantially met. If material, receivables with amounts due beyond one year are discounted to their net present value using the interest rate for treasury bills with a remaining term equal to future receipts.

When considered necessary, an allowance is recorded based on management's estimate of uncollectibility, including such factors as prior collection history, type of contribution, and the nature of the fundraising activity. The Organization will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for doubtful accounts. At year-end, the Organization's allowance for uncollectible grants was approximately \$800,000.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

Property and Equipment

All expenditures for property and equipment in excess of \$1,250 are capitalized at cost; the fair value of donated assets is similarly recorded. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, ranging from three to forty years.

Investments and Fair Value Measurements

The Organization reports its investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by authoritative guidance, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization reports investments at fair value on a recurring basis. These investments are classified as level 1 and 3 within the fair value hierarchy.

Level 1 investments owned by the Organization and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date. In the absence of recorded sales, Level 1 investments are valued at the last quoted bid price reported as of the financial statement reporting date.

Level 3 investment values are provided by the trustee, who develops their valuations using the third-party monthly investment broker's statements. Due to the inaccessibility of these broker statements as well as the Organization's lack of control over the investing activities, the funds held in the trust are considered unobservable market inputs in accordance with authoritative guidance.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

Realized and unrealized gains and losses are included in investment return in the statement of activities. Gains and losses on investments are reported as changes in net assets without donor restrictions, unless restricted by a donor's explicit stipulation or by a law that extends a donor's restriction.

Dividends and interest are recorded as received, which does not differ materially from the accrual basis. Purchases and sales of securities are recorded on the trade date.

Support and Revenue Recognition

Grant and Contribution Income - The Organization recognizes contributions in the fiscal year in which the contribution is made. Contributions are recorded as net assets with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. However, it is also the policy of the Organization to show net assets with donor restrictions that are both received and expended in the same fiscal year directly in net assets without donor restrictions.

The Organization recognizes cost reimbursement grant income as grant expenditures are incurred. The Organization recognizes other grant income when contractual obligations have been met.

Contributed Services - Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Income Taxes

The Organization is exempt from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Management believes that the Organization operates in a manner consistent with its tax-exempt status at both the state and federal levels.

The Organization annually files IRS Form 990 - *Return of Organization Exempt from Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities generally for a period of three years after they were filed. The Organization currently has no tax examinations in progress.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Organization's operating costs have been allocated between program expenses, general and administrative, and fundraising based on direct identification when possible, and allocation if an expenditure benefits more than one program or function. Expenditures that require allocation include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries, payroll taxes, benefits, professional fees and contractual services, supplies, telephone, and interest, which are allocated on the basis of estimates of time and effort.

Advertising

Advertising and promotional expenditures are expensed as incurred.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncements

The following is a summary of recent authoritative pronouncements that could impact the accounting, reporting, and/or disclosure of financial information by the Organization. The Organization is currently in the process of evaluating the impact of adoption on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which was later delayed to be effective for annual periods beginning after December 15, 2021. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization's year ending June 30, 2023, with early adoption permitted.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which provides new presentation and disclosure requirements for contributed nonfinancial assets. The standard will be effective for the Organization's year ending June 30, 2022.

Subsequent Events

Management has evaluated subsequent events through November 17, 2021, which is the date these financial statements were available to be issued.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

3. Prior Period Adjustments

During the year ended June 30, 2021, management reviewed the Organization's donor advised funds, which were previously reported as a liability for campaign designations payable in the 2020 financial statements. Such amounts should have been reported as net assets without donor restrictions. Accordingly, the Organization recorded an adjustment to increase net assets without donor restrictions and decrease campaign designations payable as of July 1, 2020. Had these funds been properly recorded when received, the Organization's change in net assets for the year ended June 30, 2020 would have increased by \$2,267,734.

During the year ended June 30, 2021, management reviewed the Organization's beneficial interest agreements and determined that one fund should have been reported as an investment held by others as a board designated endowment. Accordingly, the Organization reclassified \$349,739 of beneficial interest in perpetual trust to investments held by others as of July 1, 2020. In addition, the Organization reviewed donor agreements relating to their endowment and noted that those funds were released and used for the purpose required. As a result, the Organization also reclassified \$98,393 from net assets with donor restrictions to net assets without donor restrictions as of July 1, 2020. These reclassifications had no effect on the Organization's total net assets as of July 1, 2020.

4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2021:

Financial assets:

Cash and cash equivalents	\$ 10,368,172
Pledges receivable, net	2,229,151
Contributions and grants receivable, net	<u>2,692,175</u>

Financial assets available to meet cash needs
for general expenditures within one year

\$ 15,289,498

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In the event of an unanticipated liquidity needed, the Organization has a revolving line of credit with a local bank for \$3,000,000 (Note 9). In addition, the Board, at its discretion, could expend from its board-designated funds of \$2,992,071 (Note 11), other than amounts appropriated for general expenditure, in the event of an emergency.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021



COVID-19 Pandemic

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. The extent of the impact of COVID-19 on the Organization's future operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and state and local limitations, which are uncertain and cannot be predicted. While the Organization's operations continue, it is possible that this outbreak will negatively impact future operating results. The Organization is not able to reliably estimate the length or severity of this outbreak and the related financial impact at this time.

5. Pledges Receivable

Pledges receivable consist of promises to give from contributors to support the Organization's charitable mission. The promised contributions are due as follows:

Within one-year, net allowance of \$600,000	\$ 2,229,151
One to two years	245,000
Two to three years	220,000
Three to four years	20,000
Total pledges receivable	<u>2,714,151</u>
Less current portion	<u>2,229,151</u>
 Pledges receivable, less current portion, net	 <u><u>\$ 485,000</u></u>

6. Property and Equipment

Property and equipment consisted of the following:

Land	\$ 488,000
Buildings and improvements	3,012,371
Equipment and software	1,178,718
Motor vehicles	81,747
	<u>4,760,836</u>
Less accumulated depreciation	<u>2,043,581</u>
 Total property and equipment, net	 <u><u>\$ 2,717,255</u></u>

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

7. Investments

Investments, investments held by others and beneficial interests in perpetual trusts are presented in the financial statements at their aggregate fair value and consist of the following at June 30, 2021:

	Level 1	Level 3	NAV (a)
Money market mutual funds	\$ 233,817	\$ -	\$ -
Fixed income securities	636,246	-	-
Equity securities	3,601,875	-	-
Mutual funds	4,011,757	-	-
Investments held by others	-	-	978,149
Beneficial interests in perpetual trusts	-	7,218,161	-
Total investments	\$ 8,483,695	\$ 7,218,161	\$ 978,149

(a) In accordance with Subtopic 820-10, certain financial instruments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of financial position and notes to the financial statements.

The Organization values its beneficial interest in perpetual trusts at fair value based on the information provided by the financial institutions.

A reconciliation of investments measured at fair value using significant unobservable inputs (level 3) is as follows:

Beginning balance at July 1, 2020, as restated (Note 3)	\$ 5,680,205
Investment return	1,809,139
Withdrawal from perpetual trust	(271,183)
Balance at June 30, 2021	\$ 7,218,161

Investments Held by Others

In April 2007, the Organization established the United Way of Rhode Island Fund (the Fund) at the Rhode Island Foundation (the RI Foundation) and agreed that the Organization would receive annual distributions determined by the RI Foundation's spending rule in effect at the time of distribution. At June 30, 2021, the spending rate was 4.5% of the Fund's balance, averaged over the previous 16 quarters (or over the total number of quarters in existence, if less than 16). For the year ended June 30, 2021, the Fund's balance, reported as investments held by others in the accompanying statement of financial position, totaled \$978,149.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

Perpetual Trusts

The Organization holds beneficial interests in perpetual trusts. Under the terms of the trust agreements, the Organization has the irrevocable right to receive the income earned by these trusts. In accordance with the donors' wishes, the distributions received by the Organization from these trusts are available for current operations. During the year ended June 30, 2021, the Organization received a distribution of trust income in the amount of \$271,183.

8. PPP Loan Payable

On April 20, 2020, the Organization received loan proceeds of \$848,735 under the Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in response to the COVID-19 outbreak. Proceeds from this loan (PPP Loan) could only be used for payroll costs, costs used to continue group health care benefits, mortgage interest payments, rent, utilities, and interest on other debt obligations provided the agreements were effective prior to February 15, 2020. The PPP Loan was set to mature on April 20, 2022, and bore interest at a rate of 1% per annum, payable monthly. Under the terms of the PPP, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization used the proceeds in accordance with the loan terms and applied for forgiveness from the SBA. On December 2, 2020, the Organization received notification of SBA approval for the forgiveness of the entire PPP Loan proceeds.

9. Revolving Line of Credit

The Organization has a revolving line of credit agreement (line of credit) with a bank, as amended, that provides for maximum available borrowings of the lesser of \$3,000,000 or 90% of eligible receivables, as defined in the agreement. Borrowings under the line of credit are secured by all business assets excluding real estate. Interest is calculated at the one-month London Interbank Offered Rate (LIBOR) plus 1.70% and is due monthly. LIBOR as of June 30, 2021 was 0.10%.

There were no borrowings under the line of credit agreement as of June 30, 2021. In connection with the line of credit, the Organization is subject to a restrictive covenant that requires a minimum level of income from The Rhode Island Charities Trust via the Rhode Island Foundation. See Note 12.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021



10. Note Payable

In August 2013, the Organization executed a note payable with a bank in the amount of \$2,500,000, bearing interest at 4.88%. The note is collateralized by land, building and improvements.

The note required monthly payments of interest only through August 2015. In July 2014, the Organization began making monthly payments of principal and interest of \$11,230 which are payable through August 2023, at which time all outstanding principal and interest is due.

The scheduled maturities of the note as of June 30, 2021 are as follows:

<u>Year Ending</u>	
June 30, 2022	\$ 43,007
June 30, 2023	45,184
June 30, 2024	<u>1,785,763</u>
 Total	 <u>\$ 1,873,954</u>

The Organization is required to maintain certain financial covenants that are more fully described in the loan agreement. At June 30, 2021, the Organization was in compliance with the financial covenants.

11. Net Assets

Net assets consisted of the following at June 30, 2021:

Net Assets without Donor Restrictions	
Available for grants, programs and operations	\$ 7,602,793
Invested in property and equipment, net	843,301
Board-Designated:	
Program and grants	7,000,000
MyFund	2,445,764
Community investment grants	1,167,624
Endowment (Note 13)	978,149
Clay mine reserve	797,396
Building fund	30,185
Technology upgrades	<u>18,717</u>
Total board-designated	<u>12,437,835</u>
Total net assets without donor restrictions	<u>20,883,929</u>

Net Assets with Donor Restrictions

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

Restricted due to time	550,000
Subject to expenditure for specific purpose:	
RI Good Neighbor Energy Program	256,763
United Way 211 in RI	133,129
Volunteer Income Tax Assistance Program	32,500
CVS Opioid Addiction Program	20,953
Various program grants	16,150
	1,009,495
Subject to Restriction in Perpetuity:	
Perpetual trust (Note 7)	7,218,161
Total net assets with donor restrictions	8,227,656
Total net assets	\$ 29,111,585

12. Contribution Income from the Rhode Island Foundation

During the year ended June 30, 2021, the Organization received contributions from the RI Foundation of approximately \$3,804,900. The contributions were made at the discretion of the RI Foundation, and were funded through two sources as described below.

The RI Foundation controls a community fund, The Rhode Island Charities Trust (the Trust), which had an investment balance of approximately \$95,300,000 as of June 30, 2021. The Trust is held and controlled by the RI Foundation and not reflected on the financial statements of the Organization given that variance power was granted to the RI Foundation. Distributions from the Trust are subject to the RI Foundation’s spending policy as determined by the RI Foundation’s Board of Directors. At its discretion, the RI Foundation uses its income from this Trust to fund its contributions to the Organization, which were approximately \$3,514,600 for the year ended June 30, 2021.

In addition, the RI Foundation has contributed, at its discretion, its royalty income earned on the RI Foundation’s ownership rights in several properties located in Georgia from which clay called “kaolin” is mined (clay mine). The clay is mined by a certain company, which pays royalty income to the RI Foundation for the clay it has mined. For the year ended June 30, 2021, the Organization received approximately \$290,300 in contributions from the RI Foundation that were funded using the royalties generated by the clay mine.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

13. Endowment

The Organization's endowment includes endowment funds designated by the Board to provide income for the Organization. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

Board-designated Endowment

The Board designated certain net assets without donor restrictions as funds functioning as endowment to support the mission of the Organization. Since the funds resulted from an internal designation and are not donor-restricted, they are classified and reported within net assets without donor restrictions. However, they are managed in the same manner as the donor-restricted endowment funds described below.

Interpretation of Relevant Law

The Rhode Island Uniform Prudent Management of Institutional Funds Act (RIUPMIFA) requires 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, the Organization classifies as net assets with donor restrictions (a) the original value of the gift donated to the permanent 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 donor's gift instrument. The remaining portion of the donor-restricted fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions subject to spending policy and appropriation until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by RIUPMIFA.

In accordance with RIUPMIFA, the Organization considers the long and short-term needs of the Organization in carrying out its mission, the Organization's present and anticipated financial requirements, expected total returns on the Organization's investments, and general economic conditions in making a determination to appropriate or accumulate donor-restricted endowment funds.

Endowment net assets designated by the Board as of June 30, 2021 totaled \$978,149.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021



Changes in the Board Designated Endowment Net Assets:

Endowment net assets, June 30, 2020, as restated (Note 3)	\$ 760,095
Endowment return, net	252,878
Amounts appropriated for expenditure	<u>(34,824)</u>
Endowment net assets, June 30, 2021	<u>\$ 978,149</u>

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 RIUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no funds with deficiencies as of June 30, 2021.

Return Objective and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) 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 over time, to provide an average annual rate of return that is in the top twenty percent as compared to the annual rate of return of other institutional endowments.

Spending Policy and How Investment Objectives Relate to Spending Policy

To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization targets a diversified asset allocation that places emphasis on investments in equities, bonds and absolute return strategies in a ratio to achieve its long-term return objectives within prudent risk constraints.

UNITED WAY OF RHODE ISLAND, INC.
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021



14. Commitments and Contingencies

Retirement Plan

The Organization has a 403(b) defined contribution retirement plan (Plan) which covers all employees who are scheduled to work at least 1,000 hours per year. Matching contributions under the Plan range from 3% to 6% of an employee's salary depending on years of service. Retirement plan expense for the year ended June 30, 2021 was approximately \$82,200, and is included in employee benefits in the statement of functional expenses.

Operating Lease Agreements

The Organization leases certain office equipment under operating lease agreements, expiring at various dates through June 2024. For the year ended June 30, 2021, rent expense under all operating leases was approximately \$13,600.

The approximate future minimum lease payments under these agreements are as follows:

<u>Year Ending</u>	
June 30, 2022	\$ 21,600
June 30, 2023	21,600
June 30, 2024	<u>19,000</u>
Total	<u>\$ 62,200</u>

15. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments.

The Organization maintains its operating accounts in one financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At year end, the uninsured portion of these balances was \$11,260,630. Management believes that the Organization is not exposed to any significant credit risk related to these accounts.

The Organization's investments consist of a diversified portfolio of various investment vehicles including money market funds, fixed income securities, equity securities, and mutual funds. These investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. Management believes the diversity of the portfolio minimizes the risk of loss.