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**CAPITAL AREA UNITED WAY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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**CAPITAL AREA UNITED WAY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Capital Area United Way  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Capital Area United Way (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 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 the Capital Area United Way as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



### Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on pages 23 through 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
February 21, 2022

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

**ASSETS**

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 12,077,951	\$ 8,098,169
Certificates of deposit	1,101,436	1,091,373
Campaign pledges receivable , net	1,616,544	2,350,680
Building lease receivable, net of discount of \$136,275 and \$164,641, respectively	832,725	906,359
Other receivables	70,000	60,570
Prepaid expenses and other current assets	28,198	26,180
Investments	490,115	406,101
Property and equipment, net	78,030	72,178
Total assets	<u>\$ 16,294,999</u>	<u>\$ 13,011,610</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Designations payable	\$ 239,563	\$ 427,188
Accounts payable	20,096	376
Other accrued expenses	212,259	234,542
Note payable	-	275,700
Unfunded pension obligation	-	220,994
Total liabilities	<u>471,918</u>	<u>1,158,800</u>

**NET ASSETS**

Without donor restrictions	5,761,656	5,550,010
With donor restrictions	<u>10,061,425</u>	<u>6,302,800</u>
Total net assets	<u>15,823,081</u>	<u>11,852,810</u>
Total liabilities and net assets	<u>\$ 16,294,999</u>	<u>\$ 13,011,610</u>

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

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>REVENUES AND SUPPORT:</u></b>			
Annual campaign, net			
Current year campaign	\$ -	\$ 9,485,464	\$ 9,485,464
Prior year campaign	140,819	-	140,819
Less: donor designations	-	(367,748)	(367,748)
Less: estimated bad debts	-	(268,279)	(268,279)
	140,819	8,849,437	8,990,256
Future campaigns, net	-	133,350	133,350
Total annual campaign, net	140,819	8,982,787	9,123,606
Program grants	84,440	171,593	256,033
Donated goods and services	20,412	-	20,412
Sponsorship revenue	256,604	-	256,604
Investment revenues	76,592	-	76,592
Special events	45,940	-	45,940
Debt forgiveness	551,400	-	551,400
Other revenues	10,398	-	10,398
	1,186,605	9,154,380	10,340,985
Net assets released from restrictions	5,395,755	(5,395,755)	-
Total revenues and support	6,582,360	3,758,625	10,340,985
<b><u>EXPENSES:</u></b>			
Program services:			
Gross funds awarded	3,985,879	-	3,985,879
Less: donor designations	(318,528)	-	(318,528)
	3,667,351	-	3,667,351
Community impact programs	1,321,468	-	1,321,468
Total program services	4,988,819	-	4,988,819
Management and general	807,291	-	807,291
Fundraising	574,604	-	574,604
Total expenses	6,370,714	-	6,370,714
Excess of revenues over (under) expenses	211,646	3,758,625	3,970,271
Change in funded status of pension plan	-	-	-
<b>CHANGE IN NET ASSETS</b>	<b>\$ 211,646</b>	<b>\$ 3,758,625</b>	<b>\$ 3,970,271</b>

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

2020

Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ 6,391,217	\$ 6,391,217
318,838	-	318,838
-	(612,560)	(612,560)
-	(388,544)	(388,544)
<u>318,838</u>	<u>5,390,113</u>	<u>5,708,951</u>
-	141,950	141,950
<u>318,838</u>	<u>5,532,063</u>	<u>5,850,901</u>
126,230	15	126,245
4,856	-	4,856
207,431	-	207,431
60,937	-	60,937
92,549	-	92,549
-	-	-
<u>31,823</u>	<u>-</u>	<u>31,823</u>
842,664	5,532,078	6,374,742
<u>5,705,133</u>	<u>(5,705,133)</u>	<u>-</u>
<u>6,547,797</u>	<u>(173,055)</u>	<u>6,374,742</u>
3,931,416	-	3,931,416
<u>(532,533)</u>	<u>-</u>	<u>(532,533)</u>
3,398,883	-	3,398,883
<u>1,177,187</u>	<u>-</u>	<u>1,177,187</u>
4,576,070	-	4,576,070
678,046	-	678,046
559,181	-	559,181
<u>5,813,297</u>	<u>-</u>	<u>5,813,297</u>
734,500	(173,055)	561,445
<u>(13,038)</u>	<u>-</u>	<u>(13,038)</u>
<u>\$ 721,462</u>	<u>\$ (173,055)</u>	<u>\$ 548,407</u>

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

2021

	Community Impact	Management and General	Fundraising	Total
Community impact funds	\$ 3,010,653	\$ -	\$ -	\$ 3,010,653
Less: donor designations	(318,528)	-	-	(318,528)
Disaster awards	526,726	-	-	526,726
Other program awards	448,500	-	-	448,500
	<u>3,667,351</u>	<u>-</u>	<u>-</u>	<u>3,667,351</u>
Salaries and wages	431,132	320,626	316,579	1,068,337
Payroll taxes	26,607	26,050	18,445	71,102
Employee benefits	129,153	265,052	59,764	453,969
Campaign supplies and expenses	30,084	7,323	36,524	73,931
Conferences, conventions, and travel	3,871	523	4,734	9,128
Depreciation	6,272	7,082	6,879	20,233
Donated goods and services	-	-	20,412	20,412
Dues and subscriptions	2,721	400	2,105	5,226
Equipment rental and repairs	43,403	57,908	28,854	130,165
Occupancy	36,421	64,542	33,854	134,817
Office supplies and postage	4,008	25,703	35,777	65,488
Professional fees	364,540	32,082	10,677	407,299
Program materials and expenses	100,087	-	-	100,087
United Way of America dues	143,169	-	-	143,169
	<u>1,321,468</u>	<u>807,291</u>	<u>574,604</u>	<u>2,703,363</u>
Total expenses	<u>\$ 4,988,819</u>	<u>\$ 807,291</u>	<u>\$ 574,604</u>	<u>\$ 6,370,714</u>

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

2020

Community Impact	Management and General	Fundraising	Total
\$ 3,633,809	\$ -	\$ -	\$ 3,633,809
(532,533)	-	-	(532,533)
228,107	-	-	228,107
69,500	-	-	69,500
<u>3,398,883</u>	<u>-</u>	<u>-</u>	<u>3,398,883</u>
404,455	367,911	277,615	1,049,981
24,569	27,298	20,745	72,612
94,532	127,064	44,082	265,678
65,525	2,738	17,559	85,822
3,358	707	9,479	13,544
5,904	6,666	6,476	19,046
-	-	4,637	4,637
2,131	7,000	508	9,639
33,271	43,245	44,742	121,258
20,704	38,709	79,055	138,468
4,678	22,990	6,141	33,809
349,966	33,718	48,142	431,826
61,850	-	-	61,850
106,244	-	-	106,244
<u>1,177,187</u>	<u>678,046</u>	<u>559,181</u>	<u>2,414,414</u>
<u>\$ 4,576,070</u>	<u>\$ 678,046</u>	<u>\$ 559,181</u>	<u>\$ 5,813,297</u>

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance at June 30, 2019	\$ 4,828,548	\$ 6,475,855	\$ 11,304,403
Change in net assets for the year ended June 30, 2020	<u>721,462</u>	<u>(173,055)</u>	<u>548,407</u>
Balance at June 30, 2020	5,550,010	6,302,800	11,852,810
Change in net assets for the year ended June 30, 2021	<u>211,646</u>	<u>3,758,625</u>	<u>3,970,271</u>
Balance at June 30, 2021	<u><u>\$ 5,761,656</u></u>	<u><u>\$ 10,061,425</u></u>	<u><u>\$ 15,823,081</u></u>

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

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 3,970,271	\$ 548,407
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	20,233	19,046
Amortization	73,634	71,282
Forgiveness of debt	(551,400)	-
Change in funded status pension obligation	-	13,038
Unrealized loss (gain) on investments	(84,014)	(5,765)
Change in campaign pledges and other receivables	724,706	2,351,230
Change in prepaid expenses and other assets	(2,018)	20,559
Change in designations payable	(187,625)	(179,504)
Change in accounts payable and other liabilities	(223,557)	10,131
Net cash provided by operating activities	3,740,230	2,848,424
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of property and equipment	(26,085)	(60)
Purchases of investments and certificates of deposit	(10,063)	(9,993)
Proceeds from borrowings - PPP loans	275,700	275,700
Net cash provided by investing activities	239,552	265,647
Net increase in cash and cash equivalents	3,979,782	3,114,071
Cash and cash equivalents - beginning of year	8,098,169	4,984,098
Cash and cash equivalents - end of year	\$ 12,077,951	\$ 8,098,169

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

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies

The Capital Area United Way (CAUW or the Organization) is a nonprofit organization which serves the parishes of East Baton Rouge, Ascension, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, St. James, West Baton Rouge, and West Feliciana. Each fall, the CAUW conducts an annual united fundraising campaign, evaluates needed community services, and distributes funds, primarily in the following year, to various organizations that provide other community services in addition to providing program services in conjunction with these efforts.

The accounting and reporting policies of the Organization conform to the accounting principles generally accepted in the United States of America and the prevailing practices within the not-for-profit industry. The significant accounting policies used by the Organization in preparing and presenting its financial statements are summarized as follows:

Basis of presentation

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which requires the Organization to report financial information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* - net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Net assets with donor restrictions* - 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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have net assets with permanent restrictions at either June 30, 2021 or 2020.

Use of estimates

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. Actual results could differ from those estimates.

Recent accounting pronouncements

The Organization adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, during the year ended June 30, 2021. This guidance clarifies the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The adoption of this pronouncement did not have a material impact on the Organization's financial statements.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

Recent accounting pronouncements (continued)

The Organization also adopted ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, for the year ended June 30, 2021. This guidance modifies the disclosure requirements on fair value measurements in Topic 820, *Fair Value Measurement*. The adoption of this pronouncement did not have a material impact on the Organization's financial statements.

Cash and cash equivalents

For purposes of financial statement presentation, the Organization considers all highly liquid investments with maturities of ninety days or less at the date of acquisition to be cash equivalents.

Cash equivalents and certificates of deposit include funds held in certificates of deposit and money market funds at financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk with respect to cash and cash equivalents or certificates of deposit.

Investments and investment income

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices. For those investments for which quoted market prices are unavailable, management estimates fair value based on information provided by the fund managers or the general partners. Unrealized gains and losses are recorded in current year operations as increases or decreases in net assets without donor restrictions. Dividend, interest, and other investment income are recorded as increases in net assets without donor restrictions unless the use is restricted by the donor.

Donated investments are recorded at market value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost bases of the securities sold, using the specific identification method, and these realized gains and losses flow through the Organization's current operations.

Property and equipment

Property and equipment are stated at cost. Donated property is recorded at its estimated fair value on the date of receipt, which is then treated as cost. Additions, renewals, and betterments that increase the values or extend the lives of assets are capitalized. Maintenance and repair expenditures are expensed as incurred.

Depreciation has been provided using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 25 years.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gains or losses are recognized in the Organization's current operations.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

Paycheck Protection Program

In accounting for the terms of the notes payable recorded in connection with the Paycheck Protection Program (PPP), the Organization is guided by ASC 470 *Debt*, and ASC 450-30 *Gain contingency*. Accordingly, it recorded the proceeds of the PPP loan as debt, and it will derecognize the liability when the loan is paid off or it believes forgiveness is reasonably certain. The Organization believes that the possibility of loan forgiveness is to be regarded as a contingent gain and therefore will not recognize the gain (and derecognize the loan) until all uncertainty is removed (i.e. all conditions for forgiveness are met).

Contributions

Contributions received are recorded based on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. 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 statements of activities as net assets released from restrictions.

Grants receive the same accounting treatment as contributions if the grant activity is to be planned and carried out by the Organization and the Organization has the right to the benefits of carrying out the activity.

Annual fall campaign results are reduced by pledges collected on behalf of others or pledged to a specific organization (i.e., donor designation) and by a provision for uncollectible pledges. The net campaign results are reflected as net assets with donor restrictions since the amounts are generally collected over time and disbursed during subsequent periods.

Contributed services

The Organization recognizes revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation.

Allocated expenses

Expenses are allocated between program and supporting services based upon the results of time studies. Fundraising expenses related to the annual campaign are conducted throughout the year and are expensed when incurred. Management and general expenses include those expenses not directly identifiable with a specific function but provide for the overall support and direction of the Organization.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

1. Summary of significant accounting policies (continued)

Income tax status

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes is necessary.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that would more likely than not be substantiated upon examination. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Advertising costs

Advertising costs, which are included in campaign expenses, are expensed as incurred.

Accounting pronouncements issued but not yet adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This accounting standard requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. This standard will be effective for the year ended June 30, 2023.

The Organization is currently assessing the impact of this pronouncement on its financial statements.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

2. Campaign pledges receivable

Campaign pledges receivable were comprised of the following at June 30, 2021 and 2020:

	2021	2020
United Way:		
2020 Campaign	\$ 1,929,067	\$ 2,736,389
2019 Campaign and prior	366,464	25,000
	2,295,531	2,761,389
Less allowance for uncollectible pledges	( 678,987)	( 410,709)
	\$ 1,616,544	\$ 2,350,680

3. Building lease receivable

During the year ended June 30, 2006, the Organization received a donation of a 25-year lease for its office building to be occupied rent-free through December 31, 2030. At the time of the lease donation, the Organization estimated that the rental rates for comparable facilities would be \$8,500 per month.

At the time of the donation, a building lease receivable and corresponding contribution were recorded equal to the present value of the monthly rentals (assuming a discount rate of 3.25%). The annual rental of \$102,000 was recorded, net of the amortized discount, resulting in net office rent expense of \$73,634 and \$71,282 for the years ended June 30, 2021 and 2020, respectively.

Rent expense expected to be recorded in future years, in accordance with the lease agreement, is as follows:

Year ending June 30th	Lease Amount	Discount Amortization	Net Expense
2022	\$ 102,000	\$ 25,937	\$ 76,063
2023	102,000	23,428	78,572
2024	102,000	20,836	81,164
2025	102,000	18,159	83,841
2026	102,000	15,393	86,607
Thereafter	459,000	32,522	426,478
	\$ 969,000	\$ 136,275	\$ 832,725

4. Investments

Investments consisted of the following at June 30, 2021 and 2020:

	2021	2020
Assets held by the Baton Rouge Area Foundation on behalf of the CAUW	\$ 490,115	\$ 406,101

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

5. Property and equipment

Property and equipment consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Furniture, fixtures, and office equipment	\$ 601,163	\$ 575,078
Leasehold improvements	<u>283,631</u>	<u>283,631</u>
	884,794	858,709
Less: accumulated depreciation	<u>( 806,764)</u>	<u>( 786,531)</u>
	<u>\$ 78,030</u>	<u>\$ 72,178</u>

Depreciation expense totaled \$20,233 and \$19,046 for the year ended June 30, 2021 and 2020, respectively.

6. Line-of-credit

The Capital Area United Way has established a \$500,000 line of credit through Regions Bank. The line of credit expires in May of 2022. There were no draws on the line of credit during the years ended June 30, 2021 or 2020.

7. Note payable

The Organization entered into a promissory note agreement (the PPP loan) evidencing an unsecured loan in the amount of \$275,700 made to the Organization under the Paycheck Protection Plan (PPP) during the year ended June 30, 2020 and entered into a separate PPP note agreement in the amount of \$275,700 during the year ended June 30, 2021. The PPP is a liquidity facility program established by the U.S. government as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in response to the negative economic impact of the COVID-19 outbreak. The PPP loans to the Organization have two-year terms and bear interest at a rate of 1.0%. Monthly principal and interest payments are deferred for six months.

The PPP loans are forgivable loans to the extent that the proceeds are used to cover qualified expenses following loan funding. For the loans to be forgiven, the Company is required to formally apply for forgiveness, and potentially, required to pass an audit that it met the eligibility qualifications of the loans. The Company received notifications during the year ended June 30, 2021, that the entire loan amounts were forgiven.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

8. Agency transactions / designations payable

Agency transactions include contributions designated by donors for payment to specified organizations. These transactions are accounted for as pass-through transactions which represent transfers of assets from resource providers (contributors) to intermediary not-for-profit organizations (CAUW) that act as agents for resource providers by transferring those assets to specified third-party recipients. When contributors to the fundraising campaign designate specific beneficiaries, the Capital Area United Way has no discretion in distributing those assets. Such amounts are not recorded as revenues or expenses. When such amounts are collected, they are recorded as designations payable until remitted to the underlying beneficiary organization.

9. Defined benefit plan

The Organization had a non-contributory defined benefit pension plan that provided retirement benefits to individuals who were employed by the CAUW before April 1, 2007, and met the eligibility requirements. The Plan was frozen effective April 1, 2007, and the participants in this Plan stopped accruing benefits at that time; however, those participants did become 100% vested in the benefits accrued through this date. No additional employees are able to participate in the Plan.

During the year ended June 30, 2021, the Organization terminated the Plan and paid approximately \$663,000 to settle all outstanding liabilities. These distributions consisted of (1) lump sum payments to former participants in the Plan, (2) purchase annuities, and (3) expenses.

Accounting standards required the CAUW to recognize the underfunded status of its defined benefit pension plan as a liability on its statements of financial position. The following table set forth the funding status of the Plan as of June 30, 2020:

Fair value of plan assets at June 30, 2020	\$ 305,330
Projected benefit obligation	<u>( 526,324)</u>
Unfunded pension obligation	<u>(\$ 220,994)</u>

Changes in the projected benefit obligations during the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Benefit obligation at the beginning of the year	\$ 526,324	\$ 471,368
Service cost, changes in assumptions, and other	135,840	62,276
Benefits paid and expenses	<u>( 662,164)</u>	<u>( 7,320)</u>
Benefit obligation at the end of the year	<u>\$ -</u>	<u>\$ 526,324</u>

The weighted average assumptions used to estimate benefit obligations at June 30, 2020 were as follows:

Discount rate	2.25%
Average annual increase in compensation	N/A
Expected long-term rate of return on plan assets	5.50%

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**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

9. Defined benefit plan (continued)

The actuarially computed net periodic pension cost included the following components during the year ended June 30, 2020:

Service cost	\$	4,820
Interest cost		15,358
Actual return on plan assets	(	21,838)
Actuarial loss amortization		<u>18,017</u>
Net periodic pension cost	\$	<u>16,357</u>

Total pension expense (benefit) recognized for the year, including the change to the underfunded status, was approximately \$136,000 and \$29,000 for the years ended June 30, 2021 and 2020, respectively.

The weighted average assumptions used to determine net pension cost for the year ended June 30, 2020 were as follows:

Discount rate	3.25%
Average annual increase in compensation	N/A
Expected long-term rate of return on plan assets	5.50%
Post-retirement interest rate	5.50%

The expected long-term rate of return on plan assets was developed by considering historical plan performance, current asset allocation, and forecasts of future returns.

The changes in the fair value of the plan assets were as follows during the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Fair value of plan assets at the beginning of the year	\$ 305,330	\$ 263,412
Actual return on plan assets and other	13,734	21,838
Employer contributions	343,100	27,400
Benefits paid and expenses	( 662,164)	( 7,320)
Fair value of plan assets at the end of the year	<u>\$ -</u>	<u>\$ 305,330</u>

All of the Plan's assets were invested in fixed income securities (level 2 investments) at June 30, 2020.

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**NOTES TO FINANCIAL STATEMENTS**

10. Net assets

The Board of Directors has chosen to place the following limitations on net assets without donor restrictions as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Funds held by Baton Rouge Area Foundation	\$ 490,115	\$ 406,101
Funds held for Defined Benefit Plan	-	451,500
Funds held for Community Impact Program	97,909	107,971
Funds held for Buildings	83,539	83,539
Funds held for Technology	-	15,207
Funds held for Operational Reserves	<u>2,140,885</u>	<u>2,140,885</u>
Total	<u>\$ 2,812,448</u>	<u>\$ 3,205,203</u>

Net assets with donor restrictions were available for the following purposes or periods as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Campaign revenues for future periods	\$ 8,982,787	\$ 5,160,099
Building lease receivable	832,725	906,359
Disaster relief	90,000	57,607
VITA grant - tax preparation	155,913	155,545
Flood relief	-	23,190
	<u>\$ 10,061,425</u>	<u>\$ 6,302,800</u>

11. Endowed net assets

The Organization has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed net assets in perpetuity. The investment policy sets forth the guidelines relative to asset allocation parameters and investment return goals. The spending policy sets forth guidelines related to the amount of financial support available and the types of programs funded. Both policies are reviewed annually by the Organization's Board of Directors.

A summary of endowed net assets (board-designated endowment) as of June 30, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Board-designated endowment	<u>\$ 490,115</u>	<u>\$ 406,101</u>

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**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

11. Endowed net assets (continued)

A summary of changes in endowed net assets for the years ended June 30, 2021 and 2020, is as follows:

Endowed net assets - June 30, 2019	\$ 400,336
Investment gain	<u>5,765</u>
Endowed net assets - June 30, 2020	406,101
Investment gain	<u>84,014</u>
Endowed net assets - June 30, 2021	<u>\$ 490,115</u>

12. Defined contribution plan

The CAUW maintains a 403(b) retirement and thrift plan for all eligible employees. The Organization makes matching contributions equal to 100% of each employee's elective contribution up to a maximum of 3% of eligible compensation, after the employee has completed one year of service. The Organization can also make additional discretionary contributions. Participants vest immediately in their voluntary contributions and over a five-year period for contributions made by the CAUW. Total expenses related to this Plan totaled approximately \$83,000 and \$71,000 for the years ended June 30, 2021 and 2020, respectively.

13. Disclosures about the fair value of financial instruments

In accordance with the *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification, disclosure of fair value information about financial instruments is required. Fair value of a financial instrument 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. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not necessarily represent the underlying value of the Organization.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

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**NOTES TO FINANCIAL STATEMENTS**

13. Disclosures about the fair value of financial instruments (continued)

*Fair Value Hierarchy*

The topic on *Fair Value Measurements and Disclosures* establishes a 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).

The three levels of the fair value hierarchy are described as follows:

- Level 1 - valuation is based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 - valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 - valuation is based on unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon 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.

The following methods and assumptions were used by the Organization in estimating its fair value measurements and disclosures for financial instruments:

*Investments* - valued at the net asset value (NAV) of shares held by the Organization at year end.

*Fixed income securities* - valued using pricing models maximizing the use of observable inputs for similar securities.

*Limitations* - fair value estimates are made at a specific point in time, based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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**NOTES TO FINANCIAL STATEMENTS**

13. Disclosures about the fair value of financial instruments (continued)

*Fair Value of Assets and Liabilities Measured on a Recurring Basis*

The Organization's investments are measured on a recurring basis through estimates and assumptions made by the Baton Rouge Area Foundation. All of the Organization's investments, including the fixed income securities held by the Organization's defined benefit plan, are considered level 2 investments.

14. Liquidity

The Organization has the following financial assets available to meet its general needs, excluding amounts that are not available for general use within one year of the statement of financial position date because of donor imposed restrictions or internal designations:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 12,077,951	\$ 8,098,169
Certificates of deposit	1,101,436	1,091,373
Campaign pledges receivable, net	1,616,544	2,350,680
Other receivables	70,000	60,570
Investments	<u>490,115</u>	<u>406,101</u>
	15,356,046	12,006,893
Less: assets with donor restrictions, including future campaigns	( 10,061,425)	( 6,302,800)
Less: assets with board designations	<u>( 2,812,448)</u>	<u>( 3,205,203)</u>
	<u>\$ 2,482,173</u>	<u>\$ 2,498,890</u>

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. To help manage unanticipated liquidity needs, the Organization has established a line of credit in the amount of \$500,000, which it could draw upon if needed.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

15. Fundraising and management and general expense ratio

The Capital Area United Way computes its fundraising and management and general expense ratio as recommended in Functional Expenses and Overhead Reporting Standards/or United Ways as revised in 2004. The numerator includes fundraising and management and general expenses. Fundraising costs include marketing and communication expenses. The computation of the ratio for the years ended June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Numerator:		
Management and general	\$ 807,291	\$ 678,046
Fundraising	<u>574,604</u>	<u>559,181</u>
	<u>\$ 1,381,895</u>	<u>\$ 1,237,227</u>
Denominator:		
Total revenues and support	<u>\$ 10,349,020</u>	<u>\$ 7,314,909</u>
Overhead ratio:	<u>13.35%</u>	<u>16.91%</u>

16. Risks and uncertainties

In March of 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, and the virus continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on donors, vendors, and employees, all of which are uncertain and cannot be predicted. The extent to which the COVID-19 pandemic may directly or indirectly impact the Organization's financial condition or results of operations cannot be reasonably estimated at this time.

17. Subsequent events

Management has evaluated subsequent events through February 21, 2022, the date that the financial statements were available to be issued, and determined that no additional disclosures are necessary. No events occurring after this date have been considered for inclusion in these financial statements.

**CAPITAL AREA UNITED WAY**  
**BATON ROUGE, LOUISIANA**

**SCHEDULE OF COMMUNITY ALLOCATIONS, GRANTS, AND DESIGNATIONS**  
**YEAR ENDED JUNE 30, 2021**

Agency	Community Impact Funds Awarded	Donor Designations	Total Payments
100 Black Men of Metro Baton Rouge, Ltd.	\$ 30,000	\$ 28,651	\$ 58,651
Adult Literacy Advocates	40,000	2,241	42,241
American Cancer Society of Baton Rouge	-	8	8
American Heart Association, B.R.	-	1,006	1,006
American Red Cross	60,000	11,855	71,855
Baton Rouge Children's Advocacy Center	105,000	10,101	115,101
Baton Rouge Crisis Intervention	25,000	-	25,000
Baton Rouge Youth Coalition (BRYC)	46,000	1,431	47,431
Big Buddy Program	239,000	3,334	242,334
Boys & Girls Clubs of GBR	195,000	8,795	203,795
Brighter Vision	14,000	-	14,000
Cancer Services	12,404	2,939	15,343
Capital Area CASA Associations	-	819	819
Capital Area Agency on Aging	1,000	-	1,000
Capital Area Family Violence	-	7,948	7,948
Catholic Community Services	192,500	29,008	221,508
CEO Mind ORG	1,000	-	1,000
Child Advocacy Services	50,000	10,426	60,426
City Year	60,000	361	60,361
COVID Grants	83,719	-	83,719
Cystic Fibrosis Foundation	-	1,789	1,789
Dance Therapy	1,000	-	1,000
Donaldsonville Area ARC, Inc.	1,300	531	1,831
Donaldsonville Area Foundation	2,300	-	2,300
Dot 2 Dot Resource Connection	1,000	-	1,000
East Feliciana Parish Schools	46,000	2,464	48,464
EA- EI Regional Catholic School	1,000	-	1,000
Epilepsy Foundation of Louisiana	500	4,037	4,537
Epilepsy Alliance Louisiana	2,500	-	2,500
Family Service of Greater Baton Rouge	155,000	4,121	159,121
Front Yard Bikes	44,000	5,469	49,469
Girl Scouts Louisiana East	16,750	2,321	19,071
Goodwill Industries of SELA	150,000	311	150,311

**CAPITAL AREA UNITED WAY**  
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**SCHEDULE OF COMMUNITY ALLOCATIONS, GRANTS, AND DESIGNATIONS**  
**YEAR ENDED JUNE 30, 2021**

Agency	Community Impact Funds Awarded	Donor Designations	Total Payments
G.R.O.W.T.H Services of Louisiana	\$ 1,000	\$ -	\$ 1,000
Greater Baton Rouge Food Bank	85,000	39,529	124,529
Grief Recovery Center	21,742	-	21,742
Habitat for Humanity of Greater Baton Rouge	6,000	102	6,102
HOPE Ministries of Baton Rouge	170,539	7,743	178,282
HOPE Ministries of Pointe Coupee	-	323	323
House of Refuge Ministries	1,000	-	1,000
It Takes a Village BR	-	278	278
IRIS Domestic Violence Center	60,000	-	60,000
Junior League of Baton Rouge, Inc.	1,000	-	1,000
Kids Orchestra, Inc.	70,000	3,716	73,716
Knock Knock Museum	7,725	-	7,725
Line 4 Line	15,360	-	15,360
Louisiana 4-H Foundation	-	870	870
LSU & Agricultural & Mechanical College	1,000	-	1,000
Launch	25,000	-	25,000
Mary Bird Perkins Cancer Center	15,352	-	15,352
McMains Children's Developmental Center	90,975	20,930	111,905
MENT 2 FIT	1,000	-	1,000
Mental Health Association of Greater Baton Rouge	60,000	8,221	68,221
Mid City Redevelopment Alliance, Inc.	26,000	-	26,000
O'Brien House	89,198	4,462	93,660
Opening Doors	55,000	-	55,000
Our Lady of the Lake Children's Hospital	-	773	773
People of Purpose Community	1,000	-	1,000
Rebuilding Together Baton Rouge	28,175	-	28,175
Regina Coeli Child Development Center	50,000	733	50,733
Rosebuds	1,000	-	1,000
Salvation Army of Greater Baton Rouge	9,000	-	9,000
Sexual Trauma Awareness and Response Center	25,000	-	25,000
Sceptre Foundation	25,000	-	25,000
Shriners Hospitals for Children	-	1,135	1,135
Southeast Louisiana Legal Services	58,000	132	58,132
Southeastern Louisiana University	1,000	-	1,000

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**SCHEDULE OF COMMUNITY ALLOCATIONS, GRANTS, AND DESIGNATIONS**  
**YEAR ENDED JUNE 30, 2021**

Agency	Community Impact Funds Awarded	Donor Designations	Total Payments
St. James ARC	\$ -	\$ 9,059	\$ 9,059
St. James Council on Aging	18,375	3,278	21,653
St. Jude Children's Research Hospital	-	11,267	11,267
St. Vincent de Paul	195,000	21,777	216,777
Stand for Children Leadership Center	6,500	-	6,500
The ARC Baton Rouge	85,000	4,919	89,919
The Christian Outreach Center of Baton Rouge	50,000	-	50,000
The Emerge Center	200,000	9,892	209,892
The Hospice of Baton Rouge	-	323	323
The Life of a Single Mom	70,517	5,918	76,435
The Red Stick Project	1,000	-	1,000
The Safety Place	25,000	-	25,000
The Salvation Army	130,000	11,438	141,438
The Walls Project	51,000	-	51,000
Thrive Foundation	1,000	-	1,000
Top Box Foods	15,000	-	15,000
United Cajun Navy	1,000	-	1,000
United Way for South Louisiana	-	1,938	1,938
United Way of Central Louisiana	-	663	663
United Way of East/Central Texas	-	42	42
United Way of Greater Atlanta	-	21	21
United Way of Northeast Louisiana	-	128	128
United Way of Southeast Louisiana	-	112	112
United Way of Greater Lehigh Valley	-	223	223
Urban Restoration Enhancement	25,000	-	25,000
Volunteer Ascension	10,000	-	10,000
Volunteers of America	25,000	-	25,000
West Feliciana Public Schools	30,000	3,735	33,735
Wounded Warrior Project	-	760	760
YMCA of the Capital Area	25,000	-	25,000
Youth Oasis	25,920	-	25,920
YWCA Greater Baton Rouge	100,000	4,122	104,122
	<u>\$ 3,667,351</u>	<u>\$ 318,528</u>	<u>\$ 3,985,879</u>