

United Way of Long Island

UNITED WAY OF LONG ISLAND

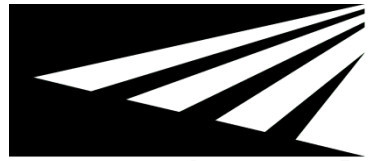
**FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT**

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

**UNITED WAY OF LONG ISLAND
INDEX TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**

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NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
United Way of Long Island:

We have audited the accompanying financial statements of the United Way of Long Island ("UWLI", a non-profit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

NawrockiSmith

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Long Island as of June 30, 2020 and 2019, 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.

Melville, New York
December 1, 2020

Nawrocki Smith LLP

**UNITED WAY OF LONG ISLAND
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents:		
Unrestricted	\$ 3,182,451	\$ 2,509,967
Restricted	2,424,000	4,613,861
Total cash and cash equivalents	5,606,451	7,123,828
Pledges and other receivables, net of allowance for uncollectible pledges of \$614,985 and \$734,510, respectively	3,193,258	3,469,737
Prepaid expenses	32,808	29,107
Total current assets	8,832,517	10,622,672
FIXED ASSETS, net of accumulated depreciation and amortization of \$2,062,276 and \$1,949,438, respectively	2,702,009	2,802,160
Total assets	\$ 11,534,526	\$ 13,424,832
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of bond payable	\$ 132,661	\$ 126,079
Current portion of promissory note payable	4,060	3,859
Construction loan payable	250,000	250,000
Accounts payable and accrued expenses	489,428	899,304
Allocations payable to agencies	629,185	608,276
Government advances	1,209,099	2,776,026
Designations payable	496,727	444,149
Total current liabilities	3,211,160	5,107,693
LONG-TERM LIABILITIES:		
Bond payable	1,657,987	1,771,818
Promissory note payable	57,797	61,857
Total long-term liabilities	1,715,784	1,833,675
Total liabilities	4,926,944	6,941,368
NET ASSETS:		
Net assets without donor restrictions:		
Undesignated	2,849,083	3,749,394
Board-designated	1,297,040	1,286,083
Total net assets without donor restrictions	4,146,123	5,035,477
Net assets with donor restrictions	2,461,459	1,447,987
Total net assets	6,607,582	6,483,464
Total liabilities and net assets	\$ 11,534,526	\$ 13,424,832

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

**UNITED WAY OF LONG ISLAND
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020**

	Without donor restrictions	With donor restrictions	Total
PUBLIC SUPPORT AND REVENUE:			
Public support -			
Long Island sources	\$ 3,836,924	\$ 1,679,496	\$ 5,516,420
Government contracts	9,894,083	-	9,894,083
Special events	794,828	1,668	796,496
COVID projects	-	1,384,207	1,384,207
Superstorm Sandy relief	-	49,950	49,950
Total funds raised	14,525,835	3,115,321	17,641,156
Amounts raised with donor designation	(496,727)	-	(496,727)
Total public support	14,029,108	3,115,321	17,144,429
Provision for estimated collection losses at the UWLI level	(451,608)	-	(451,608)
Total public support, net	13,577,500	3,115,321	16,692,821
Revenue -			
Interest	19,936	6,723	26,659
Other	408,615	10,933	419,548
In-kind	525,000	-	525,000
Net assets released from restrictions	2,119,505	(2,119,505)	-
Total revenue	3,073,056	(2,101,849)	971,207
Total public support and revenue	16,650,556	1,013,472	17,664,028
EXPENSES:			
Program services -			
Ryan White Services	5,667,294	-	5,667,294
Housing Services	3,511,746	-	3,511,746
Community Impact	3,247,999	-	3,247,999
YouthBuild	875,017	-	875,017
Allocations and Contract Payments	1,239,582	-	1,239,582
Marketing and Communication	463,865	-	463,865
Total program services	15,005,503	-	15,005,503
Supporting and administrative services -			
Resource development	888,747	-	888,747
Management and general	1,645,660	-	1,645,660
Total supporting and administrative services	2,534,407	-	2,534,407
Total expenses	17,539,910	-	17,539,910
Change in net assets	(889,354)	1,013,472	124,118
NET ASSETS, BEGINNING OF YEAR	5,035,477	1,447,987	6,483,464
NET ASSETS, END OF YEAR	\$ 4,146,123	\$ 2,461,459	\$ 6,607,582

The accompanying notes to financial statements
are an integral part of this statement.

**UNITED WAY OF LONG ISLAND
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

	Without donor restrictions	With donor restrictions	Total
PUBLIC SUPPORT AND REVENUE:			
Public support -			
Long Island sources	\$ 4,882,861	\$ 1,192,005	\$ 6,074,866
Government contracts	10,446,388	-	10,446,388
Special events	1,035,060	-	1,035,060
Superstorm Sandy relief	-	757,822	757,822
Total funds raised	16,364,309	1,949,827	18,314,136
Amounts raised with donor designation	(466,184)	-	(466,184)
Total public support	15,898,125	1,949,827	17,847,952
Provision for estimated collection losses at the UWLI level	(631,608)	-	(631,608)
Total public support, net	15,266,517	1,949,827	17,216,344
Revenue -			
Interest	16,087	-	16,087
Other	271,759	-	271,759
In-kind	795,242	-	795,242
Net assets released from restrictions	1,368,987	(1,368,987)	-
Total revenue	2,452,075	(1,368,987)	1,083,088
Total public support and revenue	17,718,592	580,840	18,299,432
EXPENSES:			
Program services -			
Ryan White Services	5,666,754	-	5,666,754
Housing Services	3,697,373	-	3,697,373
Community Impact	3,292,510	-	3,292,510
YouthBuild	797,513	-	797,513
Allocations and Contract Payments	1,308,080	-	1,308,080
Marketing and Communication	553,272	-	553,272
Total program services	15,315,502	-	15,315,502
Supporting and administrative services -			
Resource development	1,330,891	-	1,330,891
Management and general	1,541,474	-	1,541,474
Total supporting and administrative services	2,872,365	-	2,872,365
Total expenses	18,187,867	-	18,187,867
Change in net assets	(469,275)	580,840	111,565
NET ASSETS, BEGINNING OF YEAR	5,504,752	867,147	6,371,899
NET ASSETS, END OF YEAR	\$ 5,035,477	\$ 1,447,987	\$ 6,483,464

The accompanying notes to financial statements
are an integral part of this statement.

**UNITED WAY OF LONG ISLAND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services						Supporting and Administrative Services				Total Expenses
	Ryan White Services	Housing Services	Community Impact	YouthBuild	Allocations and Contract Payments	Marketing and Communications	Total	Resource Development	Management and General	Total	
Grants, contracts, and awards											
Community investments grants and awards	\$ -	\$ -	\$ -	\$ -	\$ 1,239,582	\$ -	\$ 1,239,582	\$ -	\$ -	\$ -	\$ 1,239,582
Contract services and other grants	4,762,056	2,977,984	2,552,800	244,719	-	457	10,538,016	-	-	-	10,538,016
Total grants, contracts, and awards	4,762,056	2,977,984	2,552,800	244,719	1,239,582	457	11,777,598	-	-	-	11,777,598
Personnel											
Salaries	569,094	297,512	342,662	373,727	-	267,778	1,850,773	417,288	778,748	1,196,036	3,046,809
Employee benefits and payroll taxes	162,891	102,259	107,235	36,123	-	67,527	476,035	148,090	209,514	357,604	833,639
Stipends	-	-	56,768	-	-	-	56,768	-	-	-	56,768
Total personnel	731,985	399,771	506,665	409,850	-	335,305	2,383,576	565,378	988,262	1,553,640	3,937,216
Occupancy	20,290	14,118	29,338	60,791	-	10,294	134,831	21,343	31,103	52,446	187,277
Publicity and events	1,101	3,716	4,445	717	-	12,476	22,455	64,106	5,035	69,141	91,596
Professional fees and insurance	49,693	27,995	34,316	53,317	-	24,004	189,325	60,932	313,500	374,432	563,757
Conference and travel	-	943	102	33	-	1,036	2,114	4,808	7,970	12,778	14,892
Equipment rental, maintenance, and supplies	12,237	3,956	2,761	5,917	-	2,517	27,388	6,213	9,066	15,279	42,667
Bank fees and interest	-	-	-	-	-	-	-	5,028	98,560	103,588	103,588
In-kind	70,000	52,500	61,250	70,000	-	61,250	315,000	96,250	113,750	210,000	525,000
Other	2,026	17,035	43,788	2,814	-	5,782	71,445	37,830	43,796	81,626	153,071
Subtotal	5,649,388	3,498,018	3,235,465	848,158	1,239,582	453,121	14,923,732	861,888	1,611,042	2,472,930	17,396,662
Depreciation and amortization	17,906	13,728	12,534	26,859	-	10,744	81,771	26,859	34,618	61,477	143,248
Total expenses	<u>\$ 5,667,294</u>	<u>\$ 3,511,746</u>	<u>\$ 3,247,999</u>	<u>\$ 875,017</u>	<u>\$ 1,239,582</u>	<u>\$ 463,865</u>	<u>\$ 15,005,503</u>	<u>\$ 888,747</u>	<u>\$ 1,645,660</u>	<u>\$ 2,534,407</u>	<u>\$ 17,539,910</u>

The accompanying notes to financial statements
are an integral part of this statement.

**UNITED WAY OF LONG ISLAND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services						Supporting and Administrative Services			Total Expenses	
	Ryan White Services	Housing Services	Community Impact	YouthBuild	Allocations and Contract Payments	Marketing and Communications	Total	Resource Development	Management and General		Total
Grants, contracts, and awards											
Community investments grants and awards	\$ -	\$ -	\$ -	\$ -	\$ 1,308,080	\$ -	\$ 1,308,080	\$ -	\$ -	\$ -	\$ 1,308,080
Contract services and other grants	4,807,226	3,224,369	2,480,288	220,003	-	-	10,731,886	-	-	-	10,731,886
Total grants, contracts, and awards	4,807,226	3,224,369	2,480,288	220,003	1,308,080	-	12,039,966	-	-	-	12,039,966
Personnel											
Salaries	532,030	227,381	517,953	250,011	-	212,181	1,739,556	681,823	711,628	1,393,451	3,133,007
Employee benefits and payroll taxes	97,269	72,952	85,111	97,269	-	85,112	437,713	133,745	158,063	291,808	729,521
Total personnel	629,299	300,333	603,064	347,280	-	297,293	2,177,269	815,568	869,691	1,685,259	3,862,528
Occupancy	24,001	18,000	21,000	24,000	-	21,000	108,001	33,000	39,001	72,001	180,002
Publicity and events	4,550	3,413	11,691	4,550	-	58,512	82,716	166,128	20,042	186,170	268,886
Professional fees and insurance	28,168	21,126	24,647	28,169	-	24,647	126,757	41,282	259,993	301,275	428,032
Conference and travel	3,783	2,838	3,311	3,783	-	3,311	17,026	5,203	6,148	11,351	28,377
Equipment rental, maintenance, and supplies	15,493	11,620	13,556	15,493	-	13,556	69,718	21,303	25,176	46,479	116,197
Bank fees and interest	-	-	-	-	-	-	-	36,336	70,793	107,129	107,129
In-kind	106,032	79,524	92,778	106,033	-	92,778	477,145	145,794	172,303	318,097	795,242
Other	32,121	24,090	28,105	32,121	-	28,105	144,542	44,166	52,196	96,362	240,904
Subtotal	5,650,673	3,685,313	3,278,440	781,432	1,308,080	539,202	15,243,140	1,308,780	1,515,343	2,824,123	18,067,263
Depreciation and amortization	16,081	12,060	14,070	16,081	-	14,070	72,362	22,111	26,131	48,242	120,604
Total expenses	\$ 5,666,754	\$ 3,697,373	\$ 3,292,510	\$ 797,513	\$ 1,308,080	\$ 553,272	\$ 15,315,502	\$ 1,330,891	\$ 1,541,474	\$ 2,872,365	\$ 18,187,867

The accompanying notes to financial statements
are an integral part of this statement.

**UNITED WAY OF LONG ISLAND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 124,118	\$ 111,565
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	143,248	120,604
Provision for collection loss, net of collections	(119,525)	(254,730)
Changes in assets and liabilities:		
(Increase) decrease in pledges and other receivables	396,004	(132,360)
(Increase) decrease in prepaid expenses	(3,701)	136,112
Increase (decrease) in accounts payable and accrued expenses	(409,876)	685,533
Increase (decrease) in allocations payable to agencies	20,909	(81,070)
Increase (decrease) in government advances	(1,566,927)	2,776,026
Increase (decrease) in designations payable	52,578	(62,092)
Decrease in deferred revenue	-	(498,650)
Net cash provided (used) by operating activities	(1,363,172)	2,800,938
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(43,097)	(20,784)
Net cash used by investing activities	(43,097)	(20,784)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of bond payable	(107,249)	(100,992)
Repayment of promissory note payable	(3,859)	(3,666)
Proceeds of construction loan	-	250,000
Net cash provided (used) by financing activities	(111,108)	145,342
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,517,377)	2,925,496
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,123,828	4,198,332
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,606,451	\$ 7,123,828
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 67,197	\$ 71,258
Disposal of fully depreciated fixed assets	\$ 30,410	\$ 947,236

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

**UNITED WAY OF LONG ISLAND
NOTES TO FINANCIAL STATEMENTS**

(1) Organization:

The United Way of Long Island (“UWLI”) is a not-for-profit organization, together with community partners, committed to changing lives on Long Island by investing in: improving access to health care, supporting children and youth, reducing hunger and assisting neighbors in need. UWLI receives substantially all of its support from government contracts and corporate, employee-group and community solicitations. UWLI is exempt from Federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar provision of the New York State income tax law.

(2) Summary of significant accounting policies:

The accompanying financial statements include the assets, liabilities, revenues and expenses of UWLI which are presented under the accrual basis of accounting. The following is a summary of significant accounting policies followed by UWLI:

Financial statement presentation -

The accompanying financial statements include the accounts of UWLI’s programs, administration and fundraising. UWLI presents its financial statements in accordance with U.S. generally accepted accounting principles which require UWLI’s financial statements to distinguish between those with and without donor restricted net assets and changes in net assets. UWLI’s net assets consist of the following:

Without donor restrictions - net assets of UWLI which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of UWLI.

With donor restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

As required by U.S. generally accepted accounting principles, UWLI has also presented Statements of Cash Flows for the years ended June 30, 2020 and 2019.

For perpetual restricted net assets, UWLI follows U.S. generally accepted accounting principles regarding Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) and Enhanced Disclosures for All Endowed Funds.

**UNITED WAY OF LONG ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Cash and cash equivalents -

UWLI considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Included in cash and cash equivalents at June 30, 2020 are allocated and designated amounts to other agencies of \$1,125,913, amounts set aside for specific purposes or programs of \$2,424,000 (including \$552,819 of advances from Nassau County relating to the Ryan White grant) and unrestricted cash of \$2,056,538.

Liquidity considerations -

Quantitative -

As of June 30, 2020 and 2019, UWLI has \$6,408,517 and \$6,008,811 respectively, of financial assets available to meet cash needs for program and supporting services expenditures within one year of the Statement of Financial Position date, as noted in the current assets section of the statement. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for expenditures within one year of the Statement of Financial Position date.

Qualitative -

As a part of UWLI'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, UWLI has committed lines of credit in the amount of \$500,000, which it could draw upon if needed.

Pledges receivable -

Pledges receivable as of June 30, 2020 and 2019 are comprised of unconditional promises to give by donors. As of June 30, 2020, these pledges are expected to be paid within the upcoming year and are recorded at net realizable value. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from past history. As of June 30, 2020 and 2019, UWLI recognized an allowance for doubtful accounts of \$614,985 and \$734,510, respectively.

Fixed assets -

Fixed assets are capitalized at cost or, if donated, at fair market value as of the date of receipt. Depreciation and amortization are computed by using the straight-line method over the estimated useful lives ranging from three to five years for machinery, equipment, furniture and fixtures and forty years for buildings and related improvements. Assets recorded under capital leases are amortized by the straight-line method over their estimated useful lives or lease terms, whichever is shorter.

Impairment of long-lived assets and long-lived assets to be disposed of -

UWLI follows the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") on accounting for the impairment or disposal of long-lived assets. It requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held

UNITED WAY OF LONG ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. This standard did not have any impact on UWLI's financial position, results of activities or liquidity during the years ended June 30, 2020 and 2019.

Conditional asset retirement obligations -

The FASB ASC on accounting for conditional asset retirement obligations requires entities to recognize a liability for the fair value of a legal obligation to perform an asset retirement activity, even though uncertainty exists about the timing and/or method of settlement, if and when the fair value of the liability can be reasonably estimated. As of June 30, 2020 and 2019, UWLI has met the provisions of and is in compliance with these requirements and no obligation currently exists.

Allocations payable to agencies -

Allocations to the various agencies are approved by the Board of Directors each December for the subsequent calendar year and are recorded as an expense and liability at that time.

Designations payable -

Donors to a campaign may designate all or part of their contributions to specific agencies. UWLI honors designations made to any agency. In accordance with FASB ASC on the transfer of assets to a not-for-profit organization or charitable trust that raises or holds contributions for others, these specific designations are not considered to be part of the allocations to United Way agencies and are deducted from the current campaign results available to UWLI.

Accrued paid time off -

Each year, in lieu of sick days, vacation days or floating holidays, each full-time employee is entitled to earn paid-time-off ("PTO"). This time will be accrued based on length of employment and may be used as it is earned. Starting with new hires, a full-time employee will begin accruing a maximum of 20 PTO days per year. PTO is increased to 25 days per year for an employee with three to seven years tenure and capped at 30 days for full-time employees with greater than seven years employment. Each year, unused PTO not used by calendar year end will be forfeited. Should an employee retire or terminate before fully using their PTO, the equivalent of that time's salary will be paid out.

Revenue recognition -

Effective July 1, 2019, UWLI adopted FASB Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The new guidance requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. UWLI applied the modified retrospective method of adoption, which resulted in no adjustment to net assets as of July 1, 2019.

UNITED WAY OF LONG ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Effective July 1, 2019, UWLI adopted FASB ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The new guidance clarifies and improves guidance on whether a transfer of assets is a contribution or an exchange and whether a contribution is conditional. UWLI applied the modified retrospective method of adoption, which resulted in no adjustment to net assets as of July 1, 2019.

The following are the significant revenue recognition accounting policies of UWLI:

Government contracts - Revenue under government contracts are recognized when earned. Revenue is earned when performance obligations, as defined in each contract, are fulfilled. Funds received but not yet earned are shown as deferred revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, UWLI will record such disallowance at the time the final assessment is made.

Grants and contributions - Grants and contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor 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 and Changes in Net Assets as net assets released from restriction. Conditional contributions are accounted for as a liability or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point a transaction is recognized as unconditional and classified as either net assets with donor restrictions, or net assets without donor restrictions.

Fundraising income - The portion of fundraising revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met.

Donated materials and services -

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. UWLI reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, UWLI reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to UWLI's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

UNITED WAY OF LONG ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Functional expenses -

Expenses are recognized when incurred. The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of UWLI. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Direct program expenses are reported in their respective functional categories. The significant expenses that are allocated include: salaries, employee benefits payroll taxes and professional fees which are allocated on the basis of estimates of time and effort. Depreciation and rent are allocated on basis of square footage and use, and all other expenses are allocated on a systematic and rational basis.

Income taxes -

UWLI qualifies as a tax-exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and applicable New York State tax laws. Accordingly, no provision for federal or state income taxes is required.

Uncertainty in income taxes -

UWLI recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that UWLI had no uncertain tax positions that would require financial statement recognition. UWLI is no longer subject to examination by the applicable taxing jurisdictions for tax years prior to 2016.

The use of estimates in the preparation of financial statements -

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Significant estimates include accounts receivable valuation allowances, depreciation and certain accrued expenses. Actual results may differ from those estimates.

(3) Fixed assets:

Fixed assets as of June 30, 2020 and 2019 are comprised of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 373,761	\$ 373,761
Buildings and improvements	4,273,540	4,273,540
Machinery, equipment, furniture and fixtures	<u>116,984</u>	<u>104,297</u>
	4,764,285	4,751,598
Less: accumulated depreciation	<u>2,062,276</u>	<u>1,949,438</u>
	<u>\$ 2,702,009</u>	<u>\$ 2,802,160</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$143,248 and \$120,604, respectively.

**UNITED WAY OF LONG ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

(4) Construction loan payable:

In June 2019, UWLI received funds from Island Outreach Foundation in the amount of \$250,000. This money is to be used to solely finance construction and related costs associated with redevelopment of foreclosed properties in Suffolk County in connection with the Suffolk County Land Bank. This amount is expected to be paid back in full within the following two years.

(5) Long-term debt:

In July 2006, UWLI acquired an Industrial Development Bond (the "Bond") in the amount of \$3,270,000. The Bond was collateralized by UWLI's land and building. The Bond was payable in monthly installments of \$19,307 through June 2016, including principal and interest at 5.1% per annum. In October 2014, UWLI re-financed the Industrial Development Bond, effective July 1, 2016 in the amount of \$2,333,973. The Bond will be payable in monthly installments through July 1, 2024 (when a balloon payment or refinancing is necessary), including principal and interest at 3.25% per annum. As of June 30, 2020, \$1,790,648 was outstanding under the bond payable, net of deferred bond issuance costs of \$75,320.

In February 2008, UWLI entered into a land swap arrangement. Approximately three quarters of an acre were exchanged with a neighboring land owner. The land UWLI traded away was subject to restrictions within the previously mentioned bond agreement. Thus, a portion of the bond equal to the calculated fair value of the land (\$100,000) needed to be retired. Financing for this transaction was facilitated by UWLI entering into a \$100,000 promissory note payable in monthly installments of \$593 through December 2031, including principal and interest of 5.1% per annum. As of June 30, 2020, \$61,857 was outstanding under this promissory note.

Long-term debt interest expense for 2020 and 2019 was comprised of the following:

	2020	2019
Bond	\$ 63,935	\$ 67,804
Promissory note	3,262	3,454
	67,197	71,258
Plus: amortization of issuance costs	18,830	18,830
	\$ 86,027	\$ 90,088

UNITED WAY OF LONG ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Future maturities represent actual obligations of long-term debt and do not include the deferred bond issuance costs of \$75,320 netted against long-term debt on the Statements of Financial Position. As of June 30, 2020, future maturities are estimated as follows:

<u>Year ending June 30,</u>	
2021	\$ 136,721
2022	143,859
2023	151,370
2024	1,451,574
2025	4,977
Thereafter	<u>39,324</u>
	1,927,825
Less: issuance costs	<u>(75,320)</u>
	<u>\$ 1,852,505</u>

(6) Line of credit:

During February 2010, UWLI contracted with a financial institution for a \$500,000 line of credit. As of June 30, 2020, there are no borrowings outstanding. Borrowings under this arrangement bear interest at the bank's prime rate (3.25% as of June 30, 2020) and are secured by substantially all of the assets of UWLI.

(7) Paycheck Protection Program:

On May 1, 2020, UWLI was granted a loan from a bank in the amount of \$613,749, pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), which was enacted on March 27, 2020. The loan and accrued interest are forgivable after periods of eight weeks or twenty-four weeks as long as the borrower uses the proceeds for eligible purposes including payroll, benefits, rent and utilities and maintains its payroll levels. In accordance with generally accepted accounting principles, UWLI has opted to account for its PPP loan as an in-substance conditional government grant, which should be recognized in income when all conditions or measurable barriers have been substantially met. Conditions include initial eligibility and forgiveness criteria, which include incurring eligible costs and maintaining certain employment and salary thresholds. Measurable barriers include the review and approval of the forgiveness application. UWLI intends to use the proceeds for purposes consistent with the PPP, believes its use of the funds will meet the conditions for forgiveness of the loan and that final approval of the forgiveness application will not be a barrier but a substantive administrative process. UWLI believes all conditions and barriers will be met during the fiscal year ending June 30, 2021. Accordingly, the PPP funds have been reflected as a government advance in the Statement of Financial Position as of June 30, 2020.

**UNITED WAY OF LONG ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

(8) Net assets:

Net assets as of June 30, 2020 and 2019 are comprised of the following:

	<u>2020</u>	<u>2019</u>
Without donor restrictions -		
Undesignated	\$ 2,849,083	\$ 3,749,394
Board designated -		
Building fund	447,536	447,536
Fixed assets	<u>849,504</u>	<u>838,547</u>
Total without donor restrictions	<u>4,146,123</u>	<u>5,035,477</u>
With donor restrictions -		
United Together Response COVID Fund	560,896	-
Project Warmth	255,345	72,433
DOL YouthBuild Match and Leverage	246,304	-
Other TRNA	185,866	297,500
Byron Miller Fund	169,897	168,847
Mary Anna Meyer Fund	158,327	158,327
VetsBuild	135,962	-
Cammy Belser Fund	108,572	114,404
Walmart Hempstead YB TRNA	91,832	121,833
David Schector Fund	86,202	86,201
Schaufeld Family Fund	80,230	42,841
Education and Scholarships	80,139	-
BOA Summer Youth	75,000	-
Missions United	60,148	-
Pat Michaels Fund	31,400	28,900
Scott Martella Fund	26,852	25,392
Anthony Stupore Fund	25,000	25,000
World Aids Day Consumer Fund	21,744	20,582
Eugene Portella Fund	20,280	18,500
Dreams for Youth	15,398	-
Chicken Soup for Health Care Responders	8,554	-
Henry P. Pearson Memorial Fund	8,111	8,111
Jack Monahan Fund	4,180	4,180
Superstorm Sandy	2,823	254,936
Born United	1,052	-
Molloy Green Homes NYSEDA	683	-
Stuff-A-Bus	653	-
Safe at Home	<u>9</u>	<u>-</u>
Total with donor restrictions	<u>2,461,459</u>	<u>1,447,987</u>
Total net assets	<u>\$ 6,607,582</u>	<u>\$ 6,483,464</u>

UNITED WAY OF LONG ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable law requires UWLI to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2020.

UWLI 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 protect the original value of the gift.

UPMIFA 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, UWLI classifies as donor restricted net assets (a) the original value of gifts 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 applicable donor gift instrument at the time the accumulation is added to the fund.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(9) Federal grants:

Effective July 1, 1997, UWLI was named the lead not-for-profit agency to administer three federal grants (the Ryan White Funds), which address the HIV/AIDS epidemic. UWLI acts as the administrator and as a pass-through entity for these grants. As of June 30, 2020 and 2019, related grants receivables were \$0 and \$34,144, respectively.

(10) Retirement plans:

UWLI has a defined contribution plan for substantially all employees. UWLI contributes a maximum of seven percent of each eligible employee's salary. Aggregate contributions for fiscal 2020 and 2019 were \$135,147 and \$128,902, respectively.

(11) Rental income:

UWLI has signed four agreements to lease a portion of its office space. Future minimum rental income associated with these arrangements is as follows:

<u>Year ending June 30,</u>	
2021	\$ 215,242
2022	<u>67,295</u>
	<u>\$ 282,537</u>

Rental income for years ended June 30, 2020 and 2019 was \$259,803 and \$256,109, respectively.

**UNITED WAY OF LONG ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

(12) Commitments and contingencies:

Concentrations of credit risk -

UWLI maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. UWLI has not experienced any losses in such accounts. UWLI believes it is not exposed to any significant credit risk on cash.

COVID-19 -

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to UWLI, COVID-19 has impacted various parts of its 2020 operations and financial results. Management believes UWLI is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

(13) Subsequent events:

UWLI has evaluated subsequent events through December 1, 2020, which is the date the financial statements were available to be issued. No subsequent events having a material effect on the financial statements were noted.