UNITED WAY OF GREATER ATLANTA, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

As of and for the Years Ended June 30, 2020 and 2019

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

UNITED WAY OF GREATER ATLANTA, INC.

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors
United Way of Greater Atlanta, Inc.
Atlanta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Greater Atlanta, Inc. ("United Way") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 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 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.

OTHER MATTERS

Supplementary and Other Information

The accompanying schedule of expenditures of federal awards, shown on page 31, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is also 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 audit 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.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020 on our consideration of United Way's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Atlanta, Georgia
December 18, 2020

UNITED WAY OF GREATER ATLANTA, INC.
STATEMENTS OF FINANCIAL POSITION
(DOLLARS IN THOUSANDS)

JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 31,382	$ 18,378
Investments, at fair value	35,265	33,606
Pledges receivable, less allowance for uncollectible accounts of $8,880 and $5,743 at June 30, 2020 and 2019, respectively	17,737	26,174
Other receivables, net	9,741	11,940
Assets held for sale	-	10,572
Prepaids and other assets	2,419	1,932
Land, buildings, and equipment, net of depreciation	10,632	10,764
Total Assets	$ 107,176	$ 113,366
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	$ 16,771	$ 16,766
Checks in excess of cash on hand	-	1,640
Allocations payable	3,289	4,801
Donor designated allocations payable	9,553	9,486
Line of credit	-	9,242
Paycheck Protection Program loan	3,537	-
Bonds payable, net	1,375	2,474
Total Liabilities	34,525	44,409
Net Assets:		
Without Donor Restrictions:		
Board-designated reserve fund	16,173	13,249
Undesignated	17,573	21,211
Total Without Donor Restrictions	33,746	34,460
With Donor Restrictions:		
Subject to purpose and time restrictions	33,427	28,959
Endowments and other perpetual gifts	5,478	5,538
Total With Donor Restrictions	38,905	34,497
Total Net Assets	72,651	68,957
Total Liabilities and Net Assets	$ 107,176	$ 113,366

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

UNITED WAY OF GREATER ATLANTA, INC.
STATEMENT OF ACTIVITIES
(DOLLARS IN THOUSANDS)

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Campaign Results:			
Campaign Contributions:			
Current year campaign	$ 56,825	$ 29,298	$ 86,123
Prior year Pacesetter Campaign	-	(101)	(101)
Pacesetter Campaign	-	274	274
Less Amounts Due to Others:			
Donor designations	(5,596)	-	(5,596)
Amounts sent directly to others	(19,565)	-	(19,565)
Gross Campaign Results	31,664	29,471	61,135
Provision for uncollectibles	(7,005)	-	(7,005)
Net Campaign Results	24,659	29,471	54,130
Revenues, Gains, and Other Support:			
Campaign contributions received in current period, net of provision for uncollectible pledges of $7,005	24,659	29,471	54,130
Private grants and foundations revenues	30	21,045	21,075
Government grants and contracts	-	2,419	2,419
Gifts-in-kind revenue	16,850	-	16,850
Investment return, net	983	209	1,192
Building income	3,073	-	3,073
Other income	2,012	-	2,012
Gain on sale of building	7,078		7,078
Net assets released from restrictions	48,736	(48,736)	-
Total Revenues, Gains, and Other Support	103,421	4,408	107,829
Expenses:			
Program Services:			
Agency allocations	(7,163)	-	(7,163)
Community services	(24,583)	-	(24,583)
Other direct assistance	(50,975)	-	(50,975)
Building operations	(5,777)	-	(5,777)
Total Program Services	(88,498)	-	(88,498)
Supporting services	(14,981)	-	(14,981)
Total Expenses	(103,479)	-	(103,479)
Change in net assets before change in liability for pension benefit	(58)	4,408	4,350
Change in liability for pension benefit	(656)	-	(656)
Change in net assets	(714)	4,408	3,694
Net assets, beginning of year	34,460	34,497	68,957
Net assets, end of year	$ 33,746	$ 38,905	$ 72,651

UNITED WAY OF GREATER ATLANTA, INC.
STATEMENT OF ACTIVITIES
(DOLLARS IN THOUSANDS)

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Campaign Results:			
Campaign Contributions:			
Current year campaign	$ 60,570	$ 6,904	$ 67,474
Prior year Pacesetter Campaign	-	(110)	(110)
Pacesetter Campaign	-	101	101
Less Amounts Due to Others:			
Donor designations	(6,089)	-	(6,089)
Amounts sent directly to others	(18,870)	-	(18,870)
Gross Campaign Results	35,611	6,895	42,506
Provision for uncollectibles	(2,919)	-	(2,919)
Net Campaign Results	32,692	6,895	39,587
Revenues, Gains, and Other Support:			
Campaign contributions received in current period, net of provision for uncollectible pledges of $2,919	32,692	6,895	39,587
Private grant and foundation revenues	1,241	21,666	22,907
Government grants and contracts	2,874	-	2,874
Gifts-in-kind revenue	14,310	-	14,310
Investment return	1,599	257	1,856
Building income	3,866	-	3,866
Other income	2,721	-	2,721
Net assets released from restrictions	24,425	(24,425)	-
Total Revenues, Gains, and Other Support	83,728	4,393	88,121
Expenses:			
Program Services:			
Agency allocations	(8,582)	-	(8,582)
Community services	(22,098)	-	(22,098)
Other direct assistance	(32,999)	-	(32,999)
Building operations	(7,091)	-	(7,091)
Total Program Services	(70,770)	-	(70,770)
Supporting services	(14,955)	-	(14,955)
Total Expenses	(85,725)	-	(85,725)
Change in net assets before change in liability for pension benefit	(1,997)	4,393	2,396
Change in liability for pension benefit	(589)	-	(589)
Change in net assets	(2,586)	4,393	1,807
Net assets, beginning of year	37,046	30,104	67,150
Net assets, end of year	$ 34,460	$ 34,497	$ 68,957

UNITED WAY OF GREATER ATLANTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
(DOLLARS IN THOUSANDS)

YEAR ENDED JUNE 30, 2020

	Program Services					Supporting Services			
	Agency Allocations	Community Services	Other Direct Assistance	Building Operations	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Operating Expenses:									
Salaries and other labor	$ -	$ 4,063	$ 2,037	$ 1,043	$ 7,143	$ 4,934	$ 3,915	$ 8,849	$ 15,992
Occupancy	-	160	298	1,484	1,942	(7)	49	42	1,984
Employee health and retirement benefits	-	1,310	350	95	1,755	1,289	484	1,773	3,528
Campaign and marketing supplies	-	-	1	-	1	275	-	275	276
Professional fees	-	113	1,375	242	1,730	88	465	553	2,283
Payroll taxes	-	296	145	79	520	344	236	580	1,100
Printing and brochures	-	9	94	11	114	191	25	216	330
Telephone	-	100	8	24	132	20	300	320	452
Equipment rental and maintenance	-	34	-	90	124	10	397	407	531
Information technology, postage, and supplies	-	654	383	80	1,117	1,472	(1,415)	57	1,174
Training and conferences	-	58	376	-	434	46	64	110	544
Local transportation	-	22	8	1	31	20	1	21	52
Other	-	147	68	225	440	696	385	1,081	1,521
Depreciation and amortization	-	-	22	1,093	1,115	-	214	214	1,329
Utilities	-	-	-	329	329	-	-	-	329
Catering	-	-	-	903	903	-	-	-	903
Total Operating Expenses	-	6,966	5,165	5,699	17,830	9,378	5,120	14,498	32,328
Allocations, Expenses, and Other Direct Assistance:									
Annual campaign allocations	7,163	453	-	-	7,616	25	-	25	7,641
Gifts-in-kind expense	-	16,931	-	-	16,931	-	-	-	16,931
Governmental grants and contracts expense	-	-	2,419	-	2,419	-	-	-	2,419
Other allocations	-	-	43,391	-	43,391	-	-	-	43,391
Total Allocations, Expenses, and Other Direct Assistance	7,163	17,384	45,810	-	70,357	25	-	25	70,382
Other:									
Interest expense	-	-	-	78	78	-	108	108	186
Dues to United Way Worldwide	-	233	-	-	233	-	350	350	583
Total Other	-	233	-	78	311	-	458	458	769
Total Functional Expenses	$ 7,163	$ 24,583	$ 50,975	$ 5,777	$ 88,498	$ 9,403	$ 5,578	$ 14,981	$ 103,479

UNITED WAY OF GREATER ATLANTA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

(DOLLARS IN THOUSANDS)

YEAR ENDED JUNE 30, 2019

	Program Services					Supporting Services			
	Agency Allocations	Community Services	Other Direct Assistance	Building Operations	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Operating Expenses:									
Salaries and other labor	$ -	$ 4,292	$ 2,294	$ 1,138	$ 7,724	$ 4,483	$ 3,537	$ 8,020	$ 15,744
Occupancy	-	202	156	1,845	2,203	(4)	56	52	2,255
Employee health and retirement benefits	-	1,125	428	82	1,635	967	724	1,691	3,326
Campaign and marketing supplies	-	-	8	-	8	130	-	130	138
Professional fees	-	82	1,131	15	1,228	334	437	771	1,999
Payroll taxes	-	309	156	72	537	320	226	546	1,083
Printing and brochures	-	16	147	2	165	208	58	266	431
Telephone	-	116	10	24	150	32	469	501	651
Equipment rental and maintenance	-	33	20	96	149	-	456	456	605
Information technology, postage, and supplies	-	676	299	97	1,072	1,772	(1,301)	471	1,543
Training and conferences	-	92	377	3	472	69	105	174	646
Local transportation	-	30	66	5	101	27	7	34	135
Other	-	77	108	389	574	487	383	870	1,444
Depreciation and amortization	-	-	-	1,454	1,454	-	251	251	1,705
Utilities	-	-	-	404	404	-	-	-	404
Catering	-	-	-	1,288	1,288	-	-	-	1,288
Total Operating Expenses	-	7,050	5,200	6,914	19,164	8,825	5,408	14,233	33,397
Allocations, Expenses, and Other Direct Assistance:									
Annual campaign allocations	8,582	487	-	-	9,069	15	-	15	9,084
Gifts-in- kind expense	-	14,327	-	-	14,327	-	-	-	14,327
Governmental grants and contracts expense	-	-	2,874	-	2,874	-	-	-	2,874
Other allocations	-	-	24,925	-	24,925	-	-	-	24,925
Total Allocations, Expenses, and								-	
Other Direct Assistance	8,582	14,814	27,799	-	51,195	15	-	15	51,210
Other:									
Interest expense	-	-	-	123	123	-	356	356	479
Loss on disposal of assets	-	-	-	54	54	-	-	-	54
Dues to United Way Worldwide	-	234	-	-	234	-	351	351	585
Total Other	-	234	-	177	411	-	707	707	1,118
Total Functional Expenses	$ 8,582	$ 22,098	$ 32,999	$ 7,091	$ 70,770	$ 8,840	$ 6,115	$ 14,955	$ 85,725

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

UNITED WAY OF GREATER ATLANTA, INC.
STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 3,694	$ 1,807
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net realized and unrealized gains on investments	(348)	(901)
Depreciation	1,310	1,686
Amortization of bond issuance costs	19	19
Provision for doubtful accounts	7,005	2,919
Gain on assets held for sale	(7,078)	-
Loss on disposal of assets	-	54
Changes in assets and liabilities:		
Pledges and donor-designated pledges receivable	1,432	(4,228)
Other receivables	2,199	(8,793)
Prepaids and other assets	(524)	96
Accounts payable and accrued liabilities	5	2,746
Allocations and donor-designated allocations payable	(1,445)	(1,544)
Net cash from operating activities	6,269	(6,139)
Cash flows from investing activities:		
Purchases of building improvements and equipment	(1,178)	(234)
Proceeds from assets held for sale	17,650	-
Purchases of investments	(8,504)	(1,786)
Sales of investments	7,230	3,228
Net cash from investing activities	15,198	1,208
Cash flows from financing activities:		
Net (payments) borrowings from line of credit	(9,242)	177
Proceeds from Paycheck Protection Program loan	3,537	-
Checks in excess of cash on hand	(1,640)	(280)
Principal repayments - bonds payable	(1,118)	(410)
Net cash from financing activities	(8,463)	(513)
Increase (decrease) in cash and cash equivalents	13,004	(5,444)
Cash and cash equivalents, beginning of year	18,378	23,822
Cash and cash equivalents, end of year	$ 31,382	$ 18,378

Note 1—Nature of organization and summary of significant accounting policies

Nature of Operations – United Way of Greater Atlanta, Inc. ("United Way") is a nonprofit corporation that operates in the 13 county greater Atlanta area. United Way's vision is for Greater Atlanta to be a community where all individuals and families thrive – a community where everyone has the opportunity to live a healthy life, acquire the education and skills they need to earn a good living, and have a roof over their heads. Communities that can say, "all the children are well," have babies born healthy, kids who read proficiently by third grade, and teens who graduate from high school ready for college and careers. These are kids that grow up in communities where people are educated, employed, and housed. United Way's focus is to ensure every child, family, and community has the opportunity to thrive. United Way, in partnership with a couple of other organizations, created the Child Well-Being index in 2017. United Way's goal is to raise the overall Child Well-Being Score across Greater Atlanta's 13-county region from 58.9 to 68.9 by 2027. With this change, United Way will be improving the lives of 250,000 children.

Financial Statement Presentation – United Way reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions net assets and net assets with donor restrictions.

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 United Way. These net assets may be used at the discretion of United Way's management and the Board of Directors. United Way has chosen to provide further classification information about net assets without donor restrictions on the statements of financial position.

Board Designated Reserve Fund – Represents a fund established by the Board of Directors to be used within guidelines established by the Board of Directors. The general purpose of the fund is to help ensure the long-term financial stability of United Way and position it to respond to varying economic conditions and changes affecting both United Way's financial position and the conditions of the United Way's non-profit partners.

Undesignated – Represents the cumulative net asset without donor restrictions excluding those net assets designated for specific activities by the Board of Directors.

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. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the United Way to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board approved spending policy.

When a donor restriction expires, that is, when a stipulated time restriction ends or the 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. Expenses are reported as decreases in net assets without donor restrictions. State law (substantially in conformity with the *Uniform Prudent Management of Institutional Funds Act of 2007*), authorizes expenditures of appreciation (both realized and unrealized) in the value of endowment funds subject to a standard of business care and prudence. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donors or state law.

Cash and Cash Equivalents – United Way considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Note 1—Nature of organization and summary of significant accounting policies (continued)

Investments – Investments are carried at fair value. Investment return is credited to net assets without donor restrictions unless otherwise designated by the donor. United Way's investments do not have a significant concentration of credit risk within any industry, geographic location, or specific institution.

Contributions and Pledges Receivable – Contributions are recognized when cash, other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions, including unconditional promises to give, that are expected to be collected within one year are recognized as revenue in the period received and reported, at net realizable value.

All current campaign contributions are considered to be available for unrestricted use unless specifically restricted by the donor for a specific program or time period. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions.

Child Well-Being Campaign pledge contributions receivable are generally paid within 18 months. United Way provides an allowance for uncollectible pledges based on historical write-off percentages at the time campaign results are recorded. At December 31, 2020 and 2019, the allowance for doubtful accounts was $8,880 and $5,743, respectively.

This estimated allowance is periodically adjusted based on campaign collection trends. A campaign is officially closed for accounting purposes, and the final uncollectible amount determined, in the year following the year of workplace campaign collections. Any difference in the actual campaign collection results compared with the estimates previously recorded are reflected as an adjustment to net campaign results in the statements of activities. Reductions in uncollectible accounts of approximately $447 and $1,447 were recorded in fiscal years 2020 and 2019, respectively, related to the final closing of the fall 2018 and 2017 campaign collections.

Child Well-Being Campaigns – Campaigns with United Way's corporate partners are conducted throughout the year, primarily in the fall ("Current Campaign" or 2019/2020 campaign) to support programs primarily in the subsequent fiscal year. Campaign contributions are used generally to support a variety of local health and human services programs and to pay United Way's operating expenses. Current Campaign revenues are primarily collected and distributed to non-profit partners in the following fiscal year in four components. The first and second installments are distributed in the first and second quarters of the following fiscal year and are based on the level of campaign results of the Current Campaign but funded from the previous campaign (as opposed to the Current Campaign). This distribution policy allows management sufficient time for the Current Campaign results to be analyzed and validated as to accuracy and collectability to avoid allocation levels in excess of actual campaign results and campaign collections. The third and fourth installments from the Current Campaign are distributed in the second six months of the following fiscal year and funded from the Current Campaign.

Note 1—Nature of organization and summary of significant accounting policies (continued)

For the year ended June 30, 2020, the distributions made in the first half of the following fiscal year are committed to the non-profits prior to the June 30 fiscal year-end and are reflected as "Allocations Payable" in the accompanying financial statements. Expected distributions for the second half of the following fiscal year are also communicated to the non-profits as of June 30 to allow for the non-profit's budget planning needs. However, those planned distributions are contingent upon the results of the cash collections of the Current Campaign and thus are contingent liabilities at each June 30 fiscal year-end. Donors may designate their pledges to any non-profit of their choosing with the preference being to give to United Way's Child Well-Being Fund.

Child Well-Being campaign results are reduced by pledges that are fundraised by United Way but will not be received by United Way (another third party is collecting the pledge receipts and distributing the donations) or pledged to a specific organization (i.e., donor-designated pledges) and by a provision for uncollectible pledges. The net campaign results for the 2019/2020 Campaign are reflected without donor restrictions and with donor restrictions in the accompanying 2020 statement of activities. Campaign contributions related to the 2020/2021 campaign are included in revenue with donor restrictions as the amounts are restricted for the following year. These amounts are classified as Pacesetter Campaign contributions in the accompanying 2020 statement of activities.

The net campaign results without donor restrictions are allocated to United Way's operating budget and to non-profit partners at the completion of the campaign. At June 30, 2020 and 2019, United Way had committed Child Well-Being funding allocations of $5,560 and $7,810, respectively, of which, $3,289 and $4,801, respectively, are reflected in the statements of financial position as of June 30, 2020 and 2019. The remainder of the commitment is contingent on cash collections on the current campaign and, therefore, not recorded as a liability as of June 30, 2020 and 2019 as disclosed in Note 9.

Donor-designated allocations in the amount of $9,553 and $9,486, are recorded at June 30, 2020 and 2019, respectively. These amounts are included as allocations payable and donor-designated allocations payable in the accompanying statements of financial position. Revenues related to the Child Well-Being portion are included in campaign contributions without donor restrictions and expenses are included in allocations to agencies in the accompanying statements of activities.

Donor-designated pledges to specific non-profits are not included in revenues, gains, and other support or in allocations to agencies in the statements of activities in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as United Way passes these contributions on to the donor-designated non-profit of choice.

Other Receivables – Other receivables are reported net of an allowance for doubtful accounts. An allowance for uncollectible accounts receivable is provided based upon management's judgment, including such factors as the age of the receivable, creditworthiness of parties, historical collection experience, and type of revenue. At December 31, 2020 and 2019, the allowance for doubtful accounts was $-0- and $14, respectively.

Note 1—Nature of organization and summary of significant accounting policies (continued)

Revenue Recognition – Revenues from non-exchange transactions, contributions, and grants, may be subject to conditions in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments) and are included in campaign contributions, private grants and foundation revenues, and government grants and contacts on the accompanying statements of activities. Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied.

All unconditional contributions and grants are considered to be available for operations unless specifically restricted by the donor or grantor. Amounts received that are restricted for future periods or restricted by the donor or grantor for specific purposes are reported as increases to net assets with donor restrictions. When a restriction expires or restriction is met, net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Contributions of long-lived assets are reported as contribution revenues without donor restrictions unless specifically restricted by the donor and are reported at fair value. Gifts specified for the acquisition or construction of long-lived assets are reported as net assets without restrictions when the assets are placed in service.

United Way also receives grants from the state and federal agencies. Grants which are classified as non-exchange transactions and are recognized as revenue when the barriers required under the grant are satisfied.

Gifts-in-Kind – Gifts-in-kind Atlanta is a program of United Way. Its primary mission is to provide donations that support operational costs for non-profits as well as support children through United Way's Child Well-Being work. In addition, donations help to offset non-profit administrative costs so additional funds are available to serve the community. Gifts-in-kind donations consist of office furniture, equipment, and supplies. All donations received by United Way are recorded as gifts-in-kind revenues and inventory at estimated fair market value when received. Items subsequently donated are released from inventory and recorded as gifts-in-kind expense when donated. Warehouse operations for the Gifts-in-kind program ended during the year ended June 30, 2020; however, Gifts-in-kind Atlanta will still operate in a reduced capacity to support Child Well-Being work.

Contributed Services – From time to time United Way may receive various contributed administrative services that have been recorded in the statements of activities and the statements of functional expenses. During the years ended June 30, 2020, and 2019, there were no such contributed services received.

United Way pays for substantially all services that would otherwise meet the requirements to be recorded as contributed services. A substantial number of unpaid volunteers have made significant contributions of their time to United Way's programs and fundraising campaigns. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

(DOLLARS IN THOUSANDS)

Note 1—Nature of organization and summary of significant accounting policies (continued)

United Way recognizes revenue from exchange-transactions in accordance with Accounting Standards Codification ("ASC") 606, the core principle of which is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for those goods and services. To achieve this core principle, five basic criteria must be met before revenue can be recognized: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to performance obligations in the contract; and (5) recognize revenue when or as United Way satisfies a performance obligation.

United Way recognizes revenue when its customer obtains control of promised services or gains access to the promised goods in an amount that reflects the consideration that United Way expects to receive in exchange for those goods or services.

Conference center rentals, monthly parking pass, and other member and non-member fees are generally paid in advance and revenue is recognized once the monthly or daily access to facilities and/or service is provided.

Prepaids and Other Assets – Other assets in the statements of financial position include:

	2020	2019
Beneficial interest in assets held by others	$ 830	$ 867
Life insurance contract	606	607
Prepaids	983	377
Inventories	-	81
Total prepaids and other assets	$ 2,419	$ 1,932

See Note 4 for description of beneficial interest in assets held by others.

Inventories are comprised of undistributed donations under the Gifts-in-kind program described below. Inventories are valued based on estimated fair value at the date of donation using information provided by the donor and quoted market prices.

Bond Issuance Costs – Bond issuance costs relate to the issuance of bonds are being amortized over the term of the bonds and are presented on the statement of financial position as a reduction to bonds payable.

Functional Expenses – The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program services and supporting services. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Information technology	Time and effort

Note 1—Nature of organization and summary of significant accounting policies (continued)

Concentrations of Risk – Financial instruments that potentially subject United Way to concentrations of credit risk consist primarily of pledges receivable, substantially all of which are from individuals, businesses, or not-for-profit foundations in the metropolitan Atlanta area, and cash and cash equivalents.

Concentrations of credit risk for pledge receivables are limited due to the large number of donors comprising United Way's donor base. For the years ended June 30, 2020 and 2019, approximately 17% and 23%, respectively, of United Way's total revenue was from a private foundation.

United Way places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. United Way from time to time may have amounts on deposit in excess of the insured limits.

Income Taxes – United Way is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986 ("IRC"), as amended, and, therefore, no provision for income taxes has been made in the accompanying financial statements. United Way has evaluated the effect of U.S. GAAP guidance on Accounting for Uncertainty in Income Taxes and believes it continues to satisfy the requirements of tax-exempt organizations and, therefore, had no uncertain income tax positions at June 30, 2020.

Fair Value Measurements – The following methods and assumptions were used by United Way in estimating its fair value disclosures for financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that United Way could realize in a current market exchange.

Level inputs as defined by Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, are as follows:

> *Level 1* – Financial instruments with unadjusted, quoted prices listed on active market exchanges.
>
> *Level 2* – Financial instruments valued using pricing inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
>
> *Level 3* – Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value.

Fair value approximates book value for the following financial instruments due to their short-term nature: cash and cash equivalents, pledges receivable, accounts payable, and accrued expenses. Fair values for marketable debt and equity securities are based on quoted market prices. If a quoted market price is not available, fair value is estimated using market prices for similar securities.

Use of Estimates – The preparation of the financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Note 1—Nature of organization and summary of significant accounting policies (continued)

New Pronouncements – On July 1, 2019, United Way adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. ASU 2014--09 eliminates transaction and industry-specific revenue recognition guidance under previous U.S. GAAP and replaced it with a principle-based approach for determining revenue recognition. ASU 2014-09 requires that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The adoption of the new standard did not have a material impact on the financial statements of United Way.

On July 1, 2019, United Way adopted FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* using the modified prospective approach. Under the modified prospective approach, the year ended June 30, 2019 financial statements have not been restated and continues to be reported under the accounting standards in effect for that period. There were no material impacts to the financial statements and underlying accounting as a result of this adoption.

On July 1, 2019, United Way adopted ASU 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash.* This standard requires amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. United Way adopted this standard retrospectively for all periods presented. There were no material impacts to the financial statements and underlying accounting as a result of this adoption.

Future Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classifications affecting the pattern of expense recognition in the statement of activities. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. This standard is effective for fiscal year ending June 30, 2023. Management is currently evaluating the impact of this standard on United Way's financial statements

(DOLLARS IN THOUSANDS)

Note 2—Liquidity and availability of resources

The table below represents financial assets available for general expenditures within one year at June 30, 2020 and 2019:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	$ 31,382	$ 18,378
Investments, at fair value	35,265	33,606
Pledges receivable	17,737	26,174
Other receivables	9,741	11,940
Assets held for sale	-	10,572
Total financial assets	94,125	100,670
Less amounts not available to be used for general expenditures within one year:		
Subject to donor purpose restrictions	33,427	28,959
Board-designated funds	16,173	13,249
Endowments	4,648	4,671
Financial assets not available to be used within one year	54,248	46,879
Financial assets available to meet general expenditures within one year	$ 39,877	$ 53,791

For purposes of analyzing resources available to meet general expenditures over a 12-month period, United Way considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

United Way maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

To help manage liquidity needs, United Way has a committed line of credit which it can draw upon. Additionally, the United Way has board-designated net assets without donor restrictions that, while the United Way does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

(DOLLARS IN THOUSANDS)

Note 3—Land, buildings, and equipment

Fixed assets owned and used in operations are included in net assets without donor restrictions at cost less accumulated depreciation or if donated, at fair market value at the date of donation. United Way capitalizes additions of property and equipment in excess of one thousand dollars cost or fair value. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the assets. At June 30, 2020 and 2019, the fixed assets of United Way were as follows:

	Useful Lives	2020	2019
Land	N/A	$ 4,390	$ 4,390
Buildings and leasehold improvements	7 - 30 years	26,409	25,514
Furniture, fixtures, and equipment	5 - 7 years	3,646	3,363
		34,445	33,267
Less accumulated depreciation		(23,813)	(22,503)
Land, buildings, and equipment, net of depreciation		$ 10,632	$ 10,764

During the year ended June 30, 2020, United Way sold the Woodruff Volunteer Center building at 100 Edgewood Avenue in Atlanta, Georgia for $17,650 to Parkway Acquisitions which resulted in gain of $7,078, excluding any sales costs. As of June 30, 2019, the carrying value of the building was approximately $10,572 and was classified as assets held for sale on the statement of financial position as of June 30, 2019.

Note 4—Beneficial interest in assets held by others

United Way is the beneficiary of a fund held and administered by a local community foundation. Under the terms of the agreement, United Way has the irrevocable right to receive the income earned on the fund assets in perpetuity. The fund assets are not subject to the control or direction of United Way.

This fund is reflected in prepaids and other assets the statements of financial position at the fair value of the beneficial interest. United Way's estimate of fair value is based on fair value information received from the community foundation. Net appreciation or depreciation in the fair value of these assets are recorded in net assets with donor restrictions in the statements of activities.

As shown in Note 1, the fair value of the beneficial interest was approximately $830 and $867 at June 30, 2020 and 2019, respectively. Income received from the community foundation each year is recognized as income with donor restrictions. Distributions received from the fund were approximately $41 and $41, respectively, for the years ended June 30, 2020 and 2019.

Note 5—Retirement plans

United Way has an insured, noncontributory defined benefit pension plan (the "Plan") for all employees that were employed on or before January 1, 2013. United Way's policy is to fund pension costs accrued, including amortization of prior service costs, over a ten-year period. The employee's retirement benefit is based on years of service and the employee's compensation during the highest consecutive 60 months out of the last 120 months of employment. Effective January 1, 2013, United Way froze the Plan for all new participants and no new participants entered the Plan after this date.

(DOLLARS IN THOUSANDS)

Note 5—Retirement plans (continued)

U.S. GAAP requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through changes in net assets without donor restrictions. U.S. GAAP also requires an employer to measure the funded status of a plan as of the date of its year-end statements of financial position.

The funded status of United Way's Plan as of June 30, 2020 and 2019, and amounts to be recognized as components of net periodic pension cost, are shown below:

	2020	2019
Projected benefit obligation	$ (23,699)	$ (21,929)
Plan assets at fair value	15,570	14,456
Funded status	$ (8,129)	$ (7,473)
Items not yet recognized as a component of net periodic pension cost:		
Net loss	$ 7,155	$ 5,932
Weighted average assumptions as of June 30, 2020 and 2019:		
Discount rate	2.50%	3.50%
Postretirement interest rate	3.50	3.50
Expected return on assets	7.00	7.00
Rate of compensation increase	4.00	5.25

At June 30, 2020 and 2019, United Way recognized a liability for the underfunded status of its Plan and adjusted the ending balance of net assets without donor restrictions for the transition obligation, prior service cost, and net loss that had not been recognized as components of net periodic pension cost. The liability for pension benefits is approximately $8,129 and $7,473 as of June 30, 2020 and 2019, respectively, and is included in accounts payable and accrued liabilities in the accompanying statements of financial position.

Below is the reconciliation of items not yet recognized as components of net periodic benefit cost and the estimated effect in the next fiscal year of items not yet reflected in net periodic benefit cost:

	July 1, 2019	Reclassified as Net Periodic Benefit Cost	Amounts Arising During Period	June 30, 2020
Reconciliation of items not yet reflected in net periodic benefit cost:				
Net (gain) or loss	$ 5,932	$ (473)	$ 1,696	$ 7,155

(DOLLARS IN THOUSANDS)

Note 5—Retirement plans (continued)

	July 1, 2020	Estimated Amounts to be Reclassified as Net Periodic Benefit Cost
Estimated effect in next fiscal year of items not yet reflected in net periodic benefit cost:		
Net (gain) or loss	$ 7,155	$ 596

No Plan assets are expected to be returned to the United Way during the year ending June 30, 2021.

The following tables set forth the information related to the Plan as of June 30, 2020 and 2019 and the related changes for the years then ended:

	2020	2019
Projected benefit obligation, at beginning of year	$ 21,929	$ 20,706
Service cost	533	529
Interest cost	721	732
Actuarial losses	1,353	828
Benefits paid	(837)	(866)
Projected benefit obligation, at end of year	$ 23,699	$ 21,929

	2020	2019
Fair value of Plan assets, beginning of year	$ 14,456	$ 13,822
Actual return on Plan assets	594	800
Employer contributions	1,535	700
Adminstrative expenses	(178)	-
Benefits paid	(837)	(866)
Fair value of Plan assets, end of year	$ 15,570	$ 14,456

Reconciliation of funded status:		
Funded status	$ (8,129)	$ (7,473)
Unrecognized net loss	7,155	5,932
Net effect of adoption of recognition provisions of U.S. GAAP	(7,155)	(5,932)
Liability for pension benefits	$ (8,129)	$ (7,473)

(DOLLARS IN THOUSANDS)

Note 5—Retirement plans (continued)

	2020	2019
Components of net periodic benefit cost:		
Service cost	$ 711	$ 529
Interest cost	721	732
Expected return on plan assets	(937)	(911)
Amortization of initial unrecognized net loss	473	430
Net periodic benefit cost charged to operating expense	$ 968	$ 780
Weighted average assumptions as of July 1, 2019 and 2018:		
Discount rate	3.50%	3.75%
Postretirement interest rate	3.50	3.75
Expected return on assets	7.00	7.00
Rate of compensation increase	5.25	5.25

Approximate future benefit payments, reflecting expected future service, expected to be paid:

Years Ending June 30,	
2021	$ 2,444
2022	702
2023	929
2024	820
2025	947
2026-2030	8,246
	$ 14,088

Plan assets values and corresponding percentages by category at June 30, 2020 and 2019 were:

	2020		2019	
	Amount	Percentage	Amount	Percentage
Equities	$ 9,965	64%	$ 8,674	60%
Fixed income	4,671	30%	5,060	35%
Cash and equivalents	934	6%	722	5%
	$ 15,570	100%	$ 14,456	100%

(DOLLARS IN THOUSANDS)

Note 5—Retirement plans (continued)

The expected long-term rate of return on Plan assets assumption of 7.00% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Based on United Way's investment allocation for the pension plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on survey-based and market-based inflation expectations. United Way's investment strategy is to invest approximately 60% of the funds in equity securities and approximately 40% in bonds and fixed income securities.

United Way is required to fund approximately $230 of contributions to the Plan during the year ending June 30, 2021. However, United Way reserves the right to make additional contributions to the Plan.

United Way also has a defined contribution thrift plan. The plan was established on January 1, 1987 and all employees of United Way are eligible to participate in the plan on the first day of the month following employment. During the years ended June 30, 2020 and 2019, United Way matched, subject to IRC limitations, employee contributions up to 6% of gross pay. United Way charged to expenses approximately $602 and $580 in 2020 and 2019, respectively, under the defined contribution thrift plan.

Note 6—Line of credit

United Way has an available line of credit with SunTrust Bank with maximum borrowings of $5,000 and $15,000 for the years ended June 30, 2020 and 2019, respectively. The line of credit interest rate is the maximum of 30-day LIBOR plus 1.5% or 3% and matured on September 30, 2020. Subsequent to June 30, 2020, the line of credit was renewed through September 30, 2021. The interest rate on the line of credit at June 30, 2020 and 2019 was 1.67% and 3.94%, respectively. At June 30, 2020 and 2019 there were outstanding borrowings on the line of credit of $-0- and $9,242, respectively.

Note 7—Bonds payable, net

At June 30, 2020 and 2019, United Way had the following bond obligations outstanding:

	2020	2019
Bonds payable	$ 1,412	$ 2,530
Less bond issuance costs	(37)	(56)
Bonds payable, net	$ 1,375	$ 2,474

In June 1999, United Way issued $9,000 of the Development Authority of Fulton County Tax-Exempt Adjustable Mode Revenue Bonds ("United Way of Greater Atlanta, Inc. Project"), Series 1999 and received net proceeds of approximately $8,837 after payment of issuance costs of approximately $163. The net proceeds of this bond issuance were used to fund capital expenditures related to the Loudermilk Conference Center, which consists of a conference center, office space, and attached parking deck.

(DOLLARS IN THOUSANDS)

Note 7—Bonds payable, net (continued)

In September 2011, United Way refunded approximately $5,700 in principal amount of the United Way of Greater Atlanta, Inc. Project, Series 1999 through the issuance of Series 2011 Bonds in the original principal amount of approximately $5,810. United Way incurred approximately $145 in total issuance costs. In accordance with ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, the bonds are presented net of the issuance costs and is amortized using the straight-line method, which approximates the effective interest method, through interest expense over the term of the bonds. Amortization expense was approximately $19 and $19 related to the bond issuance costs for the years ended June 30, 2020 and 2019, respectively.

The net proceeds of the original Series 1999 Bond issuance were used to fund capital expenditures related to the Loudermilk Conference Center and renovations to two floors of the Woodruff Volunteer Center. These capital expenditures continue to serve as the collateral for the Series 2011 Bonds and had a net book value of approximately $-0- and $603 as of June 30, 2020 and 2019, respectively. The Series 2011 Bonds bear interest at 75% of LIBOR plus 1.75% and are privately placed with Wells Fargo. The interest rate was 2.04% and 4.11% at June 30, 2020 and 2019, respectively. The bonds matured June 1, 2024. The bonds are subject to mandatory purchase by the United Way on September 1, 2020, unless such date is extended, and failure to extend such mandatory purchase date will result in an immediate increase in the interest rate on the bonds to 7%. Subsequent to year-end, an amendment to the bond agreement (effective September 1, 2020) extended the mandatory purchase date to June 1, 2024.

Under the terms of the Series 2011 Bonds, United Way is required to adhere to various covenants financial and performance covenants. At June 30, 2020 and 2019, United Way was not aware of any noncompliance with these covenants, with the exception of one performance covenant, which is administrative in nature and has since been fulfilled. United Way received a waiver letter from Wells Fargo for this covenant.

Approximate annual debt service payments as of June 30, 2020, excluding interest, are payable as follows:

Years Ending June 30,	
2021	$ 610
2022	510
2023	292
Total	1,412
Less bond issuance costs	(37)
Total bond payable, net of bond issuance costs	$ 1,375

Note 8—Paycheck Protection Program loan

On April 20, 2020, United Way received a Paycheck Protection Program loan (“PPP loan”) in the amount of $3,537. The PPP loan was granted by the Small Business Administration under The Coronavirus Aid, Relief, and Economic Security (the “CARES Act”). PPP loans are accounted and reported as debt under ASC 470, *Debt*. The PPP loan must be repaid if United Way does not overcome certain barriers within the CARES Act. Any portion of the PPP loan that is not forgiven has a term of 24 months from the funding date of the loan with an interest rate of 1%. United Way has recognized the PPP loan as debt until the loan is forgiven. Management of United Way believes it will substantially meet the conditions required for forgiveness in the next fiscal year.

Note 9—Commitments and contingencies

United Way is subject to legal and other claims related to the normal course of business. In the opinion of management, there are no legal claims or other matters that, upon resolution, may result in a material impact on United Way's financial position and results of activities.

Commitments to allocate funds to United Way agencies and other allocations are dependent on the results of United Way's campaigns. United Way historically provides agencies with anticipated funding commitments in advance and generally funds those commitments on a quarterly basis. Such commitments are subject to adjustment based on final campaign results, including subsequent collections. The unrecorded commitment under these agreements is $2,780 and $3,009 for the years ended June 30, 2020 and 2019, respectively.

Federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect United Way's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although United Way expects such amounts, if any, to be immaterial.

Note 10—Operating lease commitments – lessors

In prior years, United Way leased office space to tenants under noncancellable operating leases with terms of 1 to 25 years. In connection with the process of selling the Woodruff Volunteer Center, United Way negotiated termination agreements with all of the tenants in the building. As of November 30, 2017, United Way obtained fully executed termination agreements from all 28 remaining tenants and, pursuant to the terms of these agreements, all of the tenants exited the building by December 31, 2017. During the year ended June 30, 2019, United Way paid tenant relocation fees of approximately $500. There were no tenant relocation fees paid during the year ended June 30, 2020.

Note 11—Fair value measurements of assets and liabilities

Required disclosures concerning the estimated fair value of financial instruments have been determined based on United Way's assessment of the available market information and appropriate valuation methodologies.

Fair value measurements are classified and disclosed in one of the following three categories:

Level 1 – Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2 – Financial instruments valued using pricing inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value.

(DOLLARS IN THOUSANDS)

Note 11—Fair value measurements of assets and liabilities (continued)

The following tables summarize the valuation of United Way's financial assets measured at fair value at June 30, 2020 and 2019, respectively, based on the level of input utilized to measure fair value:

	Fair Value Measurements at June 30, 2020:			
Description:	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of deposit	$ 50	$ -	$ -	$ 50
Mutual funds:				
Equity securities funds	13,720	-	-	13,720
Fixed income funds	21,495	-	-	21,495
Subtotal investments	35,265	-	-	35,265
Beneficial interest in assets held by others	-	-	830	830
	$ 35,265	$ -	$ 830	$ 36,095

	Fair Value Measurements at June 30, 2019:			
Description:	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of deposit	$ 50	$ -	$ -	$ 50
Mutual funds:				
Equity securities funds	15,008	-	-	15,008
Fixed income funds	18,548	-	-	18,548
Subtotal investments	33,606	-	-	33,606
Beneficial interest in assets held by others	-	-	867	867
	$ 33,606	$ -	$ 867	$ 34,473

Level 3 Reconciliation – The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Beneficial Interest in Assets Held by Others
Balance, July 1, 2018	$ 894
Net investment return	14
Distributions	(41)
Balance, June 30, 2019	867
Net investment return	4
Distributions	(41)
Balance, June 30, 2020	$ 830

(DOLLARS IN THOUSANDS)

Note 11—Fair value measurements of assets and liabilities (continued)

United Way's beneficial interest in funds held at the Community Foundation of Greater Atlanta are considered by United Way to be Level 3 investments because they represent receivables to be paid from the investments managed by the Community Foundation of Greater Atlanta. United Way has no ownership interest in the underlying investment and the fair value of the investments is used by management of the Community Foundation of Greater Atlanta to determine the fair value of the payable to United Way.

Unobservable (Level 3) Inputs – The following tables present qualitative information about unobservable inputs used in the recurring Level 3 measurements at June 30:

	Fair Value at June 30, 2020	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Beneficial interest in assets held by others	$ 830	Fair value of underlying investments	Timing of realization	N/A

	Fair Value at June 30, 2019	Valuation Technique	Unobservable Inputs	(Weighted Average)
Beneficial interest in assets held by others	$ 867	Fair value of underlying investments	Timing of realization	N/A

Investment return for the years ended June 30, 2020 and 2019 consisted of the following:

	2020	2019
Interest and dividends, net of expenses	$ 595	$ 704
Net realized and unrealized gains	332	876
	$ 927	$ 1,580

(DOLLARS IN THOUSANDS)

Note 12—Net assets with donor restrictions

Net assets with donor restrictions as of June 30, 2020 and 2019 are restricted as follows:

	2020	2019
Subject to purpose restriction:		
Homelessness	$ 17,565	$ 15,813
COVID-19	3,896	-
Education	9,331	9,366
Other direct assistance	1,490	2,232
Income	650	998
Health	153	382
Facilities maintenance	68	67
Total subject to purpose restriction	33,153	28,858
Subject to time restriction:		
Time restrictions	274	101
Endowments and other perpetual gifts:		
Beneficial interest in assets held by others	830	867
Endowments (subject to spending policy and appropriation):		
Corpus	3,051	3,051
Accumulated investment earnings	1,597	1,620
Total endowments	4,648	4,671
Total endowments and other perpetual gifts	5,478	5,538
Total net assets with donor restrictions	$ 38,905	$ 34,497

(DOLLARS IN THOUSANDS)

Note 12—Net assets with donor restrictions (continued)

Net assets released from restrictions during the years ended June 30, 2020 and 2019 consisted of the following:

	2020	2019
Subject to purpose restriction:		
Education	$ 9,339	$ 10,055
Homelessness	14,406	11,119
COVID-19	19,372	-
Income	2,716	1,444
Other direct assistance	1,976	1,031
Health	620	463
	48,429	24,112
Subject to time restriction:		
Appropriation from endowment assets for expenditure	206	203
Pacesetter Campaign	101	110
	307	313
Total net assets released from restriction	$ 48,736	$ 24,425

Note 13—Endowment funds

U.S. GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”) and also required disclosures about endowments funds.

The Board of Directors of United Way has interpreted the UPMIFA as requiring, absent explicit donor stipulations to the contrary, that the following amounts included in the endowment be classified as net assets with donor restrictions: (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 be classified as net assets with donor restrictions.

In accordance with UPMIFA, United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowments funds:

1. The duration and preservation of the fund.
2. The purposes of United Way and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of United Way.
7. The investment policies of United Way.

(DOLLARS IN THOUSANDS)

Note 13—Endowment funds (continued)

United Way's endowment consists of a donor-restricted fund established for a variety of purposes that are invested at a local financial institution. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

United Way's endowment net assets composition for the years ended June 30, 2020 and 2019 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
June 30, 2020:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 3,051	$ 3,051
Accumulated investment earnings	-	1,597	1,597
Total funds	$ -	$ 4,648	$ 4,648

	Without Donor Restriction	With Donor Restriction	Total
June 30, 2019:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 3,051	$ 3,051
Accumulated investment earnings	-	1,620	1,620
Total funds	$ -	$ 4,671	$ 4,671

Changes in the endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, July 1, 2019	$ -	$ 4,671	$ 4,671
Contributions	-	-	-
Investment return, net	-	142	142
Appropriation of endowment assets for expenditure pursuant to spending rate policy	-	(165)	(165)
Endowment net assets, June 30, 2020	$ -	$ 4,648	$ 4,648

(DOLLARS IN THOUSANDS)

Note 13—Endowment funds (continued)

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, July 1, 2018	$ -	$ 4,589	$ 4,589
Contributions	-	-	-
Investment return, net	-	285	285
Amounts appropriated for expenditure	-	(203)	(203)
Endowment net assets, June 30, 2019	$ -	$ 4,671	$ 4,671

Underwater Endowment Funds – 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 the applicable state law requires United Way to maintain as corpus. United Way has interpreted UPMIFA to prohibit spending from underwater endowments in accordance with prudent measures required under law. There were no donor-restricted endowment funds that had a fair value below corpus of as of June 30, 2020 and 2019.

Return Objectives and Risk Parameters – The Finance Committee of United Way, and ultimately United Way, adopted a revised investment policy and spending policy in March 2019. The policy seeks to preserve capital, control risk to ensure that the risk assumed is commensurate with the given investment style and objectives, and adhere to the discipline set forth in the policy. United Way will endeavor to ensure, to the degree reasonably possible, that the endowment funds with which it is entrusted keep pace with inflation so that the original purpose of the donor(s) in establishing the endowment fund can be met in perpetuity.

Spending Policy and How the Investment Objectives Relate to Spending Policy – Authorized expenditures during the United Way's current fiscal year shall be 3.0% of the average total market value of the endowment for the trailing three-year period ending December 31. In the event the average annualized total return for the trailing three-year period fails to equal or exceed 3.0%, United Way shall distribute net income (defined as interest, dividends, and other income receipts from investments less expenses) until such time as the trailing three-year return equals or exceeds 3.0% again. In making distributions, United Way shall execute upon the approval of the Finance Committee and the Board of Directors to use both the net income and net capital appreciation (defined as realized and unrealized appreciation in the fair market value of the investments) in excess of the fund's historic dollar value (i.e., corpus).

(DOLLARS IN THOUSANDS)

Note 13—Endowment funds (continued)

Strategies Employed for Achieving Objectives – Accordingly, United Way has adopted the following investment allocation guidelines.

The equity and alternative portion shall represent between 50% and 70% of the total portfolio with a target of 60% and will be invested as follows:

	Low	High
Large Company Stocks	20%	40%
Mid-Cap Company Stocks	2%	15%
Small-Cap Company Stocks	2%	15%
International Stocks	2%	20%
Alternatives (Total Investments)	3%	15%

The fixed income (bond) portion shall represent between 30% and 50% of the total portfolio with a target of 40% and shall consist of primarily investment-grade U.S. or foreign corporate debt securities, U.S. Treasury or foreign government obligations, assets, and mortgage-backed securities.

Note 14—Related parties

United Way is the sole member of 24/7 Gateway, LLC, a 501(c)(3) exempt organization under the IRC. Because United Way is not actively involved in the management of 24/7 Gateway, LLC and does not appoint the Board of Directors or otherwise exercise control, operations of 24/7 Gateway, LLC are not consolidated in these financial statements. United Way recorded allocations payable to 24/7 Gateway, LLC at June 30, 2020 and 2019 of approximately $200 and $334, respectively. Allocations and expenses within the accompanying statements of activities for 24/7 Gateway, LLC for the years ended June 30, 2020 and 2019 are approximately $2,788 and $1,326, respectively.

Note 15—Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) a global pandemic, which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in the financial markets. As a result of the spread of COVID-19, economic uncertainties have arisen, which may likely negatively impact operating results of the Organization. Other financial impacts could occur though such potential impact is unknown at this time.

Note 16—Subsequent events

United Way has evaluated subsequent events through December 18 2020, which was the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

UNITED WAY OF GREATER ATLANTA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Amount Passed Through to Subrecipient	Total Federal Expenditures
Federal Awards			
U.S. Department of Veteran Affairs:			
VA Supportive Services for Veteran Families Program	64.033	$ -	$ 1,443,103
Total U.S. Department of Veterans Affairs		-	1,443,103
U.S. Department of Justice:			
Pass-through from the Office of the Governor			
Criminal Justice Coordinating Council	16.575	-	20,699
Criminal Justice Coordinating Council	16.582	-	474,166
Total U.S. Department of Justice		-	494,865
U.S. Department of Housing and Urban Development:			
Pass-through from Atlanta Housing Authority			
Choice Neighborhoods Implementation Grant Program	14.889	-	111,130
Total U.S. Department of Housing and Urban Development		-	111,130
Corporation for National and Community Service:			
AmeriCorps	94.006	-	70,303
Total Corporation for National and Community Service		-	70,303
Department of the Treasury:			
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	65,048	300,000
Total Department of the Treasury		65,048	300,000
Total Expenditures of Federal Awards		**$ 65,048**	**$ 2,419,401**

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the United Way of Greater Atlanta, Inc. (the "United Way") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because this Schedule presents only a selected portion of the operations of United Way, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of United Way.

Note 2—Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR Part 230, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3—Contingencies

These federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and may affect United Way's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although United Way expects such amounts, if any, to be immaterial.

Note 4—Indirect cost rate

United Way has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
United Way of Greater Atlanta, Inc.
Atlanta, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Greater Atlanta, Inc. ("United Way") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 18, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Atlanta, Georgia
December 18, 2020

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
United Way of Greater Atlanta, Inc.
Atlanta, Georgia

Report on Compliance for Each Major Federal Program

We have audited United Way of Greater Atlanta, Inc.'s ("United Way") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way's major federal programs for the year ended June 30, 2020. United Way's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of United Way's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way's compliance.

Opinion on Each Major Federal Program

In our opinion, United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of United Way is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Atlanta, Georgia
December 18, 2020

UNITED WAY OF GREATER ATLANTA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

I. Summary of Auditor's Results

a) The type of report issued on the financial statements: **Unmodified**

b) Internal control over financial reporting:
Material weaknesses identified: **None reported**
Significant deficiencies identified: **None reported**

c) Noncompliance which is material to the financial statements: **No**

d) Internal control over major programs:
Material weaknesses identified: **None reported**
Significant deficiencies identified: **None reported**

e) The type of report issued for major programs: **Unmodified**

f) Any audit findings which are required to be reported in accordance with 2 CFR Section 200.516(a) of Uniform Guidance: **No**

g) Identification of major programs:

16.582 Criminal Justice Coordinating Council

21.009 Volunteer Income Tax Assistance (VITA) Matching Grant Program

h) Dollar threshold used to distinguish between Type A and Type B programs: **$750,000**

i) Auditee qualified as a low-risk auditee: **Yes**

II. Financial Statement Findings

None noted.

III. Federal Award Findings and Questioned Costs

None noted.