



**United Way  
Blackhawk Region**

FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION

December 31, 2020 and 2019

## CONTENTS

Independent Auditor's Report .....	1
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	6
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9
Schedule of Allocations .....	20

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
United Way Blackhawk Region, Inc.  
Janesville, Wisconsin

We have audited the accompanying financial statements of United Way Blackhawk Region, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 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. 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way Blackhawk Region, Inc. as of December 31, 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.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of allocations is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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.



Wegner CPAs, LLP  
Janesville, Wisconsin  
July 7, 2021

**UNITED WAY BLACKHAWK REGION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash	\$ 1,665,725	\$ 1,495,932
Certificates of deposit	763,715	974,011
Unconditional promises to give, net	1,111,658	1,278,338
Prepaid expenses	5,757	5,531
Investments	2,405,105	2,165,027
Beneficial interest in assets held by Community Foundation of Southern Wisconsin	127,508	113,617
Beneficial interest in perpetual trust	694,992	640,727
Property and equipment, net	376,271	380,623
Certificates of deposit, unemployment compensation benefits	5,200	10,200
<b>Total assets</b>	<u>\$ 7,155,931</u>	<u>\$ 7,064,006</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 6,978	\$ 4,723
Accrued payroll and related liabilities	5,023	7,625
Due to designated agencies	125,542	152,301
Grants payable	14,180	21,270
<b>Total liabilities</b>	151,723	185,919
<b>NET ASSETS</b>		
Without donor restrictions	4,100,848	4,262,666
With donor restrictions	2,903,360	2,615,421
<b>Total net assets</b>	<u>7,004,208</u>	<u>6,878,087</u>
<b>Total liabilities and net assets</b>	<u>\$ 7,155,931</u>	<u>\$ 7,064,006</u>

See accompanying notes.

**UNITED WAY BLACKHAWK REGION, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Gross campaign results for the prior year	\$ 560,968	\$ -	\$ 560,968
Less donor designations	(12,033)	-	(12,033)
Change in provision for uncollectible promises	(87,554)	-	(87,554)
Net campaign revenue for the prior year	461,381	-	461,381
Gross campaign results for the current year	-	1,661,602	1,661,602
Less donor designations	-	(125,542)	(125,542)
Less provision for uncollectible promises	-	(82,756)	(82,756)
Net campaign revenue for the current year	-	1,453,304	1,453,304
Designations from other United Ways	39,867	-	39,867
Gifts in-kind	84,590	-	84,590
Grants, contracts and other contributions	120,795	212,062	332,857
Investment return, net	231,162	119,086	350,248
Miscellaneous income	275	-	275
Rental income	19,552	-	19,552
Total revenues	957,622	1,784,452	2,742,074
<b>PROGRAM ALLOCATIONS AND EXPENSES</b>			
Grants and allocations	1,908,993	-	1,908,993
Less donor designations	(49,291)	-	(49,291)
Net community impact funds awarded/distributed	1,859,702	-	1,859,702
Other community impact expenses	262,910	-	262,910
Supporting activities			
Management and general	204,338	-	204,338
Fundraising	289,003	-	289,003
Total supporting activities	493,341	-	493,341
Total program allocations and expenses	2,615,953	-	2,615,953
NET ASSETS RELEASED FROM RESTRICTIONS	1,496,513	(1,496,513)	-
<b>Change in net assets</b>	(161,818)	287,939	126,121
Net assets at beginning of year	4,262,666	2,615,421	6,878,087
<b>Net assets at end of year</b>	<b>\$ 4,100,848</b>	<b>\$ 2,903,360</b>	<b>\$ 7,004,208</b>

See accompanying notes.

**UNITED WAY BLACKHAWK REGION, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Gross campaign results for the prior year	\$ 760,949	\$ -	\$ 760,949
Less donor designations	(12,787)	-	(12,787)
Change in provision for uncollectible promises	290	-	290
Net campaign revenue for the prior year	748,452	-	748,452
Gross campaign results for the current year	-	1,627,292	1,627,292
Less donor designations	-	(152,301)	(152,301)
Less provision for uncollectible promises	-	(81,365)	(81,365)
Net campaign revenue for the current year	-	1,393,626	1,393,626
Designations from other United Ways	125,650	-	125,650
Gifts in-kind	36,151	-	36,151
Grants, contracts and other contributions	53,416	1,160	54,576
Investment return, net	302,419	202,077	504,496
Miscellaneous income	7,451	-	7,451
Rental income	19,432	-	19,432
Total revenues	1,292,971	1,596,863	2,889,834
<b>PROGRAM ALLOCATIONS AND EXPENSES</b>			
Grants and allocations	1,721,715	-	1,721,715
Less donor designations	(51,122)	-	(51,122)
Net community impact funds awarded/distributed	1,670,593	-	1,670,593
Other community impact expenses	198,266	-	198,266
Supporting activities			
Management and general	246,321	-	246,321
Fundraising	245,214	-	245,214
Total supporting activities	491,535	-	491,535
Total program allocations and expenses	2,360,394	-	2,360,394
NET ASSETS RELEASED FROM RESTRICTIONS	1,419,464	(1,419,464)	-
<b>Change in net assets</b>	352,041	177,399	529,440
Net assets at beginning of year	3,910,625	2,438,022	6,348,647
<b>Net assets at end of year</b>	<b>\$ 4,262,666</b>	<b>\$ 2,615,421</b>	<b>\$ 6,878,087</b>

See accompanying notes.

**UNITED WAY BLACKHAWK REGION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2020

	Supporting Activities			Total Expenses
	Community Impact	Management and General	Fundraising	
Salaries	\$ 140,899	\$ 116,637	\$ 122,143	\$ 379,679
Benefits	25,628	21,215	22,217	69,060
Payroll taxes	10,329	8,550	8,954	27,833
Professional fees	267	14,785	11,091	26,143
Computer software support	11,549	5,788	4,871	22,208
Office supplies	493	497	427	1,417
Telephone	2,733	2,263	2,369	7,365
Postage	587	569	1,028	2,184
Occupancy	9,906	8,187	8,573	26,666
Office equipment	1,903	1,575	1,649	5,127
Marketing	29,316	114	76,614	106,044
Subscriptions	-	743	-	743
Travel	185	952	1,060	2,197
Conferences/Meetings/Events	2,525	-	4,163	6,688
Membership dues	13,590	11,250	11,928	36,768
Insurance	1,899	1,572	1,646	5,117
Imagination Library	-	-	3	3
CI Transformation	65	-	-	65
COVID-19 Action Fund	-	220	700	920
Miscellaneous	-	286	-	286
Expenses before depreciation	251,874	195,203	279,436	726,513
Depreciation	11,036	9,135	9,567	29,738
Total expenses before grants and allocations	262,910	204,338	289,003	756,251
Grants and allocations	1,908,993	-	-	1,908,993
Less donor designations	(49,291)	-	-	(49,291)
Total program allocations and expenses	<u>\$ 2,122,612</u>	<u>\$ 204,338</u>	<u>\$ 289,003</u>	<u>\$ 2,615,953</u>

See accompanying notes.



**UNITED WAY BLACKHAWK REGION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2019

	<u>Supporting Activities</u>			Total Expenses
	Community Impact	Management and General	Fundraising	
Salaries	\$ 101,436	\$ 143,507	\$ 113,108	\$ 358,051
Benefits	15,302	21,649	17,063	54,014
Payroll taxes	7,648	10,821	8,529	26,998
Professional fees	255	15,001	10,009	25,265
Computer software support	11,196	5,231	4,880	21,307
Office supplies	494	738	544	1,776
Telephone	2,067	2,924	2,305	7,296
Postage	665	962	742	2,369
Occupancy	9,498	13,437	10,590	33,525
Office equipment	1,328	1,880	1,482	4,690
Marketing	15,910	134	33,195	49,239
Subscriptions	-	636	-	636
Local travel	1,400	2,268	2,258	5,926
Local meetings	12,213	2,915	21,361	36,489
Membership dues	8,266	11,693	9,491	29,450
Insurance	1,343	1,901	1,498	4,742
Imagination Library	-	-	29	29
CI Transformation	1,953	-	-	1,953
Miscellaneous	-	311	-	311
	<u>190,974</u>	<u>236,008</u>	<u>237,084</u>	<u>664,066</u>
Expenses before depreciation				
Depreciation	7,292	10,313	8,130	25,735
	<u>198,266</u>	<u>246,321</u>	<u>245,214</u>	<u>689,801</u>
Total expenses before grants and allocations				
Grants and allocations	1,721,715	-	-	1,721,715
Less donor designations	(51,122)	-	-	(51,122)
	<u>1,670,593</u>	<u>246,321</u>	<u>245,214</u>	<u>1,962,128</u>
Total program allocations and expenses	<u>\$ 1,868,859</u>	<u>\$ 246,321</u>	<u>\$ 245,214</u>	<u>\$ 2,360,394</u>

See accompanying notes.

**UNITED WAY BLACKHAWK REGION, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 126,121	\$ 529,440
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Allowance for uncollectible promises to give	37,264	(5,813)
Net realized and unrealized (gains) losses on investments	(195,504)	(354,446)
Change in value of beneficial interest in assets held by Community Foundation of Southern Wisconsin	(13,891)	(17,525)
Change in value of beneficial interest in perpetual trust	(54,265)	(109,456)
Donated stock	(101,750)	-
Depreciation	29,738	25,735
(Increase) decrease in assets		
Unconditional promises to give	129,416	30,323
Prepaid expenses	(226)	(168)
Increase (decrease) in liabilities		
Accounts payable	2,255	(48)
Accrued payroll and related liabilities	(2,602)	(1,182)
Due to designated agencies	(26,759)	20,887
Grants payable	(7,090)	3,680
Net cash flows from operating activities	(77,293)	121,427
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(25,386)	(40,602)
Purchases of investments	(44,574)	-
Proceeds from sales of investments	101,750	11,406
Purchases of and interest retained in certificates of deposit	(867,306)	(197,836)
Redemptions of certificates of deposit	1,082,602	-
Net cash flows from investing activities	247,086	(227,032)
<b>Net change in cash</b>	169,793	(105,605)
Cash at beginning of year	1,495,932	1,601,537
<b>Cash at end of year</b>	<u>\$ 1,665,725</u>	<u>\$ 1,495,932</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Noncash investing activities		
Donated stock	\$ 101,750	\$ -

See accompanying notes.

**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

The mission of United Way Blackhawk Region, Inc. is to improve lives by mobilizing the caring power of communities.

*Community Impact Strategies*

United Way Blackhawk Region is dedicated to advancing the common good by creating opportunities for a better life for all. United Way collaborates with community partners to identify community issues and develop strategies to create long-lasting change by addressing the underlying causes of these problems.

Advancing the common good is less about helping one person at a time and more about changing systems to help all of us. We are all connected and interdependent. We all win when a child succeeds in school, when families are financially stable, when people are healthy. Everyone deserves opportunities to have a good life: a quality education that leads to a stable job, enough income to support a family through retirement, and good health.

United Way's impact areas are Education, Financial Stability and Health, the building blocks for a good life:

Education—Helping children and youth achieve their potential

Financial Stability—Promoting financial stability and independence

Health—Improving people's health

*United Way Community Services Building* provides space at a reduced rate for one local nonprofit organization and one for-profit organization and meeting room that can seat approximately 40 people.

**Promises to Give**

United Way Blackhawk Region's unconditional promises to give consist of amounts due from businesses, foundations, and individuals. The provision for uncollectible promises is computed based on historical collectability of promises and current economic conditions in the community and approved by the board of directors and adjusted by management estimates. The uncollectible provision is based on the gross campaign. Promises to give are written off when deemed uncollectible. Recoveries of promises to give previously written off are recorded when received. Donor designated promises are assessed both a fundraising and processing fee based on a three year historical average in accordance with United Way Worldwide membership standards as outlined in their publication titled United Way Worldwide Implementation Requirements of Membership Standard M (Cost Deduction for Designated Funds).

**Investments**

United Way Blackhawk Region reports investments in equity securities with readily determinable fair values at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Beneficial Interest in Assets Held by Community Foundation of Southern Wisconsin**

United Way Blackhawk Region's beneficial interest in assets held by Community Foundation of Southern Wisconsin represents an agreement between United Way Blackhawk Region and the Foundation in which United Way Blackhawk Region transfers assets to the Foundation in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to United Way Blackhawk Region by the Foundation. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

**Beneficial Interest in Perpetual Trust**

The beneficial interest in perpetual trust is a resource held and administered, at the direction of the donor, by an outside trustee for the benefit of United Way Blackhawk Region whereby 25% of the income of the trust is distributed to United Way Blackhawk Region annually. The beneficial interest in perpetual trust is carried at the value of the investments in the trust. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to United Way Blackhawk Region by the trust. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Distributions from the trust are to be used for general support for United Way Blackhawk Region and recorded as unrestricted support in the statements of activities. Adjustments to the value of the investments in the trust are recorded as investment return with donor restrictions in the statements of activities. Under the terms of the perpetual trust, United Way Blackhawk Region has the irrevocable right to receive 25% of the income earned on the trust assets in perpetuity, but never receives the assets held in trust. 25% of each investment's value held in the trust are reported as assets in the statements of financial position.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$2,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. The building is depreciated over its estimated useful life of 40 years. Structural building improvements are depreciated over 20 years. Equipment is depreciated over their estimated useful lives of five to ten years.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs which exclusively benefit a specific function are charged directly to that program service or supporting activity. All remaining expenses are allocated on the basis of estimates of time and effort. The expenses that contain allocations include salaries, benefits, payroll taxes, professional fees, computer software support, office supplies, telephone, postage, occupancy, office equipment, marketing, travel, membership dues, conferences/meetings/events, insurance, and depreciation.

**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management overhead percentage is computed based on management and general and fundraising expenses divided by total revenue on the IRS Form 990, which does not include gifts in kind or unrealized gains/losses. For the years ended December 31, 2020 and 2019, the management overhead percentage of revenue is computed to be 19%.

The following program services and supporting activities are included in the accompanying financial statements.

*Community Impact*—

- Improving the lives of all people affected by the community's issues, not just clients of programs funded by United Way.
- Pinpointing the root causes of problems that threaten our community and developing strategies and partnerships to change them.
- Working in a multi-faceted role with whatever partners can play a role in changing community conditions.
- Going beyond the annual campaign to create long-term, ongoing relationships with diverse community investors.

*Management and general*—Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of United Way Blackhawk Region's program strategy; secure proper administrative functioning of the board of directors; maintain competent legal services for the program administration of United Way Blackhawk Region; and manage the financial and budgetary responsibilities of United Way Blackhawk Region.

*Fundraising*—Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

**Donated Services**

Donated services are valued at the services' fair value at the date of service if the services would have been purchased if they had not been donated. Donated services not included in the financial statements because they do not meet the financial statement recognition criteria include significant amounts of time donated by a substantial number of volunteers for the United Way Blackhawk Region's program services and fundraising campaigns.

**Contributions**

Contributions received are recorded as increases in net assets without donor restriction or net assets with donor restrictions depending on the existence of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**UNITED WAY BLACKHAWK REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Income Tax Status**

United Way Blackhawk Region is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Date of Management’s Review**

Management has evaluated subsequent events through July 7, 2021, the date which the financial statements were available to be issued.

NOTE 2—CERTIFICATES OF DEPOSIT, UNEMPLOYMENT COMPENSATION BENEFITS

United Way Blackhawk Region has elected the reimbursement (self-insured) method to finance the cost of unemployment compensation benefits. Accordingly, United Way Blackhawk Region has placed in the custody of the Treasurer, Wisconsin Unemployment Compensation Division, one certificate of deposit in the amount of \$5,200 at December 31, 2020 and two certificates of deposit in the amount of \$10,200 at December 31, 2019.

NOTE 3—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are as follows:

	2020	2019
Fall 2020 Campaign	\$ 1,025,153	\$ -
Fall 2019 Campaign	315,526	1,137,648
Fall 2018 Campaign	-	326,098
Other	-	6,349
Unconditional promises to give	1,340,679	1,470,095
Less allowance for uncollectible promises to give	(229,021)	(191,757)
Unconditional promises to give, net	\$ 1,111,658	\$ 1,278,338

All unconditional promises to give at December 31, 2020 and 2019 are due within one year.

**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

NOTE 4—INVESTMENTS

Investments are comprised of the following:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 50,404	\$ 44,186
Mutual funds	<u>2,354,701</u>	<u>2,120,841</u>
Investments	<u>\$ 2,405,105</u>	<u>\$ 2,165,027</u>

Mutual funds are listed on national exchanges and are valued at the closing prices as of the valuation date.

NOTE 5—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 71,700	\$ 71,700
Building	829,398	814,354
Computer equipment	40,909	33,000
Furniture, fixtures and other equipment	<u>11,248</u>	<u>12,489</u>
Property and equipment	953,255	931,543
Less accumulated depreciation	<u>(576,984)</u>	<u>(550,920)</u>
Property and equipment, net	<u>\$ 376,271</u>	<u>\$ 380,623</u>

NOTE 6—RETIREMENT PLAN

United Way Blackhawk Region sponsors a tax-sheltered annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all employees of United Way Blackhawk Region. United Way Blackhawk Region matches participant's contributions to the plan up to 6% of the individual participant's compensation. Plan expenses were \$22,429 and \$19,451 for the years ended December 31, 2020 and 2019, respectively.

NOTE 7—DESCRIPTION OF LEASING ARRANGEMENTS

In September 1989, the United Way Blackhawk Region began leasing office space in its building on a month to month basis to various nonprofit organizations. As of December 31, 2020, United Way Blackhawk Region held lease agreements with one other nonprofit organization and one for-profit organization. Each agreement requires monthly payments. Rental income for the United Way Blackhawk Region was \$19,552 and \$19,432 for the years ended December 31, 2020 and 2019, respectively.

**UNITED WAY BLACKHAWK REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

**NOTE 8—CONCENTRATIONS OF CREDIT RISK**

United Way Blackhawk Region maintains cash balances at five financial institutions. Accounts at four institutions are insured by the Federal Deposit Insurance Corporations (FDIC) up to \$250,000. One account is insured by the National Credit Union Administration (NCUA) up to \$250,000. Both are fully backed by the faith and credit of the US Government. At December 31, 2020 and 2019, United Way Blackhawk Region's uninsured cash balances total approximately \$1,445,000 and \$1,280,000, respectively. United Way Blackhawk Region maintains its cash balances with high credit quality financial institutions. United Way Blackhawk Region believes its credit policies do not result in significant adverse risk and historically has not experienced significant credit-related losses.

**NOTE 9—NET ASSETS**

United Way Blackhawk Region's board of directors has designated net assets without donor restrictions for the following purposes:

	<u>2020</u>	<u>2019</u>
Designated for endowment	\$ 1,760,376	\$ 1,585,119
Designated for future community impact projects	68,042	113,883
Designated for unemployment compensation benefits	5,200	10,200
Designated for roof repair	90,000	75,000
Designated for COVID-19 Action Relief Fund	100,241	-
Undesignated	<u>2,076,989</u>	<u>2,478,464</u>
Net assets without donor restrictions	<u>\$ 4,100,848</u>	<u>\$ 4,262,666</u>

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for time and purpose:		
Campaign	\$ 1,453,304	\$ 1,393,626
Dolly Parton Imagination Library	2,280	1,160
COVID-19 Action Relief Fund	98,450	-
Born Learning Trails	9,605	-
Subject to UWBR's spending policy and appropriation:		
Investment in perpetuity (including amounts above original gift amount of \$356,242 and \$291,421 for 2020 and 2019) which, once appropriated, is expendable to support:		
General operations	644,729	579,908
Not subject to appropriation or expenditure:		
Beneficial interest in perpetual trust	<u>694,992</u>	<u>640,727</u>
Net assets with donor restrictions	<u>\$ 2,903,360</u>	<u>\$ 2,615,421</u>



**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 9—NET ASSETS (continued)

A fundraising campaign is conducted in the fall of each year to provide funds for allocations to the member agencies and operations of United Way Blackhawk Region for the following calendar year. Therefore, the cash contributions and pledges of contributions received by December 31 as a result of the campaign in the fall are restricted to cover the operations for the following year. Annually, assets are released from donor restrictions by allocations to participating agencies satisfying the restricted purposes specified by donors.

NOTE 10—ENDOWMENT

United Way Blackhawk Region, Inc.'s endowment consists of two individual funds established for supporting operations. The endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. United Way Blackhawk Region is subject to Wisconsin's Uniform Prudent Management of Institutional Funds Act (UPMIFA) and thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditure. The board of directors of United Way Blackhawk Region has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, United Way Blackhawk Region considers a fund to be underwater when the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

United Way Blackhawk Region has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, United Way Blackhawk Region considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of United Way Blackhawk Region 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 Blackhawk Region, and (7) the investment policies of United Way Blackhawk Region

United Way Blackhawk Region has adopted investment and spending policies for endowment assets that attempt to provide additional income to fund programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that United Way Blackhawk Region must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results above the benchmark while managing risk. United Way Blackhawk Region's investment objective is for the value of investment assets, exclusive of contributions and withdrawals, to grow through returns generated by capital appreciation and investment income.

**UNITED WAY BLACKHAWK REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

NOTE 10—ENDOWMENT (continued)

The rate of return earned by the portfolio's asset classes are targeted to be at or above weighted, commonly accepted performance benchmarks.

To satisfy its long-term rate-of-return objectives, United Way Blackhawk Region relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). United Way Blackhawk Region targets investments to achieve its long-term return objectives within prudent risk constraints.

The spending policy provides for United Way Blackhawk Region the ability to withdraw funds from the principal of the board designated endowment with a super majority vote of  $\frac{2}{3}$  of the board of directors. To date, all earnings of the endowment have been reinvested and no distributions have been made from the endowment.

Endowment net asset composition by type of fund as of December 31, 2020 and 2019, is as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,760,376	\$ -	\$ 1,760,376
Donor-restricted endowment funds:			
Original donor-restricted gift amount	-	288,487	288,487
Accumulated investment gains	-	356,242	356,242
<b>Total funds</b>	<b>\$ 1,760,376</b>	<b>\$ 644,729</b>	<b>\$ 2,405,105</b>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,585,119	\$ -	\$ 1,585,119
Donor-restricted endowment funds:			
Original donor-restricted gift amount	-	288,487	288,487
Accumulated investment gains	-	291,421	291,421
<b>Total funds</b>	<b>\$ 1,585,119</b>	<b>\$ 579,908</b>	<b>\$ 2,165,027</b>

**UNITED WAY BLACKHAWK REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

NOTE 10—ENDOWMENT (continued)

Changes in endowment net assets for the years ended December 31, 2020 and 2019, are as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	\$ 1,585,119	\$ 579,908	\$ 2,165,027
Investment return, net	175,257	64,821	240,078
Endowment net assets at end of year	<u>\$ 1,760,376</u>	<u>\$ 644,729</u>	<u>\$ 2,405,105</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	\$ 1,334,700	\$ 487,287	\$ 1,821,987
Investment return, net	250,419	92,621	343,040
Endowment net assets at end of year	<u>\$ 1,585,119</u>	<u>\$ 579,908</u>	<u>\$ 2,165,027</u>

NOTE 11—PAYMENTS TO AFFILIATED ORGANIZATIONS

United Way Blackhawk Region serves the citizens of Rock County, Wisconsin, and northern Winnebago County, Illinois, and is independently governed by a local board of directors comprised of community leaders and volunteers. United Way Blackhawk Region is dedicated to creating positive change and is a member organization of United Way Worldwide and United Way Wisconsin. United Way Blackhawk Region paid annual membership fees to United Way Worldwide of \$31,675 and \$24,079 for the years ended December 31, 2020 and 2019, respectively. United Way Blackhawk Region paid annual membership fees to United Way Wisconsin of \$4,080 and \$4,160 for the years ended December 31, 2020 and 2019, respectively.

NOTE 12—EFFECTS OF COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The ultimate disruption that may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on United Way Blackhawk Region, Inc.'s financial position, changes in net assets, and cash flows.

On April 15, 2020, United Way Blackhawk Region, Inc. received a \$86,500 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). United Way Blackhawk Region, Inc. recognized PPP grant income of \$86,500 under the grant method during 2020 to match the related covered period that eligible expenses were incurred and is awaiting loan forgiveness approval.

**UNITED WAY BLACKHAWK REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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NOTE 12—EFFECTS OF COVID-19 (continued)

United Way Blackhawk Region, Inc. must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review United Way Blackhawk Region, Inc.'s good-faith certification concerning the necessity of its loan request, whether United Way Blackhawk Region, Inc. calculated the loan amount correctly, where United Way Blackhawk Region, Inc. used loan proceeds for the allowable uses specified in the CARES Act, and whether United Way Blackhawk Region, Inc. is entitled to loan forgiveness in the amount claimed on its application. If SBA determines United Way Blackhawk Region, Inc. was ineligible for the loan or for forgiveness in whole or in part. SBA will seek repayment of the outstanding loan balance.

In addition, subsequent to year end, United Way Blackhawk Region, Inc. received a second round PPP loan for \$82,500. The loan accrues interest at 1%. United Way Blackhawk Region, Inc. is eligible for loan forgiveness of up to 100% of the loan if the loan proceeds are used for the allowable uses specified in the CARES Act.

NOTE 13—LIQUIDITY AND AVAILABILITY

The table below reflects United Way Blackhawk Region's financial assets as of the dates of the statements of financial position reduced by amounts not available for general expenditures within one year of the dates of the statements of financial position:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,665,725	\$ 1,495,932
Certificates of deposit	763,715	974,011
Unconditional promises to give, net	1,111,658	1,278,338
Investments	<u>2,405,105</u>	<u>2,165,027</u>
Financial assets at end of year	5,946,203	5,913,308
Less those unavailable for general expenditures within one year:		
Board designations	(258,283)	(188,883)
Long-term certificates of deposit	(5,000)	(488,912)
Restricted by donors with time or purpose restrictions	(235,877)	(153,461)
Board-designated endowment funds	(1,760,376)	(1,585,119)
Donor-restricted endowment funds including spendable portion	<u>(644,729)</u>	<u>(579,908)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,041,938</u>	<u>\$ 2,917,025</u>

Financial assets not available for general expenditures include \$2,405,105 and \$2,165,027 set aside for endowment purposes and long-term investing at December 31, 2020 and 2019. However, board-designated endowment funds and the spendable portion of donor-restricted

**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 13—LIQUIDITY AND AVAILABILITY (continued)

endowment funds totaling \$2,116,618 and \$1,876,540 at December 31, 2020 and 2019 could be made available if necessary. As part of United Way Blackhawk Region'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.

**UNITED WAY BLACKHAWK REGION, INC.**  
SCHEDULE OF ALLOCATIONS  
Year Ended December 31, 2020

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**2020 Investment in Education total: \$605,664**

<b>Boys &amp; Girls Club of Janesville</b>	Youth Development and Guidance Program
<b>CASA of Rock County</b>	CASA of Rock County
<b>Community Action, Inc.</b>	Community Kids Program
	Merrill Community Center Youth Program
<b>Hedberg Public Library</b>	Capacity Building
<b>Janesville Mobilizing 4 Change</b>	Janesville Mobilizing 4 Change
<b>RSVP</b>	Intergenerational Program
<b>Stateline Boys &amp; Girls Club</b>	Youth Development and Guidance
<b>Stateline Family YMCA</b>	Beloit Childcare, After School Care and Day Camp Scholarships
	Beloit Youth Program Scholarships
<b>Dolly Parton Imagination Library</b>	Janesville, Beloit, Edgerton Communities
<b>Scholastic Book Fair</b>	South Beloit-School District
<b>Born Learning Trails</b>	Janesville and Beloit Communities

**UNITED WAY BLACKHAWK REGION, INC.**  
SCHEDULE OF ALLOCATIONS  
Year Ended December 31, 2020

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**2020 Investment in Financial Stability total: \$785,281**

<b>American Red Cross</b>	Disaster Services
<b>Beloit Meals on Wheels</b>	Home Delivered Meals
<b>Community Action, Inc.</b>	AWARE
	Beloit Fresh Start Program
	Fatherhood Initiative
	Transitional Living Program
	Merrill Community Center Senior Program
<b>ECHO</b>	ECHO Way Home
	Capacity Building
<b>Edgerton Community Outreach</b>	Edgerton Food Pantry
	Edgerton Client Services
<b>Family Promise</b>	Emergency Shelter for Homeless Families
<b>Family Services of S.W.A.N.I.</b>	Beloit Domestic Violence Survivor Center
<b>Janesville Community Day Care Center</b>	Ruger Site Tuition Assistance
<b>KANDU</b>	Waiting List Project
<b>RSVP</b>	Seniors Volunteering for Seniors
<b>Salvation Army - Beloit</b>	Corps Community Center
	Emergency Assistance
	Feeding Program
<b>Salvation Army - Janesville</b>	Family Social Services Assistance Program
<b>SMILES</b>	Scholarship Fund
<b>Stateline Literacy Council</b>	Adult Basic Education
	English as a Second Language (ESL)
<b>YWCA of Rock County</b>	Alternatives to Violence
	Child Care Program
	Immigrant Outreach Services
	Transitions for Women

