



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**UNITED WAY OF
SANTA FE COUNTY, INC.**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2020
With Comparative Totals for 2019**

UNITED WAY OF SANTA FE COUNTY
For the Year Ended June 30, 2020, With Comparative Totals for 2019

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UNITED WAY OF SANTA FE COUNTY, INC.
OFFICIAL ROSTER
As of June 30, 2020

Board of Directors

Barbara Rand	Chair
Brian Lewis	Chair-Elect/Treasurer
Lynda Gavioli	Secretary
Alicia Bertram	Member
Keith Burks	Member
Katherine Freeman	Member
William E. Garcia	Member
Bud Hamilton	Member
Susie Harburg	Member
Anne W. Honstein	Member
Carol Johnson	Member
Nancy King	Member
Margie Kintz	Member
Carl Luff	Member
Darryl McCall	Member
Kelly Pope	Member
Stacy Quinn	Member
Maria Elena Sanchez	Member
Trudy Swint	Member
Wendy Trevisani	Member
Miranda Viscoli	Member

Administrative Personnel

Katherine Freeman	CEO
Marisol Baird	Chief of Staff
Abby Bordner	VP of Resource Development
Maia Cortisoz	VP of Strategy & Grants Management
Mona Kay	VP of Finance
Elisa Minerich	Executive Assistant

**UNITED WAY OF SANTA FE COUNTY
MANAGEMENT REVIEW OF OPERATIONS
June 30, 2020**

Financial Condition

United Way of Santa Fe County (UWSFC) finished fiscal year 2020 with a decrease in net assets of \$371,374. UWSFC's cash balance was \$689,477. We expect \$124,479 in pledges from the 2020 campaign to be paid during fiscal year 2021. Our liabilities total \$1,108,156, consisting of funds in the amount of \$126 held for other organizations for which UWSFC acts as fiscal sponsor, a federal Paycheck Protection Loan of \$435,000 (to be forgiven in fiscal year 2021), a note payable for building upgrades in the amount of \$214,840, \$115,000 drawn on a line of credit and \$343,190 of payables, accrued expenses and other liabilities. Our net assets are \$3,991,597, of which \$304,754 are capital campaign funds to complete the upgrades for the Early Learning Center at Kaune, which began operations in August 2018.

Results of Operations

In FY20, UWSFC's net loss of \$371,374 was in part the result of several significant foundation grants that were received in preceding fiscal years but had ending grant periods and expense disbursements in FY20. Our annual campaign pledges for several years had decreased due to a simultaneous five-year capital campaign to open the Early Learning Center at Kaune. As the capital campaign ended in FY19, the annual campaign did rebound in FY20, and is expected to continue to do so in FY21. However, we continue to sustain and grow our programs and advocacy for early childhood education, with ongoing and new funding from private donors like the Brindle Foundation, the Thornburg Foundation, the Daniels Fund and the Delle Foundation as well as government funded community services. Therefore, sustained and new grant revenue, in combination with giving through our annual campaign, has enabled UWSFC's Early Learning Programs to continue its momentum.

Capital Campaign

UWSFC launched a Capital Campaign in fiscal year 2015 in order to create an Early Learning Center for children aged six months to five years. In fiscal year 2016, UWSFC purchased Kaune Elementary School from Santa Fe Public Schools (SFPS) and entered into a ground lease with SFPS for the school's land. The \$8 million capital campaign funded the purchase and interior remodeling of Kaune to house early learning classrooms and a variety of adult learning programs to be provided by UWSFC. In fiscal year 2018, in order to expedite the opening of the Early Learning Center at Kaune, UWSFC's Board of Directors voted to open it first as a PreK for three- and four-year old children, with the anticipation of additional early and adult learning classrooms being added as funding allows.

Designated Pledges

Individuals making donations to UWSFC may designate their donation to specific non-profit agencies. Under accounting principles generally accepted in the United States of America, UWSFC may not recognize such donations as revenue since we act as a pass-through agent. The amount of designated pledges was \$6,858 net of fees. Seventy-nine percent of fiscal year 2020 designations were paid to 23 specified agencies prior to fiscal year end. The remaining portion will be paid in full by January 31, 2021.

**UNITED WAY OF SANTA FE COUNTY
MANAGEMENT REVIEW OF OPERATIONS
June 30, 2020**

Our Mission

The mission of UWSFC is to engage the whole community, bringing together people and resources to create increased opportunities for children and families to achieve their dreams and aspirations. UWSFC's Early Learning Programs are our vehicle for achieving that mission and as such represents our overall strategy. Listed here are the components of that strategy:

- **Early Intervention** – First Born®: home visitation curriculum that serves families with children prenatal to three years old. The Great Start Family Support home visitation program provides any family experiencing a birth in Santa Fe County with three home visits within the first 30 postpartum days, if requested. The Family Friends and Neighbors Program supports community members providing informal day care in their homes with home visits and group activities to improve the quality of their care. UWSFC also offers a series of workshops and support for parenting across the age spectrum.
- **PreK Education** – Pre-K Classes/Parent Support Program: for 3- and 4-year-olds.
- **The Dolly Parton Imagination Library** – Funded by Santa Fe County, UWSFC administers the Dolly Parton Imagination Library, an early literacy program that sends each enrolled child an age appropriate book every month, from birth to age five. UWSFC utilizes additional funding sources for Spanish language versions of these books.
- **Navigation Services** – Also funded by Santa Fe County, UWSFC provides Navigation Services to link at-risk Santa Fe County residents to health-related social needs such as food, housing, energy assistance, transportation and behavioral health treatment.
- **Early Childhood Policy and Advocacy** – UWSFC has spearheaded a path-breaking initiative – the New Mexico Early Childhood Development Partnership – that is bringing business and community leaders to the table in an unprecedented groundswell of support for increased sustainable public funding for early childhood development. This work involves identifying viable sources and strategies for increased public funding and then creating and supporting the necessary legislation and public policy to secure these funds in perpetuity.
- **Volunteer Opportunities** – We have increased opportunities for reading and mentoring PreK students, as well as assisting at community art events and mailing books to children. These volunteers play a special role in developing trust, confidence and mastery in young children learning to read.
- **Community Engagement** – engaging more people from the public and private sectors in support of our children's education runs through all UWSFC Early Learning Programs.

**UNITED WAY OF SANTA FE COUNTY
MANAGEMENT REVIEW OF OPERATIONS
June 30, 2020**

Within UWSFC's Early Learning Programs there are five ways to partner with other community organizations:

1. Contracting for services with other organizations
2. Orchestrate collaborations that have two goals:
 - Leverage existing resources
 - Position collaboration to seek funding sources
3. Referral relationships
4. Program partnership
5. Mobilization of community around education

The Board of Directors has determined that UWSFC resources will support our Early Learning Programs and community engagement initiatives.

United Way Initiatives

UWSFC Early Learning Programs

The mission of United Way of Santa Fe County (UWSFC) is to engage the whole community, bringing together people and resources to create increased opportunities for children and families to achieve their dreams and aspirations. We achieve this mission through our Early Learning Programs. Our programs are an array of innovative child and family development initiatives that seeks to strengthen families, and the whole community, through a sequential pipeline of early intervention, education, and development opportunities.

The concept is really rather simple: if being born and raised in poverty imposes unfair conditions that decrease the likelihood of children's success compared to children born and raised in greater affluence, social justice requires the provision of supports to alleviate that disadvantage. The most just condition would be the provision of supports and resources equal to the supports and resources available to the more fortunate.

This simple notion has guided the design and implementation of our programs for the last 11 plus years. UWSFC's Early Learning Programs are a complex network of sequential services, programs and opportunities – social, educational, and civic engagement – that, taken together, can change academic and social conditions, resulting in greatly increased community assets, family strengths and, ultimately, success for children.

**UNITED WAY OF SANTA FE COUNTY
MANAGEMENT REVIEW OF OPERATIONS
June 30, 2020**

New Mexico Early Childhood Development Partnership (NMECDP)

The NMECDP is an additional initiative of UWSFC, with UWSFC CEO Katherine Freeman serving as chair.

The NMECDP is a public-private partnership founded to advocate for the creation, adoption, and implementation of robust, effective, and proven early childhood programs that are available to all children, birth to age five in New Mexico. The Partnership's mission is to create awareness, support, and understanding of the overwhelming benefits of early childhood development programs, and the positive effect on future generations of New Mexicans.

Outlook

We have planned for several years to become an organization that truly has the ability to make an impact of lasting change in the community, rather than being the traditional fundraising organization passing funds through to other organizations. We believe we are making real and lasting changes for our families through our programs.

By creating new opportunities for children and families, we bring the community together to plan, advocate, and provide programs from birth to career. Our children become more successful in school and in life, our families become more resilient, our community becomes stronger both now and in the future.

United Way of Santa Fe County has a bold outlook for the future. Several years ago, our campaign represented a substantial portion of our revenue. Today our campaign represents only 21% of our operating budget with the remaining 79% coming from the combination of private foundations, individual donations, fees for services and state multi-year service awards.



Katherine Freeman
President & CEO



Brian Lewis
Treasurer


UNITED WAY OF SANTA FE COUNTY
REPORT BY MANAGEMENT
June 30, 2020

Management is responsible for the preparation and the integrity of the accompanying financial statements. These statements are prepared in accordance with accounting principles generally accepted in the United States of America and require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. In management's opinion, the financial statements present fairly our financial position, changes in our net assets and cash flows. All financial information in this Annual Financial Report is consistent with the financial statements.

Management maintains and relies on a system of internal controls and related policies and procedures that provide reasonable assurance of the integrity and reliability of the financial statements. The system provides, at appropriate costs and within the inherent limitations of all internal control systems that transactions are executed in accordance with management's authorization and are properly recorded and reported in the financial statements and that assets are safeguarded. Our internal control system provides for careful selection and training of supervisory and management personnel and requires appropriate segregation of responsibilities and delegation of authority. In addition, we have prepared a corporate code of ethics for purposes of determining possible conflicts of interest, compliance with laws and confidentiality of proprietary information.

Our independent auditors, Hinkle + Landers, audited the annual financial statements as described in their report. They obtained an understanding of our internal control system to enable them to plan their audit and determine audit procedures to be performed.

The Board of Directors has established an independent Audit Committee. The Committee is appointed by the Board to assist the Board in its oversight function by monitoring, among other things, our financial reporting process and the independence and performance of our independent auditors. The Committee's activities include meeting periodically with management and the independent auditors to discuss their independence and to review audit results, financial reporting, internal controls and other financial matters. The independent auditors have full and free access to the Committee.



Katherine Freeman
President & CEO



Brian Lewis
Treasurer

Independent Auditor's Report

The Board of Directors of
United Way of Santa Fe County, Inc.
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of United Way of Santa Fe County (UWSFC)(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.

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 audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 UWSFC as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note T to the financial statements, the 2019 financial statements have been restated due to Board's formalization of UWSCF Endowment loan. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from UWSFC's June 30, 2019 financial statements. We have previously audited UWSFC's 2019 financial statements, and we issued an unmodified opinion on those audited financial statements in our report dated November 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Management Review of Operations and Report by Management

The introductory section identified in the table of contents as management review of operations and report by management have not been subjected to the auditing procedures applied in the audit of the Financial Statements and accordingly, we do not express an opinion or any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2020, on our consideration of UWSFC'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 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 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 UWSFC's internal control over financial reporting and compliance.



Hinkle + Landers, P.C.
Albuquerque, NM
November 17, 2020

UNITED WAY OF SANTA FE COUNTY
STATEMENT OF FINANCIAL POSITION
As of June 30, 2020, With Comparative Totals For 2019

	Notes	2020	Restated 2019
ASSETS			
Current Assets			
Cash & cash equivalents			
Without donor restrictions	C	\$ 197,272	(8,339)
With donor restrictions	C	492,205	311,833
Campaign pledges receivable, net	H	124,479	115,713
Capital campaign pledges receivable, net - current	H	80,000	82,535
Grants receivable	G	152,446	438,001
Miscellaneous receivable	G	21,833	20,947
Prepaid expenses and other		52,188	40,869
Total current assets		1,120,423	1,001,559
Non-Current Assets			
Security and equipment deposit	I	2,440	2,440
Capital campaign pledges receivable, net - non-current	H	31,773	93,464
Endowment investments	D, E	168,742	133,240
Property and equipment, net	J	3,776,375	3,659,136
Total non-current assets		3,979,330	3,888,280
TOTAL ASSETS		\$ 5,099,753	4,889,839
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable		\$ 217,072	91,204
Accrued liabilities	K	126,118	79,954
Deferred revenue		-	238
Funds held for other organizations		126	76
Notes and loans payable (current portion)	L	332,850	35,160
Interest payable (Kaune Building)		-	105,396
Total current liabilities		676,166	312,028
Long-Term Liabilities:			
Notes and loans payable	L	431,990	214,840
Total liabilities		1,108,156	526,868
Net Assets			
Net assets without donor restrictions			
Undesignated		(2,322,909)	(1,638,657)
Net investment in property and equipment		3,776,375	3,303,740
Net assets with donor restrictions			
Purpose/time restricted net assets	M	902,736	1,062,493
Restrictions perpetual in nature	E	1,635,395	1,635,395
Total net assets		3,991,597	4,362,971
TOTAL LIABILITIES AND NET ASSETS		\$ 5,099,753	4,889,839

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SANTA FE COUNTY
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2020, With Comparative Totals For 2019

	Without Donor Restrictions	With Donor Restrictions		2020 Totals	Restated 2019 Totals
		Purpose/Time Restrictions	Perpetual Restrictions		
PUBLIC SUPPORT					
Campaign results and other support					
Amounts raised and processed by UWSFC	\$ 790,388	288,934	-	1,079,322	778,279
Amounts raised and processed for United Way organizations	13,703	-	-	13,703	41,445
Difference of previous campaign reserve to actual Campaign results	-	-	-	-	21,031
	<u>804,091</u>	<u>288,934</u>	<u>-</u>	<u>1,093,025</u>	<u>840,755</u>
Less provision for uncollectible pledges	(11,397)	-	-	(11,397)	(18,945)
Net campaign results before donor designations	<u>792,694</u>	<u>288,934</u>	<u>-</u>	<u>1,081,628</u>	<u>821,810</u>
Less donor designations	(6,858)	-	-	(6,858)	(60,176)
Net campaign revenue	<u>785,836</u>	<u>288,934</u>	<u>-</u>	<u>1,074,770</u>	<u>761,634</u>
Capital campaign revenue, net of discount	-	23,240	-	23,240	342,277
Bequests	10,000	-	-	10,000	-
County grants	130,278	-	-	130,278	150,908
State grants	1,375,901	-	-	1,375,901	1,121,963
Federal grants	42,567	-	-	42,567	34,243
Federal contracts	786,955	5,545	-	792,500	-
Other grants	15,000	569,753	-	584,753	682,450
In-kind contributions	110,250	-	-	110,250	132,621
Total public support	<u>3,256,787</u>	<u>887,472</u>	<u>-</u>	<u>4,144,259</u>	<u>3,226,096</u>
Other income	343,148	9,382	-	352,530	398,802
Dividends and interest	4,077	-	-	4,077	7,436
Investment (losses) gains	6,806	-	-	6,806	6,809
Net assets released from restrictions due to satisfaction of program restrictions	1,056,611	(1,056,611)	-	-	-
Total revenue	<u>1,410,642</u>	<u>(1,047,229)</u>	<u>-</u>	<u>363,413</u>	<u>413,047</u>
Total public support and revenue	<u>4,667,429</u>	<u>(159,757)</u>	<u>-</u>	<u>4,507,672</u>	<u>3,639,143</u>
EXPENSES					
Programs					
Gross funds distributed	6,858	-	-	6,858	60,176
(Less donor designations)	(6,858)	-	-	(6,858)	(60,176)
Net funds distributed	-	-	-	-	-
Other program services	4,152,656	-	-	4,152,656	3,479,843
Total program services	<u>4,152,656</u>	<u>-</u>	<u>-</u>	<u>4,152,656</u>	<u>3,479,843</u>
General & administrative	408,091	-	-	408,091	382,812
Fundraising expense	285,763	-	-	285,763	317,367
United Way of America dues	32,536	-	-	32,536	38,436
Total operating expenses	<u>4,879,046</u>	<u>-</u>	<u>-</u>	<u>4,879,046</u>	<u>4,218,458</u>
Change in net assets	(211,617)	(159,757)	-	(371,374)	(579,315)
Net assets, beginning	1,665,083	1,062,493	1,635,395	4,362,971	4,942,286
Net assets, ending	<u>\$ 1,453,466</u>	<u>902,736</u>	<u>1,635,395</u>	<u>3,991,597</u>	<u>4,362,971</u>

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SANTA FE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2020, With Comparative Totals For 2019

	Program	General & Administrative	Fundraising	2020 Total	2019 Total
Personnel expenses:					
Salaries	\$ 1,996,300	295,236	176,994	2,468,530	2,148,501
Payroll taxes	151,887	22,463	13,466	187,816	162,683
Payroll benefits	110,507	16,343	9,798	136,648	100,123
Retirement expense	13,999	2,070	1,241	17,310	16,429
Total personnel	<u>2,272,693</u>	<u>336,112</u>	<u>201,499</u>	<u>2,810,304</u>	<u>2,427,736</u>
General expenses:					
Professional services	880,876	25,677	37,497	944,050	404,554
Supplies	150,595	4,848	1,666	157,109	164,694
Repairs and maintenance	133,328	7,324	-	140,652	155,302
Office rent expense	103,097	7,706	4,622	115,425	121,203
In-kind expense rent	106,100	-	-	106,100	106,100
Insurance	50,878	7,525	4,514	62,917	55,527
Travel	57,846	2,447	2,590	62,883	68,503
Utilities	54,365	224	134	54,723	54,127
Telephone and internet	49,795	1,095	657	51,547	40,499
Printing & postage	36,673	2,151	4,312	43,136	48,839
Software support and equipment	30,508	8,072	1,921	40,501	38,873
Lobbying	34,271	-	-	34,271	16,331
United Way of America membership dues	-	-	32,536	32,536	38,436
Dues and subscriptions	9,398	222	14,479	24,099	20,826
Training and education	16,962	878	4,260	22,100	36,366
Meetings and events	16,144	-	2,403	18,547	27,573
Interest expense	10,336	1,529	917	12,782	9,440
Equipment leases	10,881	572	343	11,796	13,582
Licenses, fees, permits, and taxes	9,411	1,392	835	11,638	42,833
Marketing and development	2,917	94	2,180	5,191	9,495
In-kind expense advertising	2,200	-	800	3,000	7,440
In-kind goods and services	1,150	-	-	1,150	1,305
Storage lease	110	-	-	110	-
Distributions	-	-	-	-	148,262
Bad debt	-	-	-	-	50,150
Subtotal general expenses before depreciation	<u>1,767,841</u>	<u>71,756</u>	<u>116,666</u>	<u>1,956,263</u>	<u>1,680,260</u>
Depreciation	<u>112,122</u>	<u>223</u>	<u>134</u>	<u>112,479</u>	<u>110,462</u>
Total general expenses	<u>1,879,963</u>	<u>71,979</u>	<u>116,800</u>	<u>2,068,742</u>	<u>1,790,722</u>
Total expenses	<u>\$ 4,152,656</u>	<u>408,091</u>	<u>318,299</u>	<u>4,879,046</u>	<u>4,218,458</u>

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SANTA FE COUNTY
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2020, With Comparative Totals For 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	2020	2019
Cash received from grants and contracts	\$ 2,419,054	1,664,088
Cash received from contributors & support	1,868,504	777,266
Cash received from other income	351,644	377,901
Interest income & dividends	4,077	7,436
Cash payments to vendors & contractors	(1,722,530)	(1,799,208)
Cash payments for wages & benefits	(2,764,140)	(2,413,140)
Interest paid	(118,178)	(9,440)
Net cash provided/(used) by operating activities	38,431	(1,395,097)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	-	161,650
Proceeds from sales of donated stock	-	17,776
Purchase of investments	(25,036)	(13,388)
Purchase of property and equipment	(229,718)	(237,511)
Net cash provided/(used) by investing activities	(254,754)	(71,473)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital campaign contributions	87,466	407,508
Proceeds from issuance of debt/line of credit	550,000	-
Principal payments	(35,160)	-
Net cash provided/(used) by financing activities	602,306	407,508
Net increase (decrease) in cash	385,983	(1,059,062)
Cash, restricted cash, & cash equivalents, beginning of year	303,494	1,362,556
Cash, restricted cash, & cash equivalents, end of year	\$ 689,477	303,494
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED/(USED)		
BY OPERATING ACTIVITIES		
Change in net assets	\$ (371,374)	(579,315)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	112,479	110,462
Donated stock (in-kind)	-	(17,776)
Realized and unrealized losses on investments	(6,806)	(6,809)
Bad debt expense	-	50,150
Capital campaign revenue	(23,240)	(324,501)
Changes in assets and liabilities:		
Campaign pledges receivable	(8,766)	(2,144)
Grants receivable	285,555	(325,476)
Miscellaneous receivable	(886)	(20,901)
Prepaid expenses	(11,319)	(2,210)
Accounts payable	121,970	(291,173)
Accrued expenses	46,164	14,596
Interest payable	(105,396)	-
Funds held for other organizations	50	-
Net cash provided (used) by operating activities	\$ 38,431	(1,395,097)
Supplementary Information		
In-kind expense rent	\$ 106,100	106,100
In-kind expense advertising	3,000	7,440
In-kind goods and services	1,150	1,305
In-kind contributions-stock donation	-	17,776
	\$ 110,250	132,621

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020, With Comparative Totals for 2019

NOTE A – NATURE OF OPERATIONS

United Way of Santa Fe County, Inc. (UWSFC) is a New Mexico not-for-profit corporation, chartered in 1954, with governance by a volunteer Board of Directors. UWSFC is organized to create lasting change that improves the quality of life and health in our community. Additionally, UWSFC has developed UWSFC Early Learning Programs a comprehensive innovative community development model serving as the vehicle to help achieve the goal of UWSFC. To accomplish our goal, UWSFC is involved in a variety of activities including provision of services, creating collaborations civic engagement and community organizing, policy and advocacy, and fundraising.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Under this method, all revenues earned and determinable in amount and receivable by the organization are recognized. Expenses incurred but not paid as of the close of business at June 30 are accrued.

Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net assets with donor restrictions and net assets without donor restrictions are defined as follows:

Without Donor Restrictions

Amounts without donor restrictions are those net assets currently available at the discretion of the Board for use in UWSFC's programs, and those resources invested in land, buildings and equipment. There were no Board designated net assets held during fiscal year 2020 and 2019, and accordingly, these financials do not reflect any activity related to this class of net assets.

Net Assets with Donor Restrictions – Temporary in Nature – Net assets with temporary donor restrictions are the result of contributions and other inflows of assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions can be fulfilled and removed by actions of the organization pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature. Net assets perpetual in nature result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of UWSFC. See Note N for more detail.

Net Assets with Donor Restrictions – Perpetual in Nature – Net assets with perpetual donor restrictions resulting from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of UWSFC.

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UWSFC had net assets with permanent donor restrictions related to their Endowment Fund. Note E for more detail.

Liquidity and Availability of Financial Resources

UWSFC regularly monitors liquidity to meet cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, external limitations imposed by donors or contracts with others. UWSFC is substantially supported by restricted grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, UWSFC must maintain sufficient resources to meet those responsibilities to its donors. These financial assets may not be available for general expenditure within one year. As part of UWSFC'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. In addition, UWSFC can invest cash in excess of daily requirements in short-term investments. Occasionally, if the opportunity arises, the board may designate a portion of any operation surplus to its liquidity reserve.

Liquidity is as follows:

	<u>2020</u>	<u>2019</u>
Financial assets, at year end		
Total cash	\$ 689,477	303,494
Receivables expected to be received within a year	378,758	657,196
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	<u>(902,736)</u>	<u>(1,062,493)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 165,499</u>	<u>(101,803)</u>

Donor restricted funds are available for expenditure upon satisfaction of the restriction, the expected timing of which is not generally determinable in advance. In addition, UWSFC has a revolving line of credit of \$250,000 with \$135,000 available as of June 30, 2020.

Cash, Restricted Cash, and Cash Equivalents

UWSFC considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash includes money market funds and interest-bearing instruments with maturities at the date of purchase of three months or less. United Way maintains deposits in financial institutions that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). Management believes that there is not a significant risk with respect to these deposits.

Concentration of Credit Risk – Uninsured Cash Balances

UWSFC maintains cash funds in five separate financial institutions located in Santa Fe, New Mexico. Currently, the FDIC insures bank balances up to \$250,000, per institution. The SIPC insures money market balances up to \$500,000, however SIPC does not protect the value of the balances. As of June 30, 2020, UWSFC's New Mexico Bank and Trust cash balances were underinsured by \$195,739. UWSFC instructed its bank to transfer its underinsured cash balance before June 30, 2020 to an insured account. Although the bank confirmed the cash was transferred, an error occurred, and it was not transferred and therefore was underinsured.

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Investments

Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. Realized and unrealized gains and losses, as well as investment expenses are reflected within the investment return, net, in the statement of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in net assets without donor restrictions unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

The fair value of investments is subject to ongoing fluctuation. The amount ultimately realized upon disposition may differ than the amounts reported in these financial statements. Fair value estimates for securities are currently volatile, difficult to predict, and subject to material changes that could affect UWSFC's financial condition and results of operations in the future.

Prepaid Expenses

Prepaid expenses consist of insurance that is paid ahead of time and reduced throughout the fiscal year.

Accounts, Grants and Contracts Receivables

Contracts, grants, and other receivables are stated as unpaid balances, less an allowance for doubtful accounts. Management estimates the adequacy of the allowance for uncollectible receivables based on historical collections, specific impaired receivables, and other situations that may affect the collection of the receivables. Receivables are charged off in the period in which the management determines the receivable is uncollectible. As of June 30, 2020 and 2019, management estimates all receivables to be fully collectible; therefore, no provision for an allowance for uncollectible receivables has been recorded.

Pledged Receivables

Unconditional pledges to give are recognized as contribution revenues and receivables in the period the pledge is made. Conditional pledges to give are recognized when the conditions on which they depend are substantially met. Pledged receivables are allowance based on the receivables that have gone uncollected by the fiscal year end. Additionally, the non-current capital campaign pledge receivables are instead discounted by 3% each year, with no uncollectible allowance.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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The fair value of investments is subject to ongoing fluctuation. The amount ultimately realized upon disposition may differ than the amounts reported in these financial statements. Fair value estimates for securities are currently volatile, difficult to predict, and subject to material changes that could affect UWSFC's financial condition and results of operations in the future.

Revenue Recognition

Annual fundraising campaigns are conducted each year to carry out United Way's mission. Pledges from campaigns continue to be received into the following calendar year. Pledges that are donor designated for payment to specific agencies or other third parties are accounted for as agency transactions, rather than as revenue and expense of United Way. Amounts representing pledges designated by donors to specific agencies (and thus, not included in net revenue or expense) totaled, net of fees, \$6,858 in 2020 and \$60,176 in 2019.

All pledges and other contributions are considered to be available for unrestricted use unless specifically restricted by donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, United Way reports the support as without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are computed using risk free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The provision for uncollectible pledges is computed based upon a five-year historical average adjusted by management estimates of current economic factors. It is applied to the gross campaign including donor option pledges.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

Property, Equipment, and Depreciation

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as support with donor restrictions. Depreciation is computed using the straight-line method. UWSFC capitalizes all expenditures for property and equipment with a cost of \$5,000 or more with useful lives in excess of two years. Items with a cost of less than \$5,000 are expensed in the year of acquisition. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized.

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The major classifications of property and equipment and the related depreciable lives are as follows:

<u>Type</u>	<u>Useful Lives</u>
Building and building improvements	10-39 years
Leasehold improvements	2 - 39 years
Furniture and equipment	3 - 5 years
Computer equipment and other	3 - 5 years

Impairment of Long-Lived Assets

UWSFC accounts for long-lived assets in accordance with the provisions of FASB ASC 360- 10 and subsections. ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. Management does not believe impairment indicators are present as of June 30, 2020.

Accrued Leave

For full-time employees whose work does not adhere to the annually established school year schedule, PTO will be accrued at the rate of 6.15 hours per pay period, to be pro-rated for employees working less than 40 hours per week, down to 20 hours per week. PTO balances will carry forward from year to year, but an employee may not, unless otherwise approved by the President or the Board of Directors, exceed the amount that he or she would accrue over the course of one year of work. When this limit is reached, the employee's accrued PTO balance will remain at this cap until such time that the balance is lowered by the employee using PTO. This policy is not applicable to employees of the SFCP PreK Program whose work necessitates their consistent presence, and as these employees do not accrue PTO.

The following table outlines the accrual rates:

<u>Employee Classification</u>	<u>Computation of PTO</u>
Full-time (40hrs)	
Professional and Admin Staff (1st to 5th years)	20 days
Full-time (40hrs)	
Professional and Admin Staff (5th year plus)	25 days
Permanent part-time staff	
(any permanent employee who works less than 40hrs, down to 20hrs)	accrued at a prorated full-time rate

The annual leave balance at year end was \$58,597 in 2020 and \$37,446 in 2019.

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Support

UWSFC reports contributions of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed (Donated) Services

Contributions of services are recognized in the accompanying financial statements in accordance with FASB ASC 958-605-25-16; if the services received:

- enhance or create non-financial assets,
- require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

A substantial number of unpaid volunteers have made significant contributions of their time to develop United Way's programs, principally in board activities, fundraising and programs. The value of this contributed time is not reflected in these financial statements. Donated goods and services are recorded at their estimated fair value at the date of donation. Services that require specific expertise are recorded when received. The estimated value of contributed goods and services related to rent expense and advertising was \$110,250 in 2020 and related to advertising and program supplies was \$114,845 in 2019. These amounts have been included in both revenues and expenses. UWSFC had no donated services in fiscal years 2020 and 2019.

Contributed (Donated) Assets

UWSFC may receive contributions of non-cash assets and use of facilities. Donated marketable securities and other non-cash donations are recorded as in-kind contributions at their estimated fair values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Absent donor stipulations regarding how long those donated assets must be maintained, UWSFC reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. UWSFC reclassifies net assets with donor restrictions to net assets without donor restrictions at that time unless the donor has restricted the donated asset to a specific purpose. See Note O for additional detail regarding donated assets and use of facilities.

Advertising

UWSFC expenses advertising costs as incurred. Advertising costs are incurred primarily for the dissemination of program information.

Retirement Benefits

UWSFC provides a retirement plan under Section 403(b) of the Internal Revenue Code. Eligible employees are entitled to immediately participate in the 403(b)-retirement plan, with the Organization matching their contributions up to 3% of their earnings after one year of employment. Employer contributions to the retirement plan were \$17,310 and \$16,429 for the years ended June 30, 2020 and 2019, respectively.

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Functional Allocation of Expenses

The costs of providing the various programs and other activities of UWSFC have been summarized on a functional basis in the statement of functional expenses. Salary and other personnel costs that are not directly coded to a programmatic activity are allocated based on time certifications and the best estimate of employees. Bad debt is allocated to program expenses based on actuals. Repairs, maintenance and depreciation expenses are allocated among the programs, supporting services, and fundraising activities benefited.

Other operating costs are allocated using various allocation methodologies including allocations based on personnel, square footage, or revenue generated.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

UWSFC is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation.

UWSFC files its Federal Form 990 tax return in the U.S. federal jurisdiction and the online charitable registration in the Office of the Attorney General for the State of New Mexico. UWSFC is generally no longer subject to examination by the Internal Revenue Service and the New Mexico Taxation and Revenue Department for fiscal years before 2017. UWSFC is not currently under audit nor has UWSFC been contacted by any of these jurisdictions. Management believes that they are operating within their tax-exempt purpose.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with UWSFC's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassifications

Certain reclassifications may have been made to 2019 amounts to conform to 2020 presentation.

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NOTE C – CASH, RESTRICTED CASH, AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30:

<u>Type</u>	<u>2020</u>	<u>2019</u>
Checking and savings	\$ 689,402	303,419
Petty cash	75	75
Total	\$ <u>689,477</u>	<u>303,494</u>

Cash and restricted cash consist of the following at June 30:

<u>Cash and Restricted Cash</u>	<u>2020</u>	<u>2019</u>
Without donor restrictions	\$ 197,272	(8,339)
With donor restrictions	492,205	311,833
Total cash and cash equivalents	\$ <u>689,477</u>	<u>303,494</u>

Restricted Cash and Investments

Cash and investments are restricted for the perpetually restricted endowment and to satisfy purpose or time restrictions.

Restricted cash is as follows:

<u>Restricted Cash</u>	<u>2020</u>	<u>2019</u>
Net assets with purpose restrictions	\$ 902,736	1,062,493
Less: outstanding receivables with purpose restrictions	(410,531)	(750,660)
Total restricted cash	\$ <u>492,205</u>	<u>311,833</u>

Restricted investments are as follows:

	<u>2020</u>	<u>2019</u>
Restricted endowment investments	\$ <u>168,742</u>	<u>133,240</u>

NOTE D – INVESTMENTS

Investment at June 30, include:

	<u>2020</u>		<u>2019</u>	
	<u>Original Cost</u>	<u>Fair Value</u>	<u>Original Cost</u>	<u>Fair Value</u>
Investments				
Securities & equity funds	\$ 79,502	82,154	163,910	67,649
Bond & fixed income	79,801	86,588	64,352	65,591
Total investments	\$ <u>159,303</u>	<u>168,742</u>	<u>228,262</u>	<u>133,240</u>

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Investment activity for each fiscal year, consists of the following:

	2020	2019
Beginning Balance	\$ 133,240	268,338
Investment income (loss), net	10,466	13,164
Contributions	25,036	13,388
Withdrawals	-	(161,650)
Ending Balance	\$ 168,742	133,240

NOTE E – ENDOWMENT

The endowment is made up of the following:

<u>Endowment</u>	2020	2019
Investments	\$ 168,742	133,240
Loan receivable	1,477,119	1,502,155
Total endowment	\$ 1,645,861	1,635,395

Interpretation of Relevant Law

UWSFC is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) 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. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. UWSFC's Board of Directors has interpreted SPMIFA 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, UWSFC considers a fund to be underwater if 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.

UWSFC has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, UWSFC 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 the organization 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 the organization
- (7) The investment policies of UWSFC.

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Changes in endowment net assets as of June 30, 2020:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ -	1,635,395	1,635,395
Activity			
Investment income/(loss)	10,466	-	10,466
Endowment net assets, end of the year	<u>\$ 10,466</u>	<u>1,635,395</u>	<u>1,645,861</u>

Changes in endowment net assets as of June 30, 2019:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ -	1,635,395	1,635,395
Activity			
Investment income/(loss)	6,809	-	6,809
Distributions	(141,907)	-	(141,907)
Endowment loan (Note L)	135,098	-	135,098
Endowment net assets, end of the year	<u>\$ -</u>	<u>1,635,395</u>	<u>1,635,395</u>

Return Objectives and Risk Parameters

UWSFC has adopted investment and spending policies for endowment assets which attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of funds with donor restrictions that must be held in perpetuity or for a donor- specified period(s). Under this policy, as approved by the Board of Directors the endowment assets are invested in a manner that is intended to produce results which exceed the price and yield results of investment vehicle specific benchmarks while assuming an appropriate level of risk. The investment policy calls for expectation of 4% plus the rate of the Consumer Price Index. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, UWSFC 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). In the case of gifts by donors with permanent restrictions (endowment funds), preservation of the value of the original gift is the primary emphasis of UWSFC. UWSFC will target a diversified asset allocation of moderate long-term growth of principal and income, as well as stability within prudent risk parameters and constraints.

Spending Policy and How the Investment Objectives Relates to Spending Policy

In accordance with UWSFC's investment policy approved by the Board of Directors, no distributions will occur beginning in fiscal year 2020 until the deficit in endowment corpus is resolved

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NOTE F - FAIR VALUES MEASURED ON RECURRING BASIS

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on UWSFC's financial statements as reflected herein. UWSFC measures certain financial assets and liabilities at fair value on a recurring basis, including its derivative liabilities. UWSFC's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy.

The three levels are as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value of investment securities is the market value based on the quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs to the limited market activity of the instrument.

The following table sets forth value measurements by level, within the fair value hierarchy, UWSFC's financial assets measured at fair value as of June 30:

	Level 1	
	2020	2019
Investments	\$ 168,742	133,240

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The carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses, and other liabilities approximate fair value due to the short maturity periods of these instruments. The fair value of long-term debt, if any, is the carrying value due to the adjustable market rate of interest.

NOTE G – GRANTS & OTHER RECEIVABLES

Accounts receivable aging summary and other receivable at year end are as follows:

		2020	2019
Current (1-30)	\$	174,279	458,948
Total grants and other receivables	\$	174,279	458,948
Customer		2020	2019
CYFD First Born Home Visiting Program	\$	63,806	112,338
CYFD Summer Start		30,857	-
CYFD PreK Extended Day		24,647	53,436
Dolly Parton Imagination Library		19,314	26,091
Kids Kitchen, LLC		12,299	13,659
State of New Mexico		9,180	4,791
SF County Navigation		8,770	11,970
CYFD CACFP		2,559	-
CYFD PreK		2,494	20,503
Other		353	248
Christus St. Vincent		-	183,500
City of Santa Fe Children & Youth Commission		-	19,663
SFCF Pritzker		-	10,500
Summer ELC		-	1,353
Santa Fe Community Foundation		-	506
Region IX Education Cooperative		-	390
Total grants and other receivables	\$	174,279	458,948

As of June 30, 2020 and 2019, management estimates all receivables to be fully collectible; therefore, no provision for an allowance for uncollectible receivables has been recorded.

NOTE H – PLEDGES RECEIVABLE

Campaign pledges receivable are comprised of the following unconditional promises to give at June 30:

		2020	2019
Campaign pledges receivables	\$	135,876	134,658
Less: allowance for uncollectible pledges		(11,397)	(18,945)
Net campaign pledges receivable	\$	124,479	115,713

All campaign pledges are expected to be received within one year.

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In 2016, the Organization launched a capital campaign to obtain funding for the development of the Early Learning Center in collaboration with Santa Fe Public Schools. Capital campaign pledges receivable are comprised of the following unconditional promises to give at June 30:

		2020	2019
Capital campaign pledges receivables	\$	125,235	204,335
Less: Discount to net present value		(13,462)	(28,336)
Net capital campaign pledges receivable	\$	111,773	175,999

Capital Campaign pledge receivable with due dates extending beyond one year have been discounted at a 3% annual rate of interest. The capital campaign pledges receivables are restricted in use for costs and expenses of the Early Learning Center.

		2020	2019
Amounts due in:			
Less than one year	\$	80,000	82,535
One to five years		45,235	121,800
Total	\$	125,235	204,335

NOTE I – SECURITY DEPOSIT

UWSFC has a security deposits related to their office space and equipment rent. Security deposits are as follows at June 30:

		2020	2019
Security deposit	\$	1,975	1,975
Equipment deposit		465	465
Total deposits	\$	2,440	2,440

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NOTE J – PROPERTY, EQUIPMENT, AND DEPRECIATION

Property and equipment consisted of the following at June 30:

	<u>2019</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>2020</u>
Property and equipment not depreciated				
CIP	\$ 123,322	-	(8,693)	114,629
Property and equipment depreciated				
Building and building improvements	3,599,820	229,718	8,693	3,838,231
Leasehold improvements	148,056	-	-	148,056
Furniture & equipment	37,670	-	-	37,670
Computer equipment and other	68,169	-	-	68,169
Total property and equipment	<u>3,977,037</u>	<u>229,718</u>	<u>-</u>	<u>4,206,755</u>
Less: accumulated depreciation				
Building	(85,914)	(99,220)	-	(185,134)
Leasehold improvements	(131,940)	(11,178)	-	(143,118)
Furniture and equipment	(36,702)	(476)	-	(37,178)
Computer equipment and other	(63,345)	(1,605)	-	(64,950)
Total accumulated depreciation	<u>(317,901)</u>	<u>(112,479)</u>	<u>-</u>	<u>(430,380)</u>
Total property and equipment, net	<u>\$ 3,659,136</u>	<u>117,239</u>	<u>-</u>	<u>3,776,375</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$112,479 and \$110,462, respectively.

NOTE K – ACCRUED LIABILITIES

Accrued liabilities at June 30, consist of the following:

	<u>2020</u>	<u>2019</u>
Accrued annual leave	\$ 58,597	37,446
Accrued payroll	63,581	36,387
Accrued payroll taxes and benefits	3,940	6,121
Total accrued liabilities	<u>\$ 126,118</u>	<u>79,954</u>

NOTE L – NOTES AND LOANS PAYABLE

UWSFC had the following changes in notes and loans payable during the year:

	<u>2019</u>	<u>Additions</u>	<u>Repayment</u>	<u>2020</u>
Santa Fe Community Foundation Loan	\$ 250,000	-	(35,160)	214,840
Century Bank Line of Credit	-	115,000	-	115,000
Paycheck Protection Program Loan (CARES Act.)	-	435,000	-	435,000
Total notes and loans payable	<u>\$ 250,000</u>	<u>550,000</u>	<u>(35,160)</u>	<u>764,840</u>

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020, With Comparative Totals for 2019

Notes payable consists of the following as of June 30:

	2020	2019
Unsecured loan with Santa Fe Community Foundation for \$250,000. Proceeds of the loan to be used solely for advancing the implementation of child and parent services at the Santa Fe Early Learning Center at Agua Fria. Quarterly payments of principal and interest at 3% beginning December 31, 2019. All outstanding principal and interest due September 2024.	\$ <u>214,840</u>	<u>250,000</u>
Total interest expense	\$ <u>5,363</u>	<u>9,440</u>
	2021 \$	48,123
	2022	49,583
	2023	51,088
	2024	52,638
	2025	13,408
	Thereafter	-
	Total \$	<u>214,840</u>

On February 20, 2020, the UWSFC took out a variable rate non-disclosable revolving line of credit loan with a limit of \$250,000 at Century Bank. The line of credit is to be paid in one payment of all outstanding principal plus all accrued unpaid interest on February 20, 2021. The current interest rate is 5.00%. Starting in March 20, 2020, the UWSFC will pay regular monthly payment of all accrued unpaid interest due as of each payment date.

	\$ <u>115,000</u>	<u>-</u>
Total interest expense	\$ <u>-</u>	<u>-</u>
	2021 \$	115,000
	2022	-
	2023	-
	2024	-
	2025	-
	Thereafter	-
	Total \$	<u>115,000</u>

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020, With Comparative Totals for 2019

On May 1, 2020, the UWSFC received a Paycheck Protection Program loan for \$435,000. The loan will mature in 2 years from the date of the note, May 1, 2022. The interest rate is 1.00%. 6 months of the principal and interest is deferred. Principal and interest payments of \$24,486.21 begin on December 10, 2020. All remaining principal and interest is due and payable 2 years from the date of the Note. *Under Section 1106 of the CARES Act, portions of Paycheck Protection Program loans can be forgiven. This includes payments for the following items incurred in or paid during the eight weeks following loan origination: "payroll costs" as defined above, plus mortgage interest, rent, and utilities. §1106(a)(2)-(5), and (7)(A)-(D).*

	\$	435,000	-
Total interest expense	\$	-	-
		2021 \$	169,727
		2022	265,273
		2023	-
		2024	-
		2025	-
		Thereafter	-
		Total \$	435,000
Total principal outstanding	\$	764,840	250,000
Total interest expense	\$	12,782	9,440

Intercompany Endowment Payable/Receivable

In 2020, UWSFC formalized their repayment terms with UWSFC Endowment Fund and began repaying the Endowment Fund for prior year distributions. This balance is not shown on the combined of financial position.

		2019	Additions	Repayment	2020
UWSFC Endowment Fund Promissory Note	\$	1,502,155	-	(25,036)	1,477,119

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020, With Comparative Totals for 2019

On July 20, 2019, the UWSFC formalized a promissory note from the UWSFC Endowment Fund for \$1,502,155 related to previous year distributions for the purchase and renovations of the Kaune Elementary School. The promise to pay becomes effect on January 31, 2020. There is a yearly interest rate of 5% charged on the unpaid balance. Interest is paid yearly starting on December 31, 2020. Monthly principal payments in the amount of \$4,172.65 will commence on or before January 31, 2020. One final payment of principal and accrued interest will be paid on or before January 31, 2050.

	\$	1,477,119	-
Total interest expense	\$	-	-
		2021 \$	50,072
		2022	50,072
		2023	50,072
		2024	50,072
		2025	50,072
		Thereafter	1,226,759
		Total \$	1,477,119

NOTE M – NET ASSETS WITH DONOR RESTRICTIONS

Various contributions have been restricted by donors. Net assets with donor restrictions related to assets restricted from program use are as follows:

Net Assets with Donor Restrictions in Purpose/Time	2019	Revenue	Expenses	2020
Outstanding pledge contributions	\$ 115,713	124,479	(115,713)	124,479
Early Learning Programs (Santa Fe Children's Project)	253,541	196,858	(369,222)	81,177
New Mexico Early Childhood Project	178,649	385,867	(255,583)	308,933
Capital campaign contributions	514,285	23,240	(232,772)	304,753
Family, Friends, and Neighbors	-	165,000	(82,920)	82,080
UWSFC emergency fund	305	1,410	(401)	1,314
Total Net Assets with Donor Restrictions in Purpose/Time	\$ 1,062,493	896,854	(1,056,611)	902,736

NOTE N – IN-KIND CONTRIBUTIONS

UWSFC utilizes volunteer services to meet project requirements. In 2020, UWSFC had 30 volunteers that contributed 350 volunteer hours.

At year end UWSFC recognizes in-kind contributions as follows:

	2020	2019
In-kind rent	\$ 106,100	106,100
In-kind advertising	3,000	7,440
In-kind donation of hotel	750	-
In-kind equipment	350	1,305
In-kind donation of gift cards	50	-
Donated stock	-	17,776
Total in-kind contributions	\$ 110,250	132,621

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020, With Comparative Totals for 2019

NOTE O – OPERATING LEASES

UWSFC rents office space and equipment under multiple leases that expire in various months are years between 2020 and 2026. Monthly payments range from \$26 to \$5,343 and the lease terms range from 1 year to 10 years. These leases have been accounted for as operating leases by UWSFC.

Minimum future lease payments as of June 30, 2020, are as follows:

<u>Year ending</u>	<u>Amount</u>
2021	\$ 105,541
2022	62,442
2023	55,786
2024	52,905
2025	51,000
Thereafter	46,750

Total lease expenses for the years ended June 30, 2020 and 2019 were \$127,219 and \$134,785, respectively.

Beginning January 1, 2015, UWSFC entered into a lease agreement with the Board of Education of the Santa Fe Schools (Board), to rent the Agua Fria Elementary School for administrative office space and service space for the Early Learning Community Collaboration Compact programs. The lease is subject to the prior approval of the New Mexico State Board of Finance. The term of the lease is for five years, beginning on January 1, 2015 or the date the lease is approved by the State Board of Finance, whichever is later, and ending December 30, 2019. The lease may be renewed annually for not more than three consecutive one-year period.

UWSFC is required to pay base rent of \$94,100 per year. However, the annual rent payment for base rent will be offset by the amount of the Allowable Costs, as defined in the agreement, incurred by UWSFC to provide the services to the Santa Fe Schools at Agua Fria Elementary School. UWSFC submits monthly certification of allowable costs of services which details the amount of resources spent on behalf of UWSFC by program and type, in order to, ensure the monthly allowable costs equal or exceed the base rent. Any amount of offset which exceeds the amount of base rent will be credited against the next month's base rent. If the lease is terminated for any reason, then any credit due to UWSFC from Board will be treated as a donation of services to Board as a governmental entity and the Board will have no payment obligation to UWSFC for any credit balance. Any deficiencies will be paid by UWSFC. It is management's belief that it is unlikely that allowable costs would not exceed base rent amount due. Any credits due to UWSFC at termination will be treated as a donation of services. In-kind revenue and expense related to this lease is \$94,100.

Either party has the right to terminate the lease for breach by the other party of any material condition of the lease, subject to the provisions outlined in the lease agreement. UWSFC can terminate the lease by providing written notice to the Board, at least 60 days prior to either the end of the original term or the expiration of any renewals, if applicable.

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020, With Comparative Totals for 2019

NOTE P – JOINT COST ALLOCATIONS

UWSFC did not participate in joint activities during the 2020 year or the 2019 year that required allocations.

NOTE Q – CONCENTRATION OF MARKET AND BUSINESS RISK

Economic Dependency

UWSFC receives a significant portion of its revenue in the form of grants, contracts, and other contributions. UWSFC expects these grants, contracts, and awards to continue into the foreseeable future. If, however, a significant portion of these funds are not continued, UWSFC's ability to continue all programs would be diminished. The following is a summary of concentrations from contributions and grants as of June 30:

Concentrations	2020	2019
Contributions, grants, and contracts \$	4,144,259	3,226,096
Total revenue \$	4,507,672	3,639,143
Concentration percentage	92%	89%

Geographical Concentration

UWSFC's operations are concentrated in Santa Fe, New Mexico.

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020, With Comparative Totals for 2019

NOTE R – PROGRAM EXPENSES

Designations distributed for the years ended June 30, 2020 and 2019 are as follows:

Designations	2020	2019
Life Center Foundation	\$ 1,063	1,063
Kitchen Angels	213	-
Adelante	200	164
Santa Fe Habitat for Humanity	179	-
Partners in Education	150	123
The Interfaith Community Shelter	150	123
Santa Fe Community Foundation	150	-
The Food Depot	100	82
Literacy Volunteers of Santa Fe	100	82
Santa Fe Children's Museum	100	82
Santa Fe Community College Foundation	100	82
Kids Kitchen LLC	-	50,000
New Vistas	-	744
Esperanza Shelter for Battered Families	-	425
La Familia Medical Center	-	213
Boys & Girls Club of Santa Fe/Del Norte	-	204
National Dance Institute of New Mexico	-	123
SFCF Empty Stocking Fund	-	123
Busy Bugs Head Start	-	106
NM National Multiple Sclerosis Society	-	106
Nambe Headstart	-	85
Santa Fe Symphony	-	82
United Way of Northern New Mexico	-	43
All others	4,353	6,121
Total donor designations	<u>\$ 6,858</u>	<u>60,176</u>

NOTE S – JOINT VENTURE

In July 2018, United Way of Santa Fe County entered into a joint venture with The Food Depot, a food bank located in Santa Fe, New Mexico, and created the nonprofit organization, Kids Kitchen, LLC, which will be housed at UWSFC's Early Learning Center at Kaune, and for which United Way of Santa Fe County will serve as its fiscal agent. UWSFC and The Food Depot have a 50/50 interest in Kids Kitchen, LLC. The purposes for which Kids Kitchen, LLC was organized are:

- Providing meals to youth under various government sponsored and reimbursed food and food insecurity programs;
- Providing meals on a paid basis to other interested youth and senior oriented programs and institutions;
- Providing job training for persons in the Members' service area; and
- Conducting, assisting or supporting other endeavors in keeping with the missions and charters of its Members.

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020, With Comparative Totals for 2019

Beginning September 2018, Kids Kitchen, LLC began paying UWSFC \$5,000 per month for accounting and HR services. This revenue is recorded as administrative fees by UWSFC.

The following table is a breakdown of support, revenue, and expenses, presented on UWSFC's statement of activities, as noted in the table of contents, for the fiscal years ended June 30:

	<u>2020</u>	<u>2019</u>
Support and revenue		
Other income		
Kids Kitchen expense reimbursement	\$ 156,111	99,306
Administrative fees	50,000	50,000
In-kind contributions		
In-kind rent	12,000	12,000
Total support and revenue	<u>\$ 218,111</u>	<u>161,306</u>
 Expenses		
Personnel expenses	\$ 149,534	88,603
Professional services	-	7,022
Supplies	1,616	85
Repairs and maintenance	234	341
Distributions	-	50,000
Travel	-	61
Printing and postage	26	18
Licenses, fees, permits, and taxes	282	104
Telephone and internet	766	529
Software support and equipment	-	2,210
Training and education	-	189
Dues and subscriptions	49	49
Marketing and development	20	95
Utilities	3,584	-
In-kind expense rent	12,000	12,000
Total expenses	<u>\$ 168,111</u>	<u>161,306</u>

NOTE T – RESTATEMENT

Beginning net assets of fiscal year 2019 were restated as follows:

		<u>With Donor Restrictions</u>			
		<u>Without Donor</u>	<u>Purpose/Time</u>		<u>Perpetual</u>
<u>Net Assets - 2019</u>		<u>Restrictions</u>	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
Beginning	\$	3,174,047	1,062,493	126,431	4,362,971
Restatement		(1,508,964)	-	1,508,964	-
Beginning, restated	\$	<u>1,665,083</u>	<u>1,062,493</u>	<u>1,635,395</u>	<u>4,362,971</u>

Net assets were restated due to the formalization of repayment loan to UWSFC Endowment fund.

UNITED WAY OF SANTA FE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020, With Comparative Totals for 2019

NOTE U – RELATED PARTIES

A Board Member works for New Mexico Bank and Trust, where UWSFC has a bank account.

NOTE V – EVALUATION OF SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. UWSFC recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. UWSFC's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. The organization has evaluated subsequent events through November 17, 2020, which is the date the financial statements were available to be issued.



INDEPENDENT AUDITOR’S REPORT 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*

The Board of Directors of
United Way of Santa Fe County, Inc.
Santa Fe, New Mexico

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 Santa Fe County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional allocation of expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered UWSFC internal control over financial reporting (internal control) to determine 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 UWSFC’s internal control. Accordingly, we do not express an opinion on the effectiveness of UWSFC’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.

November 17, 2020

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 UWSFC’s financial statements are free of 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 determination of financial statement amounts. 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hinkle + Landers, PC
Albuquerque, NM
November 17, 2020

**UNITED WAY OF SANTA FE COUNTY, INC.
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2020**

<u>Reference #</u>	<u>Finding</u>	<u>Status of Prior Year Findings</u>	<u>Type of Finding</u>
<hr/>			
Prior Year Findings			
NONE			
<hr/>			
Current Year Findings			
NONE			

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting