

AUDITED FINANCIAL STATEMENTS
HEART OF MISSOURI UNITED WAY, INC.
COLUMBIA, MISSOURI
DECEMBER 31, 2020 AND 2019

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BEARD-BOEHMER & ASSOCIATES, PC
CERTIFIED PUBLIC ACCOUNTANTS
COLUMBIA, MISSOURI

**HEART OF MISSOURI UNITED WAY, INC.
COLUMBIA, MISSOURI
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December 14, 2021

INDEPENDENT AUDITORS' REPORT

Board of Directors
Heart of Missouri United Way, Inc.
Columbia, Missouri

Opinion

We have audited the accompanying financial statements of Heart of Missouri United Way, Inc. (a nonprofit organization), which comprise the statement 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heart of Missouri United Way, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Heart of Missouri United Way, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Heart of Missouri United Way, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**HEART OF MISSOURI UNITED WAY, INC.
INDEPENDENT AUDITORS' REPORT (CONTINUED)**

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Heart of Missouri United Way, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Heart of Missouri United Way, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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.

Beard-Boehmer and Associates, PC

Beard-Boehmer & Associates, PC
Columbia, MO

**HEART OF MISSOURI UNITED WAY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,015,910	\$ 698,707
Investments	1,070,843	1,036,934
Accrued interest	1,898	267
Pledges receivable, current year campaign (net of allowance)	1,907,002	2,198,952
Pledges receivable, prior year campaign	111,801	112,850
Sponsorships receivable	5,000	5,000
Prepaid expenses	17,180	18,547
TOTAL CURRENT ASSETS	\$ <u>4,129,634</u>	\$ <u>4,071,257</u>
FIXED ASSETS:		
Equipment	\$ 194,760	\$ 194,760
Leasehold improvements	101,013	101,013
Website design	8,500	-
Less: accumulated depreciation	(212,028)	(191,173)
NET FIXED ASSETS	\$ <u>92,245</u>	\$ <u>104,600</u>
NON-CURRENT ASSETS:		
Sponsorships receivable	\$ -	\$ 5,000
TOTAL NON-CURRENT ASSETS	\$ <u>-</u>	\$ <u>5,000</u>
TOTAL ASSETS	\$ <u><u>4,221,879</u></u>	\$ <u><u>4,180,857</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 11,474	\$ 2,130
Note payable	9,448	9,078
SBA PPP note payable	116,809	-
Allocations and designations payable	-	822,511
Payroll related accruals	13,329	8,393
TOTAL CURRENT LIABILITIES	\$ <u>151,060</u>	\$ <u>842,112</u>
LONG-TERM LIABILITIES:		
Note payable	\$ 23,575	\$ 33,018
TOTAL LONG-TERM LIABILITIES	\$ <u>23,575</u>	\$ <u>33,018</u>
TOTAL LIABILITIES	\$ 174,635	\$ 875,130
NET ASSETS:		
Without donor restrictions	\$ 3,262,599	\$ 2,628,639
With donor restrictions	784,645	677,088
TOTAL NET ASSETS	\$ <u>4,047,244</u>	\$ <u>3,305,727</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>4,221,879</u></u>	\$ <u><u>4,180,857</u></u>

**THE ACCOMPANYING NOTES TO THESE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT**

HEART OF MISSOURI UNITED WAY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	2020		Total	2019
	Without Donor Restrictions	With Donor Restrictions		
SUPPORT AND REVENUES:				
Campaign income				
Campaign revenue received for next allocation period	\$ 2,183,741	\$ 408,648	\$ 2,592,389	\$ 2,893,611
In kind donations/services	112,376	-	112,376	75,534
Designations to partner and other agencies	(139,726)	-	(139,726)	(234,859)
Designations to other United Ways	(3,495)	-	(3,495)	-
Provision for uncollectible pledges	(140,137)	-	(140,137)	(140,354)
Net assets released from time restrictions	467,780	(467,780)	-	-
Total Campaign Income	<u>\$ 2,480,539</u>	<u>\$ (59,132)</u>	<u>\$ 2,421,407</u>	<u>\$ 2,593,932</u>
Other Income:				
Investment income	\$ 32,865	\$ 16,356	\$ 49,221	\$ 45,137
Sponsorships and grants	428,722	207,380	636,102	166,349
Miscellaneous	2,849	-	2,849	62
Net assets released from time restrictions	57,047	(57,047)	-	-
Total Other Income	<u>\$ 521,483</u>	<u>\$ 166,689</u>	<u>\$ 688,172</u>	<u>\$ 211,548</u>
TOTAL SUPPORT AND REVENUES	<u>\$ 3,002,022</u>	<u>\$ 107,557</u>	<u>\$ 3,109,579</u>	<u>\$ 2,805,480</u>
EXPENSES:				
Allocations:				
Funds allocated to Member Agencies	\$ 759,117	\$ -	\$ 759,117	\$ 1,412,404
Other Community Initiatives Funding	429,896	-	429,896	25,539
Total Allocations	<u>\$ 1,189,013</u>	<u>\$ -</u>	<u>\$ 1,189,013</u>	<u>\$ 1,437,943</u>
Other Functional Expenses:				
Program	\$ 503,467	\$ -	\$ 503,467	\$ 471,957
Administration and management	265,808	-	265,808	289,175
Fundraising	409,774	-	409,774	403,471
Total Other Functional Expenses	<u>\$ 1,179,049</u>	<u>\$ -</u>	<u>\$ 1,179,049</u>	<u>\$ 1,164,603</u>
TOTAL EXPENSES	<u>\$ 2,368,062</u>	<u>\$ -</u>	<u>\$ 2,368,062</u>	<u>\$ 2,602,546</u>
CHANGE IN NET ASSETS.	<u>\$ 633,960</u>	<u>\$ 107,557</u>	<u>\$ 741,517</u>	<u>\$ 202,934</u>
NET ASSETS, BEGINNING	<u>\$ 2,628,639</u>	<u>\$ 677,088</u>	<u>\$ 3,305,727</u>	<u>\$ 3,102,793</u>
NET ASSETS, ENDING	<u><u>\$ 3,262,599</u></u>	<u><u>\$ 784,645</u></u>	<u><u>\$ 4,047,244</u></u>	<u><u>\$ 3,305,727</u></u>

**THE ACCOMPANYING NOTES TO THESE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT**

HEART OF MISSOURI UNITED WAY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Campaign income			
Campaign revenue received for next allocation period	\$ 2,425,831	\$ 467,780	\$ 2,893,611
In kind donations/services	75,534	-	75,534
Designations to partner and other agencies	(234,859)	-	(234,859)
Provision for uncollectible pledges	(140,354)	-	(140,354)
Net assets released from time restrictions	434,326	(434,326)	-
Total Campaign Income	<u>\$ 2,560,478</u>	<u>\$ 33,454</u>	<u>\$ 2,593,932</u>
Other Income:			
Investment income	\$ 31,576	\$ 13,561	\$ 45,137
Sponsorships and grants	109,302	57,047	166,349
Miscellaneous	62	-	62
Total Other Income	<u>\$ 140,940</u>	<u>\$ 70,608</u>	<u>\$ 211,548</u>
TOTAL SUPPORT AND REVENUES	<u>\$ 2,701,418</u>	<u>\$ 104,062</u>	<u>\$ 2,805,480</u>
EXPENSES:			
Allocations:			
Funds allocated to Member Agencies	\$ 1,412,404	\$ -	\$ 1,412,404
Other Community Initiatives Funding	25,539	-	25,539
Total Allocations	<u>\$ 1,437,943</u>	<u>\$ -</u>	<u>\$ 1,437,943</u>
Other Functional Expenses:			
Program	\$ 471,957	\$ -	\$ 471,957
Administration and management	289,175	-	289,175
Fundraising	403,471	-	403,471
Total Other Functional Expenses	<u>\$ 1,164,603</u>	<u>\$ -</u>	<u>\$ 1,164,603</u>
TOTAL EXPENSES	<u>\$ 2,602,546</u>	<u>\$ -</u>	<u>\$ 2,602,546</u>
CHANGE IN NET ASSETS	\$ 98,872	\$ 104,062	\$ 202,934
NET ASSETS, BEGINNING	<u>\$ 2,529,767</u>	<u>\$ 573,026</u>	<u>\$ 3,102,793</u>
NET ASSETS, ENDING	<u><u>\$ 2,628,639</u></u>	<u><u>\$ 677,088</u></u>	<u><u>\$ 3,305,727</u></u>

**THE ACCOMPANYING NOTES TO THESE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT**

HEART OF MISSOURI UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	2020				2019
	Community Investment and Engagement Program	Administration and Management	Fundraising	Totals	
Employee compensation					
Salaries and wages	\$ 258,776	\$ 148,310	\$ 133,196	\$ 540,282	\$ 589,475
Employee health benefits	56,322	35,607	31,978	123,907	120,992
Pension contributions	11,598	6,373	5,723	23,694	20,146
Other employee expenses	2,102	1,634	1,467	5,203	2,693
Payroll taxes	19,743	11,363	10,205	41,311	42,572
Total Employee compensation	<u>348,541</u>	<u>203,287</u>	<u>182,569</u>	<u>734,397</u>	<u>775,878</u>
Other expenses					
Depreciation	\$ 8,425	\$ 6,548	\$ 5,881	\$ 20,854	\$ 21,749
Development expenses	-	-	171,054	171,054	143,766
Dues and subscriptions	832	647	581	2,060	1,520
Insurance	1,420	1,103	991	3,514	3,363
Interest	616	479	430	1,525	1,704
Miscellaneous	4,038	970	871	5,879	3,881
Occupancy	19,320	15,016	13,486	47,822	52,663
Office supplies	1,428	1,110	997	3,535	4,869
Postage	391	304	273	968	1,593
Professional fees	80,496	6,841	6,144	93,481	51,267
Rental and maintenance of equipment	17,767	13,809	12,402	43,978	41,050
Service fee support to United Way	11,276	8,764	7,871	27,911	30,326
Telephone	3,892	3,025	2,717	9,634	8,474
Travel, conferences and meetings	2,056	1,598	1,435	5,089	15,312
Utilities	2,969	2,307	2,072	7,348	7,188
Total Other expenses	<u>\$ 154,926</u>	<u>\$ 62,521</u>	<u>\$ 227,205</u>	<u>\$ 444,652</u>	<u>\$ 388,725</u>
Total Expenses	<u>\$ 503,467</u>	<u>\$ 265,808</u>	<u>\$ 409,774</u>	<u>\$ 1,179,049</u>	<u>\$ 1,164,603</u>

THE ACCOMPANYING NOTES TO THESE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

**HEART OF MISSOURI UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Community Investment and Engagement Program	Administration and Management	Fundraising	Totals
Employee compensation				
Salaries and wages	\$ 278,116	\$ 164,038	\$ 147,321	\$ 589,475
Employee health benefits	54,785	34,881	31,326	120,992
Pension contributions	10,113	5,286	4,747	20,146
Other employee expenses	1,583	585	525	2,693
Payroll taxes	20,245	11,763	10,564	42,572
Total Employee compensation	<u>364,842</u>	<u>216,553</u>	<u>194,483</u>	<u>775,878</u>
Other expenses				
Depreciation	\$ 8,787	\$ 6,828	\$ 6,134	\$ 21,749
Development expenses	-	-	143,766	143,766
Dues and subscriptions	614	477	429	1,520
Insurance	1,359	1,056	948	3,363
Interest	688	535	481	1,704
Miscellaneous	1,567	1,220	1,094	3,881
Occupancy	21,276	16,536	14,851	52,663
Office supplies	1,967	1,529	1,373	4,869
Postage	644	500	449	1,593
Professional fees	28,864	11,803	10,600	51,267
Rental and maintenance of equipment	16,584	12,890	11,576	41,050
Service fee support to United Way	12,252	9,522	8,552	30,326
Telephone	3,423	2,661	2,390	8,474
Travel, conferences and meetings	6,186	4,808	4,318	15,312
Utilities	2,904	2,257	2,027	7,188
Total Other expenses	<u>\$ 107,115</u>	<u>\$ 72,622</u>	<u>\$ 208,988</u>	<u>\$ 388,725</u>
Total Expenses	<u>\$ 471,957</u>	<u>\$ 289,175</u>	<u>\$ 403,471</u>	<u>\$ 1,164,603</u>

**THE ACCOMPANYING NOTES TO THESE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT**

HEART OF MISSOURI UNITED WAY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ <u>741,517</u>	\$ <u>202,934</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	20,854	\$ 21,749
Unrealized (gains) losses on investments	(22,523)	(19,681)
Realized (gains) losses on investments	(5,640)	(3,244)
Allowance for uncollectible pledges	140,137	140,354
Changes in assets and liabilities:		
(Increase) decrease in pledges receivable	175,280	(273,353)
(Increase) decrease in grants and receivable	-	32,857
(Increase) decrease in accrued interest	(1,631)	769
(Increase) decrease in sponsorships receivable	5,000	5,000
(Increase) decrease in prepaid expenses	1,367	(387)
Increase (decrease) in accounts payable	9,344	47
Increase (decrease) in accrued payroll	4,936	1,534
Increase (decrease) in allocations and designations payable	<u>(822,511)</u>	<u>(75,935)</u>
Total Adjustments	\$ <u>(495,387)</u>	\$ <u>(170,290)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>246,130</u>	\$ <u>32,644</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Reinvestment of earnings into investments	\$ (28,163)	\$ (26,485)
Purchase of fixed assets	<u>(8,500)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ (36,663)	\$ (26,485)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from SBA PPP Loan	\$ 116,809	\$ -
Payments on note payable	<u>(9,073)</u>	<u>(8,009)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	\$ <u>107,736</u>	\$ <u>(8,009)</u>
CHANGE IN CASH	\$ 317,203	\$ (1,850)
CASH, BEGINNING OF YEAR	<u>698,707</u>	<u>700,557</u>
CASH, END OF YEAR.	\$ <u><u>1,015,910</u></u>	\$ <u><u>698,707</u></u>
 Interest Paid:	 \$ <u><u>1,525</u></u>	 \$ <u><u>1,705</u></u>

**THE ACCOMPANYING NOTES TO THESE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT**

HEART OF MISSOURI UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of the Organization

Heart of Missouri United Way, Inc. (the "Organization") is a non-profit corporation which coordinates local volunteers and other resources for agency evaluations, needs assessment, funds distribution, community problem solving, communications, strategic planning and fundraising. Volunteers ensure money is efficiently allocated by distributing funds among local agencies located in the Missouri counties of Boone, Cooper, and Howard.

B. Basis of Accounting

Heart of Missouri United Way, Inc. presents its financial statements on the accrual basis of accounting with revenues recognized when earned and expenses recognized when incurred.

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and cash held in checking and money market accounts. The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

D. Income Tax Status

Heart of Missouri United Way, Inc. qualifies as a tax exempt corporation under Section 501(c)(3) of the U.S. Internal Revenue Code, and is not a private foundation pursuant to section 509(a) of the code. The Organization's form 990, Return of Organization Exempt from Income Tax, for all open tax years are subject to examination by the IRS, generally for three years after they were filed.

E. Contributions

All contributions are considered to be available for the general program of the Organization unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donors are reported as an increase in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are received.

F. Pledges and Related Expenses

Annual campaigns generally begin in August to raise support for allocations to member agencies in the subsequent calendar year. Campaign production (pledges) are recognized as public support revenue in the year in which the pledges are received.

G. Allowance for Uncollected Accounts

Pledges receivable are stated net of an allowance for uncollected accounts. The Organization estimated the allowance based on its historical experience of the relationship between actual bad debts and net amount pledged. The allowance for uncollected accounts for pledges receivable is \$140,137 and \$140,354 for 2020 and 2019 campaigns, respectively.

HEART OF MISSOURI UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property and Equipment

Donated equipment is recorded at appraised or estimated fair value. Purchased equipment is recorded at cost. Expenditures which significantly extend the useful lives of existing assets are capitalized. Repair and maintenance costs are charged to current operations.

Depreciation is provided by applying straight-line rates to the estimated useful lives of equipment from three to fifteen years.

I. Allocations Payable

The Organization annually allocates funds to its nonprofit partner agencies. The Board of Directors approves the total amount of allocations to be distributed for the next allocation period, provided the agencies are in compliance with agency agreements. Allocations are considered unconditional promises to give and are recognized in the fiscal year they are communicated to the agencies. Allocations payable recorded on the statement of financial position are for current year commitments payable in the first six months of the next fiscal year.

For the year ended December 31, 2019, the Organization's promise to give period (period for which allocations are accrued) is a 12 month period beginning in July 2019 and ending in June 2020. As a result at December 31, 2019, the Organization only accrues a six month allocation commitment for the period of January to June of the following year. The allocations for the final six months of the following year are determined and promised in the spring of that year. For the year ended December 31, 2020, the Organization's promise to give period (period for which allocations are accrued) is a 6 month period beginning in July 2020 and ending in December 2020. As a result at each December 31, 2020 the Organization has no accrual for the following year. The allocation for 2021 will be made in January 2021.

J. Designations Payable

The Organization honors designations to nonprofit partner agencies. In accordance with Generally Accepted Accounting Principles, these specified designations are not considered to be part of the allocations to member agencies and are deducted from the current campaign results to arrive at the net allocation expense in the financial statements. Designations payable recorded on the statement of financial position are for current year commitments payable in next fiscal year.

K. Functional Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

L. Use of Estimates

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. The nature of those estimates, however, is such that variances in actual results are generally immaterial.

**HEART OF MISSOURI UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Net Assets

Temporary restrictions are donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Permanent restrictions are donor-imposed stipulations that neither expire by passage of time

When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted support is reported as an increase in net assets without donor restrictions if the restriction expires or condition is met in the reporting period in which the support is recognized.

N. Prior Year Information

Certain prior year information on the statement of activities has been changed to conform to the current year presentation. The changes do not affect total support and revenues, total expenses, changes in net assets, beginning net assets, or ending net assets.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are composed of the following at December 31:

	<u>2020</u>		<u>2019</u>
Checking accounts	\$ 620,870	\$	339,665
Savings and money market account	395,040		359,042
Total Cash and Cash Equivalents	<u>\$ 1,015,910</u>	\$	<u>698,707</u>

The bank accounts are interest bearing with an interest rate ranging from zero to .5% at December 31, 2020.

NOTE 3: INVESTMENTS

Investments are composed of certificates of deposit with an original maturity of more than one year at FDIC institutions and two endowment funds administered by the Community Foundation of Central Missouri (CFCM) that are not covered by Securities Investors Protection Corporation. Investments consist of the following at December 31:

	<u>2020</u>		<u>2019</u>
Certificates of deposit	\$ 782,725	\$	768,861
Endowment funds administered by CFCM:			
Cash pool	7,700		422
Equity pool	132,127		133,346
Intermediate fixed income pool	59,035		53,403
Money market pool	-		-
Short term fixed income pool	89,256		80,902
Total Investments	<u>\$ 1,070,843</u>	\$	<u>1,036,934</u>

**HEART OF MISSOURI UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 3: INVESTMENTS (CONTINUED)

Investment income consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 24,797	\$ 24,780
Unrealized gains (losses) on investments	10,878	19,681
Realized gains (losses) on investments	16,152	3,244
Investment fees	<u>(2,606)</u>	<u>(2,568)</u>
Total Investment income	\$ <u>49,221</u>	\$ <u>45,137</u>

NOTE 4: CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash and certificates of deposit in nine financial institutions located in the central Missouri area. Each financial institution's balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization held funds in excess of FDIC limits in two institutions as of December 31, 2020. The combined cash and certificates of deposit balance in one financial institution was \$631,226 of which \$381,226 was uninsured by the FDIC. The combined cash and certificates of deposit balance in the second financial institution was \$310,945 of which \$60,945 was uninsured by the FDIC.

NOTE 5: NOTE PAYABLE AND LONG-TERM DEBT

The Organization has a note payable to Columbia Knipp Properties, LLC, totaling \$85,000, dated May 1, 2014, for Ash Street Office expansion/renovations, with equal monthly installments of \$883, through April 9, 2024. Interest is calculated at 4.00%.

Scheduled maturities of long-term debt for years subsequent to December 31, 2020, as follows:

2021	\$ 9,448
2022	9,833
2023	10,234
2024	<u>3,508</u>
Total	\$ <u>33,023</u>

The Organization applied for and was approved for a \$116,809 loan in April 2020 under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1% annually, but payments are not required to begin for six months after the covered period of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, including interest, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. In accordance with FASB ASC 835-30 guidance on imputing interest, the organization has chosen to not accrue interest on the loan due to the likelihood of the loan and all accrued interest being forgiven by the Small Business Administration. The loan was forgiven in March 2021.

HEART OF MISSOURI UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6: LEASES

The Organization renewed a lease agreement with Pitney Bowes for a postage meter in January 2021. The lease term is for two years terminating January 2023, with quarterly installment payments of \$197, consistent with the prior lease.

The Organization entered into a lease agreement for a copier machine in 2019. The lease term is for 5 years beginning September 1, 2019, and terminating August 31, 2024, with monthly installment payments of \$549.

The Organization entered into a lease agreement with Columbia Knipp Properties, LLC, for the office space in 2014. The lease term is for 10 years beginning May 1, 2014, and terminating April 30, 2024, with monthly installment payments of \$3,818. Concurrent with the lease, the Organization entered into a note payable with the lessor for the costs of office expansion and renovations.

Future minimum lease payments are as follows for the years ended December 31:

2021	\$	45,816
2022		45,816
2023		45,816
2024		19,090
Total	\$	<u>156,538</u>

Lease expense was \$41,992 and \$45,820 for the years ended December 31, 2020 and 2019 respectively.

NOTE 7: VOLUNTARY SERVICE FEE SUPPORT

The Organization pays voluntary service fee support to the United Way Worldwide. In return, it receives a variety of services including national coordination of pledges and advertising. Payment of service fees is subject to the discretion of the Heart of Missouri United Way's management and Board of Directors. Total fees paid to United Way of Worldwide were \$27,911 and \$30,326 for the years ended December 31, 2020 and 2019, respectively.

NOTE 8: SIMPLIFIED EMPLOYEE PENSION PLAN

The Organization sponsors a Simplified Employee Pension (SEP) – Individual Retirement Account (IRA) Plan (the Plan) for its employees. Employees that have reached age 21 are eligible to participate in the Plan. Employer contributions are discretionary and totaled \$23,694 and \$20,146 for the years ended December 31, 2020 and 2019, respectively.

NOTE 9: NET ASSETS

Net assets with donor restrictions are tracked in two separate categories based on the donors' stipulations.

**HEART OF MISSOURI UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9: NET ASSETS (CONTINUED)

Temporary Restricted:

Temporary restricted net assets represent donations for which donor stipulations that limit use for time period or purpose have not been met. Temporary restricted net assets consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Campaign Pledges for next fiscal year	\$ 408,648	\$ 467,780
Grants for the next fiscal year	51,594	57,047
Grants for COVID-19	155,786	-
Cumulative Earnings on Donor Restricted Endowment Fund	<u>68,317</u>	<u>51,961</u>
	<u>\$ 684,345</u>	<u>\$ 576,788</u>

Permanently Restricted:

Permanently restricted net assets represent donations that are to be held for investments in the endowment account. Permanently restricted net assets consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Donor Contributions to Endowment Fund	\$ <u>100,300</u>	\$ <u>100,300</u>
Total net assets with donor restrictions	<u>\$ 784,645</u>	<u>\$ 677,088</u>

NOTE 10: FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fair Value Measurements topic of the FASB Accounting Standards Codification establishes a framework for measuring value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan 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 active markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlations or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Endowment Funds: Fund share prices are computed daily and are based upon the market value of the underlying securities owned by the fund.

HEART OF MISSOURI UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 10: FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Stocks: The fair value is based on quoted market prices for publicly traded securities and internal valuations for privately held companies.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets that are required to be carried at fair value in the financial statements as of December 31:

<u>2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable securities within endowment fund	\$ -	\$ 288,118	\$ -	\$ 288,118
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ 288,118</u>	<u>\$ -</u>	<u>\$ 288,118</u>
<u>2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable securities within endowment fund	\$ -	\$ 268,073	\$ -	\$ 268,073
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ 268,073</u>	<u>\$ -</u>	<u>\$ 268,073</u>

Valuation of Other Financial Instruments

Additionally, the Fair Value Measurements topic of the FASB Accounting Standards require disclosure of fair value information about financial instruments whether or not recognized in the statement of financial position. The carrying amounts reflected in the statement of financial position for cash, cash equivalents, pledges receivable, accounts payable and payroll liabilities approximate the respective fair values due to the short maturities of those instruments.

NOTE 11: ENDOWMENT FUNDS

In 2004, the Board of Directors approved the establishment of the Endowment Fund. The Fund has two components (funds): 1) a donor-restricted fund, and 2) a board-restricted fund (Quasi-Endowment Fund) containing monies directed by the Board. The Board-designated endowment and earnings are reported as a component of net assets without donor restrictions. Donor-designated endowment contributions are reported as permanently restricted net assets with donor restrictions and earnings are reported as temporarily restricted net assets with donor restrictions.

HMUW Endowment Fund:

All gifts restricted by the donor to the endowment will be placed in the HMUW Endowment Fund. The HMUW Endowment Fund income is designated to support and sustain the mission of HMUW, but shall not be used for administrative costs or capital expenditures.

The Board of Directors of the Organization has interpreted the State Prudent Management of Industrial Funds Act (SPMIFA) as requiring the presentation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary.

HEART OF MISSOURI UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 11: ENDOWMENT FUNDS (CONTINUED)

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporary restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purpose of the donor-restricted endowment funds, (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, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies:

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that will attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds distributions with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Endowment fund investment performance will be evaluated regularly and reports made to the Board on a scheduled basis. The Fund's investment decisions should be made with a long-term perspective.

Spending Policy:

The income was required to be reinvested until the balances reached \$250,000, which occurred in 2014.

Annually, the HMUW Board has the ultimate approval for use of the HMUW Endowment Fund and Quasi-Endowment Fund income, but may appoint committees to make recommendations.

Income from the Endowment Fund may be used for any or all of the following:

- Stabilize HMUW against campaign fluctuations or downturns in the economy
- Fund special projects, initiatives, or community emergencies
- Increase annual funding of agency services beyond the annual campaign

Funding Deficiencies

From time to time, the fair value of assets associated with the endowment fund may fall below the level that the Organization is required to retain in the fund. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no funding deficiencies as of December 31, 2020.

**HEART OF MISSOURI UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11: ENDOWMENT FUNDS (CONTINUED)

HMUW Quasi Endowment Fund:

These are funds which the Board, rather than the donor, has determined are to be retained and invested as endowments. As a general rule, unrestricted outright gifts, unrestricted bequests, distributions from charitable trusts, and other deferred gifts, where the donor has not restricted the use, may be placed in the HMUW Quasi Endowment Fund. The uses for HMUW Quasi Endowment Fund income are subject to the same policies that govern the HMUW Endowment Fund, with the exception that the income may be used for administrative costs or capital expenditures.

Distributions:

Income from the Quasi-Endowment Fund may be used for any or all of the following:

- Stabilize HMUW against campaign fluctuations or downturns in the economy
- Fund special projects, initiatives, or community emergencies
- Increase annual funding of agency services beyond the annual campaign
- Fund capital expenditures

Income available for distribution on a calendar year basis is defined as 5% of a three-year rolling average of fund market value. (In the case of a new fund, 5% of market value in year one; 5% of the two-year average market value in year two).

Any investment income, which is not distributed in a particular calendar year, will be reinvested in the principal of the fund.

Additional Endowment Disclosures:

Donors may place additional restrictions on their endowment gifts, or allow the income from their endowment gift to be used for administrative and capital expenses, providing:

- The restrictions are comparable and supportive of HMUW's mission
- A minimum gift of \$25,000 is required
- The additional restrictions have been approved by a committee by the Board of Directors.
- The language used in creating such a gift should be leave enough leeway to apply the gift to some other purposes if the designated purpose is no longer feasible. Such action would require a simple majority vote of the Board. In such cases, the Board will make an effort to identify and respect the donor's wishes as closely as is feasible.

The Organization's endowment funds are maintained by Greater Horizons, through its affiliate, the Community Foundation of Central Missouri. Two separate funds are maintained: the Heart of Missouri United Way Donor-Directed Endowment Fund and the Heart of Missouri Board-Directed Endowment Fund.

HEART OF MISSOURI UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 11: ENDOWMENT FUNDS (CONTINUED)

The composition of net assets by type of endowment fund at December 31, 2020 and 2019 were:

<u>2020</u>	Without donor restrictions	<u>With donor restrictions</u>		Total
		Temporary Restricted	Permanently Restricted	
Donor-Restricted Endowment Fund	\$ -	\$ 62,839	\$ 100,300	\$ 163,139
Board-Designated Endowment Fund	<u>168,565</u>	-	-	<u>168,565</u>
Total Endowment Funds	<u>\$ 168,565</u>	<u>\$ 62,839</u>	<u>\$ 100,300</u>	<u>\$ 331,704</u>

<u>2019</u>	Without donor restrictions	<u>With donor restrictions</u>		Total
		Temporary Restricted	Permanently Restricted	
Donor-Restricted Endowment Fund	\$ -	\$ 51,962	\$ 100,300	\$ 152,262
Board-Designated Endowment Fund	<u>148,353</u>	-	-	<u>148,353</u>
Total Endowment Funds	<u>\$ 148,353</u>	<u>\$ 51,962</u>	<u>\$ 100,300</u>	<u>\$ 300,615</u>

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

<u>2020</u>	Without donor restrictions	<u>With donor restrictions</u>		Total
		Temporary Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ 148,353	51,962	100,300	300,615
Investment Return:				
Investment Income	2,854	2,749	-	5,603
Realized Gains (Losses)	8,228	7,924	-	16,152
Unrealized Gains (Losses)	5,541	5,337	-	10,878
Administrative Fees	<u>(1,328)</u>	<u>(1,279)</u>	-	<u>(2,607)</u>
Total Endowment Funds	<u>\$ 163,648</u>	<u>\$ 66,693</u>	<u>\$ 100,300</u>	<u>\$ 330,641</u>
<u>2019</u>	Without donor restrictions	<u>With donor restrictions</u>		Total
		Temporary Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ 134,316	\$ 38,401	\$ 100,300	\$ 273,017
Investment Return:				
Investment Income	3,681	3,560	-	7,241
Realized Gains (Losses)	1,652	1,592	-	3,244
Unrealized Gains (Losses)	10,011	9,670	-	19,681
Administrative Fees	<u>(1,307)</u>	<u>(1,261)</u>	-	<u>(2,568)</u>
Total Endowment Funds	<u>\$ 148,353</u>	<u>\$ 51,962</u>	<u>\$ 100,300</u>	<u>\$ 300,615</u>

HEART OF MISSOURI UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12: ALLOCATION OF JOINT ACTIVITIES

The Organization tracked all costs not immediately allocable to program, fundraising, or management expenses separately. Such costs were then allocated across the three functions based on time studies. Those allocations for the years ended December 31, 2020 and 2019 were:

Program costs	40.4%
Management and General costs	31.4%
Fundraising costs	<u>28.2%</u>
Total	<u><u>100.0%</u></u>

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 14, 2021, the date on which the financial statements were available to be issued.

HEART OF MISSOURI UNITED WAY, INC.
SCHEDULE OF ALLOCATIONS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
PARTNER AGENCY ALLOCATIONS:		
Big Brothers/Big Sisters	\$ 25,340	\$ 50,680
Boonslick Heartland YMCA	-	8,321
Boys & Girls Club	35,525	71,050
Central MO Foster Care & Adoption - Transitions	-	11,504
City of Refuge	29,683	59,367
Columbia Housing Authority	-	21,953
Columbia Center for Urban Agriculture	36,528	73,055
Compass Health	51,000	120,000
Defense Against Diabetes	-	-
Easterseals Midwest	-	-
Family Health Center	16,133	64,532
First Chance for Children	20,245	40,490
Fun City - Summer Academy & Fun City - Saturday Academy	3,500	13,500
Grade A Plus (For His Glory, Inc.)	27,800	45,600
Great Circle	12,150	24,300
Harrisburg Early Learning Center	33,300	66,599
Harvest House	-	8,268
Heart of Missouri CASA	7,335	14,670
Jabberwocky Studios - Youth Arts Program & Jabberwocky Studios - STEAM	3,219	11,364
Job Point	39,148	78,297
Local Motion	300	-
Love in the Name of Christ of Columbia	42,803	85,605
Lutheran Family & Children's Services	27,980	55,960
Mary Lee Johnson Early Learning Center	54,780	109,560
Mid-Missouri Legal Services Corporation	33,943	67,885
Nora Stewart Nursery School	-	35,000
Phoenix Programs, Inc.	43,500	87,000
Rainbow House	-	13,249
Rock the Community	5,076	10,153
Services for Independent Living	33,749	67,499
The Food Bank for Central & Northeast Missouri	54,000	108,000
The Salvation Army	14,210	28,420
True North	12,500	25,000
Turning Point	25,659	51,318
United Community Builders	36,531	66,620
Unlimited Opportunities	-	19,409
Voluntary Action Center	36,461	72,923
TOTAL PARTNER AGENCY ALLOCATIONS:	\$ <u>762,398</u>	\$ <u>1,687,151</u>
Less Designated Agency Contributions	\$ <u>(139,726)</u>	\$ <u>(234,859)</u>
NET PARTNER AGENCY ALLOCATIONS	\$ <u><u>622,672</u></u>	\$ <u><u>1,452,292</u></u>

SEE INDEPENDENT AUDTORS' REPORT