

**UNITED WAY OF CENTRAL MARYLAND, INC.**

**Financial Statements Together with  
Report of Independent Public Accountants**

**For the Years Ended June 30, 2020 and 2019**



**S B & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

**JUNE 30, 2020 AND 2019**

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To the Board of Directors  
United Way of Central Maryland, Inc.

### **Report on the Financial Statements**

We have audited the accompanying statements of financial position of United Way of Central Maryland, Inc. (UWCM) as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central Maryland, Inc. as of June 30, 2020 and 2019, and the changes in its net assets, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Owings Mills, Maryland  
December 1, 2020

*SB & Company, LLC*

**UNITED WAY OF CENTRAL MARYLAND, INC.**

**Statements of Financial Position  
As of June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,122,212	\$ 793,222
Pledges receivable, net	7,556,694	7,754,083
Grants receivable, net	707,019	1,009,139
Prepaid expenses and other assets	967,442	673,916
Investments, at fair value	19,345,197	19,083,379
Property, plant, and equipment, net	1,500,109	1,687,558
Beneficial interest in Charitable Trust	5,733,075	3,542,564
<b>Total Assets</b>	<b>\$ 37,931,748</b>	<b>\$ 34,543,861</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 1,547,047	\$ 1,457,884
Deferred rent	1,093,102	1,134,553
Allocations and other distributions payable	2,055,455	1,750,000
Notes payable	3,569,042	1,368,355
Retirement benefits payable	291,061	237,858
Capital lease payable	-	104,101
Designations payable	3,974,766	3,748,139
<b>Total Liabilities</b>	<b>12,530,473</b>	<b>9,800,890</b>
<b>Net Assets</b>		
Without donor restrictions	12,166,726	15,666,016
With donor restrictions	13,234,549	9,076,955
<b>Total Net Assets</b>	<b>25,401,275</b>	<b>24,742,971</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 37,931,748</b>	<b>\$ 34,543,861</b>

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

UNITED WAY OF CENTRAL MARYLAND, INC.

Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2020, with Comparative Totals for 2019

	2020					Total	2019 Totals
	Without Donor Restrictions			Total Without Donor Restrictions	With Donor Restrictions		
	Operating	Plant	Board Designated				
<b>Public support and other revenue</b>							
Campaign pledges and contributions							
Pledges and contributions	\$ 17,728,617	\$ -	\$ -	\$ 17,728,617	\$ 2,498,671	\$ 20,227,287	\$ 20,048,103
Provision for bad debt	(711,108)	-	-	(711,108)	(101,947)	(813,055)	(1,278,390)
Donor designations to outside agencies	(7,240,202)	-	-	(7,240,202)	(1,210,690)	(8,450,892)	(7,868,022)
Net Assets released from restrictions							
Satisfaction of restricted pledges and contributions	858,581	-	-	858,581	(858,581)	-	-
Satisfaction of restricted donor designation	(331,200)	-	-	(331,200)	331,200	-	-
<b>Total public support</b>	<b>10,304,688</b>	<b>-</b>	<b>-</b>	<b>10,304,688</b>	<b>658,653</b>	<b>10,963,340</b>	<b>10,901,691</b>
<b>Other revenue</b>							
Grant income	2,879,658	-	-	2,879,658	329,889	3,209,547	3,469,963
Community initiatives	737,770	-	-	737,770	1,757,176	2,494,946	841,841
Investment income, net	3	-	229,334	229,337	229,375	248,712	306,778
Realized net gain on investments	-	-	795,829	795,829	77,479	873,308	513,316
Unrealized net (loss) gain on investments	-	-	(79,235)	(79,235)	(10,559)	(89,794)	285,572
In-kind revenue	1,123,750	-	-	1,123,750	-	1,123,750	142,500
Other income, net	1,181,453	-	114,192	1,295,645	2,190,511	3,486,156	2,473,735
Net Assets released from restrictions							
Satisfaction of restricted grants	864,930	-	-	864,930	(864,930)	-	-
<b>Total other revenue</b>	<b>6,787,564</b>	<b>-</b>	<b>1,060,120</b>	<b>7,847,684</b>	<b>3,498,941</b>	<b>11,346,625</b>	<b>8,033,705</b>
<b>Total public support and other revenue</b>	<b>17,092,252</b>	<b>-</b>	<b>1,060,120</b>	<b>18,152,372</b>	<b>4,157,594</b>	<b>22,309,965</b>	<b>18,935,396</b>
<b>Expenses</b>							
<b>Program support</b>							
Impact Strategies							
Allocations and other distributions	3,756,788	-	-	3,756,788	-	3,756,788	2,614,031
Grant expenses	2,442,610	-	-	2,442,610	-	2,442,610	2,494,960
In-kind	1,123,750	-	-	1,123,750	-	1,123,750	142,500
Impact strategies - payroll and other expenses	5,963,315	113,777	-	6,077,092	-	6,077,092	6,104,092
The Ben Center	789,235	36,643	-	825,878	-	825,878	914,009
Information and referral	1,564,044	52,347	-	1,616,391	-	1,616,391	1,536,154
United Way Worldwide membership	179,690	-	-	179,690	-	179,690	179,340
<b>Total program support</b>	<b>15,819,432</b>	<b>202,767</b>	<b>-</b>	<b>16,022,199</b>	<b>-</b>	<b>16,022,199</b>	<b>13,985,086</b>
<b>Support services</b>							
Organizational administration	1,974,245	37,197	-	2,011,443	-	2,011,443	1,930,799
Resource development and endowment	3,457,493	67,958	-	3,525,451	-	3,525,451	3,653,751
United Way Worldwide membership	92,568	-	-	92,568	-	92,568	104,920
<b>Total support services</b>	<b>5,524,306</b>	<b>105,155</b>	<b>-</b>	<b>5,629,461</b>	<b>-</b>	<b>5,629,462</b>	<b>5,689,470</b>
<b>Total expenses</b>	<b>21,343,738</b>	<b>307,922</b>	<b>-</b>	<b>21,651,661</b>	<b>-</b>	<b>21,651,661</b>	<b>19,674,556</b>
Changes in net assets before transfers	(4,251,486)	(307,922)	1,060,120	(3,499,289)	4,157,594	658,305	(739,160)
<b>Transfers</b>							
Equipment purchases	(120,473)	120,473	-	-	-	-	-
Distribution of income	882,632	-	(882,632)	-	-	-	-
Total transfers	762,159	120,473	(882,632)	-	-	-	-
Changes in net assets	(3,489,327)	(187,449)	177,488	(3,499,289)	4,157,594	658,305	(739,160)
Net assets, beginning of year	(1,593,492)	1,687,558	15,571,949	15,666,015	9,076,955	24,742,970	25,482,131
<b>Net assets, End of Year</b>	<b>\$ (5,082,819)</b>	<b>\$ 1,500,109</b>	<b>\$ 15,749,437</b>	<b>\$ 12,166,726</b>	<b>\$ 13,234,549</b>	<b>\$ 25,401,275</b>	<b>\$ 24,742,971</b>

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

UNITED WAY OF CENTRAL MARYLAND, INC.

Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2019

	Without Donor Restrictions			Total Without Donor Restrictions	With Donor Restrictions	Total
	Operating	Plant	Board Designated			
<b>Public support and other revenue</b>						
Campaign pledges and contributions						
Pledges and contributions	\$ 19,562,926	\$ -	\$ -	\$ 19,562,926	\$ 485,177	\$ 20,048,103
Provision for bad debt	(1,257,256)	-	-	(1,257,256)	(21,134)	(1,278,390)
Donor designations to outside agencies	(7,695,222)	-	-	(7,695,222)	(172,800)	(7,868,022)
Net Assets released from restrictions						
Satisfaction of restricted pledges and contributions	828,088	-	-	828,088	(828,088)	-
Satisfaction of restricted donor designation	(239,000)	-	-	(239,000)	239,000	-
<b>Total public support</b>	<u>11,199,536</u>	<u>-</u>	<u>-</u>	<u>11,199,536</u>	<u>(297,845)</u>	<u>10,901,691</u>
Other revenue						
Grant income	2,150,788	-	-	2,150,788	1,319,175	3,469,963
Community initiatives	841,841	-	-	841,841	-	841,841
Investment income, net	545	-	274,786	275,331	31,447	306,778
Realized net gain on investments	-	-	456,108	456,108	57,208	513,316
Unrealized net gain on investments	-	-	256,942	256,942	28,630	285,572
In-kind revenue	142,500	-	-	142,500	-	142,500
Other income, net	1,000,393	-	124,044	1,124,437	1,349,298	2,473,735
Net Assets released from restrictions						
Satisfaction of restricted grants	1,390,668	-	-	1,390,668	(1,390,668)	-
<b>Total other revenue</b>	<u>5,526,735</u>	<u>-</u>	<u>1,111,880</u>	<u>6,638,615</u>	<u>1,395,090</u>	<u>8,033,705</u>
<b>Total public support and other revenue</b>	<u>16,726,271</u>	<u>-</u>	<u>1,111,880</u>	<u>17,838,151</u>	<u>1,097,245</u>	<u>18,935,396</u>
<b>Expenses</b>						
Program support						
Allocations and other distributions	2,614,031	-	-	2,614,031	-	2,614,031
Grant expenses	2,494,960	-	-	2,494,960	-	2,494,960
In-kind	142,500	-	-	142,500	-	142,500
Impact strategies - payroll and other expenses	5,992,863	111,229	-	6,104,092	-	6,104,092
The Ben Center	864,043	49,966	-	914,009	-	914,009
Information and referral	1,462,916	73,238	-	1,536,154	-	1,536,154
United Way Worldwide membership	179,340	-	-	179,340	-	179,340
<b>Total program support</b>	<u>13,750,653</u>	<u>234,433</u>	<u>-</u>	<u>13,985,086</u>	<u>-</u>	<u>13,985,086</u>
Support services						
Organizational administration	1,886,908	43,891	-	1,930,799	-	1,930,799
Resource development and endowment	3,574,877	78,874	-	3,653,751	-	3,653,751
United Way Worldwide membership	104,920	-	-	104,920	-	104,920
<b>Total support services</b>	<u>5,566,705</u>	<u>122,765</u>	<u>-</u>	<u>5,689,470</u>	<u>-</u>	<u>5,689,470</u>
<b>Total expenses</b>	<u>19,317,358</u>	<u>357,198</u>	<u>-</u>	<u>19,674,556</u>	<u>-</u>	<u>19,674,556</u>
Changes in net assets before transfers	(2,591,087)	(357,198)	1,111,880	(1,836,405)	1,097,245	(739,160)
<b>Transfers</b>						
Equipment purchases	(8,457)	8,457	-	-	-	-
Distribution of income	878,292	-	(878,292)	-	-	-
<b>Total transfers</b>	<u>869,835</u>	<u>8,457</u>	<u>(878,292)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	(1,721,252)	(348,741)	233,588	(1,836,405)	1,097,245	(739,160)
Net assets, beginning of year	127,760	2,036,299	15,338,361	17,502,420	7,979,711	25,482,131
<b>Net assets, End of Year</b>	<u>\$ (1,593,492)</u>	<u>\$ 1,687,558</u>	<u>\$ 15,571,949</u>	<u>\$ 15,666,015</u>	<u>\$ 9,076,956</u>	<u>\$ 24,742,971</u>

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

**UNITED WAY OF CENTRAL MARYLAND, INC.**

**Statement of Functional Expenses  
For the Year Ended June 30, 2020 with Comparative Totals for 2019**

	2020								
	Program Support				Support Services			Total	2019 Totals
	Impact Strategies	The Ben Center	Information and Referral	Total Program Support	Organizational Administration	Resource Development and Endowment	Total Support Services		
Allocations and other distributions	\$ 3,756,788	\$ -	\$ -	\$ 3,756,788	\$ -	\$ -	\$ -	\$ 3,756,788	\$ 2,614,031
Grant expense	2,242,109	180,746	19,755	2,442,610	-	-	-	2,442,610	2,494,960
In-kind	1,123,750	-	-	1,123,750	-	-	-	1,123,750	142,500
Total allocations and grants	7,122,647	180,746	19,755	7,323,148	-	-	-	7,323,148	5,251,491
Salaries	3,526,503	537,338	1,092,931	5,156,772	1,065,572	2,064,309	3,129,881	8,286,653	7,725,618
Retirement plans	140,526	15,092	44,460	200,078	73,010	67,718	140,728	340,806	304,365
Employee benefits	257,314	45,713	96,328	399,355	96,631	166,276	262,907	662,262	612,520
Payroll taxes and insurance	290,575	49,154	93,334	433,063	86,436	168,801	255,237	688,300	626,353
Total payroll expenses	4,214,918	647,297	1,327,053	6,189,268	1,321,649	2,467,104	3,788,753	9,978,021	9,268,856
Accounting fees	-	-	-	-	13,565	-	13,565	13,565	74,006
Client direct services	102,131	339	-	102,470	-	-	-	102,470	116,950
Depreciation and amortization	113,777	36,643	52,347	202,767	37,197	67,958	105,155	307,922	357,198
Equipment maintenance and rental	8,008	1,921	2,670	12,599	1,784	6,506	8,290	20,889	33,895
Interest	36,935	-	-	36,935	19,027	-	19,027	55,962	43,914
Legal fees	28,652	559	3,045	32,256	16,657	-	16,657	48,913	40,870
Local transportation and meetings	25,101	3,258	3,061	31,420	13,017	28,918	41,935	73,355	104,508
Marketing	305,194	-	-	305,194	-	462,154	462,154	767,348	890,664
Membership dues and subscriptions	18,537	1,152	1,774	21,463	7,658	11,090	18,748	40,211	45,846
Occupancy	250,455	57,762	75,788	384,005	87,204	102,941	190,145	574,150	564,533
Out of town travel	17,971	1,255	369	19,595	22,226	-	22,226	41,821	67,021
Postage and shipping	6,385	345	725	7,455	11,837	3,199	15,036	22,491	29,353
Printing and promotion	47,384	1,827	5,047	54,258	3,403	28,501	31,904	86,162	108,165
Professional fees and other services	695,507	32,828	87,040	815,375	410,502	195,126	605,628	1,421,003	1,497,413
Public events	139,488	3,145	200	142,833	10,037	104,118	114,155	256,988	656,505
Supplies	30,962	24,524	7,515	63,001	16,239	5,199	21,438	84,439	100,032
Telecommunications	35,687	13,023	49,757	98,467	19,441	42,637	62,078	160,545	139,076
Total other expenses	1,862,174	178,581	289,338	2,330,093	689,794	1,058,347	1,748,141	4,078,234	4,869,949
Total payroll and other expenses	6,077,092	825,878	1,616,391	8,519,361	2,011,443	3,525,451	5,536,894	14,056,255	14,138,805
United Way Worldwide membership	127,144	19,494	33,052	179,690	33,189	59,379	92,568	272,258	284,260
Total expenses	\$ 13,326,883	\$ 1,026,118	\$ 1,669,198	\$ 16,022,199	\$ 2,044,632	\$ 3,584,830	\$ 5,629,462	\$ 21,651,661	\$ 19,674,556

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



**UNITED WAY OF CENTRAL MARYLAND, INC.**

**Statement of Functional Expenses  
For the Year Ended June 30, 2019**

	Program Support			Total Program Support	Support Services		Total Support Services	Total
	Impact Strategies	The Ben Center	Information and Referral		Organizational Administration	Resource Development and Endowment		
Allocations and other distributions	\$ 2,614,031	\$ -	\$ -	\$ 2,756,531	\$ -	\$ -	\$ -	\$ 2,614,031
Grant expense	2,494,960	-	-	2,494,960	-	-	-	2,494,960
In-kind	142,500	-	-	142,500	-	-	-	142,500
Total allocations and grants	5,251,491	-	-	5,393,991	-	-	-	5,251,491
Salaries	3,361,129	567,188	986,800	4,915,117	995,463	1,815,038	2,810,501	7,725,618
Retirement plans	126,934	14,535	35,989	177,458	67,615	59,292	126,907	304,365
Employee benefits	248,716	46,845	86,949	382,510	92,182	137,828	230,010	612,520
Payroll taxes and insurance	238,860	52,229	82,976	374,065	92,736	159,552	252,288	626,353
Total payroll expenses	3,975,639	680,797	1,192,714	5,849,150	1,247,996	2,171,710	3,419,706	9,268,856
Accounting fees	-	-	-	-	74,006	-	74,006	74,006
Client direct services	116,950	-	-	116,950	-	-	-	116,950
Depreciation and amortization	111,229	49,966	73,238	234,433	43,891	78,874	122,765	357,198
Equipment maintenance and rental	12,954	3,994	2,977	19,925	5,188	8,782	13,970	33,895
Interest	28,098	-	-	28,098	15,816	-	15,816	43,914
Legal fees	20,271	-	6,484	26,755	13,931	184	14,115	40,870
Local transportation and meetings	37,945	7,112	3,030	48,087	14,020	42,401	56,421	104,508
Marketing	504,683	-	-	504,683	-	385,981	385,981	890,664
Membership dues and subscriptions	14,935	1,322	11,970	28,227	7,495	10,124	17,619	45,846
Occupancy	228,790	60,244	79,293	368,327	85,513	110,693	196,206	564,533
Out of town travel	24,727	5,358	1,594	31,679	35,342	-	35,342	67,021
Postage and shipping	6,610	250	-	6,860	13,762	8,731	22,493	29,353
Printing and promotion	46,480	2,056	2,496	51,032	5,132	52,001	57,133	108,165
Professional fees and other services	653,465	63,137	121,692	838,294	314,602	344,517	659,119	1,497,413
Public events	241,382	3,598	190	245,170	13,864	397,471	411,335	656,505
Supplies	46,463	23,521	3,040	73,024	22,286	4,722	27,008	100,032
Telecommunications	33,471	12,654	37,436	83,561	17,955	37,560	55,515	139,076
Total other expenses	2,128,453	233,212	343,440	2,705,105	682,803	1,482,041	2,164,844	4,869,949
Total payroll and other expenses	6,104,092	914,009	1,536,154	8,554,255	1,930,799	3,653,751	5,584,550	14,138,805
United Way Worldwide membership	123,511	-	55,829	179,340	38,005	66,915	104,920	284,260
Total expenses	\$ 11,479,094	\$ 914,009	\$ 1,591,983	\$ 14,127,586	\$ 1,968,804	\$ 3,720,666	\$ 5,689,470	\$ 19,674,556

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

**UNITED WAY OF CENTRAL MARYLAND, INC.**

**Statements of Cash Flows  
For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 658,305	\$ (739,160)
Adjustment to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	307,922	341,298
Net realized and unrealized gain on investments	(783,514)	(798,888)
Contributions received for capital	(120,473)	(8,457)
Decrease in provision for uncollectible pledges	(12,714)	(55,281)
Change in value of charitable trust	(2,190,511)	(1,342,648)
Loss on disposal of assets	-	15,900
Effects from changes in non-cash operating assets and liabilities		
Pledges receivable	210,103	2,745,364
Grants receivable	302,120	(34,679)
Prepaid expenses and other assets	(293,526)	(87,379)
Accounts payable and accrued expenses	89,163	122,439
Deferred rent	(41,451)	(91,719)
Allocations and other distributions payable	305,455	(602,261)
Retirement benefits payable	53,203	48,410
Designation payable	226,627	(1,393,092)
<b>Net Cash from Operating Activities</b>	<u>(1,289,291)</u>	<u>(1,880,153)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of equipment	(120,473)	(8,457)
Purchases of investments	(17,043,568)	(11,358,770)
Proceeds from sale of investments	17,565,264	11,708,462
<b>Net Cash from Investing Activities</b>	<u>401,223</u>	<u>341,235</u>
<b>Cash Flows from Financing Activities</b>		
Net (payment) proceeds from line of credit	(1,368,355)	1,368,355
Loan proceeds	3,569,042	-
Capital lease principal payments	(104,101)	(134,485)
Contributions received for capital	120,473	8,457
<b>Net Cash from Financing Activities</b>	<u>2,217,059</u>	<u>1,242,327</u>
Net change in cash and cash equivalents	1,328,991	(296,591)
Cash and cash equivalents, beginning of year	793,222	1,089,813
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,122,213</u>	<u>\$ 793,222</u>
<b>Supplemental Cash Flow Disclosure</b>		
Cash paid for interest	<u>\$ 55,962</u>	<u>\$ 43,914</u>

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

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 1. NATURE OF OPERATIONS

#### Background

United Way of Central Maryland, Inc. (UWCM) is a nonprofit charitable organization, incorporated in 1925 as The Community Fund of Baltimore. UWCM's mission is "To improve lives by empowering leaders and mobilizing the caring power of our communities." UWCM licenses its name and trademarks from United Way Worldwide (UWW). UWCM's service area consists of the City of Baltimore and Anne Arundel, Baltimore, Carroll, Harford and Howard counties.

Ultimate authority and responsibility for managing UWCM's affairs resides with its volunteer Board of Directors. UWCM also receives advice and advocacy from volunteer non-governing boards in each jurisdiction. The chair of each of these six entities also serves on UWCM's Board of Directors.

In June 2019, UWCM's Board of Directors approved a new strategic plan to guide the organization's work through 2025. This plan commits UWCM to help reduce the number of families and individuals living at or below 300% of the Federal Poverty Level who are "asset-limited income-constrained employed" (ALICE), i.e., often working two or more full-time minimum wage jobs yet struggling to afford basic needs. UWCM focuses on strategies to empower these families with emphasis on the essentials of stability: education, employment, housing, and health; pursuing a resident-driven, neighborhood-centered model that deploys best and promising practices. UWCM leverages its strengths as a convener, collaborator, and knowledge source; analyzes data on indicators; and convenes residents and stakeholders to formulate collective impact strategies and programs. UWCM funds its own proven programs and promising initiatives as well as those of non-profit agencies and organizations (e.g., schools) that help people living as ALICE using tools such as childcare vouchers, homelessness prevention, and supportive services. The goal is to transition families to self-sustainable solutions such as permanent housing, asset-building and financial literacy.

To support this work, UWCM raises revenue year-round across central Maryland through workplace giving in the private and public sectors, from individuals who are solicited directly and via grants from public and private sources. It also recruits volunteers for committee-level work and/or hands-on support.

Principal distribution activities include allocation of undesignated funds (dollars directed to UWCM) to innovative programs run by UWCM and targeted health and human service programs as well as payment of designated gifts. In allocating funds, UWCM identifies and prioritizes critical human service needs in the region based on the essentials of stability, then funds programs and services that address these needs and monitors results to ensure desired outcomes are met.

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 1. NATURE OF OPERATIONS (continued)

#### Background

All organizations receiving discretionary funding are required to submit periodic reports demonstrating their adherence to formal and enforced criteria and goals around program models, staffing, organizational capacity, and historical experience in the delivery of stated services. Reports are carefully monitored, with assistance provided when failure to adhere to goals is indicated.

UWCM also owns and houses one of four geographically dispersed call centers in the 2-1-1 Maryland System, providing comprehensive community information and referral services to Maryland residents seeking health and human services. The service is accessible 24/7 in more than 150 languages, providing callers with help on thousands of health and human service needs ranging from housing, utility and earned-income tax credit assistance, to childcare, access to health care and eviction prevention. In addition, other services may be provided through 211 in partnership with other companies and organizations. Such services may include transportation through Lyft, meal delivery through Door Dash, tax preparation appointments with Maryland CASH, mental health services through Pro Bono Counseling Project, etc. Service is provided through the 2-1-1 Maryland UWCM Helpline

#### Program Services

Program services represent the cost of UWCM managed programs that provide services to individuals, families, nonprofit agencies and the community in general. These services include:

#### Information and Referral

##### *2-1-1 Maryland UWCM Helpline*

2-1-1 Maryland UWCM Helpline provides comprehensive, 24-hour community information and referral services to Maryland residents who seek health and human services. Using an automated community resource database that is updated at least annually, trained community resource specialists who are certified by the Alliance of Information and Referral Systems (AIRS), answer requests for assistance as well as problem-solve for a wide range of needs, including financial resources to prevent utility cut-off or eviction, emergency food and shelter, disaster relief, substance abuse treatment, after school programs and domestic violence counseling. Community resource specialists assess callers' service needs and provide information, referral, advocacy, crisis intervention and follow-up as appropriate. 2-1-1 Maryland UWCM Helpline is accredited by AIRS.

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 1. NATURE OF OPERATIONS (continued)

#### Information and Referral (continued)

##### *2-1-1 Maryland*

UWCM received grants from corporate, foundation and individual funders for staffing and communication system support; from Baltimore Cash Campaign of Maryland through Jobs Opportunities Task Force to continue to enhance UWCM's efforts to increase awareness of the earned income tax credit and set appointments for free tax preparation at local sites through several community partners; from CareFirst to expand Maryland health care access; from Weinberg Foundation to integrate 2-1-1 and Baltimore City Maryland Access Point to create a senior services ecosystem; and from the Maryland Department of Health (MDH) through the statewide 2-1-1 system.

#### Impact Strategies

*Impact Strategies Division (IS)*: IS works to ensure that basic human needs are met while supporting efforts for households and neighborhoods to realize their own goals in particular ALICE. This is accomplished in several ways.

IS administers two primary types of funding streams to nonprofit organizations: competitive grants and directed grants. Competitive grants provide agencies with operating and emergency funding, usually in the areas of food, shelter, income/employment, health, domestic violence and abuse, education and crisis response UWCM maintains six volunteer Region United Network Boards (RUN, formerly Partnership Boards) covering each of the jurisdictions it serves. One of the important roles of the Partnership Boards is to assess unmet basic human needs as well as other gaps at the local level. Based on proposals/requests, through a competitive process, submitted by nonprofit organizations, RUN Boards then select which nonprofit programs to fund by determining where funding from UWCM will have the greatest impact. Awards are made to organizations that demonstrate the use of best practices in achieving impact. Directed grants are usually non-competitive and are awarded to uniquely qualified organizations that serve UWCM's target populations and achieve the goals of identified initiatives.

However, with COVID-19, additional funding streams were made available in FY2020. UWCM has participated in two funding collaboratives, one for the Baltimore region and one specifically for Howard County. UWCM contributed to the collaboratives leveraging other foundation dollars to streamline the process for non-profits. This effort helped to eliminate duplication as well as undue stress on the non-profits in desperate need of funding due to COVID-19. UWCM also funded other organizations providing vital services during this time to assist with responding to the greatest needs such as food.

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 1. NATURE OF OPERATIONS (continued)

#### Impact Strategies (continued)

#### *Impact Strategies Division (IS):* (continued)

Ultimate authority for all grants rests with UWCM's board of directors. IS monitors grantees to ensure funds are expended as intended outcomes are achieved and sound fiscal health is maintained.

On a limited basis, IS professionals also provide direct case management and modest financial support to individuals and families at high risk of, or experiencing, homelessness. IS also provides staff support to the Docket for Homeless Persons, an alternative resolution court in Baltimore City, Veterans Treatment Docket, an alternative resolution court in Baltimore City and Anne Arundel County for veterans, and organizes Project Homeless Connect, a one-day resource fair for people experiencing homelessness in Harford County. IS also provides staff support for plans to end homelessness in Baltimore City and other jurisdictions. The IS team also manages various regional initiatives and educates the public about the challenges faced by those experiencing poverty. In addition, IS provides subject matter expertise and serves as a regional convener on various health and human service problems. For agencies, IS provides training and technical services, advocacy and public policy support, training and networking opportunities. IS is also a HUB for data and research. Partnerships with higher education research institutes and other United Way's provides a mechanism for such publications as the ALICE report and Benefits Cliff study. IS routinely performs Return on Investment Analysis and research papers on best practices.

***Government and Public Affairs:*** Senior level staff within the IS division participate on several boards and committees of organizations who perform advocacy as part of their mission. Thus, UWCM is able to remain up to date on current legislative issues. UWCM also maintains relationships with several lobbyists, not employed by UWCM, to further stay abreast of public policy issues. The ALICE report has been instrumental in helping to provide openings with stakeholders to discuss UWCM's work.

***Ben Center:*** In October 2017, UWCM took over the operations of the Ben Center and integrated the strategy/programs into operations. The United Way Ben Center is operated out of Benjamin Franklin High School in the Brooklyn/Curtis Bay neighborhood of Baltimore City. This unique concept has been designed to create a "hub" within the community that provides a safe, nurturing environment for students and community members to not only seek out a vast array of services, but to be active participants in shaping their community to be what will help them fulfill their hopes and dreams for themselves, their family and the community.

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 1. NATURE OF OPERATIONS (continued)

#### **Ben Center:** (continued)

The program philosophy is one in which a network of partners has been created through evidence-based practices that will support steady, high rates of school attendance, boost student achievement, and engage families and stakeholders. Programs include family stability case manager, community schools coordinator, mental health, workforce development, advocacy and the united way family center, an early learning/teen parent program providing quality childcare and parent support so they graduate from high school and break the cycle of teen pregnancy. Another such program has been developed for the Poppleton area of West Baltimore as well as planning and fundraising has begun for a United Way Family Center in Howard County.

Due to the success of the model, it is being expanded into the Poppleton Neighborhood in West Baltimore and Columbia in Howard County. In fiscal year 2021, the Ben Center will become Neighborhood Zones given the expansion of the model.

**Volunteerism:** UWCM employs a volunteer coordinator who is responsible for community engagement and organizing various volunteer projects throughout the year that support local nonprofit organizations that are working to help people meet their basic needs. Additionally, the volunteer coordinator serves as a liaison between UWCM donors, workplaces and local volunteer centers.

#### **Administration and Support Services**

Support services are classified as organizational administration and resource development. Organizational administration includes governance, overall executive direction, strategic planning and implementation, financial management, risk management, human resources and administrative support services. Resource and endowment development represents all activities that constitute an appeal for financial support in all private and governmental campaigns, including staff support, campaign supplies, marketing, media advertising, public relations and communications, recruiting and training volunteer solicitors and mail solicitations.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The accompanying financial statements of UWCM are presented on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America.

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts deposited in financial institutions and highly liquid investments with an original maturity of three months or less.

#### Credit Risk

UWCM maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. UWCM has not experienced any losses in such cash accounts and management believes it is not exposed to significant risk on cash. UWCM invests board designated assets (functioning as an endowment) in a professionally managed portfolio that contains shares of various common stocks, corporate bonds and notes and U.S. government obligations. Such investments are exposed to various risks such as interest rate, market and credit. Due to the levels of risk associated with such investments and uncertainty related to changes in the fair value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

#### Provision for Uncollectible Pledges

The provision for uncollectible pledges is calculated using a three year historical average of actual results. Management also assesses the need to increase the provision based on current economic uncertainty that would increase the likelihood of uncollectible pledges, such as corporate downsizing, mergers and bankruptcies. The provision for uncollectible pledges is ultimately based on management's estimate of the collectability of existing amounts receivable.



# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under accounting principles generally accepted in the United States of America are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity 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 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.

UWCM's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following is a description of the valuation techniques used by UWCM.

**Level 1:** Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported settlement prices. These financial instruments are classified as Level 1 in the fair value hierarchy.

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fair Value Measurements (continued)

**Level 2:** Investments in corporate bonds and U.S. treasury securities are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 2 in the fair value hierarchy.

**Level 3:** Investments are not readily marketable. UWCM has no control over or possession of the investments that are held by Baltimore Community Foundation and the charitable trust.

UWCM distributed gains and losses realized from security transactions among all endowment funds and funds functioning as endowments based on the ratio of each fund's net assets to the total net assets. Endowment income restricted to specific purposes is distributed based on each fund's governing documentation.

#### Property, Plant and Equipment

Property and equipment purchases related to federal grant procurements over \$5,000, or non-federal grant procurements over \$1,000, are considered capital assets and recorded at cost. Lesser amounts are expensed. Depreciation of equipment is provided on a straight-line basis over the estimated useful lives of the assets ranging from two to ten years. Donated equipment and improvements are capitalized at their estimated fair value at the date of donation. Leasehold improvements are depreciated over the life of the lease.

#### Valuation of Long-Lived Assets

UWCM reviews long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the 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 estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

#### Beneficial Interest in Charitable Trust

Beneficial Interest in Charitable Trust represents the fair value of UWCM's interest as one of six selected charities in the donor's trust account (the Trust). UWCM will receive a share of the net income from the Trust for an initial period of 50 years through December 2053, after which the corpus will be distributed outright and free of trust in equal shares to the six charities. The Trust was created by a donor, independently of UWCM and is neither in the possession nor under the control of UWCM. The Trust is administered by outside fiscal agents as directed by the donor. UWCM records the fair value of the Trust, using present value calculations, assuming a long-term blended rate of return of 5.38% and 5.30% as of June 30, 2020 and 2019,

## UNITED WAY OF CENTRAL MARYLAND, INC.

### Notes to the Financial Statements June 30, 2020 and 2019

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Beneficial Interest in Charitable Trust (continued)

respectively.

As of June 30, 2020 and 2019, UWCM has estimated its fair value of the Trust based on the discount rate from the IRS Section 7520 table to be used for valuing certain charitable interest in trusts. That rate was .52% and 2.86% as of June 30, 2020 and 2019, respectively. The decrease in the discount rate is reflective of the current market and economy. The discount rates used resulted in an increase in the fair market value of the Trust by \$2,190,511 and \$1,342,648 for the years ended June 30, 2020 and 2019, respectively. The increases in the Trust were recorded in other income resulting in an increase in net assets with donor restrictions in the accompanying financial statements. The value of UWCM's beneficial interest in the Trust as of June 30, 2020 and 2019, were \$5,733,075 and \$3,542,564, respectively. A 1.0% increase in the discount rate used as of June 30, 2020 would have resulted in a valuation of \$4,623,944.

##### Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired. Net assets without donor restrictions consist of the following:

**Operating:** Represents resources available for support of operations.

**Plant:** Represents net assets expended for plant.

**Board Designated:** Represents all other unrestricted resources and are directed by the Board of Directors.

Net assets with donor restrictions are those whose use by the UWCM has been restricted by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as net assets without donor restrictions.

Net assets with donor restrictions also consist of contributions received from donors to be maintained by the Organization in perpetuity.

As of June 30, 2020 and 2019, net assets with donor restrictions were \$13,234,549 and \$9,076,955, respectively.

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Campaign Pledges and Contributions

Contributions are recognized when the donor makes a pledge to UWCM that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are received.

Contributions in the form of donated financial assets converted nearly immediately into cash have been classified with all other cash donations in the statements of cash flows.

#### Grant Revenue

Grant revenue is recognized when expenses are incurred. Amounts received in advance are considered deferred revenue until expended for the purposes of the grant.

#### Community Initiatives

Community Initiatives revenue is recognized when the donor makes a pledge to UWCM that is, in substance, unconditional. Revenue that is restricted by the donor is reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are received.

#### Private Sector Campaigns

UWCM conducts a Private Sector Campaign for Central Maryland. UWCM conducts hundreds of workplace giving campaigns and solicits gifts from individuals outside the workplace in various ways. Most workplace and direct fundraising activities are conducted from September through December; however, due to timing variances of some campaigns and the submission of pledge information, the campaign is not typically finalized until June 30 of the following year. UWCM encourages undesignated gifts, but donors may direct all or part of their contributions to any 501 (c)(3) charitable organization in good standing based on UWCM designation guidelines. A processing fee up to 5% is deducted from designations to nonprofit agencies in the Private Sector workplace campaign, with a cost cap of \$500. Any unpaid donor designations are included in designations payable.

Support provided to participating companies and organizations in each of these campaigns includes accounting, gift acknowledgement, fundraising expertise, regulatory compliance, staff training, promotional materials, volunteer activities and events, website maintenance, customer service, agency speakers and tours and all aspects of paper and/or electronic pledge processing support.

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Private Sector Campaigns (continued)

All campaign pledges and contributions are recognized when the donor makes a pledge that is, in substance, unconditional. If donor restrictions expire in the current fiscal year, the pledge or contribution will be recorded as without donor restrictions. Pledges and contributions that are received for future year campaigns are reported as net assets with donor restrictions until the time restriction expires.

The total results from the annual campaign are reduced by donor designations to specific agencies and a provision for uncollectible pledges in the statements of activities and changes in net assets.

There are instances where UWCM receives checks made payable directly to an agency, as well as a small number of companies who run campaigns with UWCM involvement and support but use a third party processor to record donor pledges and distribute money collected directly to designated agencies. In these cases, UWCM does not directly receive the money. Because UWCM is providing direct fundraising support to a company, including materials and staff and to allow companies to receive recognition for their total results, UWCM records the total campaign results in pledges and contributions on the accompanying statements of activities and changes in net assets. Amounts paid directly to agencies totaled \$1,702,831 and \$2,236,544 for the years ended June 30, 2020 and 2019, respectively and is recorded in donor designations to outside agencies on the accompanying statements of activities and changes in net assets.

#### Deferred Rent

Rent payments on operating leases are reported in accordance with accounting standards generally accepted in the United States, whereby total rent expense under the leases is expensed on the straight-line method over the term of the related leases. Rent expensed in excess of amounts paid is reported as deferred rent.

UWCM leases certain operating locations for which the landlord paid for tenant improvements and UWCM is paying for these improvements over the term of the lease. The cost of these improvements have been capitalized by UWCM, and are included in property, plant and equipment with the related obligation recorded as deferred rent. The deferred rent amount is amortized as an offset to rent expense over the lease term. Tenant improvements are also amortized over the term of the lease on a straight-line basis.

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Functional Allocations of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from those costs. Indirect costs include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of UWCM. All direct costs are charged to the specific program or event. Indirect costs are allocated based on estimated full-time equivalents in each area.

#### Contributed Services

The accompanying financial statements do not include amounts for contributed services because they do not meet the criteria under generally accepted accounting principles. UWCM pays for substantially all services requiring specific expertise; however, a substantial number of volunteers have donated significant amounts of their time in UWCM's fundraising campaign and program services.

#### Income Tax Status

UWCM is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, UWCM qualifies for charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. UWCM had no unrelated business income for the years ended June 30, 2020 and 2019.

The provisions included in accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. UWCM performed an evaluation of uncertain tax positions as of June 30, 2020 and 2019, and determined that there were no matters that would require recognition in the financial statements or, which may have any effect on its tax-exempt status. As of June 30, 2020, the statute of limitations for fiscal years 2017 through 2020 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which UWCM files tax returns.

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Liquidity

UWCM receives contributions from donors which may or may not be restricted for specific purposes. Financial assets of UWCM are primarily comprised of cash and cash equivalents, grants and pledges receivable from donors and investments. UWCM structures its financial assets to be available as general expense liabilities and other obligations come due.

To achieve this, UWCM forecasts its future cash flows and monitors its liquidity on a monthly basis. Management and the Board have been monitoring the UWCM's cash balances to ensure that there is at least 3 months of working capital available throughout the year.

The following table summarizes the UWCM's financial assets available as of June 30, 2020, that are without donor or other restrictions limiting their use, for grant obligations and general expenditure within one year of the balance sheet date:

	<u>June 30, 2020</u>
Financial Assets:	
Cash and cash equivalents	\$ 2,122,212
Pledges receivable, net	7,556,694
Grants receivable, net	707,019
Investments, at fair value	19,345,197
Beneficial interest in Charitable Trust	5,733,075
Available financial assets	<u>35,464,197</u>
Less financial assets unavailable for expenditures due to:	
Contractual or donor-imposed restrictions	
Pledges not expected to be collected within one year	(1,745,316)
Restricted by donor with time or purpose restrictions	(13,234,549)
Board designations:	
Impacts grants campaign	(933,900)
Net available financial assets	<u>\$ 19,550,432</u>

#### Accounting Pronouncements Adopted

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. UWCM adopted this pronouncement for the fiscal year ended June 30, 2020. The adoption of this standard did not have a material effect on the accompanying financial statements.

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Accounting Pronouncements Pending

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which creates a singular reporting model for leases. This standard will require UWCM to record changes to its statement of financial position to reflect balances for current leases that are not shown in the consolidated statement of financial position. This standard will be effective for periods beginning after December 15, 2021. The amendments in this ASU are effective for UWCM for fiscal years beginning July 1, 2022.

In September 2017, the FASB issued ASU No. 2017-13, *Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606)*. The recognition of revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or service. This standard is effective for fiscal years beginning after December 15, 2020. The amendments in this ASU are effective for UWCM for annual reporting periods beginning July 1, 2021.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirement in Topic 820 by removing, modifying, and adding disclosure requirements. The Standard is effective for periods beginning December 15, 2021. The amendments in this ASU are effective for UWCM for fiscal years beginning July 1, 2022.

Management is evaluating the effects of these pronouncements on the financial statements and will implement these pronouncements by their effective dates. Management does not believe the adoption of these pronouncements will have a material effect on the financial statements.

#### Subsequent Events

UWCM evaluated the subsequent events and transactions through December 1, 2020, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.



# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 3. PLEDGES RECEIVABLE

As of June 30, 2020 and 2019, the pledges receivable are scheduled to be received as follows:

	<u>2020</u>	<u>2019</u>
Less than 1 year	\$ 6,623,002	\$ 8,021,958
1 to 5 years	1,515,000	600,000
6 to 10 years	<u>300,000</u>	<u>-</u>
	<b>8,438,002</b>	8,621,958
Less: provision for uncollectible pledges	<b>811,624</b>	826,600
Less: discount to present value (1.43% - 2020, 3.65% 2019)	<u>69,684</u>	<u>41,275</u>
Pledges receivable, net	<u><b>\$ 7,556,694</b></u>	<u><b>\$ 7,754,083</b></u>

### 4. INVESTMENTS

The spending policy governing the investment funds allows UWCM's paid professional investment advisor to develop long-term investment strategies that will produce the cash flow needed to support the mission of the organization within its formal investment policy guidelines which were revised and approved by the Board of UWCM in September 2013 and amended in April 2017. Oversight is provided by the Investment Committee of the Board. This policy limits withdrawals to 5% of the rolling four-year average based on the market value of the fund; however, the Board has the authority to exceed that limitation and must approve all withdrawals.

Assets held by UWCM were comprised of the following as of June 30, 2020 and 2019:

	<u>2020</u>		<u>2019</u>	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 827,597	\$ 824,168	\$ 1,096,411	\$ 1,092,195
U.S. Treasury notes	628,159	665,401	747,461	805,333
U.S. government agencies	124,758	128,132	128,689	125,867
Municipal obligations	149,073	161,540	149,073	156,178
Corporate bonds and notes	2,452,867	2,623,867	1,542,134	1,592,150
Fixed income funds	1,829,742	1,927,105	2,311,991	2,347,085
Preferred stocks	15,726	15,726	18,801	18,801
Common stocks	1,131,063	1,905,022	615,986	1,202,892
Equity funds	9,044,532	9,801,917	9,270,515	10,521,216
Alternative investments	750,000	948,477	750,000	896,559
Pooled funds	343,842	343,842	325,103	325,103
Charitable trust	5,733,075	5,733,075	3,542,564	3,542,564
	<u><b>\$ 23,030,434</b></u>	<u><b>\$ 25,078,272</b></u>	<u><b>\$ 20,498,728</b></u>	<u><b>\$ 22,625,943</b></u>

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 4. INVESTMENTS (continued)

The components of investment income for the years ended June 30, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Realized gain, net	\$ 873,308	\$ 513,316
Unrealized (loss) gain, net	(89,794)	285,572
Interest and dividend income	319,906	392,221
Less: investment advisors' fees	71,194	85,442
	<u>\$ 1,032,226</u>	<u>\$ 1,105,667</u>

The following table summarizes the valuation of UWCM's assets by the fair value hierarchy levels as of June 30, 2020:

	<u>2020</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash equivalents:				
Money market funds	\$ 824,168	\$ -	\$ -	\$ 824,168
Preferred stocks:				
Financials	15,726	-	-	15,726
Common stocks:				
Communication Services	242,394	-	-	242,394
Industrials	56,736	-	-	56,736
Consumer discretionary	377,629	-	-	377,629
Consumer staples	63,470	-	-	63,470
Energy	28,717	-	-	28,717
Financials	285,399	-	-	285,399
Health care	189,090	-	-	189,090
Information technology	593,531	-	-	593,531
Real estate	68,056	-	-	68,056
Total common stocks	<u>1,905,022</u>	<u>-</u>	<u>-</u>	<u>1,905,022</u>
Fixed income:				
Municipal obligations	-	161,540	-	161,540
U.S. corporate bonds	-	2,623,867	-	2,623,867
U.S. Treasury securities	-	665,401	-	665,401
U.S. governmental securities	-	128,132	-	128,132
Fixed income funds	-	1,927,105	-	1,927,105
Total fixed income	<u>-</u>	<u>5,506,045</u>	<u>-</u>	<u>5,506,045</u>
Equity funds	9,801,917	-	-	9,801,917
Pooled funds	-	-	343,842	343,842
Investments at fair value	<u>\$ 12,546,833</u>	<u>\$ 5,506,045</u>	<u>\$ 343,842</u>	<u>18,396,720</u>
Investments at NAV (a)				948,477
Total Investments				<u>\$ 19,345,197</u>
Charitable Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,733,075</u>	<u>\$ 5,733,075</u>

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 4. INVESTMENTS (continued)

The following table summarizes the valuation of UWCM's assets by the fair value hierarchy levels as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents:				
Money market funds	\$ 1,092,195	\$ -	\$ -	\$ 1,092,195
Preferred stocks:				
Financials	18,801	-	-	18,801
Common stocks:				
Communication Services	133,830	-	-	133,830
Industrials	52,090	-	-	52,090
Consumer discretionary	196,002	-	-	196,002
Consumer staples	16,973	-	-	16,973
Energy	40,152	-	-	40,152
Financials	320,626	-	-	320,626
Health care	118,855	-	-	118,855
Industrials	307,891	-	-	307,891
Materials	16,473	-	-	16,473
Total common stocks	<u>1,202,892</u>	<u>-</u>	<u>-</u>	<u>1,202,892</u>
Fixed income:				
Municipal obligations	-	156,178	-	156,178
U.S. corporate bonds	-	1,592,150	-	1,592,150
U.S. Treasury securities	-	805,333	-	805,333
U.S. governmental securities	-	125,867	-	125,867
Fixed income funds	-	2,347,085	-	2,347,085
Total fixed income	<u>-</u>	<u>5,026,613</u>	<u>-</u>	<u>5,026,613</u>
Equity funds	10,521,216	-	-	10,521,216
Pooled funds	-	-	325,103	325,103
Investments at fair value	<u>\$ 12,835,104</u>	<u>\$ 5,026,613</u>	<u>\$ 325,103</u>	18,186,820
Investments at NAV (a)				896,559
Total Investments				<u>\$ 19,083,379</u>
Charitable Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,542,564</u>	<u>\$ 3,542,564</u>

(a) In accordance with Subtopic 820-10 as amended by ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, certain investments that were measured at net asset value (NAV) per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

UWCM invests in certain investment vehicles for which the fair value measurement is assessed using net asset value per share, or its equivalents. Information pertaining to these investments is as follows:

	<u>Fair value as of June 30, 2020</u>	<u>Fair value as of June 30, 2019</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Global equity fund	\$ 948,477	\$ 896,559	\$ -	Semi-annual	65 Days

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 4. INVESTMENTS (continued)

The alternative investments invest in long/short global equities and long/short fixed income products. The value of the investments has been estimated using the NAV per share of the investments.

The following table presents a reconciliation of activity for the Level 3 assets for the years ended June 30, 2020 and 2019:

	<u>Pooled funds</u>	<u>Charitable Trust</u>	<u>Total</u>
Beginning balance, July 1, 2018	\$ 323,610	\$ 2,199,916	\$ 2,523,526
Investment income	1,493	-	1,493
Change in value of trust	-	1,342,648	1,342,648
Ending balance, June 30, 2019	325,103	3,542,564	3,867,667
Investment income	<b>18,739</b>	-	<b>18,739</b>
Change in value of trust	-	<b>2,190,511</b>	<b>2,190,511</b>
Ending balance, June 30, 2020	<b>\$ 343,842</b>	<b>\$ 5,733,075</b>	<b>\$ 6,076,917</b>

To assess the appropriate classification of assets within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of assets from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. UWCM evaluates the significance of transfers between levels based upon the nature of the assets and size of the transfer relative to total net assets. For the years ended June 30, 2020 and 2019, there were no significant transfers in or out of Levels 1, 2 or 3.

### 5. PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment consisted of the following as of June 30, 2020 and 2019:

<u>Asset Category</u>	<u>2020</u>	<u>2019</u>
Audio visual equipment	\$ 128,834	\$ 125,038
Furniture & fixtures	601,552	601,959
Leasehold improvements	1,529,812	1,421,123
Licenses	36,780	48,919
Personal computers	156,832	168,657
Printing equipment	3,285	3,285
Software programs	428,704	428,704
System computers, servers & heavy duty printers	237,371	241,300
Telecommunication system	125,019	138,881
	<b>3,248,189</b>	3,177,866
Less: accumulated depreciation and amortization	<b>1,748,080</b>	1,490,308
<b>Property, Plant, and Equipment, Net</b>	<b>\$ 1,500,109</b>	<b>\$ 1,687,558</b>

Depreciation expense totaled \$307,922 and \$341,298 for the years ended June 30, 2020 and 2019, respectively.

# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 6. NOTES PAYABLE

UWCM has a \$4,000,000 secured line of credit bearing interest at the London Interbank Offered Rate (LIBOR) plus 1.25% (1.43% and 3.69% as of June 30, 2020 and 2019, respectively). The line is collateralized by cash and marketable securities held by UWCM. There was no outstanding balance on the line of credit as of June 30, 2020, and \$1,368,355 as of June 30, 2019, respectively. Interest expense was \$54,387 and \$37,495, for the years ended June 30, 2020 and 2019, respectively.

During the year ended June 30, 2020, UWCM received a Paycheck Protection Program (PPP) loan in the amount of \$3,569,042. The terms of the loan require the proceeds to be spent on eligible expenses, which are primarily payroll related costs. Part or all of the loan may be forgiven based on meeting certain conditions as set forth in the loan agreement. Any portion of the PPP loan that is not forgiven must be repaid over two years after a six-month deferral period at an interest rate of 1%.

The PPP loan was received from the U.S federal government under the Coronavirus Aid, Relief and Economic Security (CARES) Act passed by Congress. Subsequent to year end, UWCM believes it has met the conditions to have the entire loan forgiven, however, they have not filed the application or had the loan forgiveness approved. As such, as of June 30, 2020, UWCM has recorded the loan as a liability and has accrued interest on the loan.

### 7. RETIREMENT BENEFITS

UWCM provides a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code (403(b)), which covers substantially all full-time employees of UWCM. UWCM makes non-elective contributions to the 403(b). These contributions apply to all employees who have completed one year of service, regardless of whether the employee is making voluntary contributions to the 403(b). The 403(b) also provides for UWCM matching 25% of employee's voluntary contributions, up to 6% of their salary. The match begins as soon as the employee begins to contribute to the 403(b).

Both the non-elective and matching contributions are subject to a vesting period. These contributions are 50% vested after two years of service and 100% vested after four years of service. UWCM's costs under the 403(b) were \$372,257 and \$304,364 for the years ended June 30, 2020 and 2019, respectively.

UWCM's non-elective contribution varies based on length of services as follows:

<b>Years of Service</b>	<b><u>Compensatio</u></b>
Less than 5	2%
5 but less than 10	3%
10 or more	4%

**UNITED WAY OF CENTRAL MARYLAND, INC.**

**Notes to the Financial Statements  
June 30, 2020 and 2019**

**7. RETIREMENT BENEFITS** (continued)

Executives and senior staff members of UWCM are also eligible to participate in other retirement plans and may elect to contribute a portion of their compensation on a tax-deferred basis. There is a liability of \$291,061 and \$237,858 recorded as of June 30, 2020 and 2019, respectively, related to these plans. UWCM has \$291,061 and \$237,858 on deposit with a trustee as of June 30, 2020 and 2019, respectively, for future settlement of these obligations. These amounts are included in retirement benefits payable in the statements of financial position.

**8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of June 30, are restricted to:

	<u>2020</u>	<u>2019</u>
<b>Time or Purpose Restrictions</b>		
Future year gifts, committed for subsequent year allocation to agencies	\$ 1,813,063	\$ 1,104,410
Restricted for other programs	885,749	1,755,116
Gifts of life insurance	88,677	88,763
Ray Sachs fund	81,388	92,237
Nachlas endowment restricted to inner city youth programs	1,502,333	1,482,244
Accumulated earnings on donor-restricted endowments	281,601	278,177
Langenfelder charitable trust	5,733,075	3,542,564
<b>Total Time or Purpose Restrictions</b>	<u>10,385,886</u>	<u>8,343,511</u>
<b>Held in Perpetuity</b>		
Contino	100,000	100,000
Charles Bagby	474,768	474,768
Leonard Eisenberg	158,676	158,676
<b>Total Net Assets Held in Perpetuity</b>	<u>733,444</u>	<u>733,444</u>
<b>Total Net Assets With Donor Restrictions</b>	<u>\$ 10,385,886</u>	<u>\$ 8,343,511</u>

## UNITED WAY OF CENTRAL MARYLAND, INC.

### Notes to the Financial Statements June 30, 2020 and 2019

#### 8. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions to be held in perpetuity were \$2,848,663 and \$1,679,050, as of June 30, 2020 and 2019, respectively. The income from these assets is expendable to support all activities of UWCM and included in accumulated earnings above.

#### Interpretation of Relevant Law

The provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) were enacted into law in Maryland effective April 14, 2009. UWCM has added the required disclosures which is a requirement for any organization with endowment funds.

UWCM has interpreted the State of Maryland's enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, UWCM classifies net assets with donor restrictions in perpetuity as (a) the original value of gifts to the permanent endowment, and (b) the original value of the subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions unavailable for appropriation, until those amounts are appropriated for expenditure by UWCM in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

- a. The duration and preservation of the fund;
- b. The purposes of UWCM and the donor-restricted endowment fund;
- c. General economic conditions;
- d. The possible effects of inflation and deflation;
- e. The expected total return from income and the appreciation or depreciation of investments;
- f. Other resources of UWCM; and
- g. The investment policies of UWCM.

**UNITED WAY OF CENTRAL MARYLAND, INC.**

**Notes to the Financial Statements  
June 30, 2020 and 2019**

**8. NET ASSETS WITH DONOR RESTRICTIONS (continued)**

Endowment fund composition by type as of June 30:

	<b>2020</b>			
	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions (For Appropriation)</b>	<b>Net Assets With Donor Restrictions (in Perpetuity)</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 286,601	\$ 2,848,663	

  

	<b>2019</b>			
	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions (For Appropriation)</b>	<b>Net Assets With Donor Restrictions (in Perpetuity)</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 278,177	\$ 1,679,050	\$ 1,957,227

**Interpretation of Relevant Law (continued)**

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

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions (For Appropriation)</b>	<b>Net Assets With Donor Restrictions (in Perpetuity)</b>	<b>Total</b>
Endowment funds July 1, 2018	\$ -	\$ 264,126	\$ 1,096,165	\$ 1,360,291
Investment income	-	14,051	-	14,051
Change in fair value of charitable trust	-	-	582,885	582,885
Endowment funds June 30, 2019	-	278,177	1,679,050	1,957,227
Investment income	-	3,424	-	3,424
Change in fair value of charitable trust	-	-	1,169,613	1,169,613
Endowment funds June 30, 2020	<b>\$ -</b>	<b>\$ 281,601</b>	<b>\$ 2,848,663</b>	<b>\$ 3,130,264</b>

**Return Objectives and Risk Parameters**

UWCM has established investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for use by UWCM while seeking to preserve the value of endowment assets. Endowment assets include those donor-restricted funds that UWCM must hold in perpetuity or for a donor-specified period, as well as unrestricted assets. Under this policy, as approved by the Board of Directors, endowment assets are invested in a manner intended to earn sufficient income from assets each year (interest, dividends and other current income).



# UNITED WAY OF CENTRAL MARYLAND, INC.

## Notes to the Financial Statements June 30, 2020 and 2019

### 8. NET ASSETS WITH DONOR RESTRICTIONS (continued)

#### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objective, UWCM uses a third-party manager whose investment style maximizes the advantages of diversification and minimizes risk consistent with the stated objectives. UWCM targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

#### Endowment Withdrawals and How the Investment Objectives Relate to the Endowment Spending Policy

UWCM has a board-approved endowment spending policy that limits withdrawals to no more than 5% of the rolling four-year average assets. The Board has the authority to exceed that limitation. Both current income and appreciation can be used with the intent that original endowment funds are preserved. This is consistent with UWCM's objective to maintain and grow endowment assets currently held as well as to provide additional real growth through new gifts and investment return. The Board must approve all recommended withdrawals.

### 9. COMMITMENTS AND CONTINGENCIES

#### Capital Lease

UWCM obtained a three-year \$400,000 capital equipment lease loan to finance relocation to its leased space at Montgomery Park, with an additional \$100,000 available to be used later, if needed. The lease began on April 1, 2017 and expired March 31, 2020. The lease included a bargain purchase option for the equipment purchased on the expiration date and was collateralized by that equipment. The balance of \$104,101 was paid off during fiscal year 2020.

#### Operating Leases

As of June 30, 2020, UWCM has long-term operating leases for office space at three locations in Maryland. On August 23, 2016, UWCM entered into a new office space lease agreement for its main office. The ten-year lease began on March 1, 2017, and rent payments began September 1, 2017. Base annual rent was initially set at \$36,784 per month which increases at certain intervals during the lease. Total base rent payable over the lease period is approximately \$5,649,000.

## UNITED WAY OF CENTRAL MARYLAND, INC.

### Notes to the Financial Statements June 30, 2020 and 2019

#### 9. COMMITMENTS AND CONTINGENCIES (continued)

##### Operating Leases (continued)

Future lease payments for all locations were as follows as of June 30, 2020:

<u>Years ending June 30:</u>	<u>Amount</u>
2021	\$ 539,304
2022	560,973
2023	583,367
2024	606,652
2025	630,867
Thereafter	1,451,165
<b>Total</b>	<b><u>\$ 4,372,328</u></b>

Rent expense was \$463,392 and \$467,236, for the years ended June 30, 2020 and 2019, respectively.

##### Other Long-Term Commitments

UWCM has entered into contracts with certain contractual affiliates to provide allocations from 2017 through current and future campaigns. The maximum amount to be paid by UWCM during the year ended June 30, 2020, is \$933,900.

##### Contingencies

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. As a result, widespread shutdowns of states, cities, schools, and businesses began to take place, impacting the United States as the number of people infected grew at an unprecedented rate. The COVID-19 outbreak is still evolving, and its financial impact remains unknown. There is uncertainty around the impact on the global economy and the impact it will have on UWCM and the community it serves.

## UNITED WAY OF CENTRAL MARYLAND, INC.

### Notes to the Financial Statements June 30, 2020 and 2019

#### 10. UNITED WAY WORLDWIDE, INC.

United Way Worldwide, Inc. (UWW) is a national trade association and owner of the United Way name and brand mark. In order for UWCM to use the name and brand mark, it is required to make a membership investment in UWW. This expense totaled \$272,258 and \$284,260 for the years ended June 30, 2020 and 2019, respectively. In addition to the use of the name and brand mark, UWCM receives many other benefits from UWW. Through its association, it has easy access to UWW's knowledge and support on marketing, program outcomes, community impact, fundraising, national trends, campaign materials and a wide array of other tools and topics. UWW also represents all United Way organizations on important legislation or issues presented to Congress.

In an effort to increase accountability and transparency, UWW has developed standards for excellence. Each year, UWCM must submit a report on its compliance with each of the standards. UWCM has committed to comply with all UWW membership standards.

#### 11. GRANT ACTIVITY INFORMATION

**2-1-1 Maryland UWCM Helpline** received grants from corporate, foundation and individual funders for staffing and communication system support; from CASH Campaign of Maryland to continue to enhance UWCM's efforts to increase awareness of the Earned Income Tax Credit and set appointments for free tax preparation at local sites through several community partners; from CareFirst to expand Maryland health care access; from Maryland Department of Planning, to conduct outreach to increase awareness of the importance of completing the U.S. Census Survey; from United Way Worldwide to partner with Lyft to provide transportation to callers in need; from Better Bedrest to provide telephone reassurance and support to women experiencing high risk pregnancies; and from Maryland Department of Health (DHMH) through the statewide 211 system.

**Health programs** include the Access to Healthy Food Initiative, the first program created by UWCM to address the more than 345,000 food insecure people living in central Maryland. The goal is to increase the healthy food going into communities in need by 1.5 million pounds each year; increase sourcing which includes growing and gleaning through farm expansion and volunteers collecting the crops after the commercial harvest; improve distribution (refrigeration/transportation); and increase access and affordability through after-school meal programs, virtual supermarket expansion, "Veggie Vouchers" at farmers markets, education and access to public benefits. In addition, UWCM's Harvest of Plenty campaign (Thanksgiving meal baskets) serves an increasing number of families year after year. Healthy food is going to broaden and become part of a larger health program strategy to include 2-1-1 as the platform for access to health care. UWCM also received a significant grant to update the operating platform technology for 2-1-1. This will allow for a more comprehensive streamlined approach to the health and human service system. Significant partnership and collaboration activities will be created with this new platform providing an improved delivery of services to the community.

## UNITED WAY OF CENTRAL MARYLAND, INC.

### Notes to the Financial Statements June 30, 2020 and 2019

#### 11. GRANT ACTIVITY INFORMATION (continued)

**Family stability** was created by UWCM with the help of a multi-year grant that renewed for a second term from The Siemer Family Foundation to target family stability, issues concerning student mobility, and homelessness prevention. A second multi-year grant from the city of Baltimore and a multi-year grant from Howard County government both focus on shelter diversion in those jurisdictions. The initiative includes homelessness prevention, shelter diversion and financial education. The prevention program is one-of-a-kind in central Maryland and targets families with school age children who are on the brink of homelessness. Shelter diversion efforts keep families together in stable living situations, where the children can stay in their neighborhood schools. Financial education builds financial security through asset building, budgeting, and financial literacy. The program is currently located in 15 sites across Maryland.

**An Education Strategy** named On Track 4 Success (OT4S), was launched in fiscal year 2017. OT4S is an innovative data-driven approach that is working to ensure underserved students have the resources they need to get and stay on-track for school success through the crucial middle school years and into the transitional 9th grade year. Supported by Johns Hopkins University's School of Education (JHU) and based on their early warning high school dropout prevention model, OT4S utilizes student data to examine proven predictors of dropping out: poor attendance, behavior and course performance (ABC's). When a student falls behind in any of these areas, a cross-disciplinary team of school staff, including a United Way social worker and site manager, meet to discuss the student's unique situation and determine appropriate interventions. In FY 2020 UWCM partnered with two school districts in Central Maryland and implemented the program in five schools: Baltimore City Public Schools (Maree G. Farring Elementary/Middle School, grades 4-8, Curtis Bay Elementary/Middle School, grades 4-8, and Ben Franklin High School, grade 9) and Anne Arundel County Public Schools (Meade Middle School, grades 6-8 and Meade High School, grade 9).

**ALICE project** is a grassroots movement committed to improving the lives of asset-limited, income-constrained, employed (ALICE) individuals and families. Grants from a collaborative of other local United Ways along with support from the National ALICE Advisory Council, have allowed UWCM to initiate this project, which provides a report with a framework and common language around issues facing the ALICE population in the state of Maryland. Data from the report will allow UWCM to identify advocacy priorities and implement needed programmatic services for the ALICE population. This report was published in January 2017 and has provided a mechanism for educating legislators and other stakeholders on the need in Maryland. Kaiser Permanente is the lead sponsor of the project.