



An Open Letter to Accompany Rappahannock United Way's FY20 Financials:

Dear Rappahannock United Way Supporters,

November 2020

We are pleased to post our audited financial statements for Fiscal Year 2020 (FY20) which ended on June 30, 2020. We hope you will take the time to read this memo in conjunction with your review of Rappahannock United Way's (RUW) FY20 Audit.

During FY20, we are happy to report that Rappahannock United Way received an "unqualified" opinion. Despite the onset of a global pandemic during the last quarter of our fiscal year Rappahannock United Way had a great year. The Board of Directors decided to grant out \$200,000 to the ALICE® Assistance fund to give out to those in need to make a greater impact in the community. We sold the 3331 Shannon Drive building and used the profits to pay off our mortgage. Campaign results were up due to a push to further fund our ALICE initiatives as the pandemic continued, and expenses were down as a result of cash savings from cancelled events, working remotely, and open positions during the year. As a result, we reported a Net Income of \$826,783 without restrictions. And, due to the ongoing pandemic, we chose to continue to follow the board approved budget. The Board will work in FY21 to invest these dollars in programs that support ALICE in the areas of Education, Financial Stability and Healthy Living.

Net Income without Restrictions on Audited Financial Statements	\$	826,783
<u>Budgetary Outliers:</u>		
Sale of 3331 Shannon Drive building (funds used to pay off loan)		(226,812)
Board grant to ALICE Assistance Fund (funds used for ALICE)		(200,000)
Campaign Increases		(100,543)
Expense Savings		<u>(210,000)</u>
Net Income (Without Restrictions) and without budgetary outliers of 2020	\$	<u>89,428</u>

Rappahannock United Way also seized another opportunity right at June 30th to increase our role in supporting Financial Stability in our community in FY21 by partnering with the state government to distribute CARES act funding for the VA DHCD Rent and Mortgage Relief Program. We received a restricted grant for that use right at the end of FY20 in the amount of \$450,000. Rappahannock United Way's involvement in that program continues to grow for the first half of FY21.

We could not have done all of this to move the needle on Education, Financial Stability, and Healthy Living in our community without you! We are committed to delivering the best results to you, our supporters, and to do so with the utmost transparency and integrity. We are excited about the future and are poised to make even bigger contributions to our community going forward.

With sincere appreciation for your support,

A handwritten signature in cursive script that reads "Janel S. Donohue".

Janel S. Donohue
President

RAPPAHANNOCK UNITED WAY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020



ASSURANCE, TAX & ADVISORY SERVICES

RAPPAHANNOCK UNITED WAY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rappahannock United Way, Inc.

Report on the Financial Statements

We have audited the accompanying statement of financial position of Rappahannock United Way, Inc. (the Organization) as of June 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Organization, as of and for the year ended June 30, 2019, were audited by other auditors, whose report, dated October 11, 2019, expressed an unmodified opinion on those statements.

PBMares, LLP

Fredericksburg, Virginia
October 29, 2020

FINANCIAL STATEMENTS

RAPPAHANNOCK UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,453,185	\$ 742,531
Certificates of deposit	595,526	589,165
Contributions receivable, net	1,087,627	962,532
Other receivables	635	5,660
Prepaid expenses	29,595	23,109
Total current assets	3,166,568	2,322,997
Property and Equipment		
Land	57,513	82,161
Building and improvements	1,039,220	1,189,032
Furniture and equipment	229,963	224,651
	1,326,696	1,495,844
Less accumulated depreciation	(511,096)	(559,166)
	815,600	936,678
	\$ 3,982,168	\$ 3,259,675
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current maturities of long-term debt	\$ 58,790	\$ 43,093
Accounts payable and accrued expenses	110,775	90,989
Allocation and grants payable, net	883,711	1,433,277
Total current liabilities	1,053,276	1,567,359
Long-Term Debt, less current maturities	73,610	178,995
Net Assets		
Without donor restrictions	2,228,016	1,401,233
With donor restrictions	627,266	112,088
	2,855,282	1,513,321
	\$ 3,982,168	\$ 3,259,675

RAPPAHANNOCK UNITED WAY, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Gross campaign results - 2019/2020	\$ 2,956,225	\$ -	\$ 2,956,225
Less: donor designations	(1,222,930)	-	(1,222,930)
Less: provision for uncollectible pledges	(9,824)	-	(9,824)
Net campaign revenue - 2019/2020	1,723,471	-	1,723,471
Gross campaign results - 2020/2021	-	19,445	19,445
Net campaign revenue - 2020/2021	-	19,445	19,445
Sponsorships and special events	84,550	-	84,550
Less: direct costs	(42,431)	-	(42,431)
Service fees	59,035	-	59,035
Grants and contracts	111,364	641,167	752,531
Investment income	8,172	-	8,172
In-kind program revenue	15,272	-	15,272
Gain on sale of assets	226,812	-	226,812
Net assets released from restrictions:			
Satisfaction of purpose restrictions	145,434	(145,434)	-
	608,208	495,733	1,103,941
Total public support and revenue	2,331,679	515,178	2,846,857
Expenses			
Program services:			
Grant making services	1,507,770	-	1,507,770
Less: donor designations	(1,222,930)	-	(1,222,930)
Net grant making services	284,840	-	284,840
Other program services	635,954	-	635,954
Total program services	920,794	-	920,794
Supporting services:			
Management and general	310,418	-	310,418
Fundraising	273,684	-	273,684
Total supporting services	584,102	-	584,102
Total expenses	1,504,896	-	1,504,896
Change in net assets	826,783	515,178	1,341,961
Net Assets, beginning of period	1,401,233	112,088	1,513,321
Net Assets, end of period	\$ 2,228,016	\$ 627,266	\$ 2,855,282

RAPPAHANNOCK UNITED WAY, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Gross campaign results - 2018/2019	\$ 2,497,773	\$ -	\$ 2,497,773
Less: donor designations	(931,101)	-	(931,101)
Less: provision for uncollectible pledges	3,015	-	3,015
Net campaign revenue - 2018/2019	1,569,687	-	1,569,687
Gross campaign results - 2019/2020	-	3,972	3,972
Net campaign revenue - 2019/2020	-	3,972	3,972
Sponsorships and special events	86,296	-	86,296
Less direct costs	(27,110)	-	(27,110)
Service fees	45,604	-	45,604
Grants and contracts	131,749	91,023	222,772
Investment income	5,712	-	5,712
In-kind program revenue	17,199	-	17,199
Miscellaneous income	24,936	-	24,936
Net assets released from restrictions:			
Satisfaction of purpose restrictions	60,820	(60,820)	-
	<u>345,206</u>	<u>30,203</u>	<u>375,409</u>
Total public support and revenue	1,914,893	34,175	1,949,068
Expenses			
Program services:			
Grant making services	1,700,271	-	1,700,271
Less: donor designations	(931,101)	-	(931,101)
Net grant making services	769,170	-	769,170
Other program services	570,094	-	570,094
Total program services	1,339,264	-	1,339,264
Supporting services:			
Management and general	329,021	-	329,021
Fundraising	268,388	-	268,388
Total supporting services	597,409	-	597,409
Total expenses	1,936,673	-	1,936,673
Change in net assets	(21,780)	34,175	12,395
Net Assets, beginning of period	1,423,013	77,913	1,500,926
Net Assets, end of period	\$ 1,401,233	\$ 112,088	\$ 1,513,321

RAPPAHANNOCK UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Services			Support Services			Total All Services
	Grant Making Services	All Other Programs	Total	Management and General	Fundraising	Total	
Allocations/Awards	\$ 1,507,770	\$ -	\$ 1,507,770	\$ -	\$ -	\$ -	\$ 1,507,770
Less: donor designations	(1,222,930)	-	(1,222,930)	-	-	-	(1,222,930)
	284,840	-	284,840	-	-	-	284,840
Salaries	-	361,884	361,884	226,141	173,581	399,722	761,606
Payroll taxes	-	25,665	25,665	15,745	12,516	28,261	53,926
Employee benefits	-	48,479	48,479	16,285	17,451	33,736	82,215
	-	436,028	436,028	258,171	203,548	461,719	897,747
Outside contractors	-	2,508	2,508	2,613	-	2,613	5,121
Supplies	-	60,696	60,696	3,715	12,624	16,339	77,035
Telephone	-	3,554	3,554	1,176	1,277	2,453	6,007
Postage and shipping	-	708	708	187	1,511	1,698	2,406
Occupancy	-	13,564	13,564	4,966	4,871	9,837	23,401
Equipment rental	-	4,322	4,322	2,692	2,328	5,020	9,342
Printing	-	2,013	2,013	639	261	900	2,913
Travel	-	4,341	4,341	225	1,742	1,967	6,308
Conferences, conventions, and meetings	-	589	589	75	955	1,030	1,619
Insurance	-	2,082	2,082	855	765	1,620	3,702
Training	-	352	352	1,121	242	1,363	1,715
Dues and subscriptions	-	16,990	16,990	11,365	7,568	18,933	35,923
Advertising	-	26,910	26,910	5,303	10,280	15,583	42,493
Repairs and maintenance	-	12,602	12,602	4,531	10,445	14,976	27,578
Awards	-	1,106	1,106	1,601	1,734	3,335	4,441
Professional fees	-	10,830	10,830	2,882	3,889	6,771	17,601
Miscellaneous	-	1,599	1,599	1,414	2,503	3,917	5,516
In-kind program expense	-	15,272	15,272	-	-	-	15,272
Depreciation and amortization	-	19,888	19,888	6,887	7,141	14,028	33,916
	-	199,926	199,926	52,247	70,136	122,383	322,309
Total functional expenses	\$ 284,840	\$ 635,954	\$ 920,794	\$ 310,418	\$ 273,684	\$ 584,102	\$ 1,504,896

See Notes to Financial Statements.

RAPPAHANNOCK UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services			Support Services			Total All Services
	Allocation Services	All Other Programs	Total	Management and General	Fundraising	Total	
Allocations/Awards	\$ 1,700,271	\$ -	\$ 1,700,271	\$ -	\$ -	\$ -	\$ 1,700,271
Less: donor designations	(931,101)	-	(931,101)	-	-	-	(931,101)
	<u>769,170</u>	<u>-</u>	<u>769,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>769,170</u>
Salaries	-	314,045	314,045	214,624	161,285	375,909	689,954
Payroll taxes	-	22,218	22,218	15,612	11,751	27,363	49,581
Employee benefits	-	44,670	44,670	13,918	19,598	33,516	78,186
	<u>-</u>	<u>380,933</u>	<u>380,933</u>	<u>244,154</u>	<u>192,634</u>	<u>436,788</u>	<u>817,721</u>
Outside contractors	-	8,524	8,524	5,611	1,389	7,000	15,524
Supplies	-	36,786	36,786	3,064	10,077	13,141	49,927
Telephone	-	3,032	3,032	1,218	1,330	2,548	5,580
Postage and shipping	-	887	887	235	1,359	1,594	2,481
Occupancy	-	17,800	17,800	13,336	7,809	21,145	38,945
Equipment rental	-	4,258	4,258	2,694	2,230	4,924	9,182
Printing	-	2,890	2,890	193	817	1,010	3,900
Travel	-	4,729	4,729	1,574	2,519	4,093	8,822
Conferences, conventions, and meetings	-	1,352	1,352	155	2,741	2,896	4,248
Insurance	-	1,932	1,932	1,369	848	2,217	4,149
Training	-	1,972	1,972	588	519	1,107	3,079
Dues and subscriptions	-	15,779	15,779	10,627	6,777	17,404	33,183
Advertising	-	23,470	23,470	4,734	7,327	12,061	35,531
Repairs and maintenance	-	12,369	12,369	10,606	10,774	21,380	33,749
Awards	-	87	87	146	1,909	2,055	2,142
Professional fees	-	9,835	9,835	7,175	4,449	11,624	21,459
Miscellaneous	-	2,627	2,627	8,174	2,511	10,685	13,312
In-kind program expense	-	17,199	17,199	-	-	-	17,199
Depreciation and amortization	-	23,633	23,633	13,368	10,369	23,737	47,370
	<u>-</u>	<u>189,161</u>	<u>189,161</u>	<u>84,867</u>	<u>75,754</u>	<u>160,621</u>	<u>349,782</u>
Total functional expenses	\$ 769,170	\$ 570,094	\$ 1,339,264	\$ 329,021	\$ 268,388	\$ 597,409	\$ 1,936,673

RAPPAHANNOCK UNITED WAY, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	\$ 1,341,961	\$ 12,395
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	33,916	47,370
Gain on disposition of assets	(226,812)	-
Decrease (increase) in:		
Contributions receivable	(125,095)	124,717
Other receivables	5,025	(5,025)
Prepaid expenses	(6,486)	555
Increase (decrease) in:		
Accounts payable and accrued expenses	19,786	(15,919)
Allocation and grants payable	(549,566)	(288,529)
Net cash provided by (used in) operating activities	492,729	(124,436)
Cash Flows From Investing Activities		
Purchase of property and equipment	(5,311)	(5,240)
Proceeds from sale of assets	319,285	-
Purchase of certificates of deposit	(6,361)	(4,461)
Net cash provided by (used in) investing activities	307,613	(9,701)
Cash Flows From Financing Activities		
Proceeds from long-term debt	132,400	-
Principal payments on long-term debt	(222,088)	(41,556)
Net cash used in financing activities	(89,688)	(41,556)
Increase (decrease) in cash and cash equivalents	710,654	(175,693)
Cash and Cash Equivalents, beginning	742,531	918,224
Cash and Cash Equivalents, ending	\$ 1,453,185	\$ 742,531
Supplemental Disclosures of Cash Flow information		
Cash paid during the year for interest	\$ 3,002	\$ 8,369

RAPPAHANNOCK UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization

Nature of organization: Rappahannock United Way, Inc. (the Organization) is a not-for-profit organization working to create a community that is hopeful, resilient and self-sufficient by focusing on Education, Financial Stability, and Healthy Living programs.

The Organization conducts an annual fundraising campaign which supports internal programs designed to help households living under the ALICE® Threshold to become self-sufficient and reach their potential. These programs include but are not limited to: one-time emergency financial assistance, free tax preparation and free financial coaching. The Organization also supports outside Member Agency programs that align with its mission and focus areas by awarding grants.

The Organization serves the City of Fredericksburg and the counties of Caroline, King George, Spotsylvania, and Stafford

Note 2. Summary of Significant Accounting Policies

A summary of the Organization's significant accounting policies follows:

Basis of accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized in the period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

Financial statement presentation: The financial statements include the accounts of the Organization and the activities of the Local Government Campaign (the LGC). The LGC is an unincorporated entity regulated by the City of Fredericksburg and counties of Stafford, Spotsylvania, King George, and Caroline, in partnership to provide a framework for charitable solicitation of local government employees. The Organization has been designated as the Fiscal Agent/Campaign Consultant of the LGC, and, as such, manages the charitable campaign of the LGC.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions: Net assets not subject to donor-imposed restrictions. At June 30, 2020 and 2019, the Organization had \$2,228,016 and \$1,401,233 in net assets without donor restrictions, respectively.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. At June 30, 2020 and 2019, the Organization had \$627,266 and \$112,088 in net assets with donor restrictions, respectively.

Contributions: Contributions, including pledges, are considered to be without donor restrictions unless specifically indicated as restricted by the donor.

RAPPAHANNOCK UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions (continued): When the donor-stipulated time restriction ends or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without restrictions and are reported in the statement of activities as net assets released from restriction. Contributions for which restrictions are satisfied in the same year as received are recognized as restricted and released.

Allowance for uncollectible accounts: An allowance for uncollectible pledges is established for each campaign and reduces pledges receivable in the statement of financial position and is deducted from contributions in the statement of activities. Pledges outstanding one year after the close of the campaign are deemed uncollectible and the provision for uncollectible pledges is adjusted for the uncollected amounts. Any subsequent collection of previously charged off accounts is recorded through the provision for uncollectible pledges.

Gifts in-kind and contributed services: Non-cash donations of equipment, materials, supplies, or other items that benefit the operations of the Organization are included as unrestricted support in the period in which the benefit applies, at estimated fair value. Donated services of a specialized nature which would otherwise be purchased by the Organization are recognized in the same manner. Current year in-kind revenue and expenses are a calculated three-year average of allocated media airtime donated from United Way Worldwide to the Organization.

Thousands of hours, for which no value has been assigned or recognized, were volunteered throughout the year in specific assistance programs, campaign solicitations, and fund-raising activities.

Cash and cash equivalents: The Organization considers highly liquid investments with original maturities of less than three months when purchased to be cash equivalents. The Organization maintains its cash in bank deposit accounts which, at times, may exceed Federal Deposit Insurance Corporation insured limits of \$250,000.

Property and equipment: It is the Organization's policy to capitalize additions to property and equipment that exceed \$500. Property and equipment are stated at cost (if purchased) or at fair value at the date of donation (if donated). Depreciation is provided by the straight-line method based on the estimated useful lives of the assets as follows:

Building and improvements	5 - 40 years
Furniture and equipment	3 - 7 years

Depreciation expense for the years ended June 30, 2020 and 2019 was \$33,916 and \$47,370, respectively.

CFC designations: Rappahannock United Way (local federation) honors designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member, per CFC regulations at § 950.301(e)(2)(i). Designations include pass-through amounts held for others. These amounts are included in annual campaign revenues and are offset by the amount of support raised on behalf of others.

RAPPAHANNOCK UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Functional expenses are apportioned between program and supporting services based on personnel time utilized for the related activities. Specifically, identifiable expenses are directly allocated.

Advertising: Advertising costs are expensed as incurred and totaled \$42,493 and \$35,531 for the years ended June 30, 2020 and 2019, respectively.

Income taxes: The Internal Revenue Service has determined that the Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC); therefore, no provision has been made for income tax expense. Management has evaluated the Organization's tax positions, as required by the *Income Taxes Topic* of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, and has determined that there are no uncertain tax positions that require adjustment to or disclosure in the financial statements. The Organization files Form 990, *Return of Organization Exempt from Income Tax*, annually with the United States Department of the Treasury.

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 that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and other support and expenses during the reporting periods. Actual results could differ from those estimates. Estimates include the allowance for uncollectible pledges and allowance for designation provisions calculated in each year's campaign, useful lives of property and equipment and the functional allocation of expenses.

Subsequent events: Subsequent events have been evaluated through October 29, 2020, which was the date the financial statements were available to be issued. See Note 9 for a discussion on subsequent events noted.

Note 3. Contributions Receivable

Contributions receivable consist of the following at June 30:

	2020	2019
Due in less than one year	\$ 1,224,827	\$ 1,087,532
Less allowance for uncollectible pledges	(137,200)	(125,000)
Total contributions receivable	\$ 1,087,627	\$ 962,532

RAPPAHANNOCK UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4. Note Payable

Long-term debt at June 30, 2019 consisted of a note payable to Virginia Partners Bank. The loan was refinanced on April 18, 2014. The agreement allows the Organization to fix the rate at 3.375% for a period of 10 years. The loan was collateralized by a lien on the Organization's property and had an outstanding balance of \$-0- and \$222,088 at June 30, 2020 and 2019, respectively. The Organization paid off the outstanding balance early when the property was sold.

The CARES Act established the Paycheck Protection Program (PPP), which is administered by the U.S. Small Business Administration (SBA), to provide loans to qualifying entities. Under this program, a qualifying entity could apply to an SBA-approved lender for a federally guaranteed loan to help offset certain payroll and other operating costs. The loan, or a portion thereof, is eligible for forgiveness by the SBA if the qualifying entity meets certain conditions. On April 27, 2020, the Organization obtained a loan of \$132,400 under this program. Borrowings will bear an interest rate of 1% maturing in two years, although some of the loan could be forgiven. The Organization intends to convert any amounts not forgiven to a note payable with terms as prescribed.

Aggregate maturities required on long-term debt at June 30, 2020 are as follows:

<u>Year Ended June 30,</u>	
2021	\$ 58,790
2022	<u>73,610</u>
Total maturities of long-term debt	<u>\$ 132,400</u>

Note 5. Board Designated Net Assets

Included in net assets without donor restrictions are amounts designated by the Organization's Board of Directors for the following purposes as of June 30:

	<u>2020</u>	<u>2019</u>
Stabilization reserve fund	\$ 700,000	\$ 600,000
Board reserve fund	100,000	200,000
ALICE assistance fund	200,000	-
Community impact	<u>86,653</u>	<u>86,653</u>
Total board designated net assets	<u>\$ 1,086,653</u>	<u>\$ 886,653</u>

RAPPAHANNOCK UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2020</u>	<u>2019</u>
ALICE Assistance Fund	\$ 139,084	\$ 59,379
Lawrence Davies Fund	-	30,000
Atlantic Union Grant for ALICE	10,000	10,000
VA DHCD Rent and Mortgage Relief Program	450,000	-
UWVA	6,325	6,325
Link2Feed Software	2,412	2,412
Future Campaigns	19,445	3,972
	<u>\$ 627,266</u>	<u>\$ 112,088</u>

Net assets were released through satisfaction of the following program restrictions during the years ended June 30, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
ALICE Assistance Fund	\$ 101,462	\$ 48,292
Lawrence Davies Fund	40,000	-
Rotary BCT Funds	-	5,000
Link2Feed Software	-	528
Future Campaigns	3,972	7,000
	<u>\$ 145,434</u>	<u>\$ 60,820</u>

RAPPAHANNOCK UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 7. Liquidity and Availability of Resources

The Organization monitors its liquidity so that it can meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,453,185	\$ 742,531
Certificates of deposit	595,526	589,165
Contributions receivable, net	1,087,627	962,532
Other receivables	635	5,660
	<hr/>	<hr/>
Total financial assets available within one year	3,136,973	2,299,888
Liquidity Resources:		
Donor- imposed restrictions:		
ALICE assistance fund	(139,084)	(59,379)
LG checking/savings	(49,530)	(52,420)
Atlantic Union ALICE funds	(10,000)	(10,000)
VA DHCD Rent and Mortgage Relief Program	(450,000)	-
Board designations:		
Community impact fund	(86,653)	(86,653)
ALICE assistance fund	(200,000)	-
Stabilization reserve	(700,000)	(600,000)
Board reserve fund	(100,000)	(200,000)
	<hr/>	<hr/>
Total financial assets and liquidity resources available with one year	\$ 1,401,706	\$ 1,291,436

In addition to financial assets available to meet general expenditures over the year, the Organization anticipates covering its general expenditures by collecting sufficient donations and other revenues and by utilizing donor-restricted resources from current and prior years' donations, as needed. The statement of cash flows identifies the sources and uses of the Organization's cash and shows positive cash of \$1,453,185 for the fiscal year ended June 30, 2020.

The Organization has a reserve accumulation and utilization policy that establishes a stabilization reserve, working capital reserve, and allows the Board to reserve funds for other purposes at any time. This policy helps the Organization ensure that adequate resources are available even in the event of unforeseen campaign, economic and organization circumstances.

RAPPAHANNOCK UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 8. Retirement Plan

The Organization offers a retirement plan under IRC Section 403(b) to all of its full-time employees. This plan allows employees to make voluntary contributions to a tax deferred annuity contract. The Organization does not make contributions to the plan.

Note 9. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Organization.