



United Way of Roanoke Valley

UNITED WAY OF ROANOKE VALLEY, INC.

FINANCIAL REPORT

(In Accordance with the Requirements of the Uniform Guidance)

June 30, 2021



UNITED WAY OF ROANOKE VALLEY, INC.

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CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities.....	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
COMPLIANCE	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	20
Schedule of Expenditures of Federal Awards	22
Schedule of Findings and Questioned Costs	23
Summary of Schedule of Prior Audit Findings.....	25



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Roanoke Valley, Inc.
Roanoke, Virginia

We have audited the accompanying financial statements of United Way of Roanoke Valley, Inc., (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Roanoke Valley, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Christiansburg, Virginia
December 8, 2021

UNITED WAY OF ROANOKE VALLEY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,917,037	\$ 2,793,058
Certificates of deposit	108,988	108,436
Pledges receivable, net (Note 2)	576,120	750,094
Other current assets	895,313	524,839
	<hr/>	<hr/>
Total current assets	4,497,458	4,176,427
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, net (Note 3)	554,865	602,944
	<hr/>	<hr/>
PLANNED GIFTS (Note 4)		
Beneficial interest in perpetual trusts	2,184,399	1,839,264
Investment in Foundation for Roanoke Valley	929,011	732,701
Investments	364,951	303,521
	<hr/>	<hr/>
Total planned gifts	3,478,361	2,875,486
	<hr/>	<hr/>
Total assets	<u>\$ 8,530,684</u>	<u>\$ 7,654,857</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 424,578	\$ 471,853
Deferred revenue	23,500	10,000
Designations payable	280,458	409,814
Allocations payable	541,033	617,884
	<hr/>	<hr/>
Total liabilities	1,269,569	1,509,551
	<hr/>	<hr/>
NET ASSETS		
Without donor restrictions		
Operating	2,294,380	1,450,769
Planned gifts	1,290,147	1,032,406
Land, building, and equipment	554,865	602,944
	<hr/>	<hr/>
Total without donor restrictions	4,139,392	3,086,119
	<hr/>	<hr/>
With donor restrictions (Note 5)	3,121,723	3,059,187
	<hr/>	<hr/>
Total net assets	7,261,115	6,145,306
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 8,530,684</u>	<u>\$ 7,654,857</u>

The Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF ROANOKE VALLEY, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CAMPAIGNS AND OTHER REVENUE			
Campaign results			
2019 annual campaign	\$ 2,520,956	\$ (2,696,307)	\$ (175,351)
Less designations	(627,148)	662,316	35,168
Less allowance for uncollected pledges	(98,687)	200,000	101,313
Net 2019 campaign revenues	<u>1,795,121</u>	<u>(1,833,991)</u>	<u>(38,870)</u>
2020 annual campaign	-	2,080,367	2,080,367
Less 2021 – 2022 allocations	-	(541,033)	(541,033)
Less designations	-	(455,826)	(455,826)
Less allowance for uncollected pledges	-	(150,000)	(150,000)
Net 2020 campaign revenues	<u>-</u>	<u>933,508</u>	<u>933,508</u>
Net campaign revenues	<u>1,795,121</u>	<u>(900,483)</u>	<u>894,638</u>
Other revenue			
Gain (loss) on planned gifts	257,741	345,135	602,876
Investments and miscellaneous income from operating assets	125,867	-	125,867
Pledge processing fees	8,710	-	8,710
Disaster relief	1,283,448	-	1,283,448
Grant revenue (PPP loan)	279,800	-	279,800
Community initiatives	3,306,947	-	3,306,947
Total other revenue	<u>5,262,513</u>	<u>345,135</u>	<u>5,607,648</u>
Total net campaign and other revenue	<u>7,057,634</u>	<u>(555,348)</u>	<u>6,502,286</u>
ALLOCATIONS			
Allocations to partner agencies			
All distributions to agencies	1,064,366	(660,884)	403,482
Less distributions funded through contributor designations	(627,148)	-	(627,148)
Total allocations to partner agencies	<u>437,218</u>	<u>(660,884)</u>	<u>(223,666)</u>
EXPENSES			
Program expenses			
Community initiatives	4,393,074	43,000	4,436,074
Community impact	256,109	-	256,109
Total program expenses	<u>4,649,183</u>	<u>43,000</u>	<u>4,692,183</u>
Support expenses			
Management and general	527,148	-	527,148
Fundraising	336,623	-	336,623
Payments to affiliated organizations	54,189	-	54,189
Total support expenses	<u>917,960</u>	<u>-</u>	<u>917,960</u>
Total expenses	<u>5,567,143</u>	<u>43,000</u>	<u>5,610,143</u>
CHANGE IN NET ASSETS	1,053,273	62,536	1,115,809
NET ASSETS			
Beginning	3,086,119	3,059,187	6,145,306
Ending	<u>\$ 4,139,392</u>	<u>\$ 3,121,723</u>	<u>\$ 7,261,115</u>

The Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF ROANOKE VALLEY, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CAMPAIGNS AND OTHER REVENUE			
Campaign results			
2018 annual campaign	\$ 2,862,918	\$ (2,919,992)	\$ (57,074)
Less designations	(609,648)	658,758	49,110
Less allowance for uncollected pledges	(112,279)	200,000	87,721
Net 2018 campaign revenues	<u>2,140,991</u>	<u>(2,061,234)</u>	<u>79,757</u>
2019 annual campaign	-	2,696,307	2,696,307
Less 2020 – 2021 allocations	-	(617,884)	(617,884)
Less designations	-	(662,316)	(662,316)
Less allowance for uncollected pledges	-	(200,000)	(200,000)
Net 2019 campaign revenues	<u>-</u>	<u>1,216,107</u>	<u>1,216,107</u>
Net campaign revenues	<u>2,140,991</u>	<u>(845,127)</u>	<u>1,295,864</u>
Other revenue			
Gain (loss) on planned gifts	4,569	(52,826)	(48,257)
Investments and miscellaneous income from operating assets	166,326	-	166,326
Pledge processing fees	63,715	-	63,715
Disaster relief	198,692	-	198,692
Grant revenue (PPP loan)	175,500	-	175,500
Community initiatives	1,781,810	-	1,781,810
Total other revenue	<u>2,390,612</u>	<u>(52,826)</u>	<u>2,337,786</u>
Total net campaign and other revenue	<u>4,531,603</u>	<u>(897,953)</u>	<u>3,633,650</u>
ALLOCATIONS			
Allocations to partner agencies			
All distributions to agencies	1,507,373	(734,383)	772,990
Less distributions funded through contributor designations	(609,648)	-	(609,648)
Total allocations to partner agencies	<u>897,725</u>	<u>(734,383)</u>	<u>163,342</u>
EXPENSES			
Program expenses			
Community initiatives	1,930,592	-	1,930,592
Community impact	234,549	-	234,549
Total program expenses	<u>2,165,141</u>	<u>-</u>	<u>2,165,141</u>
Support expenses			
Management and general	572,805	-	572,805
Fundraising	367,813	-	367,813
Payments to affiliated organizations	43,832	-	43,832
Total support expenses	<u>984,450</u>	<u>-</u>	<u>984,450</u>
Total expenses	<u>3,149,591</u>	<u>-</u>	<u>3,149,591</u>
CHANGE IN NET ASSETS	484,287	(163,570)	320,717
NET ASSETS			
Beginning	2,601,832	3,222,757	5,824,589
Ending	<u>\$ 3,086,119</u>	<u>\$ 3,059,187</u>	<u>\$ 6,145,306</u>

The Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF ROANOKE VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services		Support Expenses			Total Expenses
	Community Initiatives	Community Impact	Management and General	Fund Raising	Other	
Salaries	\$ 824,089	\$ 148,374	\$ 318,453	\$ 195,896	\$ -	\$ 1,486,812
Employee benefits and taxes	192,259	38,459	96,316	54,267	-	381,301
Contract labor	346,151	20,521	-	15,521	-	382,193
Total salaries and related expenses	1,362,499	207,354	414,769	265,684	-	2,250,306
Occupancy	35,560	4,904	15,543	2,481	-	58,488
Printing and publications	45,518	24,791	2,613	33,849	-	106,771
Repairs and maintenance	17,886	3,672	21,140	1,489	-	44,187
Supplies	2,790,273	3,471	(3,230)	8,024	-	2,798,538
Conferences, meetings, and travel	11,587	141	1,388	7,370	-	20,486
Staff training	32,404	1,552	5,794	2,700	-	42,450
Postage	3,109	887	2,174	5,405	-	11,575
Telecommunications	41,891	7,832	10,741	5,664	-	66,128
Professional fees	11,508	2,092	7,299	686	-	21,585
Dues and subscriptions	5,508	10,498	2,785	2,744	-	21,535
Depreciation	-	-	58,584	-	-	58,584
Miscellaneous	35,331	(11,085)	(12,452)	527	-	12,321
Payments to affiliated organizations	-	-	-	-	54,189	54,189
Project funding	43,000	-	-	-	-	43,000
	\$ 4,436,074	\$ 256,109	\$ 527,148	\$ 336,623	\$ 54,189	\$ 5,610,143

The Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF ROANOKE VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Services		Support Expenses			Total Expenses
	Community Initiatives	Community Impact	Management and General	Fund Raising	Other	
Salaries	\$ 738,918	\$ 126,230	\$ 345,294	\$ 234,633	\$ -	\$ 1,445,075
Employee benefits and taxes	176,105	33,091	69,780	61,969	-	340,945
Contract labor	121,436	19,252	-	14,752	-	155,440
Total salaries and related expenses	1,036,459	178,573	415,074	311,354	-	1,941,460
Occupancy	33,979	1,927	22,321	5,276	-	63,503
Printing and publications	104,298	19,980	9,304	26,986	-	160,568
Repairs and maintenance	6,093	930	18,959	1,806	-	27,788
Supplies	571,897	18,006	8,160	3,333	-	601,396
Conferences, meetings, and travel	45,427	1,622	4,214	4,604	-	55,867
Staff training	31,762	204	963	1,991	-	34,920
Postage	245	1	3,995	6,983	-	11,224
Telecommunications	39,141	3,735	10,987	3,204	-	57,067
Professional fees	-	-	20,856	-	-	20,856
Dues and subscriptions	9,971	9,148	1,445	1,293	-	21,857
Depreciation	-	-	56,527	-	-	56,527
Miscellaneous	51,320	423	-	983	-	52,726
Payments to affiliated organizations	-	-	-	-	43,832	43,832
Project funding	-	-	-	-	-	-
	\$ 1,930,592	\$ 234,549	\$ 572,805	\$ 367,813	\$ 43,832	\$ 3,149,591

The Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF ROANOKE VALLEY, INC.

STATEMENTS OF CASH FLOWS
Years Ending June 30, 2021 and 2020

	2021	2020
OPERATING ACTIVITIES		
Change in net assets	\$ 1,115,809	\$ 320,717
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	58,584	56,527
(Gain) loss on planned gifts	(602,876)	48,257
Change in assets and liabilities		
Increase (decrease) in:		
Pledges receivable	173,974	188,017
Other current assets	(370,474)	(116,743)
Increase (decrease) in:		
Accounts payable and accrued expenses	(47,275)	128,939
Deferred revenue	13,500	(186,591)
Designations payable	(129,356)	274
Allocations payable	(76,851)	(116,500)
	135,035	322,897
Net cash provided by operating activities	135,035	322,897
INVESTING ACTIVITIES		
Purchase of property and equipment	(10,504)	(24,633)
Change in certificates of deposit	(552)	(556)
Net cash used in investing activities	(11,056)	(25,189)
Increase in cash and cash equivalents	123,979	297,708
CASH AND CASH EQUIVALENTS		
Beginning	2,793,058	2,495,350
Ending	\$ 2,917,037	\$ 2,793,058

The Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF ROANOKE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1. Organization and Significant Accounting Policies

Organization

The United Way of Roanoke Valley, Inc. (the “Organization”) is a nonprofit organization that advances the common good by mobilizing the caring power of people in the Roanoke Valley and serves Roanoke, Salem, Vinton, and the counties of Botetourt, Craig, and Roanoke. In October 2017, United Way of Franklin County and United Way of Roanoke Valley regionalized operations and the Organization now also serves Franklin County. The Organization engages and mobilizes local businesses, nonprofits, and individuals to raise funds and invest in high quality human service programs that improve lives and strengthen our community. The Organization mobilizes the support of over a thousand volunteers to LIVE UNITED in the Roanoke Valley. Volunteers participate in a variety of ways to bring lasting positive change.

Basis of financial statement presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions are amounts currently available for use in the Organization’s operations.

Net Assets with Donor Restrictions are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the Organization pursuant to those stipulations. Net assets with donor restrictions also include amounts required by donors to be held in perpetuity; however, the income on these assets is available to meet various restricted and other operating needs.

Cash and cash equivalents

For the purpose of reporting cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or fewer to be cash equivalents.

Cash is held in banks located in Virginia and is insured by the Federal Deposit Insurance Corporation (FDIC). At times, the balance in these accounts may be in excess of federally insured limits. The Organization’s management believes that there is no significant risk with respect to these deposits.

Certificates of deposit

Certificates of deposit have original maturity dates ranging from 12 to 48 months.

Contributions received and pledges receivable

Contributions, including unconditional promises to give or pledges receivable, are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions, when the donor’s commitment is received.

(Continued)

UNITED WAY OF ROANOKE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. **Organization and Significant Accounting Policies (Continued)**

Contributions received and pledges receivable (Continued)

Conditional promises to give are not recognized until they become unconditional – i.e., when the conditions on which they depend are substantially met. Contributions of certain assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. If necessary, an allowance for uncollectible pledges receivable is provided based upon management’s judgment.

Property and equipment

Purchases of property and equipment in excess of \$500 are capitalized at cost. Property and equipment are carried at cost, or if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Equipment	5 – 10 years
Building	30 years

Deferred revenue

Deferred revenue at June 30, 2021 and 2020 consisted of grant funds received but not expended in the current year.

Campaign and allocations

The 2019 annual campaign was to fund the July 2020 to June 2021 allocations to agencies. The 2020 annual campaign is to fund the July 2021 to June 2022 allocations to agencies. Campaign contributions received for the subsequent years’ allocations are recorded as net assets with donor restrictions in the year of receipt net of designations and an allowance for uncollected pledges. In addition, campaign contributions received for the subsequent year are reduced by the amount of allocations accrued for the subsequent period. These accrued amounts are included on the statements of financial position as allocations payable.

Expense allocation – functional expenses

In the accompanying statements of functional expenses, all expenses are allocated based upon the functions to which they relate. Expenses were allocated among the functional categories on the basis of specific identification and estimates of time spent and benefits derived.

Income taxes

The Organization is exempt from income taxes under *Internal Revenue Code* Section 501(c)(3).

(Continued)

UNITED WAY OF ROANOKE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1. Organization and Significant Accounting Policies (Continued)

Estimates

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

Reclassifications

Certain amounts for 2021 have been reclassified to conform to the current year presentation. The reclassifications have no effect on the change in net assets as previously reported for 2020.

Recent accounting pronouncement

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers; particularly, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. The Organization adopted this guidance effective June 1, 2020. The adoption of ASU 2014-09 did not result in any significant changes to the accounting for any of the Organization's material revenue streams.

Subsequent events

Subsequent events were considered through December 8, 2021, the date the financials were available to be issued.

Note 2. Pledges Receivable

Pledges receivable were classified as follows:

	<u>2021</u>	<u>2020</u>
Pledges (expected to be collected within one year)	\$ 726,120	\$ 950,094
Less allowance	<u>(150,000)</u>	<u>(200,000)</u>
	<u>\$ 576,120</u>	<u>\$ 750,094</u>

All pledges receivable were classified as net assets with donor restrictions at June 30, 2021 and 2020.

(Continued)

UNITED WAY OF ROANOKE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 3. Property and Equipment

Property and equipment at June 30 consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 44,500	\$ 44,500
Building	1,062,974	1,062,974
Equipment	<u>275,776</u>	<u>305,586</u>
	1,383,250	1,413,060
Less accumulated depreciation	<u>(828,385)</u>	<u>(810,116)</u>
	<u>\$ 554,865</u>	<u>\$ 602,944</u>

Note 4. Planned Gifts

Beneficial interest in perpetual trusts

The Organization is the beneficiary of perpetual irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, the Organization has the irrevocable right to receive the income earned on trust assets in perpetuity. The fair value of the beneficial interest in a trust is recognized as an asset and as a net asset with donor restrictions contribution at the date the trust is established. The Organization's estimated fair value at each reporting date is based on fair value information received from trustees. Trust assets consist of, but are not limited to, cash and cash equivalents, corporate and government bonds, mutual funds, and equity securities. These assets are not subject to control or direction by the Organization. Gains and losses on investments, which are not distributed by the trusts, are included in other revenue on the statements of activities.

Investment in Foundation for Roanoke Valley

The Foundation for Roanoke Valley (the "Foundation") is a community foundation trust established to receive and administer funds for various charitable organizations in the Roanoke Valley. The Organization's investment in the Foundation is stated at fair value. The Foundation's portfolio consists mainly of equities and fixed income investments that are carried at fair value based on quoted prices in active markets.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities.

(Continued)

UNITED WAY OF ROANOKE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 4. Planned Gifts (Continued)

Investments (Continued)

The fair values of investments at June 30 were as follows:

	2021	2020
Money market	\$ 83,905	\$ 78,305
Marketable equity securities	181,712	130,271
Bond mutual funds	72,887	74,056
Equity mutual funds	26,447	20,889
	\$ 364,951	\$ 303,521

Note 5. Net Assets with Donor Restrictions

Donor-restricted net assets for specific purposes and time are classified as follows:

	2021	2020
Net 2019 campaign revenue	\$ -	\$ 1,216,107
Net 2020 campaign revenue	933,508	-
	\$ 933,508	\$ 1,216,107

Donor-restricted net assets held in perpetuity are classified as follows:

	2021	2020
Beneficial interest in perpetual trusts	\$ 2,184,399	\$ 1,839,264
Investment in Foundation for Roanoke Valley	3,816	3,816
	\$ 2,188,215	\$ 1,843,080
Total net assets with donor restrictions	\$ 3,121,723	\$ 3,059,187

Note 6. Retirement Plan

The Organization has a defined contribution plan covering all employees having at least one year of service. Under this plan, the employer shall contribute on behalf of each participant an amount equal to 7.5% of the participant's annual compensation. Total contributions to the plan for the years ended June 30, 2021 and 2020 were \$94,778 and \$98,369, respectively.

(Continued)

UNITED WAY OF ROANOKE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 7. Donated Services

The Organization has a substantial number of volunteers who have donated significant amounts of their time in the Organization's program services and fundraising campaigns. In accordance with accounting principles generally accepted in the United States of America, no amounts have been reflected on the financial statements for these services.

Note 8. Emergency Food and Shelter Board

The Emergency Food and Shelter Board was established on March 24, 1983, with the signing of the "Job Stimulus Bill," Public Law 98-8. This legislation created a national board which distributes federal funds through local boards to nonprofit organizations for the purpose of extending ongoing emergency food and shelter programs. The Organization provides administrative support to the local Emergency Food and Shelter Board. In accordance with program guidelines, local boards can allocate up to 2% of the total funds awarded to a jurisdiction for administrative purposes. Administrative fees allocated were \$762 and \$761 for June 30, 2021 and 2020, respectively. A total of \$46,226 and \$40,013 in federal funds were distributed in the Roanoke Valley for the years ended June 30, 2021 and 2020, respectively.

Note 9. Fair Value Measurement

The Organization has adopted accounting standards which establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are based on unadjusted quoted prices for identical instruments in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for similar or identical 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 overall fair value measurement.

(Continued)

UNITED WAY OF ROANOKE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 9. Fair Value Measurement (Continued)

The asset 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 are used to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value:

<u>June 30, 2021</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Money market	\$ 83,905	\$ 83,905	\$ -
Marketable equity securities	181,712	181,712	-
Bond mutual funds	72,887	72,887	-
Equity mutual funds	26,447	26,447	-
Beneficial interest in perpetual trusts	2,184,399	-	2,184,399
Investment in Foundation for Roanoke Valley	929,011	-	929,011
	<u>\$ 3,478,361</u>	<u>\$ 364,951</u>	<u>\$ 3,113,410</u>

<u>June 30, 2020</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Money market	\$ 78,305	\$ 78,305	\$ -
Marketable equity securities	130,271	130,271	-
Bond mutual funds	74,056	74,056	-
Equity mutual funds	20,889	20,889	-
Beneficial interest in perpetual trusts	1,839,264	-	1,839,264
Investment in Foundation for Roanoke Valley	732,701	-	732,701
	<u>\$ 2,875,486</u>	<u>\$ 303,521</u>	<u>\$ 2,571,965</u>

(Continued)

UNITED WAY OF ROANOKE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 10. Related Parties

The Organization's Board of Directors includes the following related parties:

- An employee of a bank with whom a money market account is maintained. The balance at June 30, 2021 was \$54,814.
- An employee of a bank with whom a checking account, money market, and certificate of deposit are maintained. The balance at June 30, 2021 was \$465,417.
- An employee of a bank with whom a checking account and money market are maintained. The balance at June 30, 2021 was \$523,070.
- An agent with an insurance broker with whom the Organization has purchased coverage.
- Two attorneys with a firm with whom the Organization has sought legal advice.
- Owner of a media company that maintains the Organization's website.
- Owner of a marketing company who assists the Organization's with digital marketing campaigns.

Note 11. Financial Assets and Liquidity Resources

As part of the Organization's liquidity management, it invests excess cash in money markets, certificates of deposit, and equity securities. The Organization's Board of Directors has set a policy of maintaining at least three "months in funds" balance, and a maximum of six "months in funds" balance, to be used for liquidity purposes.

As of June 30, financial assets due within one year of the statements of financial position date for general expenditure were as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,917,037	\$ 2,793,058
Pledges receivable, net	576,120	750,094
Investments	<u>364,951</u>	<u>303,521</u>
	3,858,108	3,846,673
Cash restricted for designations and allocations payable	<u>(821,491)</u>	<u>(1,027,698)</u>
	<u>\$ 3,036,617</u>	<u>\$ 2,818,975</u>

(Continued)

UNITED WAY OF ROANOKE VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 12. COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Organization has adopted policies and procedures aimed at addressing the risks related to COVID-19. The goal of these policies is to operate effectively and provide all essential services while ensuring that its employees, patients, and residents are safe. The Organization follows all applicable guidance provided by the Centers for Disease Control (CDC), the Virginia Department of Health (VDH), the Virginia Department of Labor and Industry (VDOLI), and executive orders issued by the Governor of Virginia.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this financial report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, workforce, suppliers, and residents for fiscal year 2022.

During the year ended June 30, 2021, the Organization recognized revenue totaling \$1,273,298 related to the Coronavirus Aid, Relief and Economic Security (CARES) Act stimulus payments. The Organization has recorded the amounts as other operating revenue.

Note 13. Paycheck Protection Program Loan

During the year ended June 30, 2020, the Organization received a loan of \$279,800 from American National Bank and Trust Company as a part of the CARES Act Paycheck Protection Program (PPP). This loan is fully guaranteed by the U.S. Small Business Administration (SBA). Pursuant to Section 1106 of the CARES Act, the loan can be forgiven up to the full principal amount if the Organization (i) uses all loan proceeds for eligible purposes as set forth in the CARES Act (which includes payroll costs, employee healthcare benefits, interest on mortgage obligations, rent, and utility costs); (ii) maintains employment levels; and (iii) maintains compensation levels. Management believes that the Organization has met the requirements of the PPP for full forgiveness of the loan, and, accordingly, has recognized the amount of the loan proceeds as grant revenue for the year ended June 30, 2021.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
United Way of Roanoke Valley, Inc.
Roanoke, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Roanoke Valley, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 that we consider to be a significant deficiency.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.**

Organization's Response to Findings

The Organization's response to the finding identified in our audit is described as item 2020-001 in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Christiansburg, Virginia
December 8, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Board of Directors
United Way of Roanoke Valley, Inc.
Roanoke, Virginia

Report on Compliance for Each Major Federal Program

We have audited the United Way of Roanoke Valley, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. **We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Christiansburg, Virginia
December 8, 2021

UNITED WAY OF ROANOKE VALLEY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal Catalogue Number	Pass-Through Entity Identifier	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Pass-through from Virginia Department of Social Services Child Care and Development Block Grant	93.575	1701VACCDF and 1901VACCDF	\$ 458,066
Pass-through from Virginia Early Childhood Foundation Administration for Children and Families	93.575	1701VACCDF and 1901VACCDF	1,791,541
Pass-through from Virginia Early Childhood Foundation Temporary Assistance for Needy Families (TANF)	93.558	1901VATANF	100,000
Pass-through from Virginia Early Childhood Foundation Preschool Development Grant	93.434	90TP0039.01.00 90TP006 90TP006701 90TP006702	546,670
Other	93.421	6NU38OT00030 4-01-02	8,025
	93.994	706AS932852	52,442
	93.575	OECD-17-052	155,536
Total U.S. Department of Health and Human Services			<u>\$ 3,112,280</u>

Note 1. Basis of Presentation

This schedule of expenditures of federal awards was prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2. Indirect Cost Rate

The Organization did not elect to use the 10% de minimis indirect cost rate.

UNITED WAY OF ROANOKE VALLEY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on whether the financial statements of the Organization were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).
2. **One significant deficiency** disclosed during the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses were reported.
3. **No instances of noncompliance** material to the financial statements of the Organization which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. **No significant deficiencies or material weaknesses** in internal control over major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program for the Organization expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings** relating to the major program.
7. The program tested as a major program was:

93.575 Child Care and Development Block Grant
8. The threshold for distinguishing Types A and B programs was **\$750,000**.
9. The Organization was determined to not be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001: Segregation of Duties (Significant Deficiency)

Condition: There are areas within the Organization where duties are not separated in an ideal fashion.

Criteria: One of the more important aspects of any system of internal control is segregation of duties. In an ideal system of internal controls, no individual would perform more than one duty in connection with any transaction or series of transactions. In particular, no one individual should have access to both physical assets and the related accounting records or to all phases of a transaction.

Cause: The size of the Organization may prevent complete adherence to the segregation of duties principle.

Effect: Without proper segregation of duties, fraud could occur without timely detection or mitigation.

(Continued)

UNITED WAY OF ROANOKE VALLEY, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2021-001: Segregation of Duties (Significant Deficiency) (Continued)

Recommendation: While the size of the Organization may prevent complete adherence to this principle, we recommend that management evaluate current policies and procedures to determine where improvements can be made.

The following are several areas where duties are not separated in an ideal fashion:

- Two employees have full access to the accounting system.
- While the review of journal entries is being done by the CEO, the review is not being done on a timely basis.

Management's response: *We will continue to work on refining the processes that we are putting in place, especially those for review and approvals, in order to ensure they are completed in a timely fashion, generally within 30 days of the end of the month.*

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

UNITED WAY OF ROANOKE VALLEY, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

2020-001: Segregation of Duties (Significant Deficiency)

Condition: There are areas within the Organization where duties are not separated in an ideal fashion.

Recommendation: While the size of the Organization may prevent complete adherence to this principle, we recommend that management evaluate current policies and procedures to determine where improvements can be made.

The following are several areas where duties are not separated in an ideal fashion:

- Two employees have full access to the accounting system.
- While the review of journal entries is being done by the CEO, the review is not being done on a timely basis.

Current Status: *Two employees having full access to the accounting system is still applicable. During the audit period, procedures were instituted to help address segregation of duties regarding the preparation and review of journal entries. While the review of journal entries is being done by the CEO, the review is not being done on a timely basis.*