

CAPITAL AREA UNITED WAY
Baton Rouge, Louisiana

FINANCIAL REPORT

June 30, 2022



CAPITAL AREA UNITED WAY

Baton Rouge, Louisiana

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Capital Area United Way
Baton Rouge, Louisiana

Opinion

We have audited the accompanying financial statements of the Capital Area United Way (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Capital Area United Way as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Capital Area United Way's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Area United Way's, ability to continue as a going concern for a reasonable period of time.

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

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Community Allocations, Grants, and Designations on pages 22 through 24 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana

February 14, 2023

CAPITAL AREA UNITED WAY

Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	ASSETS	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,923,353	\$ 3,076,299
Certificates of deposit	1,104,170	1,101,436
Investments	8,764,316	9,491,767
Campaign pledges receivable, net	1,941,461	1,616,544
Building lease receivable, net of discount of \$167,450 and \$136,275, respectively	699,550	832,725
Other receivables	49,935	70,000
Prepaid expenses and other current assets	23,460	28,198
Property and equipment, net	<u>60,572</u>	<u>78,030</u>
 Total assets	 <u>\$ 14,566,817</u>	 <u>\$ 16,294,999</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Designations payable	\$ 285,704	\$ 239,563
Accounts payable	4,368	20,096
Other accrued expenses	<u>132,861</u>	<u>212,259</u>
 Total liabilities	 <u>422,933</u>	 <u>471,918</u>
NET ASSETS		
Without donor restrictions	8,581,396	5,761,656
With donor restrictions	<u>5,562,488</u>	<u>10,061,425</u>
 Total net assets	 <u>14,143,884</u>	 <u>15,823,081</u>
 Total liabilities and net assets	 <u>\$ 14,566,817</u>	 <u>\$ 16,294,999</u>

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

CAPITAL AREA UNITED WAY
Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Totals	Without Donor Restriction	With Donor Restriction	Totals
REVENUE AND SUPPORT						
Annual campaign, net						
Current year campaign	\$ -	\$ 4,599,866	\$ 4,599,866	\$ -	\$ 9,485,464	\$ 9,485,464
Prior year campaign	80,127	-	80,127	140,819	-	140,819
Less: donor designations	-	(540,380)	(540,380)	-	(367,748)	(367,748)
Less: estimated bad debts	-	(170,336)	(170,336)	-	(268,279)	(268,279)
	<u>80,127</u>	<u>3,889,150</u>	<u>3,969,277</u>	<u>140,819</u>	<u>8,849,437</u>	<u>8,990,256</u>
Future campaigns, net	-	190,520	190,520	-	133,350	133,350
Total annual campaigns, net	80,127	4,079,670	4,159,797	140,819	8,982,787	9,123,606
Program grants	2,176,897	-	2,176,897	84,440	171,593	256,033
Donated goods and services	49,749	-	49,749	20,412	-	20,412
Sponsorship revenue	5,500	-	5,500	256,604	-	256,604
Investment income (losses)	(711,445)	-	(711,445)	76,592	-	76,592
Special events	506,855	-	506,855	45,940	-	45,940
Federal grants - PPP loans forgiveness	-	-	-	551,400	-	551,400
Other revenues	2,723	-	2,723	10,398	-	10,398
	<u>2,110,406</u>	<u>4,079,670</u>	<u>6,190,076</u>	<u>1,186,605</u>	<u>9,154,380</u>	<u>10,340,985</u>
Net assets released from purpose restrictions	8,578,607	(8,578,607)	-	5,395,755	(5,395,755)	-
Total revenues and support	<u>10,689,013</u>	<u>(4,498,937)</u>	<u>6,190,076</u>	<u>6,582,360</u>	<u>3,758,625</u>	<u>10,340,985</u>
EXPENSES						
Program services:						
Gross funds awarded	5,190,137	-	5,190,137	3,985,879	-	3,985,879
Less: donor restrictions	(180,026)	-	(180,026)	(318,528)	-	(318,528)
	<u>5,010,111</u>	<u>-</u>	<u>5,010,111</u>	<u>3,667,351</u>	<u>-</u>	<u>3,667,351</u>
Community impact programs	1,351,294	-	1,351,294	1,321,468	-	1,321,468
Total program services	6,361,405	-	6,361,405	4,988,819	-	4,988,819
Management and general	812,464	-	812,464	807,291	-	807,291
Fundraising	695,404	-	695,404	574,604	-	574,604
Total expenses	<u>7,869,273</u>	<u>-</u>	<u>7,869,273</u>	<u>6,370,714</u>	<u>-</u>	<u>6,370,714</u>
Change in net assets	2,819,740	(4,498,937)	(1,679,197)	211,646	3,758,625	3,970,271
NET ASSETS						
Beginning of year	<u>5,761,656</u>	<u>10,061,425</u>	<u>15,823,081</u>	<u>5,550,010</u>	<u>6,302,800</u>	<u>11,852,810</u>
End of year	<u>\$ 8,581,396</u>	<u>\$ 5,562,488</u>	<u>\$ 14,143,884</u>	<u>\$ 5,761,656</u>	<u>\$ 10,061,425</u>	<u>\$ 15,823,081</u>

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

CAPITAL AREA UNITED WAY

Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,679,197)	\$ 3,970,271
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,458	20,233
Amortization	133,175	73,634
Forgiveness of debt	-	(551,400)
Unrealized loss (gain) on investments	727,451	(84,014)
Change in allowance for uncollectible campaign pledges	(195,856)	268,278
Change in campaign pledges and other receivables	(108,996)	456,428
Change in prepaid expenses and other assets	4,738	(2,018)
Change in designations payable	46,141	(187,625)
Change in accounts payable and other liabilities	<u>(95,126)</u>	<u>(223,557)</u>
Net cash provided by (used in) operating activities	<u>(1,150,212)</u>	<u>3,740,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(26,085)
Purchases of investments and certificates of deposit	(2,734)	(4,988,852)
Proceeds from borrowings - PPP loans	<u>-</u>	<u>275,700</u>
Net cash used in investing activities	<u>(2,734)</u>	<u>(4,739,237)</u>
Net decrease in cash and cash equivalents	(1,152,946)	(999,007)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,076,299</u>	<u>4,075,306</u>
End of year	<u>\$ 1,923,353</u>	<u>\$ 3,076,299</u>

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

CAPITAL AREA UNITED WAY
Baton Rouge, Louisiana

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

	2022			
	Community Impact	Management and General	Fundraising	Total
Community impact funds	\$ 4,998,725	\$ -	\$ -	\$ 4,998,725
Less: donor designations	(180,026)	-	-	(180,026)
Disaster awards	191,412	-	-	191,412
Other program awards	-	-	-	-
	<u>5,010,111</u>	<u>-</u>	<u>-</u>	<u>5,010,111</u>
Salaries and wages	413,450	310,088	310,088	1,033,626
Payroll taxes	32,633	28,554	20,395	81,582
Employee benefits	97,395	194,791	32,465	324,651
Campaign supplies and expenses	60,237	15,059	75,297	150,593
Conferences, conventions, and travel	5,541	792	6,863	13,196
Depreciation	5,412	6,110	5,936	17,458
Donated goods and services	-	-	50,018	50,018
Dues and subscriptions	6,209	919	4,812	11,940
Equipment rental and repairs	45,917	61,360	30,611	137,888
Occupancy	53,768	95,388	49,984	199,140
Office supplies and postage	11,110	71,393	99,621	182,124
Professional fees	318,138	28,010	9,314	355,462
Program materials and expenses	138,813	-	-	138,813
United Way of America dues	162,671	-	-	162,671
	<u>1,351,294</u>	<u>812,464</u>	<u>695,404</u>	<u>2,859,162</u>
 Total expenses	<u>\$ 6,361,405</u>	<u>\$ 812,464</u>	<u>\$ 695,404</u>	<u>\$ 7,869,273</u>

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

CAPITAL AREA UNITED WAY
Baton Rouge, Louisiana

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021

	2021			Total
	Community Impact	Management and General	Fundraising	
Community impact funds	\$ 3,010,653	\$ -	\$ -	\$ 3,010,653
Less: donor designations	(318,528)	-	-	(318,528)
Disaster awards	526,726	-	-	526,726
Other program awards	448,500	-	-	448,500
	3,667,351	-	-	3,667,351
Salaries and wages	431,132	320,626	316,579	1,068,337
Payroll taxes	26,607	26,050	18,445	71,102
Employee benefits	129,153	265,052	59,764	453,969
Campaign supplies and expenses	30,084	7,323	36,524	73,931
Conferences, conventions, and travel	3,871	523	4,734	9,128
Depreciation	6,272	7,082	6,879	20,233
Donated goods and services	-	-	20,412	20,412
Dues and subscriptions	2,721	400	2,105	5,226
Equipment rental and repairs	43,403	57,908	28,854	130,165
Occupancy	36,421	64,542	33,854	134,817
Office supplies and postage	4,008	25,703	35,777	65,488
Professional fees	364,540	32,082	10,677	407,299
Program materials and expenses	100,087	-	-	100,087
United Way of America dues	143,169	-	-	143,169
	1,321,468	807,291	574,604	2,703,363
Total expenses	\$ 4,988,819	\$ 807,291	\$ 574,604	\$ 6,370,714

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

CAPITAL AREA UNITED WAY

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Capital Area United Way (CAUW or the Organization) is a nonprofit organization which serves the parishes of East Baton Rouge, Ascension, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, St. James, West Baton Rouge, and West Feliciana. Each fall, the CAUW conducts an annual united fundraising campaign, evaluates needed community services, and distributes funds, primarily in the following year, to various organizations that provide other community services in addition to providing program services in conjunction with these efforts.

The accounting and reporting policies of the Organization conform to the accounting principles generally accepted in the United States of America and the prevailing practices within the not-for-profit industry. The significant accounting policies used by the Organization in preparing and presenting its financial statements are summarized as follows:

Basis of presentation

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which requires the Organization to report financial information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have net assets where the donor stipulated funds were to be held in perpetuity at either June 30, 2022 or 2021.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For purposes of financial statement presentation, the Organization considers all highly liquid investments with maturities of ninety days or less at the date of acquisition to be cash equivalents.

Cash equivalents and certificates of deposit include funds held in certificates of deposit and money market funds at financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk with respect to cash and cash equivalents or certificates of deposit.

Investments and investment income

Investments in equity securities with readily determinable fair values and all investments are recorded at fair value based on quoted market prices. For those investments for which quoted market prices are unavailable, management estimates fair value based on information provided by the fund managers or the general partners. Unrealized gains and losses are recorded in current year operations as increases or decreases in net assets without donor restrictions. Dividend, interest, and other investment income are recorded as increases in net assets without donor restrictions unless the use is restricted by the donor.

Donated investments are recorded at market value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost bases of the securities sold, using the specific identification method, and these realized gains and losses flow through the Organization's current operations.

Property and equipment

Property and equipment are stated at cost. Donated property is recorded at its estimated fair value on the date of receipt, which is then treated as cost. Additions, renewals, and betterments that increase the values or extend the lives of assets are capitalized. Maintenance and repair expenditures are expensed as incurred.

Depreciation has been provided using the straight-line method over the estimated useful lives of the related assets, as follows:

Furniture, fixtures and office equipment	5 - 10 years
Leasehold improvements	10 - 25 years

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gains or losses are recognized in the Organization's current operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Paycheck Protection Program

In accounting for the terms of the notes payable recorded in connection with the Paycheck Protection Program (PPP), the Organization is guided by ASC 470 *Debt*, and ASC 450-30 *Gain contingency*. Accordingly, it recorded the proceeds of the PPP loan as debt, and it will derecognize the liability when the loan is paid off or it believes forgiveness is reasonably certain. The Organization believes that the possibility of loan forgiveness is to be regarded as a contingent gain and therefore will not recognize the gain (and derecognize the loan) until all uncertainty is removed (i.e. all conditions for forgiveness are met).

Contributions and sponsorships

Contributions received are recorded based on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Grants receive the same accounting treatment as contributions if management determines there are no donor-imposed conditions. Revenues from grants that are determined to have donor-imposed conditions are recognized as the related expenses are incurred, with unexpended funds recorded as refundable advances.

Annual fall campaign results are reduced by pledges collected on behalf of others or pledged to a specific organization (i.e., donor designation) and by a provision for uncollectible pledges. The net campaign results are reflected as net assets with donor restrictions since the amounts are generally collected over time and disbursed during subsequent periods.

Contributed services

The Organization recognizes revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation.

Allocated expenses

Personnel expenses are allocated between program and supporting services based upon the results of time studies. Fundraising expenses related to the annual campaign are conducted throughout the year and are expensed when incurred. Management and general expenses include those expenses not directly identifiable with a specific function but provide for the overall support and direction of the Organization. All other expenses are directly related to the function in which they are classified.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax status

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes is necessary.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that would more likely than not be substantiated upon examination. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Advertising costs

Advertising costs, which are included in campaign expenses, are expensed as incurred.

Accounting pronouncements issued but not yet adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This accounting standard requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. This standard will be effective for the year ended June 30, 2023.

The Organization is currently assessing the impact of this pronouncement on its financial statements.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

Recently Adopted Accounting Standard

As of July 1, 2021, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The Organization's adoption of ASU No. 2020-07 did not result in any adjustments to their financial statement presentation.

NOTE 2 - CAMPAIGN PLEDGES RECEIVABLE

Campaign pledges receivable, all of which are considered current in nature, were comprised of the following at June 30, 2022 and 2021:

	2022	2021
United Way:		
2022 Campaign	\$ 148,088	\$ -
2021 Campaign	1,993,373	1,929,067
2020 Campaign and prior	283,131	366,464
	2,424,592	2,295,531
Less allowance for uncollectible pledges	(483,131)	(678,987)
	\$ 1,941,461	\$ 1,616,544

NOTE 3 - BUILDING LEASE RECEIVABLE

During the year ended June 30, 2006, the Organization received a donation of a 25-year lease for its office building to be occupied rent-free through December 31, 2030. At the time of the lease donation, the Organization estimated that the rental rates for comparable facilities would be \$8,500 per month.

At the time of the donation, a building lease receivable and corresponding contribution were recorded equal to the present value of the monthly rentals (assuming a discount rate of 4.75 % in 2022). The annual rental of \$102,000 was recorded, net of the amortized discount, resulting in net office rent expense of \$76,063 and \$73,634 for the years ended June 30, 2022 and 2021, respectively.

Rent expense expected to be recorded in future years, in accordance with the lease agreement, is as follows:

Year ending June 30th	Lease Amount	Discount Amortization	Net Expense
2023	\$ 102,000	\$ 33,229	\$ 68,771
2024	102,000	29,962	72,038
2025	102,000	26,540	75,460
2026	102,000	22,956	79,044
2027	102,000	19,201	82,799
Thereafter	357,000	35,562	321,438
	\$ 867,000	\$ 167,450	\$ 699,550

NOTE 4 - INVESTMENTS

Investments consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash equivalents	\$ 183,111	\$ 361,368
Fixed income securities	7,809,608	8,640,284
Alternative investments	300,425	-
Investments - BRAF	471,172	490,115
	<u>\$ 8,764,316</u>	<u>\$ 9,491,767</u>

Fair value measurements of investments for years 2022 and 2021 under the fair value hierarchy of ASC 820 are disclosed at Note 13.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Furniture, fixtures, and office equipment	\$ 601,163	\$ 601,163
Leasehold improvements	283,631	283,631
	884,794	884,794
Less: accumulated depreciation	(824,222)	(806,764)
	<u>\$ 60,572</u>	<u>\$ 78,030</u>

Depreciation expense totaled \$17,458 and \$20,233 for the year ended June 30, 2022 and 2021, respectively.

NOTE 6 - LINE OF CREDIT

The Capital Area United Way has established a \$500,000 line of credit through Regions Bank. The line of credit expires in May of 2023. There were no draws on the line of credit during the years ended June 30, 2022 or 2021.

NOTE 7 - NOTE PAYABLE

The Organization entered into a promissory note agreement (the PPP loan) evidencing an unsecured loan in the amount of \$275,700 made to the Organization under the Paycheck Protection Plan (PPP) during the year ended June 30, 2020 and entered into a separate PPP note agreement in the amount of \$275,700 during the year ended June 30, 2021. The PPP is a liquidity facility program established by the U.S. government as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in response to the negative economic impact of the COVID-19 outbreak.

NOTE 7 - NOTE PAYABLE (CONTINUED)

The PPP loans to the Organization have two-year terms and bear interest at a rate of 1.0%. Monthly principal and interest payments are deferred for six months. The PPP loans are forgivable loans to the extent that the proceeds are used to cover qualified expenses following loan funding. For the loans to be forgiven, the Company is required to formally apply for forgiveness, and potentially, required to pass an audit that it met the eligibility qualifications of the loans. The Company received notifications during the year ended June 30, 2021, that the entire loan amounts of \$551,400 were forgiven.

NOTE 8 - AGENCY TRANSACTIONS/DESIGNATIONS PAYABLE

Agency transactions include contributions designated by donors for payment to specified organizations. These transactions are accounted for as pass-through transactions which represent transfers of assets from resource providers (contributors) to intermediary not-for-profit organizations (CAUW) that act as agents for resource providers by transferring those assets to specified third-party recipients. When contributors to the fundraising campaign designate specific beneficiaries, the Capital Area United Way has no discretion in distributing those assets. Such amounts are not recorded as revenues or expenses. When such amounts are collected, they are recorded as designations payable until remitted to the underlying beneficiary organization.

NOTE 9 - DEFINED BENEFIT PLAN

The Organization had a non-contributory defined benefit pension plan that provided retirement benefits to individuals who were employed by the CAUW before April 1, 2007, and met the eligibility requirements. The Plan was frozen effective April 1, 2007, and the participants in this Plan stopped accruing benefits at that time; however, those participants did become 100% vested in the benefits accrued through this date. No additional employees are able to participate in the Plan.

During the year ended June 30, 2021, the Organization terminated the Plan and paid approximately \$663,000 to settle all outstanding liabilities. These distributions consisted of (1) lump sum payments to former participants in the Plan, (2) purchase annuities, and (3) expenses.

Accounting standards required the CAUW to recognize the underfunded status of its defined benefit pension plan as a liability on its statements of financial position. The following table set forth the funding status of the Plan as of June 30, 2020:

Fair value of plan assets at June 30, 2020	\$ 305,330
Projected benefit obligation	<u>(526,324)</u>
Unfunded pension obligation	<u>\$ (220,994)</u>

NOTE 9 - DEFINED BENEFIT PLAN (CONTINUED)

Changes in the projected benefit obligations during the year ended June 30, 2021 is as follows:

	2021
Benefit obligation at the beginning of the year	\$ 526,324
Service cost, changes in assumptions, and other	135,840
Benefits paid and expenses	(662,164)
Benefit obligation at the end of the year	\$ -

Total pension expense (benefit) recognized for the year, including the change to the underfunded status, was approximately \$29,000 for the years ended June 30, 2021.

The weighted average assumptions used to determine net pension cost for the year ended June 30, 2021 were as follows:

Discount rate	3.25%
Average annual increase in compensation	N/A
Expected long-term rate of return on plan assets	5.50%
Post-retirement interest rate	5.50%

The expected long-term rate of return on plan assets was developed by considering historical plan performance, current asset allocation, and forecasts of future returns.

The changes in the fair value of the plan assets were as follows during the years ended June 30, 2021:

	2021
Fair value of plan assets at the beginning of the year	\$ 305,330
Actual return on plan assets and other	13,734
Employer contributions	343,100
Benefits paid and expenses	(662,164)
Fair value of plan assets at the end of the year	\$ -

NOTE 10 - NET ASSETS

The Board of Directors has chosen to place the following limitations on net assets without donor restrictions as of June 30, 2022 and 2021:

	2022	2021
Funds held for operating reserves	\$2,612,057	\$2,631,000
Funds held for Community Impact Program	97,909	97,909
Funds held for Buildings	83,539	83,539
Total	\$2,793,505	\$2,812,448

Net assets with donor restrictions were available for the following purposes or periods as of June 30, 2022 and 2021:

	2022	2021
Campaign revenues for future periods	\$ 4,620,050	\$ 8,982,787
Building lease receivable	699,550	832,725
Disaster relief	90,000	90,000
VITA grant - tax preparation	152,888	155,913
	\$ 5,562,488	\$ 10,061,425

NOTE 11 - ENDOWED NET ASSETS

The Organization has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed net assets in perpetuity. The investment policy sets forth the guidelines relative to asset allocation parameters and investment return goals. The spending policy sets forth guidelines related to the amount of financial support available and the types of programs funded. Both policies are reviewed annually by the Organization's Board of Directors. There are no donor established endowments as of June 30, 2022 or 2021.

A summary of endowed net assets (board-designated endowment) as of June 30, 2022 and 2021, is as follows:

	2022	2021
Board-designated endowment	\$ 471,172	\$ 490,115

NOTE 11 - ENDOWED NET ASSETS (CONTINUED)

A summary of changes in endowed net assets for the years ended June 30, 2022 and 2021, is as follows:

Endowed net assets - June 30, 2020	\$	406,101
Investment gain		84,014
Endowed net assets - June 30, 2021		490,115
Investment loss		(18,943)
Endowed net assets - June 30, 2022	\$	471,172

NOTE 12 - DEFINED CONTRIBUTION PLAN

The CAUW maintains a 403(b) retirement and thrift plan for all eligible employees. The Organization makes matching contributions equal to 100% of each employee's elective contribution up to a maximum of 3% of eligible compensation, after the employee has completed one year of service. The Organization can also make additional discretionary contributions. Participants vest immediately in their voluntary contributions and over a five-year period for contributions made by the CAUW. Total expenses related to this Plan totaled approximately \$87,000 and \$83,000 for the years ended June 30, 2022 and 2021, respectively.

NOTE 13 - DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with the *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification, disclosure of fair value information about financial instruments is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows.

Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not necessarily represent the underlying value of the Organization.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

**NOTE 13 - DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS
(CONTINUED)**

Fair Value Hierarchy

The topic on *Fair Value Measurements and Disclosures* establishes 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1 - valuation is based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 - valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 - valuation is based on unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon 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.

The following methods and assumptions were used by the Organization in estimating its fair value measurements and disclosures for financial instruments:

Investments - valued at the net asset value (NAV) of shares held by the Organization at year end.

Fixed income securities - valued using pricing models maximizing the use of observable inputs for similar securities.

Limitations - fair value estimates are made at a specific point in time, based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

**NOTE 13 - DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS
(CONTINUED)**

Fair Value of Assets and Liabilities Measured on a Recurring Basis

The Organization's investments are measured on a recurring basis through estimates and assumptions made by the Baton Rouge Area Foundation.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair values as of June 30, 2022 and 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>June 30, 2022</u>
Cash equivalents	\$ 183,111	\$ -	\$ -	\$ 183,111
Fixed income securities	7,809,608	-	-	7,809,608
Alternative investments	-	-	300,425	300,425
Investments - BRAF	-	471,172	-	471,172
Total investments at fair value	<u>\$ 7,992,719</u>	<u>\$ 471,172</u>	<u>\$ 300,425</u>	<u>\$ 8,764,316</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>June 30, 2021</u>
Cash equivalents	\$ 361,368	\$ -	\$ -	\$ 361,368
Fixed income securities	8,640,284	-	-	8,640,284
Investments - BRAF	-	490,115	-	490,115
Subtotal	<u>\$ 9,001,652</u>	<u>\$ 490,115</u>	<u>\$ -</u>	<u>\$ 9,491,767</u>

The following table sets forth a summary of changes in the Level 3 fair value of the investments for the year ended June 30, 2022. There was no activity related to Level 3 fair value of the investments for the year ended June 30, 2021.

	<u>June 30, 2022</u>
Balance, beginning of year	\$ -
Deposits	300,000
Unrealized gain	425
Balance, end of year	<u>\$ 300,425</u>

NOTE 14 - DONATED SERVICES AND ASSETS

The Organization received the following contributions of nonfinancial assets for the year ending June 30:

	2022	2021
Security services	\$ -	\$ 8,000
Purchase discounts	21,978	3,850
Banking services	2,366	3,484
Gift cards	2,700	3,000
Food and beverage items	20,107	1,770
Supplies	2,598	308
	\$49,749	\$20,412

Purchase discounts, contributed gift cards, food and supplies received by the Organization are recorded as in-kind contribution revenue with a corresponding increase to food and beverage item or supplies expense.

The Organization utilized valuation methods during the year ended June 30, 2022 and 2021 based upon the valuation of the gift cards, food and beverage items and/or supplies provided by the donor.

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization receives contributed banking and event security services that are reported using current rates for similar services. The Organization also receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statements of activities for these fundraising and special projects services because the criteria for recognition have not been satisfied.

NOTE 15 - LIQUIDITY

The Organization has the following financial assets available to meet its general needs, excluding amounts that are not available for general use within one year of the statement of financial position date because of donor imposed restrictions or internal designations:

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has established a line of credit in the amount of \$500,000, which it could draw upon if needed.

NOTE 15 - LIQUIDITY (CONTINUED)

	2022	2021
Cash and cash equivalents	\$ 1,923,353	\$ 3,076,299
Certificates of deposit	1,104,170	1,101,436
Campaign pledges receivable, net	1,941,461	1,616,544
Other receivables	49,935	70,000
Investments	8,293,144	9,001,652
Investments - BRAF	471,172	490,115
	13,783,235	15,356,046
Less: assets with donor restrictions, including future campaigns	(5,562,488)	(10,061,425)
Less: assets with board designations	(2,793,505)	(2,812,448)
	\$ 5,427,242	\$ 2,482,173

NOTE 16 - FUNDRAISING AND MANAGEMENT AND GENERAL EXPENSE RATIO

The Capital Area United Way computes its fundraising and management and general expense ratio as recommended in Functional Expenses and Overhead Reporting Standards/or United Ways as revised in 2004. The numerator includes fundraising and management and general expenses. Fundraising costs include marketing and communication expenses. The computation of the ratio for the years ended June 30, 2022 and 2021 is as follows:

	2022	2021
Numerator:		
Management and general	\$ 812,464	\$ 807,291
Fundraising	695,404	574,604
	\$ 1,507,868	\$ 1,381,895
Denominator		
Total revenues and support	\$ 6,190,076	\$ 10,340,986
Overhead ratio:	24.36%	13.36%

NOTE 17 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 14, 2023 the date that the financial statements were available to be issued, and determined that no additional disclosures are necessary. No events occurring after this date have been considered for inclusion in these financial statements.

CAPITAL AREA UNITED WAY

Baton Rouge, Louisiana

STATEMENTS OF COMMUNITY ALLOCATIONS, GRANTS, AND DESIGNATIONS

For the year ended June 30, 2022

Agency	2022		
	Impact Funds Awarded	Donor Designations	Total Payments
100 Black Men of Metro Baton Rouge, Ltd.	\$ 30,000	\$ 9,244	\$ 39,244
Adult Literacy Advocates of Greater Baton Rouge	40,000	5,528	45,528
Alpine Community Development Corp.	8,000	-	8,000
American Cleft Palate & Craniofacial Association	-	158	158
American Diabetes Association	-	193	193
American Heart Association, B.R.	-	206	206
American Red Cross	110,000	-	110,000
AMI Kids	-	796	796
Arthritis Association of Louisiana	-	32	32
B.R. Crisis Intervention Center, Inc.	15,000	-	15,000
Baton Rouge Area Foundation	5,000	-	5,000
Baton Rouge Children's Advocacy	104,000	5,139	109,139
Baton Rouge Youth Coalition	36,000	2,480	38,480
Benevolent Rural Alliance For Cultural and Environment	75,000	-	75,000
Big Buddy	214,000	-	214,000
Big Buddy Program	50,000	1,896	51,896
Boys & Girls Clubs of Metro Louisiana	165,000	1,771	166,771
Boys Scouts of America	20,000	161	20,161
Cancer Services	-	19,616	19,616
Capital Area Agency on Aging	-	2,731	2,731
Capital Area CASA Associations	-	343	343
Capital Area Family Violence Intervention Center d/b/a Iris	60,000	9,213	69,213
Capital Area ReEntry Coalition	-	138	138
Catholic Charities of the Diocese of Baton Rouge	395,000	17,814	412,814
Catholic High School	-	67	67
Center of Hope for Tangipahoa, Inc.	75,000	-	75,000
Child Advocacy Services	50,000	7,002	57,002
City Year, Inc.	60,000	-	60,000
Crescent City Cafe, Inc.	1,000	-	1,000
Crisis Intervention Center	-	318	318
Cystic Fibrosis Foundation	-	1,908	1,908
Disaster Awards - Gift Cards	181,412	-	181,412
Donaldsonville Area ARC, Inc.	-	459	459
East Feliciana Public Schools	46,000	-	46,000
Emerge School for Austim	15,000	-	15,000
EMPOWER 225	12,985	-	12,985
Epilepsy Alliance Louisiana	-	1,641	1,641
Family Road of Greater Baton Rouge	15,000	-	15,000
Family Service of GBR	130,000	671	130,671
Family Violence Program of St Bernard	-	138	138
Fathers On a Mission	5,000	-	5,000

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

CAPITAL AREA UNITED WAY
Baton Rouge, Louisiana

STATEMENTS OF COMMUNITY ALLOCATIONS, GRANTS, AND DESIGNATIONS

For the year ended June 30, 2022

Agency	2022		
	Impact Funds Awarded	Donor Designations	Total Payments
Fellowship Church	25,000	-	25,000
First Baptist Church of Vacherie	15,000	-	15,000
Front Yard Bikes	45,000	2,026	47,026
Gardere Initiative Inc.	14,200	-	14,200
Girl Scouts Louisiana East	26,000	504	26,504
Goodwill Industries of SELA	150,000	-	150,000
Greater Baton Rouge Food Bank, Inc.	100,000	19,571	119,571
Green Light New Orleans	500	-	500
HOPE Ministries of Baton Rouge	150,000	4,558	154,558
Humanities Amped	15,000	-	15,000
Istrouma Area Council	5,000	-	5,000
It Takes a Village BR	-	468	468
Jewel J. Newman Community Center	-	138	138
Junior League of Baton Rouge, Inc.	5,000	-	5,000
Kids Orchestra, Inc.	70,000	-	70,000
Lamar Companies	1,520	-	1,520
Louisiana 4-H Foundation	-	5,611	5,611
Louisiana Mental Health Association	-	3,195	3,195
Line 4 Line	15,000	-	15,000
Mary Bird Perkins Cancer Center	-	633	633
McMains Children's Developmental Center	71,250	9,996	81,246
Mental Health Association of GBR	60,000	-	60,000
Millville Community Fire Company	-	222	222
Mission Heart, Inc.	5,000	-	5,000
National Multiple Sclerosis	-	384	384
NAUW - EBR Branch	500	-	500
New Consecrated Community Outreach	15,000	-	15,000
New Zion Christian Center	5,000	-	5,000
O'Brien House	80,000	491	80,491
Opening Doors	60,000	420	60,420
Our Lady of the Lake Foundation	18,750	200	18,950
Propel America	25,000	-	25,000
Regina Coeli Child Development Center	50,000	-	50,000
Retarded Citizens - Livingston	5,658	-	5,658
Samaritan's Purse	-	300	300
Shriners Hospital for Children	-	1,261	1,261
Southeast La Legal Services Corp	51,500	-	51,500
Southeast Louisiana Legal Services	58,000	-	58,000
St Helena Parish School District	50,000	-	50,000
St. James ARC	-	2,434	2,434
St. James Council on Aging	585,750	1,084	586,834

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

CAPITAL AREA UNITED WAY
Baton Rouge, Louisiana

STATEMENTS OF COMMUNITY ALLOCATIONS, GRANTS, AND DESIGNATIONS

For the year ended June 30, 2022

Agency	2022		
	Impact Funds Awarded	Donor Designations	Total Payments
St James Hospital Wellness Foundation	25,000	-	25,000
St James Parish School Board	45,000	-	45,000
St John United Way	50,000	-	50,000
St. Jude Children's Research Hospital	-	4,229	4,229
St. Vincent de Paul	145,000	13,594	158,594
Teach for America, South La	15,000	-	15,000
The Arc Baton Rouge	85,000	2,487	87,487
The Christian Outreach Center of Baton Rouge	12,500	-	12,500
The Emerge Center	200,000	3,734	203,734
The Hospice of Baton Rouge	-	250	250
The Life of a Single Mom	36,000	5,149	41,149
The Manship Theatre, LLC.	15,000	-	15,000
The Salvation Army of Greater Baton Rouge	140,000	5,158	145,158
The Walls Project	80,000	-	80,000
Three O'clock Project	75,000	-	75,000
Top Box Foods	2,300	-	2,300
Trinity Bay Vocational Institute	10,000	-	10,000
U.S. Naval Sea Cadet Corp-Baton Rouge , Inc.	500	-	500
United Cajun Navy	44,046	-	44,046
United Way of Brazoria County	-	67	67
United Way for South Louisiana	50,000	-	50,000
United Way St Charles	50,000	-	50,000
Volunteers In Public Schools	13,450	-	13,450
Walmart Bulk Gift Cards	48,790	-	48,790
We Care For Special People, Inc.	500	-	500
West Feliciana Public Schools	30,000	2,176	32,176
Westside Sponsoring Committee	5,000	-	5,000
YMCA of the Capital Area	15,000	23	15,023
Young Women's Christian Assn.	100,000	-	100,000
Youth City Lab via Front Yard Bike	20,000	-	20,000
	\$ 5,010,111	\$ 180,026	\$ 5,190,137

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