

MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020



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**MESA UNITED WAY AND SUBSIDIARY
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YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mesa United Way and Subsidiary
Mesa, Arizona

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mesa United Way and Subsidiary as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Report on Summarized Comparative Information

We have previously audited the Organization’s 2019 consolidated financial statements, and we expressed an unmodified audit opinion of those audited consolidated financial statements in our report dated June 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and the consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Phoenix, Arizona
May 10, 2021

MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2019)

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 225,823	\$ 73,948
Cash Held in Trust	863,103	675,831
Investments	2,827,370	2,631,218
Unconditional Promises Receivable, Net	407,816	426,749
Donor Designated Promises Receivable	130,934	129,821
Grants Receivable	179,918	128,254
Notes Receivable	3,000	5,171
Prepaid Expenses	3,607	3,661
Other Assets	-	11,758
Beneficial Interest in Charitable Remainder Trusts	81,568	94,451
Property and Equipment, Net	1,499,930	1,191,939
Total Assets	\$ 6,223,069	\$ 5,372,801
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 112,115	\$ 111,179
Cash Held in Trust	863,103	675,831
Donor Designated Payables	143,014	171,676
Agency Allocations Payable	31,208	398,250
Capital Lease Obligations	16,427	27,763
Notes Payable	312,048	-
Paycheck Protection Program Loan	163,957	-
Total Liabilities	1,641,872	1,384,699
NET ASSETS		
Without Donor Restrictions	2,626,521	2,292,339
With Donor Restrictions	1,954,676	1,695,763
Total Net Assets	4,581,197	3,988,102
Total Liabilities and Net Assets	\$ 6,223,069	\$ 5,372,801

See accompanying Notes to Consolidated Financial Statements.

MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED JUNE 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2020	2019
SUPPORT AND REVENUES				
Campaign Contributions:				
Annual Campaign	\$ 3,946,808	\$ 199,576	\$ 4,146,384	\$ 4,254,399
Less: Provision for Uncollectible Promises to Give	(119,276)	-	(119,276)	(105,556)
Less: Donor Designated Contributions	(1,773,241)	-	(1,773,241)	(1,854,184)
Other Contributions	297,320	-	297,320	30,699
Total Campaign Contributions, Net	<u>2,351,611</u>	<u>199,576</u>	<u>2,551,187</u>	<u>2,325,358</u>
Special Program Grants	1,306	1,375,348	1,376,654	1,455,669
Special Events Income, Net	6,196	-	6,196	22,029
Investment Income	115,617	35,893	151,510	161,666
Total Support and Revenues	<u>2,474,730</u>	<u>1,610,817</u>	<u>4,085,547</u>	<u>3,964,722</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,339,021</u>	<u>(1,339,021)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program Services:				
Agency Allocations	-	-	-	461,250
Community Impact	381,836	-	381,836	349,730
Grant Programs	2,352,020	-	2,352,020	2,590,299
Community Awareness	119,564	-	119,564	136,395
Total Program Services	<u>2,853,420</u>	<u>-</u>	<u>2,853,420</u>	<u>3,537,674</u>
Supporting Activities:				
Administrative	290,447	-	290,447	237,857
Fundraising	335,702	-	335,702	237,969
Total Supporting Activities	<u>626,149</u>	<u>-</u>	<u>626,149</u>	<u>475,826</u>
Total Expenses	<u>3,479,569</u>	<u>-</u>	<u>3,479,569</u>	<u>4,013,500</u>
CHANGE IN OPERATING NET ASSETS	<u>334,182</u>	<u>271,796</u>	<u>605,978</u>	<u>(48,778)</u>
NONOPERATING REVENUE AND EXPENSE				
Change in Value of Beneficial Interest in Charitable Remainder Trusts	-	(12,883)	(12,883)	(5,846)
Total Nonoperating Revenue and Expense, Net	<u>-</u>	<u>(12,883)</u>	<u>(12,883)</u>	<u>(5,846)</u>
CHANGE IN NET ASSETS	<u>334,182</u>	<u>258,913</u>	<u>593,095</u>	<u>(54,624)</u>
Net Assets - Beginning of Year	<u>2,292,339</u>	<u>1,695,763</u>	<u>3,988,102</u>	<u>4,042,726</u>
NET ASSETS - END OF YEAR	<u>\$ 2,626,521</u>	<u>\$ 1,954,676</u>	<u>\$ 4,581,197</u>	<u>\$ 3,988,102</u>

See accompanying Notes to Consolidated Financial Statements.

MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED JUNE 30, 2019)

	Program Services				Supporting Activities			Direct Donor Benefits	Totals	
	Community Impact	Grant Programs	Community Awareness	Total Program Services	Administrative	Fundraising	Total Supporting Activities		2020	2019
Salaries	\$ 184,131	\$ 666,246	\$ 57,280	\$ 907,657	\$ 120,454	\$ 188,008	\$ 308,462	\$ -	\$ 1,216,119	\$ 1,064,431
Employee Benefits	31,080	114,925	10,841	156,846	18,844	37,016	55,860	-	212,706	200,092
Payroll Taxes	15,035	55,745	4,643	75,423	9,655	15,243	24,898	-	100,321	90,100
Retirement Plans	8,350	24,618	2,518	35,486	5,677	6,094	11,771	-	47,257	38,352
Campaign Supplies	90	2,783	493	3,366	178	5,626	5,804	-	9,170	7,178
Conferences and Training	402	11,940	280	12,622	-	1,446	1,446	-	14,068	9,442
Contracted Services	24,000	25,055	-	49,055	-	135	135	-	49,190	21,288
AmeriCorps Personnel	-	285,424	-	285,424	-	-	-	-	285,424	341,606
Depreciation	23,906	9,740	23,906	57,552	23,906	23,906	47,812	-	105,364	99,582
Dues and Subscriptions	103	19,623	26	19,752	2,285	219	2,504	-	22,256	5,333
Insurance	5,034	6,064	447	11,545	1,214	2,429	3,643	-	15,188	14,968
Marketing	-	3,628	494	4,122	-	-	-	-	4,122	2,946
Meetings	1,340	7,682	168	9,190	943	1,256	2,199	-	11,389	16,107
Occupancy/Utilities/Parking	2,452	38,574	875	41,901	1,440	2,202	3,642	-	45,543	50,620
Office Expense	973	26,002	2,676	29,651	1,529	1,626	3,155	-	32,806	45,255
Postage and Shipping	195	847	3	1,045	802	2,035	2,837	-	3,882	6,286
Processing Fees	1,432	8,644	474	10,550	801	14,094	14,895	-	25,445	27,330
Professional Fees	5,472	1,800	1,368	8,640	2,584	5,776	8,360	-	17,000	25,960
Printing	349	5,262	-	5,611	-	4,582	4,582	-	10,193	20,105
Repairs and Maintenance	14,151	57,519	7,776	79,446	11,156	16,797	27,953	-	107,399	123,825
Telephone	4,148	34,138	1,037	39,323	2,951	4,083	7,034	-	46,357	47,445
Travel	560	21,823	-	22,383	1,460	2,105	3,565	-	25,948	19,855
United Way of America Dues	-	-	-	-	28,249	-	28,249	-	28,249	25,748
Equipment Leases	-	-	-	-	-	-	-	-	-	1,646
Agency Initiatives	32,407	106,578	4,259	143,244	-	50	50	-	143,294	99,850
Agency Allocations	-	-	-	-	-	-	-	-	-	461,250
In-Kind Expenses:										
Marketing and Printing	3,910	-	-	3,910	-	974	974	-	4,884	5,614
Building Lease	-	-	-	-	56,319	-	56,319	-	56,319	4,500
Initiative - Direct Assistance	22,316	817,360	-	839,676	-	-	-	-	839,676	1,136,786
Special Event Expenses	-	-	-	-	-	-	-	13,638	13,638	26,336
Total	381,836	2,352,020	119,564	2,853,420	290,447	335,702	626,149	13,638	3,493,207	4,039,836
Less: Expenses Netted Against Revenues on the Statement of Activities:										
Special Event Expenses	-	-	-	-	-	-	-	(13,638)	(13,638)	(26,336)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 381,836	\$ 2,352,020	\$ 119,564	\$ 2,853,420	\$ 290,447	\$ 335,702	\$ 626,149	\$ -	\$ 3,479,569	\$ 4,013,500

See accompanying Notes to Consolidated Financial Statements.

MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED JUNE 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 593,095	\$ (54,624)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	105,364	99,582
Donated Other Assets	-	(11,758)
Change in Allowance for Uncollectible Promises Receivable	29,624	5,305
Change in Value of Beneficial Interest in Charitable Remainder Trusts	12,883	5,846
Net Realized and Unrealized Gain on Investments	(105,496)	(114,664)
Paycheck Protection Program Loan Forgiveness	(296,337)	-
(Increase) Decrease in Assets:		
Cash Held in Trust	(187,272)	(207,891)
Unconditional Promises Receivable and Donor Designated Promises Receivable	(11,804)	15,847
Grants Receivable	(51,664)	24,936
Notes Receivable	2,171	(5,171)
Prepaid Expenses	54	13,327
Other Assets	11,758	7,920
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	936	(826)
Cash Held in Trust	187,272	207,891
Donor Designated and Agency Allocations Payable	(395,704)	(62,759)
Net Cash Used by Operating Activities	(105,120)	(77,039)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(413,355)	(38,248)
Proceeds from Sale of Investments	998,264	3,033,144
Purchases of Investments	(1,088,920)	(3,003,493)
Net Cash Used by Investing Activities	(504,011)	(8,597)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Leases	(11,336)	(12,125)
Proceeds on Notes Payable	312,048	-
Paycheck Protection Program Loan Proceeds	460,294	-
Net Cash Provided (Used) by Financing Activities	761,006	(12,125)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	151,875	(97,761)
Cash and Cash Equivalents - Beginning of Year	73,948	171,709
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 225,823	\$ 73,948
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Donated Other Assets	\$ -	\$ 11,758

See accompanying Notes to Consolidated Financial Statements.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Mesa United Way was officially established in November 1966 as a nonprofit philanthropic corporation under the laws of the state of Arizona. The Organization conducts the annual United Way Campaign on behalf of itself and its agency programs. The Organization also assesses and prioritizes critical human care needs in Mesa, Arizona. The Organization addresses these needs through allocations to social service agencies and community organizations.

Mesa United Way is dependent upon undesignated contributions from corporate and individual donors to support its program services. The level of such contributions can be affected by economic conditions. In addition, the choice on the part of some donors to designate their gifts to specific agencies can result in reduced funding available for distributions and allocations. A decrease in undesignated contributions could adversely affect the Organization's ability to provide services and to invest funds in social service agency programs.

Helen's Hope Chest is a wholly-owned subsidiary organization to Mesa United Way. Helen's Hope Chest began operations in conjunction with Mesa United Way in 2009 and was organized as a separate entity in fiscal year 2014. This subsidiary organization provides clothing, school supplies, and other basic needs items to foster children.

These consolidated financial statements include the activities of Mesa United Way and Helen's Hope Chest (collectively, the Organization). All material intercompany accounts and transactions have been eliminated in the consolidation.

The Organization has the following programs:

Agency Allocations

Mesa United Way (MUW) focuses on providing services and funding in areas unmet by current social services in our community. In Spring of 2020, before the COVID-19 pandemic started, MUW conducted a Community Needs Assessment to evaluate the most pressing needs of our community. Based on that assessment, the grant allocations for the Community Chest funding was built to address the areas of most need. Because of the emergence of the COVID-19 pandemic, 2020-21 Allocations were focused specifically on proposals for COVID-19 relief funding to local non-profit agencies.

Future grant funding through allocations will be structured with a similar process of evaluation through community research and surveys. Allocations will also be dependent on available funding raised through each years' Workplace Giving campaigns.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Community Impact

The Community Impact program is responsible for carrying out Mesa United Way's mission. This program brings Mesa United Way staff together with volunteers, agencies, and companies in Mesa to help members of the community lead better, more self-sufficient lives. Community Impact is accomplished through funding agency and grant programs, developing and executing initiatives, and building relationships between community members. Current initiatives are: 12 Books / Mesa Youth Unite program (literacy and hunger intervention for low-income and low-performing children between kindergarten and third grade, year round), Helen's Hope Chest (clothing for foster and kinship families), Foster360 (resource navigation and homelessness intervention for aging-out foster youth), Mesa Veterans Resource Center (resource navigation and essential services provided to veterans through a one-stop-shop center), AmeriCorps (a volunteer service program providing year-round volunteer members to local non-profit partner programs), and VITA (Volunteer Income Tax Assistance program providing free tax return preparation to low- to moderate-income families and individuals).

Grant Programs

The Volunteer Income Tax Assistance (VITA) Program

The VITA program is a free tax preparation service for low and moderate income people in the community. Mesa United Way has supported VITA for many years, but for the last 10 years has been the lead agency for the Mesa program. Volunteers are provided with training to prepare tax returns and then must pass an Internal Revenue Service (IRS) certification test. During the 2019-2020, COVID-19 shortened, tax year, 160 Mesa United Way VITA volunteers contributed over 5,300 hours of their time to complete more than 5,800 tax returns. Due to their efforts, over \$6.5 million in tax refunds were returned to the members of our community who need it most. Over 700 hours of Tax preparation services were provided at 16 different sites covering Mesa, Chandler, and Gilbert. The facilities for VITA sites are provided by nonprofit Mesa VITA coalition partners.

AmeriCorps "Mesa United Against Homelessness"

AmeriCorps is often referred to as the domestic Peace Corps. Mesa United Way has teamed up with AmeriCorps, a federal program that encourages national and community service while providing valuable job training. Mesa United Against Homelessness places Mesa residents, most of whom are over 55 years of age, as direct service delivery professionals within nonprofit agencies that provide services to the needy in our community. All positions are part time. During this past year, 40 Mesa United Against Homelessness members served over 22,650 hours at 12 separate programs operated by nine different nonprofit agencies within Mesa. These amounts, while substantial, are 22% below what was budgeted for this program. People working closely with people is at the very heart of this program. The COVID-19 pandemic is directly and completely responsible for the reduction in available resources. This program has been renewed for an eleventh year and again budgeted for 51 members serving members of the community.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Grant Programs (Continued)

Americorps "Helen's Hope Chest"

In 2019 a second AmeriCorps grant geared specifically to place Mesa residents as direct service delivery professionals to the Helen's Hope Chest and Foster 360 programs. Over 80% of the staff, for both of these programs, are AmeriCorps Members. This results in lowered overhead costs and allows a larger share of resources devoted to directly impacting the child and his or her foster family. For the year ended June 30, 2020, the 18 AmeriCorps members served for over 9,950 hours between the two programs hosted by a single nonprofit agency. This program is in its third year of operation and has been approved for a subsequent year.

Mesa Veterans Resource Center

A recent initiative of Mesa United Way, Mesa Veterans Resource Center (MVRC) provides a centralized location in Mesa offering comprehensive resources to access services and personal assistance with employment, soft skills training, resume building, benefit claims and counseling, healthcare, transportation, workshops, homelessness, and mental health. Mesa United Way has partnered with the Mesa Chamber of Commerce and Mesa Community College to create this one-stop resource center. Our goal is to walk alongside these veterans to get them the resources and tools they need to not only get by, but to succeed. Currently, the Mesa Veterans Resource Center is serving around 200 veterans per month, utilizing Veterans Service Officers and community navigators. A partnership with AZ@Work has created 250 new job opportunities for local veterans at outstanding per hour pay.

12 Books / Mesa Youth Unite

Another initiative of Mesa United Way, 12Books is designed to provide free books to children in 1st-3rd grade in Mesa's Title-I public schools. Studies show that children without access to age-appropriate reading material experience severe loss in reading skills over summer vacation as well as learning challenges later on in life. 12Books distributions are much like any other book fair where students are able to make their own selections to build their at-home library. 12Books also provides books for Mesa United Way's summer program, Mesa Youth Unites, an AmeriCorps program that hires 20 students to work with low income families and provide weekend food packs for children in summer school. In this distribution year, 12 Books and Mesa Youth Unite have distributed more than 9,000 books and 25,000 equivalent meals to children and families in need.

Mesa K-Ready

A collaboration between Mesa United Way, The City of Mesa, and Mesa Public Schools, Mesa K-Ready offers innovative pre-school solutions for families who cannot afford more traditional pre-school or who can't get into the current brick and mortar public pre-schools. Currently, Mesa K Ready is working with 150 families to help the parents become their children's first best teacher.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Community Awareness (Communications)

The Marketing and Communications program is responsible for developing ideas and concepts that will educate the community about Mesa United Way with the intention of inspiring people to volunteer and donate. This is done through the creation of marketing materials that explain Mesa United Way's vision, mission, accomplishments, and goals.

Gross Campaign Contribution Summary

A summary of the gross campaign contributions for the year ended June 30, 2020 is as follows:

Annual Campaign (Gross)	\$ 4,146,384
Special Program Grants	1,376,654
Special Event Income, Net	6,196
Other Contributions	297,320
Gross Campaign Contributions	<u>\$ 5,826,554</u>

Functional overhead for a nonprofit organization is defined as the expenses incurred in the administrative and fundraising supporting activities. These costs are detailed in the accompanying consolidated statement of functional expenses under the column titled Total Supporting Activities. The administrative and fundraising costs for the fiscal year ended June 30, 2020 totaled approximately \$626,000, or 10.75% of gross campaign contributions.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Net Assets (Continued)

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Measure of Operations

In its consolidated statement of activities, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Nonoperating activity consists primarily of changes in the Organization's beneficial interest in charitable remainder trusts.

Prior Year Summarized Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with a remaining maturity of three months or less at date of acquisition to be cash equivalents.

Cash Held in Trust

The Organization acts as an agent for various donors. These funds will be released when donors request them to be transferred to various organizations. As the agent for these funds, the Organization does not record contribution revenue or expense for activity in these funds.

Investments

Securities consist primarily of equity and fixed income mutual funds and cash/money market funds. Mutual funds are recorded at fair value as determined by quoted market prices. Cash/money market funds are recorded at cost which approximates fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change of net assets in the accompanying consolidated statement of activities.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions

Unconditional promises to give designated by donors to specific nonprofit organizations are segregated as such in the accompanying consolidated financial statements as donor-designated receivables and donor-designated payables. Donors may choose to designate all or part of their contributions to be distributed to specific charitable organizations. These transactions are reported in the consolidated statement of activities as part of the current year Mesa United Way Annual Campaign and are then deducted as amounts designated to other organizations to arrive at net campaign revenue. Amounts deducted are carried as liabilities until received and then paid to the designated charitable organization.

Contributions of donated nonmonetary assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In-kind contributions include printing, clothing, and food for receptions, rent, and advertising. In-kind contributions in the amount of \$900,879 for the year ended June 30, 2020, are included in annual campaign, other contributions revenue, and special events income.

The in-kind contributions above are reflected in the accompanying consolidated financial statements as follows:

Statement of Functional Expenses:

Program Services:		
Community Impact	\$	26,226
Grant Programs		817,360
Supporting Activities:		
Administrative		56,319
Fundraising		974
Total Statement of Functional Expenses		<u>900,879</u>
Total	\$	<u>900,879</u>

Beneficial Interest in Charitable Remainder Trusts

Interests in charitable remainder trusts are recorded at the trusts' fair value. Changes in the valuation of this receivable are recorded in the accompanying consolidated financial statements as a change in the value of beneficial interest in charitable remainder trusts. Because of inherent uncertainties in estimating the value of these agreements, it is at least reasonably possible that these estimates will change within the near future.

MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Property and Equipment

Acquisitions of property and equipment in excess of \$1,600 are capitalized. Property and equipment are stated at cost, or, if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of the respective assets.

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and gains and losses are included in the consolidated statement of activities.

Agency Allocations Payable

Agency allocations payable are recorded when the board of directors has approved and communicated allocations to the recipient agencies as recommended by a review panel.

Income Taxes

Mesa United Way and Helen's Hope Chest are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, have no provision for federal income taxes. In addition, Mesa United Way and Helen's Hope Chest qualify for the charitable contribution deduction under Section 170 of the IRC and have been classified as organizations that are not private foundations. Income determined to be unrelated business taxable income (UBTI) would be taxable.

Mesa United Way and Helen's Hope Chest follow the accounting standard for uncertain tax positions. Mesa United Way and Helen's Hope Chest's policy with respect to the standard prescribes a recognition threshold and measurement principles for the consolidated financial statements recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. This policy had no impact on Mesa United Way and Helen's Hope Chest's consolidated financial statements.

Mesa United Way and Helen's Hope Chest file as tax-exempt organizations.

Estimates

The preparation of the consolidated 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Fundraising Costs

The Organization expenses all fundraising costs as they are incurred.

MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Functional Allocation of Expenses

The costs of providing the Organization's programs and supporting activities have been summarized in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities. These costs are allocated by the actual cost incurred, by estimated costs based on per hour rate of the employee who performed the service, or by estimates of benefits derived.

Market Value Risk

The Organization provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the consolidated statement of financial position.

Fair Value Measurements

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value. However, it may elect to measure newly acquired financial instruments at fair value in the future.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair Value Measurements (Continued)

Fair values are measured using independent pricing models or other model-based valuation techniques such as appraised values, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. The Organization does not have any assets or liabilities that are valued using Level 2 inputs.

Change in Accounting Principle – Adoption of ASU 2018-08

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities* (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The Organization's consolidated financial statements reflect adoption of ASU 2018-08 guidance beginning in fiscal year 2020. The adoption of ASU 2018-08 did not impact the Organization's reported revenue.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 10, 2021, the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

Total Financial Assets	\$ 4,719,532
Donor Imposed Restrictions:	
Restricted Funds	(1,290,553)
Endowments	(664,123)
Net Financial Assets after Donor-Imposed Restrictions	2,764,856
Cash Held in Trust	(863,103)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,901,753

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 INVESTMENTS

Investments consisted of the following at June 30, 2020:

Operating:	
Mutual Funds:	
Equities and Equity Funds	\$ 453,043
Board-Designated Unrestricted:	
Mutual Funds:	
Equities and Equity Funds	1,205,114
Cash and Money Market Funds	50,423
Hostetler Endowment:	
Mutual Funds:	
Equities and Equity Funds	640,362
Fixed Income Obligations and Funds	17
Cash and Money Market Funds	23,761
HHC Reserve Fund:	
Mutual Funds:	
Equities and Equity Funds	454,650
Total	<u>\$ 2,827,370</u>

NOTE 4 UNCONDITIONAL PROMISES RECEIVABLE

A summary of annual campaign contributions, uncollected promises receivable, and allowance for uncollectible promises receivable at June 30, 2020 are as follows:

	Original Amount of Contributions	Uncollected Promises Receivable	Allowance for Uncollectible Promises Receivable	Net Promises Receivable
Unconditional Promises Receivable:				
2020 Campaign		\$ 488,944	\$ (119,276)	\$ 369,668
Prior Campaigns		114,444	(76,296)	38,148
Total Unconditional Promises Receivable		<u>603,388</u>	<u>(195,572)</u>	<u>407,816</u>
Donor Designated Promises Receivable:				
2020 Campaign		118,259	-	118,259
Prior Campaigns		12,675	-	12,675
Total Donor Designated Promises Receivable		<u>130,934</u>	<u>-</u>	<u>130,934</u>
Total	<u>\$ 4,146,384</u>	<u>\$ 734,322</u>	<u>\$ (195,572)</u>	<u>\$ 538,750</u>

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 UNCONDITIONAL PROMISES RECEIVABLE (CONTINUED)

As of June 30, 2020, unconditional promises receivable reflect those amounts not collected from the two annual campaigns conducted from July 2018 through June 2020. Promises include both unrestricted funds and donor-designated funds. When contemplating a reserve for uncollectible amounts, the Organization monitors factors such as employee layoff activities of organizations that participate in its donation campaigns as well as historical collection rates.

NOTE 5 BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

The Organization has been designated as an irrevocable beneficiary of various charitable remainder trusts, in accordance with its agreement with Ameritrust Network, Inc. These trusts are expected to be realized over approximately the next 10 years at their present value, using a discount rate of 6%, and an expected date of distribution based on trust stipulations and mortality tables.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020:

	Amount	Estimated Useful Lives in Years
Land	\$ 12,475	
Buildings and Improvements	1,947,681	20 to 27.5
Furniture and Equipment	352,804	3 to 7
Leasehold Improvements	242,851	27.5
Vehicles	7,000	3 to 7
Total Property and Equipment	<u>2,562,811</u>	
Less: Accumulated Depreciation	<u>(1,062,881)</u>	
Property and Equipment, Net	<u>\$ 1,499,930</u>	

NOTE 7 RETIREMENT PLANS

Defined Contribution Plan

The Organization sponsors a defined contribution plan in which employees are eligible to participate after completing a full year of service and are at least 21 years of age. The plan provides for discretionary employer contributions, subject to limitations of the IRC. These discretionary contributions, determined by the board of directors, are allocated among participants based on annual compensation.

Employer contributions to the plan amounted to \$47,257 for the year ended June 30, 2020.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 AGENCY ALLOCATIONS

Agency allocations payable and donor-designated payables, as noted in the consolidated statement of financial position, were as follows, at June 30, 2020:

A New Leaf, Inc.	\$ 6,457
Big Brothers Big Sisters of Central AZ	1,146
Child Crisis Arizona	4,167
Circle the City	937
Community Alliance Against Abuse	375
Community Bridges, Inc.	937
Down Syndrome Network Az	208
East Valley Adult Resources, Inc.	4,375
House of Refuge, Inc.	1,667
Kids Need to Read	417
Lutheran Social Services of the Southwest	1,146
Marc Center of Mesa, Inc.	469
Oakwood Creative Care	1,146
The Salvation Army	417
Save the Family Foundation of Arizona	4,167
The Boys & Girls Clubs of the East Valley	469
United Food Bank	2,708
Total Allocations Payable	31,208
Donor Designated Payable	143,014
Total	\$ 174,222

NOTE 9 CAPITAL LEASE OBLIGATIONS

The Organization leases certain office equipment under capital leases. The economic substance of these leases is that the Organization is financing the acquisition of the equipment through the lease and, accordingly, the equipment is recorded as an asset and the lease is recorded as a liability. The total cost and accumulated depreciation of the equipment under the capital leases are as follows:

Equipment	\$ 84,867
Less: Accumulated Depreciation	(68,440)
Total	\$ 16,427

Future lease payments under the capital leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 14,501
2022	13,292
Total Payments	27,793
Less: Amount Representing Interest	(11,366)
Present Value of Net Minimum Lease Payments	\$ 16,427

MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 NOTES PAYABLE

The Organization received an interest free, forgivable loan in the amount of \$312,048 through to City of Mesa's Community Development Block Grant program to the renovation of their building. If certain requirements are met, the loan will be forgiven in full on December 31, 2024.

NOTE 11 PAYCHECK PROTECTION PROGRAM LOAN

On May 6, 2020, the Organization received proceeds in the amount of \$460,294 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Organization has classified this loan as a conditional contribution for accounting purposes. The Organization recognized \$296,337 of Other Contribution revenue related to this agreement during the year ended June 30, 2020, which represents the portion of the PPP loan funds for which the performance barriers have been met. As of June 30, 2020, the Organization has not satisfied the performance barriers attributable to \$163,957 of the PPP loan proceeds. The SBA has not formally forgiven any portion of the Organization's obligation under this PPP loan as of June 30, 2020. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. The covered period from May 6, 2020 to July 1, 2020 is the time that an organization has to spend their PPP Loan funds.

Subsequent to year-end, the PPP Loan was forgiven. In addition, subsequent to year-end the Organization received Second Draw PPP Loans totaling \$460,294 as part of the Paycheck Protection Program. These funds must be used in accordance with the program requirements. Additionally, some or all of the funds may be forgiven based on compliance with program requirements and approval by the U.S. Small Business Administration.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 NET ASSETS

Net assets with donor restrictions were available for the following purposes at June 30, 2020:

Subject to Expenditure for Specified Purpose:	
Read On Mesa	\$ 43,012
IRS/UWA VITA Earned Income Tax Credit	6,693
Make it Mesa: Unite Against Hunger	255,082
Mesa Royale Relocation	18,364
Helen's Hope Chest - Foster Care Initiative	610,840
Helen's Hope Chest - Capital Fund	17,706
Helen's Hope Chest - Foster360	17,104
Bridge to Employment - Veteran's Resource Center	23,734
Mesa K-Ready Pre-School Initiative	<u>216,450</u>
Total	<u>1,208,985</u>
Subject to Passage of Time:	
Charitable Remainder Trusts	<u>81,568</u>
Total	<u>81,568</u>
Endowments:	
Subject to Endowment Spending Policy and Appropriation:	
Earnings on Endowment Funds	112,941
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:	
Hostetler Endowment	<u>551,182</u>
Total	<u>664,123</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,954,676</u>

Net assets with donor restriction released from program restrictions during the year ended June 30, 2020 consisted of the following:

Special Program Grants	\$ 754,463
Helen's Hope Chest - Foster Care Initiative	<u>584,558</u>
Total Net Assets Released from Restrictions	<u>\$ 1,339,021</u>

MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 ENDOWMENT

Net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The board of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted net assets: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulated earnings on the donor-restricted endowment funds. The accumulated earnings on the endowment funds remain treated as donor-restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization has adopted an investment policy which includes the diversification of asset investment into U.S. and foreign equity and fixed income accounts. The assets are managed by one portfolio manager. The asset allocation is determined by the Investment Committee with guidance from the portfolio manager. The policy transfers assets to the Organization's operating fund, annually, up to 4% of a trailing three-year average of the fund's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investment. However, it is understood that this total return basis for calculating spending is sanctioned by UPMIFA, under which guidelines the organization is permitted to spend an amount in excess of the current yield (interest and dividends earned), including realized or unrealized appreciation. The composition of endowment net assets by type of fund for 2020 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 664,123	\$ 664,123
Total Funds	<u>\$ -</u>	<u>\$ 664,123</u>	<u>\$ 664,123</u>

The change in endowment net assets for 2020 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds - Beginning of Year	<u>\$ -</u>	<u>\$ 628,230</u>	<u>\$ 628,230</u>
Investment Return:			
Investment Income	-	35,893	35,893
Total Investment Return	<u>-</u>	<u>35,893</u>	<u>35,893</u>
Endowment Funds - End of Year	<u>\$ -</u>	<u>\$ 664,123</u>	<u>\$ 664,123</u>

**MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 14 OPERATING LEASES

The Organization leases certain office equipment under various operating lease agreements, which expire at various times through August 2024. Lease expenses under these operating lease agreements was \$46,541 for the year ended June 30, 2020.

Subsequent to year-end, the Organization entered into a lease through October 2022 and the future minimum lease payments are reflected in the following schedule. Minimum future rental payments under these noncancelable operating leases are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2021	\$ 94,637
2022	91,635
2023	38,487
2024	1,913
Total Minimum Operating Lease Payments	<u>\$ 226,672</u>

NOTE 15 RELATED PARTY TRANSACTIONS

The Organization was required to pay monthly dues to United Way of America, its national affiliate, in the amount of \$28,249 for the year ended June 30, 2020.

The Organization received various contributions during the year from both employees and members of the board of directors. Total contributions (including in-kind donations) received during the year ended June 30, 2020 amounted to \$58,047.

The Organization also made various vendor payments to companies that employ members of the board of directors. Total amounts paid to these vendors during the year ended June 30, 2020 amounted to \$13,090.

NOTE 16 CONCENTRATION OF CREDIT RISK

Financial instruments that subject the Organization to potential concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Organization maintains its cash in bank accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

Concentrations of credit risk with respect to receivables are limited due to the large number of donors comprising the Organization's receivable base.

MESA UNITED WAY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 FAIR VALUE MEASUREMENTS

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2020:

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
Investments:					
Mutual Funds:					
Equities and Equity Funds	\$ 2,753,169	\$ -	\$ -	\$ -	\$ 2,753,169
Fixed Income Obligations and Funds	17	-	-	-	17
Cash and Money Markets	-	-	-	74,184	74,184
Total Investments	2,753,186	-	-	74,184	2,827,370
Interest in Charitable Remainder Trusts	-	-	81,568	-	81,568
Total	<u>\$ 2,753,186</u>	<u>\$ -</u>	<u>\$ 81,568</u>	<u>\$ 74,184</u>	<u>\$ 2,908,938</u>

Level 3 Assets

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the year ended June 30, 2020.

Balances as of July 1, 2019	\$ 94,451
Change in Value of Beneficial Interest in Charitable Remainder Trusts	(12,883)
Balances as of June 30, 2020	<u>\$ 81,568</u>

NOTE 18 RISKS AND UNCERTAINTIES

The World Health Organization declared the spread of Corona Virus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, the carrying amount of investment balances or potential loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Mesa United Way	Helen's Hope Chest	Eliminations	Total
ASSETS				
Cash and Cash Equivalents	\$ 116,230	\$ 109,593	\$ -	\$ 225,823
Cash Held in Trust	863,103	-	-	863,103
Investments	2,372,720	454,650	-	2,827,370
Unconditional Promises Receivable, Net	407,816	-	-	407,816
Donor Designated Promises Receivable	130,934	-	-	130,934
Grants Receivable	179,918	175,166	(175,166)	179,918
Notes Receivable	3,000	-	-	3,000
Prepaid Expenses	2,700	907	-	3,607
Beneficial Interest in Charitable Remainder Trusts	81,568	-	-	81,568
Property and Equipment, Net	1,461,692	38,238	-	1,499,930
Total Assets	<u>\$ 5,619,681</u>	<u>\$ 778,554</u>	<u>\$ (175,166)</u>	<u>\$ 6,223,069</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 266,662	\$ 20,619	\$ (175,166)	\$ 112,115
Cash Held in Trust	863,103	-	-	863,103
Donor Designated Payables	143,014	-	-	143,014
Agency Allocations Payable	31,208	-	-	31,208
Capital Lease Obligations	16,427	-	-	16,427
Notes Payable	312,048	-	-	312,048
Paycheck Protection Program Loan	95,267	68,690	-	163,957
Total Liabilities	<u>1,727,729</u>	<u>89,309</u>	<u>(175,166)</u>	<u>1,641,872</u>
NET ASSETS				
Without Donor Restriction	2,582,927	43,594	-	2,626,521
With Donor Restrictions	1,309,025	645,651	-	1,954,676
Total Net Assets	<u>3,891,952</u>	<u>689,245</u>	<u>-</u>	<u>4,581,197</u>
Total Liabilities and Net Assets	<u>\$ 5,619,681</u>	<u>\$ 778,554</u>	<u>\$ (175,166)</u>	<u>\$ 6,223,069</u>

**MESA UNITED WAY AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Mesa United Way	Helen's Hope Chest	Eliminations	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Campaign Contributions:				
Annual Campaign	\$ 3,392,081	\$ 554,727	\$ -	\$ 3,946,808
Less: Provision for Uncollectible Promises to Give	(119,276)	-	-	(119,276)
Less: Donor Designated Contributions	(1,773,241)	-	-	(1,773,241)
Other Contributions	233,593	63,727	-	297,320
Total Campaign Contributions, Net	1,733,157	618,454	-	2,351,611
Special Program Grants	54,822	-	(53,516)	1,306
Special Events Income, Net	6,196	-	-	6,196
Investment Income	91,237	24,380	-	115,617
Total Support and Revenues	1,885,412	642,834	(53,516)	2,474,730
Net Assets Released from Purpose Restriction	754,463	584,558	-	1,339,021
Total Support and Revenues Without Donor Restrictions	2,639,875	1,227,392	(53,516)	3,813,751
EXPENSES				
Program Services:				
Agency Allocations	-	-	-	-
Community Impact	381,836	-	-	381,836
Grant Programs	1,336,834	1,068,702	(53,516)	2,352,020
Community Awareness	119,564	-	-	119,564
Total Program Services	1,838,234	1,068,702	(53,516)	2,853,420
Supporting Activities:				
Administrative	255,937	34,510	-	290,447
Fundraising	235,586	100,116	-	335,702
Total Supporting Activities	491,523	134,626	-	626,149
Total Expenses	2,329,757	1,203,328	(53,516)	3,479,569
Change in Net Assets Without Donor Restrictions	310,118	24,064	-	334,182
CHANGES IN DONOR NET ASSETS WITH DONOR RESTRICTIONS				
Operating:				
Annual Campaign	107,029	92,547	-	199,576
Special Program Grants	805,506	569,842	-	1,375,348
Investment Income	35,893	-	-	35,893
Net Assets Released from Purpose Restrictions	(754,463)	(584,558)	-	(1,339,021)
Operating Changes in Net Assets With Donor Restrictions	193,965	77,831	-	271,796
Nonoperating:				
Change in Value of Interest in Charitable Remainder Trusts	(12,883)	-	-	(12,883)
Nonoperating Changes in Net Assets With Donor Restrictions	(12,883)	-	-	(12,883)
Changes in Net Assets With Donor Restrictions	181,082	77,831	-	258,913
Change in Net Assets	491,200	101,895	-	593,095
Net Assets - Beginning of Year	3,400,752	587,350	-	3,988,102
NET ASSETS - END OF YEAR	\$ 3,891,952	\$ 689,245	\$ -	\$ 4,581,197

