Consolidated Financial Statements and Report of Independent Certified Public Accountants

United Way of Metropolitan Chicago, Inc.

June 30, 2020 and 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
United Way of Metropolitan Chicago, Inc.

We have audited the accompanying consolidated financial statements of United Way of Metropolitan Chicago, Inc., which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 United Way of Metropolitan Chicago, Inc. as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on page 30 is presented for purposes of additional analysis, rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the 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 consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Chicago, Illinois
November 11, 2020

United Way of Metropolitan Chicago, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,
(dollars in thousands)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 13,549.7	$ 5,255.8
Pledges receivable, net	24,474.9	8,169.2
Beneficial interest in split-interest agreement	90.2	99.3
Other receivables and prepaid expenses	1,111.3	345.8
Total current assets	39,226.1	13,870.1
LONG-TERM PLEDGES RECEIVABLE, net	319.1	1,143.5
BENEFICIAL INTEREST IN SPLIT-INTEREST AGREEMENT, LONG TERM	811.4	893.6
INVESTMENTS	7,252.9	8,252.6
PROPERTY AND EQUIPMENT, net	1,213.7	1,368.8
Total assets	$ 48,823.2	$ 25,528.6
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 2,528.2	$ 1,925.4
Designation and pledge processing payables	2,789.9	2,570.1
Deferred rent	861.2	847.3
Refundable advance	-	125.0
Loan payable	400.0	800.0
Total current liabilities	6,579.3	6,267.8
NON-CURRENT LIABILITIES		
Loan payable	2,800.0	3,200.0
Deferred rent	1,236.0	1,454.5
Asset retirement obligation	240.0	234.2
Obligations for retirement benefits	1,778.2	1,569.1
Total non-current liabilities	6,054.2	6,457.8
Total liabilities	12,633.5	12,725.6
NET ASSETS		
Without donor restrictions	(4,696.3)	(5,864.8)
With donor restrictions	40,886.0	18,667.8
Total net assets	36,189.7	12,803.0
Total liabilities and net assets	$ 48,823.2	$ 25,528.6

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

United Way of Metropolitan Chicago, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2020
(dollars in thousands)

	Without Donor Restriction	With Donor Restriction	Total
Operating			
Public support and other revenue			
Current year campaign	$ 32,899.9	$ 8,789.4	$ 41,689.3
Amounts designated to other organizations	(18,667.9)	-	(18,667.9)
Provision for uncollectible pledges	-	(1,845.0)	(1,845.0)
Net from current year campaign	14,232.0	6,944.4	21,176.4
Contributions received for future campaigns	20.3	15.3	35.6
Collections from, and adjustments to, prior years' campaigns	404.9	-	404.9
Net assets released from time restrictions	7,221.4	(7,221.4)	-
Net campaign revenue	21,878.6	(261.7)	21,616.9
Other public support and other revenue			
Grants and other contributions	26,762.1	24,165.0	50,927.1
Paycheck Protection Program	1,347.4	-	1,347.4
Gifts in-kind and contributed services	1,253.2	-	1,253.2
Net assets released from purpose restrictions	3,079.4	(3,079.4)	-
Net assets restricted in consolidation	(1,666.7)	1,666.7	-
Pledges and designations processing fees and other revenue	719.6	-	719.6
Total other public support and other revenue	31,495.0	22,752.3	54,247.3
Total public support and other revenue	53,373.6	22,490.6	75,864.2
Grantmaking and other expenses			
Programs			
Grantmaking and other funding	58,464.9	-	58,464.9
Less amounts designated to other organizations	(18,667.9)	-	(18,667.9)
Other program expenses	5,635.8	-	5,635.8
Total programs	45,432.8	-	45,432.8
Management and general	3,253.7	-	3,253.7
Fundraising	3,325.1	-	3,325.1
Total grantmaking and other expenses	52,011.6	-	52,011.6
Changes in net assets from operations	1,362.0	22,490.6	23,852.6
Non-operating activities			
Investment return, net	60.1	(3.3)	56.8
Interest expense	(83.0)	-	(83.0)
Endowment contributions	2.5	-	2.5
Net assets assumed in acquisition	49.8	-	49.8
Net assets released from time restriction	276.0	(276.0)	-
Change in value of split-interest agreements	-	6.9	6.9
Total non-operating activities	305.4	(272.4)	33.0
Changes in net assets before pension-related changes	1,667.4	22,218.2	23,885.6
Pension-related changes other than net periodic pension cost	(498.9)	-	(498.9)
Changes in net assets	1,168.5	22,218.2	23,386.7
Net assets, beginning of year	(5,864.8)	18,667.8	12,803.0
Net assets, end of year	$ (4,696.3)	$ 40,886.0	$ 36,189.7

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

United Way of Metropolitan Chicago, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2019
(dollars in thousands)

	Without Donor Restriction	With Donor Restriction	Total
Operating			
Public support and other revenue			
Current year campaign	$ 33,136.2	$ 8,717.7	$ 41,853.9
Amounts designated to other organizations	(17,994.0)	-	(17,994.0)
Provision for uncollectible pledges	-	(1,340.0)	(1,340.0)
Net from current year campaign	15,142.2	7,377.7	22,519.9
Contributions received for future campaigns	31.3	918.7	950.0
Collections from, and adjustments to, prior years' campaigns	(168.1)	-	(168.1)
Net assets released from time restrictions	8,891.5	(8,891.5)	-
Net campaign revenue	23,896.9	(595.1)	23,301.8
Other public support and other revenue			
Grants and other contributions	2,463.9	383.1	2,847.0
Gifts in-kind and contributed services	943.3	-	943.3
Net assets released from purpose restrictions	2,546.4	(2,546.4)	-
Net assets restricted in consolidation	(1,833.3)	1,833.3	-
Pledges and designations processing fees and other revenue	784.9	-	784.9
Total other public support and other revenue	4,905.2	(330.0)	4,575.2
Total public support and other revenue	28,802.1	(925.1)	27,877.0
Grantmaking and other expenses			
Programs			
Grantmaking and other funding	37,587.7	-	37,587.7
Less amounts designated to other organizations	(17,994.0)	-	(17,994.0)
Other program expenses	4,931.3	-	4,931.3
Total programs	24,525.0	-	24,525.0
Management and general	3,115.6	-	3,115.6
Fundraising	3,386.7	-	3,386.7
Total grantmaking and other expenses	31,027.3	-	31,027.3
Changes in net assets from operations	(2,225.2)	(925.1)	(3,150.3)
Non-operating activities			
Investment return, net	126.1	250.9	377.0
Interest expense	(103.4)	-	(103.4)
Endowment contributions	14.0	-	14.0
Non-operating net assets released from restriction	286.8	(286.8)	-
Net assets assumed in United Way of Elgin acquisition	692.5	917.8	1,610.3
Change in value of split-interest agreements	-	39.3	39.3
Other	120.5	-	120.5
Total non-operating activities	1,136.5	921.2	2,057.7
Changes in net assets before pension-related change	(1,088.7)	(3.9)	(1,092.6)
Pension-related change other than net periodic pension cost	(376.0)	-	(376.0)
Changes in net assets	(1,464.7)	(3.9)	(1,468.6)
Net assets, beginning of year	(4,400.1)	18,671.7	14,271.6
Net assets, end of year	$ (5,864.8)	$ 18,667.8	$ 12,803.0

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

United Way of Metropolitan Chicago, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30,
(dollars in thousands)

	2020	2019
Cash flows from operating activities:		
Changes in net assets	$ 23,386.7	$ (1,468.6)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	183.9	201.7
Realized and unrealized investment losses (gains)	168.0	(159.5)
Investments received in acquisition	-	(1,095.0)
Changes in operating assets and liabilities		
Pledges receivable	(15,481.3)	1,456.2
Beneficial interest in split-interest agreements	91.3	273.7
Other receivables and prepaid expenses	(765.5)	(108.0)
Refundable advance	(125.0)	(125.0)
Deferred rent	(204.6)	(190.5)
Designation and pledge processing payables	219.8	(800.8)
Accounts payable and accrued expenses	646.0	(305.1)
Obligations for retirement benefits	209.1	417.6
Asset retirement obligation	5.8	5.8
Net cash provided by (used in) operating activities	8,334.2	(1,897.5)
Cash flows from investing activities:		
Purchase of property and equipment	(28.8)	(34.8)
Sales of investments	831.7	286.9
Purchases of investments	-	(510.4)
Net cash provided by (used in) investing activities	802.9	(258.3)
Cash flows from financing activities:		
Principal payment on debt	(800.0)	(800.0)
Principal payments under capital lease obligation	(43.2)	(26.7)
Net cash used in financing activities	(843.2)	(826.7)
Net change in cash and cash equivalents	8,293.9	(2,982.5)
Cash and cash equivalents, beginning of year	5,255.8	8,238.3
Cash and cash equivalents, end of year	$ 13,549.7	$ 5,255.8
Supplemental Data		
Cash paid during the year for interest	$ 2.8	$ 5.1

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

United Way of Metropolitan Chicago, Inc.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30,
(dollars in thousands)

	2020				2019			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Grantmaking and other funding	$ 58,464.9	$ -	$ -	$ 58,464.9	$ 37,587.7	$ -	$ -	$ 37,587.7
Less amounts designated to other organizations	(18,667.9)	-	-	(18,667.9)	(17,994.0)	-	-	(17,994.0)
Net grantmaking and other funding	39,797.0	-	-	39,797.0	19,593.7	-	-	19,593.7
Salaries	2,710.5	1,683.5	2,008.2	6,402.2	2,507.4	1,526.2	2,008.5	6,042.1
Defined benefit plan (frozen)	-	5.8	-	5.8	-	7.6	-	7.6
Benefits and payroll taxes	475.1	352.7	386.6	1,214.4	518.6	345.3	416.7	1,280.6
Total salaries and related expenses	3,185.6	2,042.0	2,394.8	7,622.4	3,026.0	1,879.1	2,425.2	7,330.3
Professional fees	364.5	425.1	175.1	964.7	287.1	487.8	334.2	1,109.1
Office supplies and expenses	43.4	13.6	9.0	66.0	20.5	11.2	6.6	38.3
Telephone	8.3	46.7	3.9	58.9	1.7	42.9	-	44.6
Postage and related expenses	3.2	12.3	9.9	25.4	9.1	14.3	19.7	43.1
Occupancy	218.1	279.8	284.8	782.7	273.3	277.5	241.2	792.0
Equipment rental and maintenance	17.9	82.2	2.8	102.9	23.8	82.1	7.6	113.5
Printing, publications and advertising	1,448.9	70.0	135.9	1,654.8	886.8	38.2	76.3	1,001.3
Employee business expenses	33.5	10.9	35.5	79.9	41.1	10.7	24.5	76.3
Meetings and events	9.2	1.9	6.6	17.7	10.8	5.3	9.7	25.8
Dues - United Way Worldwide	137.2	183.0	179.2	499.4	174.7	174.7	154.1	503.5
Insurance and miscellaneous	114.7	20.6	20.6	155.9	106.4	21.8	25.9	154.1
Total expenses before provision for depreciation and amortization	45,381.5	3,188.1	3,258.1	51,827.7	24,455.0	3,045.6	3,325.0	30,825.6
Depreciation and amortization	51.3	65.6	67.0	183.9	70.0	70.0	61.7	201.7
Total functional expenses	$ 45,432.8	$ 3,253.7	$ 3,325.1	$ 52,011.6	$ 24,525.0	$ 3,115.6	$ 3,386.7	$ 31,027.3

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

(dollars in thousands)

NOTE A - NATURE OF ORGANIZATION AND RELATED-PARTY TRANSACTIONS

United Way of Metropolitan Chicago, Inc. ("UWMC") is an Illinois non-profit philanthropic corporation whose mission is to improve lives in the metropolitan Chicago area by mobilizing caring people to invest in the community where their resources are needed the most. In April 2018, UWMC and Robert R. McCormick Foundation ("McCormick") established a new 501(c)(3) organization, the United Way – McCormick Partnership for Strong Neighborhoods, Inc. ("UWMP"). UWMC controls UWMP through its voting interests. UWMC and UWMP, collectively, are referred to as the "Organization".

The Organization serves as a critical community convener, generating and coordinating resources across individual donors, corporations, service providers, and government and civic leaders to improve lives and strengthen neighborhoods on a meaningful scale.

The vision of the Organization is that greater Chicago neighborhoods are all places where people want to live, and where individuals and families can readily access the tools, resources and systems they need to succeed. The Organization funds best-in-class human service agencies that provide education, financial stability, health and basic needs support in high-need communities; invests in and co-builds solutions on the ground to address specific neighborhood challenges; convenes community leaders to make systemic change and advocates on behalf of families and human services. To raise support for its work, the Organization conducts workplace giving campaigns each year, beginning in late summer and lasting approximately 18 months through the end of the subsequent calendar year. The Organization also receives individual and major gifts outside of the workplace, and grants and other contributions directly from private foundations and other organizations. These funds are reflected as "grants and other contributions" on the consolidated statements of activities. In FY20, the Organization raised $45,840.4 in grant income to support communities significantly impacted by the coronavirus outbreak. The level of contributions to the Organization can be affected by economic conditions.

Contributions are also received through the Organization and distributed to additional designated agencies at the specific request of its donors, thus acting as a fiscal agent on behalf of its donors. A decrease in undesignated contributions from corporate and individual donors may adversely affect the Organization's ability to execute its mission and achieve its vision for the metropolitan Chicago region.

Several companies managed by members of the Organization's Boards of Directors traditionally conduct campaigns in the ordinary course of business. In addition, the Organization receives contributions directly from members of the Organization's Boards of Directors. Such amounts, received from the directors, totaled $2,005.6 and $762.6 for the years ended June 30, 2020 and 2019, respectively.

Effective at the close of business on June 30, 2020, UWMC acquired the Barrington Area United Way without transferring consideration.

The fair values of Barrington Area United Way's assets and liabilities at the acquisition date are as follows:

Cash and cash equivalents	$	55.8
Accounts payable and accrued expenses		(8.5)
	$	47.3

Principles of Consolidation

The consolidated financial statements include the accounts and activities of UWMC and UWMP. Reclassifications from net assets without donor restriction to net assets with donor restriction of $1,666.7 and $1,833.3 are included in the 2020 and 2019 consolidated statement of activities, respectively, to reflect that UWMP's net assets without donor restriction are for a purpose narrower than that of UWMC. All significant transactions have been eliminated in the consolidated financial statements.

(dollars in thousands)

UWMP was organized and operates exclusively for charitable and educational purposes. Specifically, the Partnership was established to make grants with the objective of creating positive change in the Chicago Metropolitan Area by supporting networks of community organizations that are actively focused on creating solutions for each community's most pressing problems.

UWMC and McCormick are Members, with UWMC having four voting interests and McCormick having two voting interests. Members have the right to approve acceptance of gifts, grants, and donations, appoint or remove Directors, and approve changes to the Articles of Incorporation. The bylaws of UWMP specify that any gift, grant, donation, bequest or devise for general purposes or for any special purpose and any distribution upon dissolution and any grants must be approved by McCormick.

UWMC is responsible for the operations and day-to-day functions of UWMP, including but not limited to bookkeeping, record keeping, accounting, and the operations, communications, and involvement between UWMP and grantees in the communities served. UWMC and UWMP have entered into a Service Agreement. In fiscal years 2020 and 2019, UWMC received compensation for the services performed totaling $276.5 and $166.5, respectively. The Service Agreement terminates each December 31 and is extendable with 30 days' notice from UWMC.

Results of UWMC Campaign

For fiscal years 2020 and 2019, total contributions recorded in the accompanying consolidated statements of activities were:

	2020	2019
Prior campaign beginning in calendar year 2018	$ -	$ 41,853.9
Current campaign beginning in calendar year 2019	41,689.3	950.0
Future campaigns beginning in subsequent fiscal years	35.6	-
	$ 41,724.9	$ 42,803.9

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Credit Risk Concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments and pledges receivable. The Organization's investment policy is intended to limit its exposure to credit risk. The Organization maintains cash in bank deposit accounts, which may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk therein.

Revenue Recognition

Donors generally pledge or give a majority of their contributions during the first six to nine months of each annual campaign. The Organization recognizes revenue at fair value in the period the pledge is received or, in the absence of a pledge, when cash is received from the donor. The Organization considers all support as without donor restriction unless specifically restricted by the donor as to purpose or for the passage of time.

(dollars in thousands)

UWMC receives conditional multi-year grants in support of neighborhood-specific solutions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. The total amounts of conditional promises to give are $7,700.0 and $1,225.0 at June 30, 2020 and 2019, respectively.

UWMC performs support services for an adjacent United Way organization essentially under a cost-reimbursement contract. The cost reimbursement is recognized ratably as services are performed based on contractually agreed-upon fees. The cost reimbursement offsets the associated expenses of performing these services in the consolidated statements of activities.

Contributions Designated to Other Organizations

Donor organizations and individuals participating in such entities' campaigns may choose to designate all or part of their contributions to specific charitable organizations. These transactions are reported as part of the current year campaign and are deducted as "Amounts designated to other organizations" to arrive at net campaign revenue and deducted from grantmaking and other expenses to arrive at program expenses. Amounts designated where donation funds are received directly by UWMC are recorded as "Designations payable" until paid to the designated charitable organizations. Processing fees of up to 8% of amounts designated, subject to certain limitations, are recorded as designations processing fees revenue and collected through receipt of the designated amounts.

"Amounts designated to other organizations" also include designations that are paid directly to designated charitable organizations by the donor organization, another United Way or a third-party processor.

Gifts In-Kind and Contributed Services

Gifts in-kind include print and broadcast marketing, office equipment, supplies, food or entertainment tickets that the Organization receives directly. Contributed services represent services requiring specialized skills that the Organization would typically purchase, such as legal and consulting services. Gifts in-kind and contributed services are recognized at their estimated fair values at date of receipt with an equal and offsetting amount in expenses in the consolidated financial statements, resulting in no net impact on the change in net assets during the fiscal year.

The following table summarizes gifts in-kind and contributed services for the years ended June 30:

	2020	2019
Gifts in-kind		
Marketing and advertising	$ 1,253.2	$ 802.4
Other	-	6.0
Total gifts in-kind	1,253.2	808.4
Contributed services		
Consulting	-	134.9
Total contributed services	-	134.9
Total gifts in-kind and contributed services	$ 1,253.2	$ 943.3

(dollars in thousands)

The Organization receives services from a large number of volunteers who give significant amounts of their time to fundraising campaigns, various committees and programs. However, no amounts for these types of contributed services have been recognized in the consolidated financial statements because such services do not require specialized skills and there is no objective basis available to measure the value of such services.

Grantmaking and Other Funding

The Board of Directors approves grants on a quarterly basis to agencies for each fiscal year extending from July 1 to June 30. Since campaigns are conducted for a calendar year, the Organization funds a portion of the current year and subsequent year grants utilizing funds available from the current year campaign. The Board of Directors approves the grants based on an impact area funding strategy, which is contingent upon actual and estimated future cash availability, agency financial stability, agency compliance with contractual terms and program execution. Accordingly, grants are recorded in the consolidated financial statements when the grant is deemed unconditional as of the financial statement date.

The Organization distributes additional grants to various foundations and organizations that support the Organization's mission. In fiscal year 2019, the Organization issued a grant to a local foundation for $2,330.8, which supports the Organization's education strategy, which is recorded in "Grantmaking and other funding" on the consolidated statements of activities. In fiscal years 2020 and 2019, UWMC issued grants of $3,500.0 and $1,500.0 to a separate fund of McCormick, which McCormick matched with $1,750.0 and $750.0, respectively. McCormick then granted $5,250.0 and $2,250.0, respectively, to UWMP to support UWMP's charitable and educational purposes. UWMC has committed to an additional $1,666.7 grant to the separate fund of McCormick, to be paid in fiscal year 2021, which will be subsequently matched by McCormick and granted to the Partnership.

In fiscal years 2020 and 2019, UWMC supported multiple government-funded grants whose purposes are to educate residents and assist them in enrolling in new health care coverage, to plan for a 211-support system, to provide volunteers to work in Chicagoland area communities, and to provide access to emergency food and shelter. These funds are reflected as "Grantmaking and other funding" on the consolidated statements of activities. In fiscal years 2020 and 2019, these grants totaled $151.0 and $287.1, respectively.

The following summarizes the Organization's community investment for fiscal years ended June 30:

	2020	2019
Grantmaking and other funding		
Education	$ 4,312.7	$ 4,246.9
Income	4,258.7	3,829.3
Health	26,407.8	4,107.7
Safety net	3,885.0	5,668.0
Neighborhood networks	6,568.6	6,673.1
Total grantmaking and other funding	45,432.8	24,525.0
Amounts designated to other organizations	18,667.9	17,994.0
Total	$ 64,100.7	$ 42,519.0

Functional Allocation of Expenses

The consolidated financial statements include certain expenses that are attributable to one or more programs or supporting functions of the Organization. Those expenses include salaries, benefits and printing, allocated based on employee hours and specific identification when possible.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

UWMC and UWMP have received favorable determination letters from the Internal Revenue Service ("IRS") stating that they are exempt from federal income taxes under the provisions of 501(c)(3) of the Internal Revenue Code of 1986 ("IRC") as amended, except for income taxes pertaining to unrelated business income. Accounting guidance requires tax effects from uncertain tax positions to be recognized in the consolidated financial statements only if the position is more likely than not to be sustained if the position was to be challenged by a taxing authority.

Management has determined that there are no material uncertain positions that require recognition in the consolidated financial statements. Additionally, no provision for income taxes is reflected in these consolidated financial statements. There is no interest or penalties recognized in the consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, money market funds and other highly liquid short-term investments with original maturities of three months or fewer and are carried at either cost-plus accrued interest or fair value. The Organization's cash reserve policy is to maintain three months' cash reserves in the form of cash and cash equivalents and short-term investments.

Pledges Receivable

Pledges receivable, recorded at net realizable value, consist principally of uncollected campaign pledges received from companies and their employees. The Organization determines an allowance for uncollectible pledges by considering several factors, including length of time a pledge is past due, previous loss history and the consideration of the general economy for the geographic region as a whole. Allowances are provided for pledge amounts estimated by management to be uncollectible. As of June 30, of each fiscal year, a final accounting is made of the prior year's campaign. Pledges receivable related to the prior campaign that have not been collected are generally considered uncollectible and are written off. Subsequent collections of amounts written off are recorded when received, in "Collections from, and adjustments to, prior years' campaigns" on the consolidated statements of activities.

Investments

Investments consist of institutional equity, fixed income, real estate, money market and commodity-linked mutual funds. Investments are measured at fair value based on the quoted market value of the securities. Realized gains and losses are based on specific identification of the security sold. Interest, dividends, gains and losses related to these funds are recorded as "Investment return, net" on the consolidated statements of activities.

Property and Equipment

Office equipment and software are carried at cost and depreciated using the straight-line method, between three and five years. Equipment is capitalized if it has a cost of five hundred dollars ($500) or more and a useful life when acquired of more than one year.

Amortization of leasehold improvements is computed using the straight-line method over the lesser of an asset's estimated useful life or the remaining lease term.

Pledge Processing

Certain major corporations (clients) have contracts with UWMC to process their regional and national pledge processing activities, including processing of amounts that are not part of the local campaign.

Clients remit employee contributions and the corresponding distribution information to UWMC. UWMC consolidates and reconciles the information for a given client and distributes funds according to the clients' instructions. Funds received in this manner are recorded as pledge processing payables until such distributions are completed. In return for these services, UWMC receives contractually agreed-upon pledge processing fees.

Classification of Net Assets

Net assets and changes therein are classified and reported as follows:

Net assets without donor restriction - Net assets without donor restriction include all assets not subject to donor-imposed restrictions. Within net assets without donor restriction are:

> Operating net assets: include all operating revenue without donor restriction and expenses that are an integral part of the Organization's programs and supporting activities.
>
> Non-operating net assets: include all investment income, realized and unrealized gains and losses and related investment expenses, contributions to and releases from the Organization's endowment, and gains and losses on disposition of assets.
>
> Board-designated net assets: include all net assets that have been set aside by the Board of Directors for future use.

Net assets with donor restriction - Net assets with donor restrictions represent contributions subject to donor-imposed restrictions. Some restrictions are temporary in nature, stipulating that resources be used for specific purposes or to a specific time period for use. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished, net assets are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities as net assets released from restrictions. Some restrictions are perpetual in nature and mandate the original principal be invested in perpetuity.

Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized.

The net appreciation of interest, dividends, and realized and unrealized gains and losses recognized on donor-restricted endowment funds is classified as net assets with donor restriction to be spent as appropriated by the Boards of Directors. Unrealized losses that cause the fair value to fall below the level the donor requires the Organization to maintain are classified within net assets with donor restriction. Net earnings and appreciation that restore these losses are also reflected within net assets with donor restriction.

Recently Adopted Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updated ("ASU") No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* which clarifies and improves the scope and accounting guidance around contributions received and made by not-for-profit organizations. The Organization adopted the provisions of ASU No. 2018-08 in 2020 and there was no material impact to the consolidated financial statements.

New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In June 2020, the FASB issued ASU No. 2020-05, *Effective Dates for Certain Entities*, which deferred the effective date for one year. The guidance is currently effective for the Organization for fiscal year 2021. The guidance permits the use of either a retrospective or cumulative effect transition method.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. In June 2020, the FASB issued ASU No. 2020-05, *Effective Dates for Certain Entities*, which deferred the effective date for one year. ASU No. 2016-02 is effective for the Organization for fiscal year 2023. Early adoption is permitted.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increased the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU No 2020-07 requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and also requires additional disclosures, including a disclosure of a disaggregation of the amount of contributed nonfinancial assets by category. ASU 2020-07 is effective for the Organization for fiscal year 2022 and early adoption is permitted.

(dollars in thousands)

NOTE C - PLEDGES RECEIVABLE, NET

The following table summarizes pledges receivable, net as of June 30:

	2020	2019
Campaign beginning in calendar year 2018	$ -	$ 8,948.6
Campaign beginning in calendar year 2019	26,099.9	10.6
Current portion of multi-year pledges	220.0	560.0
Total	26,319.9	9,519.2
Less allowance for uncollectible pledges	(1,845.0)	(1,350.0)
Pledges receivable, net	$ 24,474.9	$ 8,169.2

Long-term pledges, net, represent multi-year unconditional promises to give that are due in more than one year. The pledges are recorded at their net realizable present value using a discount rate equal to the most commensurate treasury notes. The following table summarizes the balances as of June 30:

	2020	2019
Gross multi-year pledges receivable	$ 549.1	$ 1,713.5
Less current portion	(220.0)	(560.0)
Less unamortized discount	(10.0)	(10.0)
Long-term pledges receivable, net	$ 319.1	$ 1,143.5

NOTE D - BENEFICIAL INTEREST IN SPLIT-INTEREST AGREEMENT

The UWMC Board of Directors' policy is to invest proceeds from bequests in the UWMC Endowment ("Endowment"), unless directed otherwise by the donor.

In fiscal years 2020 and 2019, UWMC received no additional contributions and received $98.2 and $312.2, respectively, in collections related to the split-interest agreements, all of which were invested in the Endowment. These additions, changes in valuation and collections resulted in the following changes to the short-term and long-term beneficial interests in the trust assets for the years ended June 30:

	2020	2019
Short-term		
Beginning balance	$ 99.3	$ 310.3
Changes in valuation	(1.1)	3.1
Collections	(98.2)	(312.2)
Transfer from long-term	90.2	98.1
Ending balance	$ 90.2	$ 99.3

(dollars in thousands)

	2020	2019
Long-term		
Beginning balance	$ 893.6	$ 956.3
Changes in valuation	8.0	35.4
Transfer to short-term	(90.2)	(98.1)
Ending balance	$ 811.4	$ 893.6

NOTE E - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Long-term investments include donor-restricted, endowment, non-endowment funds and deferred compensation funds for the benefit of UWMC. Refer to Note G for additional information regarding deferred compensation.

UWMC's long-term investments are composed of institutional equity mutual funds, fixed income mutual funds, commodity-linked mutual funds, real estate equity mutual funds and money market mutual funds. Commodity-linked mutual funds are mutual funds having futures contracts or options and can participate in price moves of underlying commodities. Real estate equity mutual funds are mutual funds that invest in the equity of real estate companies.

The Organization's endowment investment strategy is to preserve, protect and grow the endowment assets to generate enough earnings to be used to meet obligations arising from planned activities. These goals are to be accomplished by achieving a long-term rate of return on the investments that ensures growth of the assets and by diversifying a portfolio among various asset classes with the goal of reducing return volatility among various securities issuers. The allowable asset classes include domestic and international equity, fixed income securities and bonds, and alternative investments such as commodities and real estate.

Total investments at June 30 are summarized as follows:

	2020	2019
Endowment	$ 6,984.0	$ 7,259.7
Non-endowment funds	115.3	97.3
Elgin funds	-	446.4
Deferred compensation	153.6	449.2
Total investments	$ 7,252.9	$ 8,252.6

The fair value of investments, as well as some cash equivalents, is based on observable inputs, such as quoted prices in active markets or other than quoted prices in active markets that are observable either directly or indirectly. Fair value is measured as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-tiered fair value hierarchy has been established that prioritizes the inputs used in measuring fair value as follows:

- Level 1 - Observable inputs, such as quoted prices in active markets;

(dollars in thousands)

- Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 - Unobservable inputs in which there is little or no market data, which requires the Organization to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Organization uses third-party providers to determine the fair values of its investments. The third-party providers receive market prices from a variety of industry standard data providers with reasonable levels of price transparency.

Investments with values based on quoted market prices in active markets are classified by the Organization as Level 1 and include publicly traded mutual funds. The mutual funds legally and contractually redeem their outstanding shares at net asset value ("NAV").

The valuation of the beneficial interest in split-interest agreements falls under Level 3, as there are no significant observable inputs. The inputs used by UWMC in estimating the Level 3 beneficial interest in split-interest agreements include future asset growth. Due to lack of observable inputs, the assumptions used by UWMC may significantly impact the resulting fair value of the beneficial interest in split-interest agreements.

The following tables summarize assets measured at fair value as of June 30:

	2020		
	Level 1	Level 3	Total
Investments			
Institutional equity mutual funds	$ 3,975.2	$ -	$ 3,975.2
Fixed income mutual funds	2,598.8	-	2,598.8
Commodity mutual funds	220.8	-	220.8
Real estate equity mutual funds	330.2	-	330.2
Money market mutual funds	127.9	-	127.9
Total	$ 7,252.9	$ -	$ 7,252.9
Beneficial interest in split-interest agreement	$ -	$ 901.6	$ 901.6
Cash equivalents			
Money market mutual funds	$ 2,846.8	$ -	$ 2,846.8

(dollars in thousands)

	2019		
	Level 1	Level 3	Total
Investments			
Institutional equity mutual funds	$ 4,592.8	$ -	$ 4,592.8
Fixed income mutual funds	2,573.2	-	2,573.2
Commodity mutual funds	319.0	-	319.0
Real estate equity mutual funds	360.1	-	360.1
Money market mutual funds	407.5	-	407.5
Total	$ 8,252.6	$ -	$ 8,252.6
Beneficial interest in split-interest agreement	$ -	$ 992.9	$ 992.9
Cash equivalents			
Money market mutual funds	$ 2,322.4	$ -	$ 2,322.4

The following table summarizes changes in Level 3 assets for the years ended June 30:

	2020	2019
Balance, beginning of year	$ 992.9	$ 1,266.6
Collections	(98.2)	(312.2)
Change in value	6.9	38.5
Balance, end of year	$ 901.6	$ 992.9

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at June 30 are summarized as follows:

	2020	2019
Leasehold improvements	$ 2,265.6	$ 2,265.6
Office equipment and software	1,681.1	1,652.3
Total property and equipment	3,946.7	3,917.9
Accumulated depreciation/amortization	(2,733.0)	(2,549.1)
Property and equipment, net	$ 1,213.7	$ 1,368.8

(dollars in thousands)

NOTE G - POSTRETIREMENT BENEFITS

UWMC sponsors a defined contribution 401(k) retirement plan covering all its eligible employees. UWMC matches, subject to IRS limitations, 50% of the first 6% that an employee contributes, up to a maximum match amount equivalent to 3% of an employee's gross pay. The cost of these plans was $162.1 and $166.7 in fiscal years 2020 and 2019, respectively.

UWMC also provides a deferred compensation plan that allows certain officers to defer portions of their compensation. The deferred income obligation was $153.6 and $449.2 at June 30, 2020 and 2019, respectively, and is included in "Obligations for retirement benefits," and the related plan assets are included in "Investments" on the consolidated statements of financial position.

In addition, UWMC maintains a non-contributory, single-employer defined benefit pension plan, which was frozen effective December 31, 2003, and covers eligible employees up to that date. Payments are made to eligible retired employees based on earnings, age and years of service.

The plan's funding policy is to contribute amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as UWMC may determine to be appropriate.

The components of net periodic pension cost for the fiscal years ended June 30 are summarized as follows:

	2020	2019
Interest cost	$ 129.3	$ 135.2
Expected return on plan assets	(187.9)	(179.3)
Amortization of actuarial loss	64.3	51.7
	$ 5.7	$ 7.6

The components of the pension-related change other than net periodic pension cost for the fiscal years ended June 30 are summarized as follows:

	2020	2019
Actuarial gain arising during the year	$ 563.2	$ 427.7
Amortization of actuarial loss	(64.3)	(51.7)
	$ 498.9	$ 376.0

Amounts have not yet been recognized as a component of net periodic pension costs and consist of a net actuarial loss of $2,797.6 and $2,298.7 at June 30, 2020 and 2019, respectively.

The estimated actuarial loss that will be amortized into net periodic pension cost through June 30, 2021 is $81.7.

(dollars in thousands)

The following table summarizes the weighted-average assumptions used in determining pension costs for the fiscal years ended June 30:

	2020	2019
Discount rate	3.40%	4.10%
Expected return on plan assets	7.00%	7.00%

The weighted-average discount rate used in determining the benefit obligation was 2.60% at June 30, 2020 and 3.40% at June 30, 2019.

The discount rate is determined as of the measurement date based on the discounting of future expected cash flows using the FTSE Pension Discount Curve, a high-quality corporate bond interest rate.

The expected long-term rate of return on plan assets assumption is based on a building block approach. The expected long-term rate of inflation and risk premiums for the various asset categories are based on the current investment environment. General historical market returns, and inflation rates are used in the development of the long-term expected inflation rates and risk premiums. The target allocation of assets is used to develop a composite rate of return assumption.

The change in benefit obligations, fair value of plan assets and the funded status of the plan for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Change in projected benefit obligation		
Beginning of year	$ 3,839.2	$ 3,329.1
Interest cost	129.3	135.2
Actuarial loss (gain)	545.0	399.1
Benefits paid	(30.3)	(24.2)
End of year	$ 4,483.2	$ 3,839.2

	2020	2019
Change in fair value of plan assets		
Beginning of year	$ 2,719.4	$ 2,592.8
Actual return on plan assets	169.5	150.8
Benefits paid	(30.3)	(24.2)
End of year	$ 2,858.6	$ 2,719.4

	2020	2019
Funded status, end of year		
Fair value of plan assets	$ 2,858.6	$ 2,719.4
Less projected benefit obligation	(4,483.2)	(3,839.2)
Funded status	$ (1,624.6)	$ (1,119.8)

(dollars in thousands)

The funded status obligation is included in obligations for retirement benefits.

UWMC incorporated the Pri-2012 Private Retirement Plans Mortality Table and MP-2019 projection scale as of June 30, 2020 and the RP-2014/MP-2018 mortality table and projection scale as of June 30, 2019.

In February 2018, due to lack of availability of affordable annuities to reduce the size of the plan, the Organization revised the investment strategy. Defined benefit plan assets were invested in a balanced fund composed of 60% equity and 40% fixed income. As of June 30, 2020 and 2019, the plan assets were invested in the balanced fund.

The fair value of the Organization's assets, invested in the balanced fund and valued at NAV, as of June 30, 2020 and 2019, totaled $2,858.6 and $2,719.4, respectively, and is classified as a Level 1 investment in the fair value hierarchy.

As of June 30, 2020 and 2019, the Organization had unfunded commitments to the plan of $1,624.6 and $1,119.8, respectively, as its pension liability is not fully funded. The Organization, as sponsor of the pension plan, may terminate the pension plan at any time.

The following table presents the benefits expected to be paid under UWMC's defined benefit plan in each of the next five fiscal years, and in the aggregate for the five years thereafter, as of June 30, 2020:

2021	$	90.2
2022		100.3
2023		103.0
2024		111.4
2025		123.9
2026-2030		911.7

NOTE H - BOARD-DESIGNATED AND DONOR-RESTRICTED NET ASSETS

Net assets that are not subject to donor-imposed restrictions, may be designated and set aside by the Organization's Board of Directors at their discretion. The Board may elect to release these net assets from designation at any time.

The following table summarizes board-designated net assets as of June 30:

	2020	2019
Board-designated endowment funds	$ 1,428.1	$ 1,424.4
Board-designated for reserves	2,329.5	2,298.6
Total board-designated net assets	$ 3,757.6	$ 3,723.0

Net assets with donor restriction include contributions or grants subject to donor-imposed restrictions as to purpose that may or will be met by actions of the Organization, or that expire by the passage of time.

(dollars in thousands)

The following table summarizes net assets with donor restriction as of June 30:

	2020	2019
Pledges receivable, time restricted for use in future periods	$ 6,275.5	$ 8,350.6
Endowment net investment return	1,919.0	2,198.4
Purpose-restricted contributions		
COVID-19 Response	23,649.3	-
United Way - McCormick Partnership	1,666.7	1,833.3
United Way Neighborhood Networks	2,703.4	1,515.0
Domestic violence prevention programs	250.0	500.0
HIRE360 (formerly Access United)	383.8	249.3
Siemer Institute Grant	125.0	125.0
Various other specific programs	274.3	257.2
Total purpose restricted	29,052.5	4,479.8
Endowment fund, to be held in perpetuity	3,639.0	3,639.0
Total net assets with donor restriction	$ 40,886.0	$ 18,667.8

The following table summarizes the net assets that were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors for the year ended June 30:

	2020	2019
Purpose restrictions accomplished:		
United Way - McCormick Partnership	$ 1,833.3	$ 1,087.4
United Way Neighborhood Networks	324.6	395.7
Domestic violence prevention programs	500.0	500.0
Siemer Institute Grant	125.0	125.0
Various other specific programs	296.5	438.3
Total purpose restrictions accomplished	3,079.4	2,546.4
Time restrictions expired	7,221.4	8,891.5
Release of appropriated endowment amounts	276.0	286.8
Total net assets released from restrictions	$ 10,576.8	$ 11,724.7

Net assets with donor restriction to be held in perpetuity include contributions to endowment funds that are subject to donor-imposed restrictions that cannot be released from restriction by expiration of time or fulfillment of purpose. Net assets with donor restriction to be held in perpetuity at June 30, 2020 and 2019 consist solely of donor endowment funds.

The Organization’s endowment consists of Board-designated and donor-restricted funds maintained by UWMC. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(dollars in thousands)

The Organization accounts for donor-restricted endowment net assets by preserving the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result, the Organization classifies as net assets with donor restriction to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not restricted in perpetuity is also classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Organization.

The Organization's Board of Directors may designate net assets without donor restriction to the endowment fund at its discretion.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the funds.
2. The purposes of the Organization and the donor-restricted endowment funds.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

The following table summarizes the endowment net asset composition by type of fund as of June 30, 2020:

	Without donor restriction	With donor restriction	Total
Donor-restricted endowment funds	$ -	$ 5,558.0	$ 5,558.0
Board-designated endowment funds	1,428.1	-	1,428.1
Endowment net assets	$ 1,428.1	$ 5.558.0	$ 6,986.1

During the year ended June 30, 2020, the Organization had the following endowment-related activities:

	Without donor restriction	With donor restriction	Total
Endowment, beginning of year	$ 1,424.4	$ 5,837.4	$ 7,261.8
Appropriations	-	(276.0)	(276.0)
Investment return, net	3.7	(3.4)	0.3
Endowment, end of year	$ 1,428.1	$ 5,558.0	$ 6,986.1

(dollars in thousands)

The following table summarizes the endowment net asset composition by type of fund as of June 30, 2019:

	Without donor restriction	With donor restriction	Total
Donor-restricted endowment funds	$ -	$ 5,837.4	$ 5,837.4
Board-designated endowment funds	1,424.4	-	1,424.4
Endowment net assets	$ 1,424.4	$ 5,837.4	$ 7,261.8

During the year ended June 30, 2019, the Organization had the following endowment-related activities:

	Without donor restriction	With donor restriction	Total
Endowment, beginning of year	$ 1,046.2	$ 5,224.7	$ 6,270.9
Contributions	326.2	648.6	974.8
Appropriations	-	(286.8)	(286.8)
Investment return, net	52.0	250.9	302.9
Endowment, end of year	$ 1,424.4	$ 5,837.4	$ 7,261.8

NOTE I - LOAN PAYABLE

On June 28, 2016, the Organization entered into a loan agreement for $5,600.0 with a commercial bank for the purpose of purchasing annuities for the retirees of the frozen defined benefit plan. Interest is fixed at a rate of 2.55% and is payable monthly. Principal payments are due annually from July 1, 2017 through June 28, 2024. The Organization has agreed to certain financial covenants. As of June 30, 2020, the Organization was in compliance with these covenants.

Since the fourth loan payment is due on July 1, 2020, $400.0 of the principal amount is included in current liabilities. The remaining $2,800.0 is included in loan payable in non-current liabilities.

Principal maturities are as follows:

Fiscal year 2021	$ 400.0
Fiscal year 2022	800.0
Fiscal year 2023	800.0
Fiscal year 2024	800.0
Fiscal year 2025	400.0
Total	$ 3,200.0

(dollars in thousands)

NOTE J - FUTURE COMMITMENTS

UWMC entered into an operating lease agreement for office and storage space at 333 South Wabash Avenue, Chicago, IL, that expires in 2028. The monthly base rent over the 15-year lease ranges from $63.4 to $79.7; however, the agreement provides rent abatement for the first 18 months. Rent expense is recognized on a straight-line basis over the life of the lease. The agreement also provided for tenant improvement and space planning allowances of $2,097.7. Lease incentives are recognized on a straight-line basis over the life of the lease as reductions to rent expense. Deferred rent was $2,097.2 and $2,301.8 at June 30, 2020 and 2019, respectively.

UWMC has recorded an asset and a corresponding liability for the present value of the estimated cost to return the leased office space to its original condition at the end of the lease. The asset is depreciated over the life of the corresponding lease while the liability accretes to the amount of the estimated retirement obligation. The present value of the estimated asset retirement obligation was $240.0 and $234.2 at June 30, 2020 and 2019, respectively.

UWMC had a lease agreement for office space in Matteson, IL that expired on January 31, 2019 and was not renewed

The following table represents the rent expected to be paid under the lease agreement at 333 South Wabash Avenue in each of the next five fiscal years and thereafter:

	Total
2021	$ 862.4
2022	876.4
2023	890.3
2024	904.3
2025	918.3
Thereafter	2,609.0
Total	$ 7,060.7

Rent expense was $728.3 and $757.5 in fiscal years 2020 and 2019, respectively.

NOTE K - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. 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. In addition, the Organization invests cash in excess of operating requirements.

(dollars in thousands)

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures as of June 30 are as follows:

	2020	2019
Cash and cash equivalents	$ 13,549.7	$ 5,255.8
Pledges receivable, net	24,474.9	8,169.2
Beneficial interest in split-interest agreements	-	99.3
Investments without donor restriction	1,543.3	1,968.1
Less board-designated net assets	(3,757.6)	(3,723.0)
Total financial assets available within one year	$ 35,810.3	$ 11,769.4

NOTE L - PAYCHECK PROTECTION PROGRAM

On April 18, 2020, UWMC received a Paycheck Protection Program ("PPP") loan of $1,347.4 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was enacted March 27, 2020. PPP loan funds must be used to maintain compensation costs and employee headcount and other qualifying expenses. UWMC accounts the amount received as a conditional contribution, and since all qualified expenses were incurred prior to June 30, 2020, the total amount is included in grant revenue for fiscal year 2020. Application for the forgiveness of the loan has not been submitted. If any portion of the loan must be repaid, the terms (1% per annum, repayable over a maximum of five years with a six-month deferral period) are such that UWMC has sufficient liquidity to repay the unforgiven portion.

NOTE M - SUBSEQUENT EVENTS

The Organization evaluated its June 30, 2020, consolidated financial statements for subsequent events through November 11, 2020, the date the consolidated financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

United Way of Metropolitan Chicago, Inc.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2020
(dollars in thousands)

	UWMC	UWMP	Elimination Entries	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 13,549.7	$ -	$ -	$ 13,549.7
Pledges receivable, net	24,474.9	1,666.7	(1,666.7)	24,474.9
Beneficial interest in split-interest agreements	90.2	-	-	90.2
Other receivables and prepaid expenses	1,111.3	-	-	1,111.3
Total current assets	39,226.1	1,666.7	(1,666.7)	39,226.1
LONG-TERM PLEDGES RECEIVABLE, net	319.1	-	-	319.1
BENEFICIAL INTEREST IN SPLIT-INTEREST AGREEMENT, LONG TERM	811.4	-	-	811.4
INVESTMENTS	7,252.9	-	-	7,252.9
PROPERTY AND EQUIPMENT, net	1,213.7	-	-	1,213.7
Total assets	$ 48,823.2	$ 1,666.7	$ (1,666.7)	$ 48,823.2
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$ 4,194.9	$ -	$ (1,666.7)	$ 2,528.2
Designation and pledge processing payables	2,789.9	-	-	2,789.9
Deferred rent	861.2	-	-	861.2
Loan payable	400.0	-	-	400.0
Total current liabilities	8,246.0	-	(1,666.7)	6,579.3
NON-CURRENT LIABILITIES				
Loan payable	2,800.0	-	-	2,800.0
Deferred rent	1,236.0	-	-	1,236.0
Asset retirement obligation	240.0	-	-	240.0
Obligations for retirement benefits	1,778.2	-	-	1,778.2
Total non-current liabilities	6,054.2	-	-	6,054.2
Total liabilities	14,300.2	-	(1,666.7)	12,633.5
NET ASSETS	34,523.0	1,666.7	-	36,189.7
Total liabilities and net assets	$ 48,823.2	$ 1,666.7	$ (1,666.7)	$ 48,823.2

United Way of Metropolitan Chicago, Inc.

CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended June 30, 2020
(dollars in thousands)

	UWMC	UWMP	Elimination Entries	Total
Operating				
Public support and other revenue				
Current year campaign	$ 41,689.3	$ -	$ -	$ 41,689.3
Amounts designated to other organizations	(18,667.9)	-	-	(18,667.9)
Provision for uncollectible pledges	(1,845.0)	-	-	(1,845.0)
Net from current year campaign	21,176.4	-	-	21,176.4
Contributions received for future campaigns	35.6	-	-	35.6
Collections from, and adjustments to, prior years' campaigns	404.9	-	-	404.9
Net campaign revenue	21,616.9	-	-	21,616.9
Other public support and other revenue				
Grants and other contributions	49,177.1	5,083.3	(3,333.3)	50,927.1
Paycheck Protection Program	1,347.4	-	-	1,347.4
Gifts in-kind and contributed services	1,253.2	-	-	1,253.2
Pledges and designations processing fees and other revenue	719.6	-	-	719.6
Total other public support and other revenue	52,497.3	5,083.3	(3,333.3)	54,247.3
Total public support and other revenue	74,114.2	5,083.3	(3,333.3)	75,864.2
Grantmaking and other expenses				
Programs				
Grantmaking and other funding	56,824.7	4,973.5	(3,333.3)	58,464.9
Less amounts designated to other organizations	(18,667.9)	-	-	(18,667.9)
Other program expenses	5,497.6	138.2	-	5,635.8
Total programs	43,654.4	5,111.7	(3,333.3)	45,432.8
Management and general	3,115.5	138.2	-	3,253.7
Fundraising	3,325.1	-	-	3,325.1
Total grantmaking and other expenses	50,095.0	5,249.9	(3,333.3)	52,011.6
Changes in net assets from operations	24,019.2	(166.6)	-	23,852.6
Non-operating activities				
Investment return, net	56.8	-	-	56.8
Interest expense	(83.0)	-	-	(83.0)
Endowment contributions	2.5	-	-	2.5
Net assets assumed in acquisition	49.8	-	-	49.8
Change in value of split-interest agreements	6.9	-	-	6.9
Total non-operating activities	33.0	-	-	33.0
Changes in net assets before pension-related changes	24,052.2	(166.6)	-	23,885.6
Pension-related changes other than net periodic pension cost	(498.9)	-	-	(498.9)
Changes in net assets	23,553.3	(166.6)	-	23,386.7
Net assets, beginning of year	10,969.7	1,833.3	-	12,803.0
Net assets, end of year	$ 34,523.0	$ 1,666.7	$ -	$ 36,189.7